

## IN THIS ISSUE

Let the Secret Out: There is a New Federal Trade Secrets Option ..... 1

European Trademark Reform .... 2

IP Client Spotlight..... 3

Speaking Of... ..... 4

Stradley Ronon Stevens & Young, LLP  
2005 Market Street  
Suite 2600  
Philadelphia, PA 19103-7018  
215.564.8000 Telephone  
215.564.8120 Facsimile  
www.stradley.com

—  
Pennsylvania  
Washington, D.C.  
New York  
Illinois  
New Jersey  
Delaware



www.meritas.org

*Our firm is a member of Meritas – a worldwide business alliance of more than 175 law offices in 80 countries, offering high-quality legal services through a closely integrated group of independent, full-service law firms.*

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2016  
Stradley Ronon Stevens & Young, LLP  
All rights reserved.

## Let the Secret Out: There is a New Federal Trade Secrets Option

*By Kevin R. Casey*

On May 11, 2016, President Obama signed into law the Defend Trade Secrets Act of 2016. The DTSA amends Title 18 of the United States Code to create a federal civil remedy for trade secret misappropriation, and represents a major change in trade secret protection. Highlights of the new law are that it (1) opens up the federal courts to civil trade secret cases, (2) provides for significant remedies in cases of misappropriated trade secrets and (3) establishes immunity for whistleblowers (prompting a recommendation that companies review and revise all documents that govern the use of trade secrets and other confidential information).

**New Federal Action.** The DTSA is modeled on the Uniform Trade Secrets Act, which many states have adopted, and defines both “trade secret” and “misappropriation” using the language of the UTSA. The new law also expands the federal criminal protections offered by the federal Economic Espionage Act of 1996. Before the DTSA, civil (as opposed to criminal) trade secret protection was exclusively the province of state law, and varied from state to state. The DTSA does not eliminate or pre-empt the various state trade secret rights; rather, it enhances trade secret protection by adding federal protection for trade secret owners.

**Remedies.** In addition to creating the private cause of action, the DTSA outlines the procedures for obtaining civil seizure orders, injunctive relief and damages for trade secret misappropriation and unjust enrichment when the trade secret “is related to a product or service used in, or intended for use in, interstate or foreign commerce.” A seizure order requires proof of irreparable injury and of likely success in showing (1) that the information is a trade secret and (2) that the defendant misappropriated the information or conspired to do so “by improper means.” “Improper means” is defined to include theft and misrepresentation, but the definition expressly excludes reverse engineering, independent derivation or other lawful means of acquisition.

Injunctive relief for actual or threatened misappropriation requires that the injunction does not prevent a person from entering into an employment relationship, and that conditions placed on employment are based on evidence of the threatened misappropriation. In exceptional circumstances, an injunction could condition future use of the trade secret upon payment of a reasonable royalty for a period no longer than such use could be prohibited. The DTSA further provides the remedy of actual and unjust enrichment damages. The DTSA still further provides, in lieu of other damages, a reasonable royalty for the unauthorized disclosure or use of the trade secret. In the case of willful violations, the DTSA permits exemplary damages in an amount not more than two times the amount of damages otherwise awarded. Finally, the DTSA includes a statute of limitations provision that bars a civil action later than three years after the date the misappropriation is discovered or should have been discovered with the exercise of reasonable diligence.

*continued on page 2*

## Let the Secret Out *continued from page 1*

**Immunity.** The DTSA grants immunity to individuals who disclose a trade secret to their attorney, a court or a government official under certain circumstances. The law requires that companies provide explicit notice of this immunity in any contract or agreement with an employee, contractor or consultant that governs the use of a trade secret or other confidential information. Notice can be provided either directly in the contract itself or through a cross-reference in the contract to a policy document given to the employee, contractor or consultant that sets forth the company's reporting policy for a suspected violation of the law. Therefore, all companies should review and revise their policies, handbooks and standard contracts (including those with employees, consultants, vendors, service providers, joint venturers and the like) that govern the use of trade secrets and other confidential information to comply with the notice requirement. Such documents should include the required notice provision so that the company can take advantage of the DTSA in the event of a misappropriation.



*For more information, please contact  
**Kevin R. Casey** at 610.640.5813 or  
kcasey@stradley.com.*

In conclusion, the DTSA gives companies additional measures to protect innovation and investment through trade secrets and other confidential business information. In order to obtain the full benefits of the DTSA, trade secret owners should inventory their existing information, assess whether they have "reasonable measures" in place to protect such information as required by law (typically through a trade secret audit), and review and revise all documents that govern the use of such information. ■

## European Trademark Reform

*By Kevin R. Casey*

**I**n March 2016, major reforms became effective in the European Union trademark system. Those reforms affected both Community Trade Marks (CTMs) and national trademarks of the European Union's 28 member states. The reform package consists of a new Regulation on European Union trademarks, which amended the previous CTM Regulation and related texts, and a new Directive for the Member States to implement with respect to the national trademarks. Although most provisions of the new Regulation are already in force, the new Directive requires transposition by member states into the national laws, and the states have three to seven years to complete that transposition.

The reform package is widely hailed as a significant step toward creating a more harmonized, modern and efficient trademark

system for the European Union. The package includes the following specific reforms.

**Terminology.** The former CTM is now called the European Union Trade Mark, or EUTM. In addition, the former Office for Harmonization in the Internal Market will be changing its name to the EU Intellectual Property Office.

**Fees.** The initial application fee to register a mark will no longer include up to three classes of goods and services. Instead, application fees will be on a per-class basis, as they are in the United States, with a cost saving for those applicants who wish to file in only one class.

In addition, renewal fees for EUTMs will be reduced by up to about 37 percent.

Classes	Old Application Fee	New Application Fee
First Class	€900 covers up to 3 Classes	€850
Second Class		€50
Third Class		€150
Fourth & More Classes	€150	€150

*continued on page 3*

## European Reform *continued from page 2*

**Classification.** The Office for Harmonization in the Internal Market’s previous practice of interpreting identifications of goods and services which include a “class heading” as encompassing all goods or services within that class will change. All who own CTM registrations that identify as goods or services the whole heading of classes — even if followed by a specification of some goods and/or services — may be impacted. These registrations risk reduced protection, because protection will be limited to the literal meaning alone. For example, if the entire heading of Class 41 has been claimed, i.e., “Education; training; entertainment; sports and cultural activities,” there will be no protection for the services not literally included in the heading, such as, for example, “publishing services” or “ticketing services.” A grace period of six months (until Sept. 24, 2016) exists, after the new regulation comes into effect, during which a declaration can be filed to specify all the goods and services to be protected. In addition, in order to maintain the protection that was originally granted, registrants might consider filing a new application for registered trademarks which could lapse through nonuse and be directed to those goods and/or services for which it is not possible to prove valid use over the past five years. After March 23, 2016, identifications will be interpreted literally.

**Filing Practice.** EUTMs can no longer be filed through national trademark offices. In addition, the need for a market to be graphically represented will be removed. Thus, the graphical representation requirement has become more accommodating to nontraditional trademarks, such as holograms or movement marks.

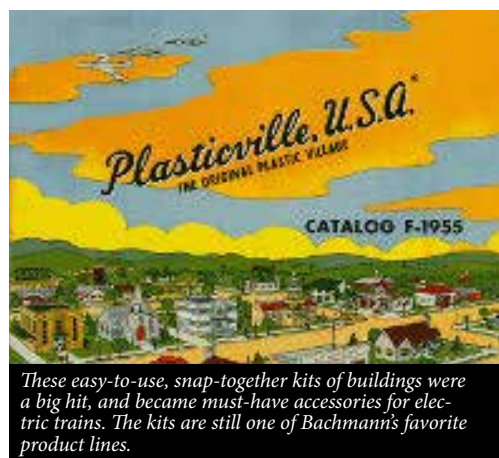


**Opposition Period for International Registrations.** The three-month opposition period for European Union designations of International Registrations will begin one month after the publication by the EUIPO, as opposed to the current six months. This change will allow International Registrations designating the European Union to proceed to grant much more quickly.

**Certification Marks.** European Union-wide certification marks will be introduced at some point after September 2017. ■

## IP Client Spotlight

Stradley Ronon is proud to handle the worldwide patent and trademark portfolios for Bachmann Industries Inc. Better known as Bachmann Trains of Philadelphia, Pennsylvania, the company is famous for its extensive and award-winning line of model railroading products. The company started in 1833, however, as a producer of handcrafted ivory accessories, beginning a 183-year commitment to quality that continues to this day. After World War II, Bachmann used its expertise in injection molded plastic to enter the model train field with Plasticville U.S.A.® buildings.



*These easy-to-use, snap-together kits of buildings were a big hit, and became must-have accessories for electric trains. The kits are still one of Bachmann's favorite product lines.*

Bachmann introduced its premium *Spectrum*® line in 1988, which emphasizes highly detailed, faithfully reproduced locomotives and train sets. Also in 1988, Bachmann created the *Big Haulers*™ line in Large Scale. The company was delighted to become the distributor of *Thomas & Friends*™ in the United States in

2002, and now delivers these beloved locomotives, train sets and accessories to aspiring engineers in both HO and Large Scale. Bachmann is the only model train company to offer HO, N, On30, O and G scale lines. Now in its third century, Bachmann continues to adhere to its founder’s vision of providing fine craftsmanship at affordable prices while striving to bring customers the variety of choices and innovation guaranteed by the Bachmann name.

In addition to handling Bachmann’s worldwide patent and trademark

portfolios, Stradley does extensive non-IP work for Bachmann, including matters pertaining to employment, finance, general contracts, corporate governance and affiliated company interactions. Bachmann is an excellent example of a client who is taking advantage of Stradley’s inter-disciplinary legal acumen, as a one-stop shopper for many of its legal service needs. ■

## Speaking Of...



Stradley Ronon IP Chair Kevin Casey served as a faculty member for the Pennsylvania Bar Institute's 10th Annual Intellectual Property Law Institute on April 27. Kevin presented, "Year in Review – Trademark," during the two-day seminar.



Stradley Ronon Associate Elizabeth O'Donoghue has joined the American Diabetes Association's Young Professionals Leadership Council. The YPLC is a new group comprised of young business leaders working to educate, inform and build relationships with other professionals and the community at large to further the ADA's mission of a life free of diabetes.

IP Chair Kevin Casey and Associate Elizabeth O'Donoghue were named to *Super Lawyers*' 2016 listing of the top-rated lawyers in the country. *Super Lawyers*, a Thomson Reuters business, is a rating service of outstanding lawyers from more than 70 practice areas who have attained a high degree of peer recognition and professional achievement. Kevin was included

on the "Super Lawyers" list and Liz was recognized on the "Rising Stars" list.



*Heraeus Associate General Counsel Kim Jessum with Stradley Ronon attorneys Elizabeth O'Donoghue, Joseph Rossi and Brian Cocca.*

IP attorneys Brian Cocca, Joseph Rossi and Elizabeth O'Donoghue, along with Heraeus Associate General Counsel Kim Jessum, served as panelists for "Removing IP Barriers to Make Money for Your Clients" at the Association of Corporate Counsel's 8th Annual In-House Counsel Conference on April 19 in Philadelphia. Their presentation focused on options for removing competitor's IP obstacles in the patent and trademark arena, as well as attacking competitor patents, establishing national and international trademark watches, and protecting against counterfeit goods. ■

### Intellectual Property Practice Group

Kevin R. Casey, <i>Chair</i> .....	610.640.5813 .....	kcasey@stradley.com
Kevin B. Anderson .....	484.323.1343 .....	kanderson@stradley.com
Brian Cocca, Ph.D. ....	610.640.5807 .....	bcocca@stradley.com
Philip J. Foret .....	484.323.1344 .....	pforet@stradley.com
Elizabeth M. O'Donoghue, Ph.D .....	610.640.7970 .....	eodonoghue@stradley.com
Joseph D. Rossi .....	484.323.1359 .....	jrossi@stradley.com
Christopher M. Spletzer Sr. ....	610.651.2269 .....	cspletzer@stradley.com