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Newsroom: Forbes: Argento on Trade Secrets

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Forbes: Argento on Trade Secrets

Professor Zoe Argento argues that 'the costs outweigh the benefits of bolstering trade secret law to respond to cyber-misappropriation of trade secrets.'


September 16, 2014: Trade secrets usually don’t grab headlines the way that patents or copyrights do, but don’t let that fool you about their importance. Studies regularly show that most businesses care more about trade secrets than either copyrights or patents. In fact, trade secrets are implicated by every aspect of a company’s operations, including dealings with employees, vendors and customers. And while there are millions of issued patents and registered copyrights, the total number of protectable trade secrets is nearly infinite.

Due to the qualitative and quantitative importance of trade secrets to our economy, our regulatory approach to trade secrets can have major consequences—both good and bad. Thus, you’d think that if Congress were contemplating a major change to trade secret law, that would be big news that would garner close media attention. Yet, in perhaps the most important pending legislation you aren’t (currently) paying attention to, Congress is in fact currently considering two bills to create an entirely new federal law protecting trade secret rights. Whether you agree with the bills or not, they deserve your careful scrutiny.
Some of the supporting rhetoric also relates to cybersecurity concerns about bad hackers. However, trade secret law is an ill-fitting solution for cybersecurity problems—especially in comparison with the Computer Fraud & Abuse Act, which is optimized for cybersecurity and is being used (and already misused) in that context. As Professor Zoe Argento (Roger Williams) recently wrote: “Strengthening trade secret law, however, will likely do little to combat cyber-misappropriation….trade secret holders cannot and will not pursue cyber-misappropriators in court for technological and business reasons, not for legal reasons….the political rhetoric ignores the fact that the costs outweigh the benefits of bolstering trade secret law to respond to cyber-misappropriation of trade secrets.” […]