

# Protecting Confidential Information

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## 1. Do I have any protection in Pennsylvania against an employee learning my production techniques, pricing or other confidential information, then taking that information to go to work for another company?

Yes. First, Pennsylvania has a well developed body of law protecting "trade secrets." Confidential information that the employee obtained during their employment qualifies as a trade secret. If an employee were to try to use that information after leaving your employment, you may be able to get a court order preventing both the former employee and the new employer from using the "trade secrets." You also might be able to recover any profits that you lost because of the improper use of the confidential information. Employees in Pennsylvania are considered to owe an obligation to their employer to keep confidential information to themselves and not use it improperly. Second, you may decide to create a contractual right of protection. Employers often will include a requirement to protect confidential information in their employment agreements.

## 2. What about inventions developed by the employee while they are working for me? Who gets to keep the rights to the invention -- the employer or the employee?

Pennsylvania has a "work for hire" doctrine which provides that work by employees which is done on behalf of the employer belongs to the employer -- not the employee. As with "trade secrets," it is common for employers to also have a specific provision in their employment contract, providing that any invention or other intellectual property developed during the course of employment belongs to the employer.

## 3. How can I prevent a former employee from using everything that I taught him or her, to then go after my customers?

Pennsylvania courts will enforce either a Non-Competition Agreement or Non-Solicitation Agreement. The Non-Competition Agreement will prohibit the employee from competing in the industry against the former employer, within a specified market area and for a stated amount of time. The Non-Solicitation Agreement will prohibit the former employee from trying to take away those who were your customers or even potential customers during the time that the person was employed with you. Such an Agreement also can be used to prevent the former employee from trying to take former co-workers to join in the new company or business. As with all contract arrangements, there are specific requirements that must be met for these agreements to be enforceable, so it is important to consult with a qualified attorney before you start hiring people.

## 4. If my intellectual property is protected in my own country, do I need to do anything more to protect it when I start using it or selling it in the United States?

Yes. Your protection of intellectual property in another country does not cover you in the United States. To protect your intellectual property rights in the United States, you must take appropriate action -- whether you are trying to protect a patent, trademark, or copyright.

## 5. If I have a product or a special manufacturing process that my company has developed, how much time does it take and what does it cost to protect it in the United States?

First, you can market your product in the United States and get protection under United States laws, even if you are not manufacturing the product in this country, but only sell it. The method to get that protection is the same, whether you are exporting into the United States or manufacturing and then selling in the United States.

Either a product or a manufacturing process can be protected against misuse by others in the marketplace by obtaining a patent from the United States Patent and Trademark Office. Unlike other countries in the world, in the United States, you do not need to apply for the patent before you either offer the product for sale or publicly disclose it. You have one year from the date of the first offer for sale or public disclosure within which to apply for your patent. The process from date of application until final approval can take two or three years and cost at least \$7,000. The actual cost depends on how much communication needs to go back and forth between your attorney and the United States Patent and Trademark Office, after the original application has been filed.

Once the application has been approved, the device or manufacturing process will be protected, effective as of the date of the application, in order to prevent others from making, using, or selling the patented product or process -- anywhere in the United States.

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## 6. Is there somewhere that I can register my company name? Will that protect me from others in the marketplace using the same name?

The name of your new business will be registered when the entity is formed in Pennsylvania. By itself, that does not protect you, but Pennsylvania recognizes "common law" trademark protection. You would be protected against others using the same name in the geographic region that you are using it in connection with providing goods or services. This can extend throughout the United States. Second, you also could register the name for trademark protection under Pennsylvania law, which would protect it in Pennsylvania, but not throughout the country. That would cost about \$500 or more. A third type of trademark protection is available under federal law in the United States. Registration with the United States Patent and Trademark Office will protect against others using your company name or other trademark anywhere in the United States and will cost anywhere from about \$1,500 on up. As with a patent, when you register a trademark, the protection is effective as of the date of filing, even though it can take several months to get the registration approved under Pennsylvania law or even one or two years for the federal registration.

## 7. Do I need to spend \$7,000 or more to protect the unique design or appearance of my product?

Perhaps not. You can protect the design or appearance of a product using the trademark options discussed above (common law, state law, and federal law), as long as the design or appearance issues are limited to nonfunctional aspects of the product. If the design or appearance relates to the function of the product, then you would want to seek patent protection.

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Updated: 2/13/2006



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