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HOW CAN A DEPARTING EMPLOYEE MISAPPROPRIATE THEIR OWN CREATIVE OUTPUTS?

TIMOTHY MURPHY*

ABSTRACT

Partially due to the widespread use of employee confidentiality and invention assignment agreements, employers routinely take ownership of employee creative outputs and use trade secrets law to enforce those rights post-employment. This Article proposes that, with respect to employee creative outputs, the current status of trade secrets law is inconsistent with the modern workplace, including as significantly altered, maybe permanently, by the COVID-19 pandemic. Accordingly, the goal of this Article is to establish a mode of recognizing employee rights in their own creative outputs through a modification to the existing general skills and knowledge exclusion to explicitly recognize an employee's own creative outputs as subject to the exclusion. The proposal, if adopted, would provide employees with increased autonomy over their own creative outputs and greater ability to chart their own careers in their chosen field without fear of trade secrets misappropriation claims from former employers.

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CONTENTS

INTRODUCTION

HOW does a departing employee misappropriate a trade secret when leaving their employment? Does it matter if the departing employee created the trade secret, assisted in its creation, or provided no contribution whatsoever? Under current trade secrets law,[1] including as recently expanded (into a federal civil cause of action) by the Defend Trade Secrets Act (DTSA), the answer to the first question is quite obvious: departing employees misappropriate trade secrets in a variety of ways, but generally, the common thread is that they take some information with them that is owned[2] by their employer, rather than owned by themselves.[3] Similarly, the answer to the second question, "No," is fairly well-established under existing law.[4] However, this was not always the case. Looking back

1. As discussed in Section I below, trade secrets law varies from jurisdiction to jurisdiction. References to "trade secrets law" in this Article will refer to general principles of trade secrets law as it has developed over the last 150 years, and as it is generally reflected in the DTSA and UTSA; it will not be specific to any particular jurisdiction or statute unless stated expressly.

2. This Article uses the concept of "ownership" here for simplicity. However, this should not be seen as an embrace of the notion that trade secrets are property that is "owned" in a property sense. The question of whether trade secrets are property is as old as trade secrets law itself and continues to the modern day. *See Ownership in a Plan*, 20 HARV. L. REV. 143, 143 (1906) (discussing several trade secrets cases and concluding that there is no property right in trade secrets); *see, e.g.*, Charles Tait Graves, *Trade Secrets as Property: Theory and Consequences*, 15 J. INTELL. PROP. 39, 66–84 (2007) (detailing several theoretical approaches to classifying trade secrets, including the property theory); Mark A. Lemley, *The Surprising Virtues of Treating Trade Secrets as IP Rights*, 61 STAN. L. REV. 311, 324 (2008) (discussing trade secrets law theoretically, including the property view of trade secrets).

3. *See, e.g.*, Aday v. Westfield Ins., 486 F. Supp. 3d 1153, 1169 (S.D. Ohio 2020) (reviewing several emails a departing employee sent to personal email account and concluding the emails contain trade secrets); Freedom Med., Inc. v. Sewpersaud, 469 F. Supp. 3d 1269, 1275 (M.D. Fla. 2020) (concluding that departing employee took trade secrets in the form of general business information and customer lists); Cisco Sys., Inc. v. Chung, 462 F. Supp. 3d 1024, 1048 (N.D. Cal. 2020) (reviewing trade secrets claims against several former employees involving both business information and technical information).

4. *See, e.g.*, Pullman Grp. v. Prudential Ins. Co., 288 A.D.2d 2, 3 (N.Y. App. Div. 2001) ("[T]he alleged trade secrets were created by Pullman while acting within the scope of his assigned duties as an employee of Gruntal and Fahnestock responsible for designing and promoting investment banking transactions, and any such trade secrets were therefore owned by the employers *ab initio*." (citations omitted)); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 42 (AM. LAW INST. 1995) ("In the absence of a contrary agreement, the law ordinarily assigns ownership of an invention or idea to the person who conceives it. However, valuable information that is the product of an employee's assigned duties is owned by the employer, even when the information results from the application of the employee's personal knowledge or skill . . . ."). *But see* Yuval Feldman, *The Behavioral Foundations of Trade Secrets: Tangibility, Authorship, and Legality*, 3 J. EMPIRICAL LEGAL STUD. 197, 200 (2006) (discussing inconsistent results in different courts based, at least in part, on whether the employee participated in the creation of the alleged trade secrets); Miles J. Feldman, Comment, *Toward a Clearer Standard of Protectable Information: Trade Secrets and the Employment Relationship*, 9 HIGH TECH. L.J. 151, 166 (1994) (not-

to the early development of trade secrets law, the question of whether the employee created, or helped to create, the trade secret could be an important consideration in whether a misappropriation had occurred, particularly in the absence of a contract on the issue.[5]

This Article proposes that employees should have rights in their own creative outputs[6] that transcend employment or employers, and that trade secrets law should not be a vehicle to expropriate those rights from employees—even in the presence of an employment agreement purporting to resolve the issue in favor of the employer. To put it more concretely, trade secrets law should not be the enforcement mechanism, or facilitate the enforcement of, an employment contract purporting to transfer all rights in an employee's creative outputs to the employer, as it currently does under existing law.

This discussion is particularly important at this moment in the nation's history. Trade secrets law, and particularly the relationship between employees and employers with respect to trade secrets, developed during the early industrial revolution, a time that is fundamentally different than

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ing inconsistency in trade secrets decisions where employee participated in the creation of the trade secrets at issue).

5. *See* Nat'l Tube Co. v. E. Tube Co., 13 Ohio C.D. 468, 473 (Ct. App. 1902), *aff'd*, 69 Ohio St. 560, 70 N.E. 1127 (1903) ("[T]he natural rule of right is this: That a man shall have the benefit of all his intelligent thought and enterprise, of all that he may discover by industry and ingenuity, and unless he contracts to sell some other man that idea, he may use it for his own benefit or for the benefit of any employer he may afterward find service with." (footnote omitted)). This is not to suggest that *National Tube* is a definitive statement of the law on this issue as it existed at the time. It is important to also recognize that *National Tube* could be seen to place particular, maybe dispositive, emphasis on the fact that the former employer did not have a contract. Moreover, some other courts at the time reached decisions to the opposite effect with respect to employee-created innovations. *See, e.g.*, Eastman Co. v. Reichenbach, 20 N.Y.S. 110, 115 (Sup. Ct. 1892), *aff'd sub nom.* Eastman Kodak Co. v. Reichenbach, 29 N.Y.S. 1143 (Gen. Term 1894) ("By a careful reading of the various decisions upon this subject, it will be seen that some are made to depend upon a breach of an express contract between the parties, while others proceed upon the theory that, where a confidential relation exists between two or more parties engaged in a business venture, the law raises an implied contract between them that the employe[e] will not divulge any trade secrets imparted to him or discovered by him in the course of his employment . . . ."); *see also* Bernard C. Steiner, *Trade Secrets*, 14 YALE L.J. 374, 377 (1904-1905) (providing brief case review with respect to the distinction between secrets disclosed to an employee and those discovered by the employee). For additional discussion of the early development on this issue, see Yuval Feldman, *supra* note 4, at 200–04. For additional discussion of the evolution of employer rights in patentable inventions, see Catherine L. Fisk, *Removing the 'Fuel of Interest' From the 'Fire of Genius': Law and the Employee Inventor, 1830–1930*, 65 U. CHI. L. REV. 1127, 1173 (1998).

6. The term "creative outputs" is used here to refer to all of the information work product an employee generates as part of their employment, independent of whether that particular work product is innovative or ordinary. In other words, there is no test (e.g., novelty, obviousness, value, etc.) for whether a particular piece of information constitutes an employee's creative output beyond the question of whether the employee generated the particular information.

the world we live in today.[7] In an effort to protect employers from losing their most fundamental, and in some cases existential, business secrets, courts would hold that trade secrets were owned by the employer even in the absence of an express contract to that effect.[8] This development continued unabated to the present day, despite the employee/employer relationship dramatically shifting due to decreased long-term commitment by employers to their employees and decreased loyalty by employees to their employers.[9] This development was also facilitated by widespread use of employee confidentiality and invention assignment agreements.[10]

Even before the significant challenges that currently face the country arose, some were already challenging the continuing validity of a broad trade secrets jurisprudence, which favors employers, in view of current employment practices.[11] However, the current moment provides even more impetus to challenge the underpinnings of trade secrets law as we consider research addressing racial and gender disparities in the modern

7. To compare the late Industrial Revolution fact pattern of *Peabody v. Norfolk* with the modern, high-technology workplace of *Cisco Systems v. Chung*, see *infra* note 20 and *supra* note 3.

8. *See Eastman*, 20 N.Y.S. at 115 (reviewing early decisions on the issue of employee-created inventions).

9. *See* Katherine V.W. Stone, *Knowledge at Work: Disputes over the Ownership of Human Capital in the Changing Workplace*, 34 CONN. L. REV. 721, 722 (2002) (discussing the perspectives of employees and employers in the modern information economy).

10. *See* Ann Bartow, *Inventors of the World, Unite! A Call for Collective Action by Employee-Inventors*, 37 SANTA CLARA L. REV. 673, 674 (1997); Orly Lobel, *The New Cognitive Property: Human Capital Law and the Reach of Intellectual Property*, 93 TEX. L. REV. 789, 813 (2015); *see also* Syndicated Servs., Inc. v. Yarbrough, No. 16 CVS 20912, 2017 WL 663515, at *2 (N.C. Super. Feb. 15, 2017) (complaint alleges "[a]ll of the Corporation's employees were required to sign a Confidentiality and NonCircumvention Agreement . . . . Execution of the Confidentiality Agreement was a condition precedent to Defendant's employment by the Corporation.").

11. *See, e.g.*, Zoe Argento, *Killing the Golden Goose: The Dangers of Strengthening Domestic Trade Secret Rights in Response to Cyber-Misappropriation*, 16 YALE J.L. & TECH. 172, 227 (2013) (arguing that enactment of federal civil trade secrets legislation would upset employee-employer balance, in favor of employers, of then-existing trade secrets law); Jay L. Koh, *From Hoops to Hard Drives: An Accession Law Approach to the Inevitable Misappropriation of Trade Secrets*, 48 AM. U. L. REV. 271, 298 (1998) (discussing the asymmetries between evaluation of employee versus employer interests in trade secrets litigation); Nathan Newman, *Trade Secrets and Collective Bargaining: A Solution to Resolving Tensions in the Economics of Innovation*, 6 EMP. RTS. & EMP. POL'Y J. 1, 26 (2002) (arguing that trade secrets law allows employers to use the law as a tactic to prevent employee mobility); Steven Wilf, *Trade Secrets, Property, and Social Relations*, 34 CONN. L. REV. 787, 791 (2002) (asserting that increasing prominence of trade secrets as property theory has tipped the balance between employers and employees decidedly in favor of employers).

workplace,[12] questions about the proper role of corporations in society,[13] and empirical studies demonstrating the illusory nature of consent in the context of individual contracting.[14] Moreover, as the world's major pharmaceutical companies race to develop and deploy vaccines for the COVID-19 virus,[15] some question the intellectual property implications on the fruits of that research.[16] Accordingly, now is an ideal time to consider the

12. *See generally* Grace Brainard, *Disrupting Implicit Racial Biases in the Workplace: Rethinking Affirmative Action in the Wake of Ricci v. DeStefano*, 2 GEO. J.L. & MOD. CRITICAL RACE PERSP. 53, 59-64 (2010) (discussing racial disparities in the workplace); Michelle A. Travis, *Equality in the Virtual Workplace*, 24 BERKELEY J. EMP. & LAB. L. 283, 285 (2003) (addressing gender disparities associated with increased remote work). In addition to the disparities that exist in the workplace generally, there are also disparities in the innovation ecosystem. *See USPTO Launches National Council for Expanding American Innovation (NCEAI)*, USPTO (Sept. 14, 2020), https://www.uspto.gov/about-us/news-updates/uspto-launches-national-council-expanding-american-innovation-nceai [https://perma.cc/KC3F-A3QC] (U.S. Patent and Trademark Office press release announcing the creation of the National Council for Expanding American Innovation to "help guide the USPTO in developing a comprehensive national strategy to build a more diverse and inclusive innovation ecosystem").

13. *See, e.g.*, *Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans'*, BUS. ROUNDTABLE (Aug. 19, 2019) https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans [https://perma.cc/46VT-GXBV] (suggesting corporations should operate in consideration of the interests of all stakeholders, rather than just shareholders). Although the current reevaluation of corporate practices is around shareholder primacy, a renewed interest in the operation and priorities within corporations could also consider the equity of requiring employees to assign all of their creative outputs as a condition of employment.

14. *See generally* Roseanna Sommers, *Contract Schemas*, ANN. REV. L. & SOC. SCI. (forthcoming 2021), https://ssrn.com/abstract=3767209 [https://perma.cc/24Z4-J535]. Professor Sommers' work suggests that individuals signing contracts expect that the terms will be enforced irrespective of their agreement with them, feel an obligation to comply with the contract even when it is against their interest, and believe the contracts contain hidden dangers under which they have forfeited rights. These findings may also be relevant to the employment contracts employees are routinely required to sign as a condition of employment that assign all of their creative outputs to the employer.

15. *See* Clifton Leaf, *'The Whole World is Coming Together': How the Race for a COVID Vaccine is Revolutionizing Big Pharma*, FORTUNE (Sept. 21, 2020), https://fortune.com/longform/covid-vaccine-big-pharma-drugmakers-coronavirus-pharmaceutical-industry/ [https://perma.cc/SU6Q-L4KE].

16. *See* Sapna Kumar, *Compulsory Licensing of Patents During Pandemics* (forthcoming 2021), https://ssrn.com/abstract=3636456 [https://perma.cc/7HDN-MKA5] (discussing international responses to patent issues raised by the COVID-19 pandemic); Ann Danaiya Usher, *South Africa and India Push for COVID-19 Patents Ban*, 396 World Report 1790, 1790–91 (2020) (discussing India's and South Africa's requests to the WTO to suspend IP rights associated with COVID-19 vaccines); Daniel Shores, *Breaking Down Moderna's COVID-19 Patent Pledge: Why Did They Do it?*, IP WATCHDOG (Nov. 11, 2020), https://www.ipwatchdog.com/2020/11/11/breaking-modernas-covid-19-patent-pledge/id=127224/ [https://perma.cc/6JFY-UKY8] (discussing major pharmaceutical company's pledge not to enforce its patent rights against other vaccine manufacturers). This reevaluation of intellectual property rights is primarily driven by the desire to overcome obstacles that

implications for the researchers working in these companies,[17] and employees generally.

For the sake of making the issue more concrete, consider the example of a software engineer or coder employee at an established software firm. This scenario relies on certain assumptions about this employment situation. First, the employee was hired to write software code for the firm's primary products, based upon the employee's prior experience or education. Second, the employment is at-will, and this is an industry where employee movement is common or foreseeable. Third, the employee's starting wage (and future wages) are set largely by market forces (i.e., a competitive wage set in view of the prevailing market rates). Finally, the bulk of the employee's work outputs will be based on standard coding principles or techniques applied to the specific context of the firm's software product(s) and, occasionally, the employee will produce innovative solutions to challenges posed by the specific context of the firm's software product(s), but generalizable to many other software products, or software generally. What are we to make of this employee's creative outputs? Without question, the employer will: consider itself the owner of those creative outputs, both the mundane and the revolutionary; have contracts signed by the employee transferring all rights in those creative outputs to the employer; and consider it to be misappropriation of trade secrets for the employee to leave with any of those creative outputs, whether taken in memory or taken in tangible or electronic form. The position taken in this Article is that the employer should not be able to use trade secrets law to enforce these assumptions. In other words: the employee should retain rights in their own creative outputs; the contracts the employee was required to sign as a condition of employment should not extinguish those rights (via trade secrets law); and the employee is free to take those creative outputs with them to future employment, in either intangible, tangible, or electronic form, without fear of a trade secrets misappropriation claim.

IP may place in the way of rapid development of vaccines and widespread distribution. *Id.* However, trade secrets law, and its associated ability to minimize employee mobility, may also impact the speed with which vaccines are developed and deployed. *See* Steven Hollman, *Trade Secret Protection & the COVID-19 Cure: Observations on Federal Policy-Making & Potential Impact on Biomedical Advances*, JD SUPRA (Sept. 15, 2020), https://www.jdsupra.com/legalnews/trade-secret-protection-the-covid-19-37383/ [https://perma.cc/4GEE-R77G] (discussing trade secrets issues associated with COVID-19 vaccine development).

17. These researchers may provide the toughest counterpoint to the positions taken in this Article for a couple of reasons. First, they may be the type of employees hired to innovate and may be receiving compensation sufficient to fully countervail for the assignment of rights in their individual creative outputs. Second, these are presumably highly educated and qualified individuals who would have been more likely to be protected under the traditional general skills and knowledge exclusion, independent of their individual contributions. *See* Camilla A. Hrdy, *The General Knowledge, Skill, and Experience Paradox*, 60 B.C. L. REV. 2409, 2463 (2019) (reviewing cases where employee's level of education informed the general skills and knowledge determination).

The focus of this Article is to explore ways in which trade secrets law could be used to accomplish the goal of establishing at least some employee rights in their own creative outputs. The Article proceeds to develop a proposal to accomplish the goal, explore the justifications for such a proposal, and discuss the potential impacts that might follow if the proposal were adopted. Part I provides relevant background on the development of trade secrets law generally. Part II discusses some potential justifications for modifying existing trade secrets law to further the goal. Part III presents the proposal to use the general skills and knowledge exclusion as the vehicle to accomplish the goal. Part IV presents some possible impacts to firms and employees if the proposal were to be adopted. Finally, this Article concludes and revisits the plight of our software engineer introduced in this Introduction.

I. BACKGROUND

Trade secrets law got its start in the United States[18] in the mid-nineteenth century, beginning with the case of *Vickery v. Welch*.[19] However, an early case closer to the issues in this Article is *Peabody v. Norfolk*.[20] *Norfolk* involved a seemingly simple scenario by the standards of today's trade secrets cases. An employer disclosed secret processes for the manufacture of gunny cloth to an employee, with the employee being under a contractual obligation not to disclose those secrets.[21] Then, the employee departed to work for or establish a competing firm using the employer's trade secrets.[22] The court held that the employer had protectable secrets and the employee was liable for misappropriating those secrets.[23] This

18. Some have suggested that trade secrets law has its origins in ancient Rome. *See* A. Arthur Schiller, *Trade Secrets and Roman Law; The Actio Servi Corrupti*, 30 COLUM. L. REV. 837 (1930). However, more recently, others have cast doubt on this characterization. *See* Alan Watson, *Trade Secrets and Roman Law: The Myth Exploded*, 11 TUL. EUR. & CIV. L.F. 19 (1996). Regardless, even recent commentators have made reference to the Roman origin story. *See, e.g.*, Richard F. Dole Jr., *The Uniform Trade Secrets Act - Trends and Prospects*, 33 HAMLINE L. REV. 409, 409 (2010); Anne C. Keays, *Software Trade Secret Protection*, 4 SOFTWARE L.J. 577, 577 (1991); Michael R. McGurk & Jia W. Lu, *The Intersection of Patents and Trade Secrets*, 7 HASTINGS SCI. & TECH. L.J. 189, 194 (2015). Perhaps an even earlier origin is more likely. *See* Daniel D. Fetterley, *Historical Perspectives on Criminal Laws Relating to the Theft of Trade Secrets*, 25 BUS. LAW. 1535, 1535 n.3 (1970) (citing Hammurabi's Code, which mandated "loss of an eye to one caught prying into forbidden secrets").

19. 36 Mass. 523 (1837); *see also* William B. Barton, *A Study in the Law of Trade Secrets*, 13 U. CIN. L. REV. 507, 511–15 (1939) (detailing trade secrets law historical development).

20. 98 Mass. 452 (1868).

21. *Id.* at 452.

22. *Id.*

23. *Id.* Note that the misappropriation of trade secrets action did not exist in that name at that time and so the court spoke largely in terms of violations of duties, rather than in misappropriation of a property right.

scenario is a common fact pattern for many trade secrets cases today.[24] However, despite the significant passage of time, many of the departing employee issues that the court wrestled with in *Norfolk* remain unresolved today.

From the beginning, courts and commentators grappled with how to classify trade secrets rights and how to address information-based commercial wrongs.[25] Some of this uncertainty arose due to the split nature of courts (between law and equity) at the time.[26] Despite having a federal law of trade secrets,[27] the question of how to characterize, and justify, trade secrets law continues to this day.[28] Indeed, some have gone so far as to propose that there is no justification for a separate body of trade secrets

24. *See, e.g.*, Cisco Sys., Inc. v. Chung, 462 F. Supp. 3d 1024, 1031 (N.D. Cal. 2020) (detailing a misappropriation suit against former employees and new employer); AHS Staffing, LLC v. Quest Staffing Grp., 335 F. Supp. 3d 856, 861 (E.D. Tex. 2018) (misappropriation suit against former employees and new employer); Agilysys, Inc. v. Hall, 258 F. Supp. 3d 1331, 1338 (N.D. Ga. 2017) (detailing a misappropriation suit against former employees).

25. *See, e.g.*, *Ownership in a Plan*, *supra* note 2, at 143 (discussing whether trade secrets are property); A. W. Whitlock, *The Laws as to Trade Secrets*, 74 CENT. L.J. 83, 84 (1912) (discussing trade secrets as property right or right in equity); Note, *Basis of Jurisdiction of the Protection of Trade Secrets*, 19 COL. L. REV. 233, 238 (1919) (discussing whether trade secrets case results are based on property theory and concluding that unfair competition is a more appropriate doctrine to explain the cases); H. W. Strathman, *Property: Unwritten Formula Held to Be Asset of Bankrupt*, 8 CORN. L. Q. 174, 174 (1923) (discussing case holding that trade secrets are a property asset in bankruptcy proceedings) (citing *In re* Keene, 2 Ch. (Eng.) 475 (1922)); Note, *Nature of Trade Secrets and Their Protection*, 42 HARV. L. REV. 254, 255 (1928) (discussing whether trade secrets constitute a property interest); *Trade Secrets. Acquisition of Dominating Patent by Person to Whom Secret Was Disclosed in Confidence During Negotiations for Manufacture*, 43 HARV. L. REV. 970, 970–71 (1930) (discussing the nature of the trade secrets right).

26. *See* Sharon K. Sandeen, *The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act*, 33 HAMLINE L. REV. 493, 498 (2010).

27. *See* 18 U.S.C. § 1836.

28. *See, e.g.*, Matthew Edward Cavanaugh, *Contract + Tort = Property: The Trade Secret Illustration*, 16 MARQ. INTELL. PROP. L. REV. 427, 450 (2012) (using trade secrets as an example of a new analytical approach to property rights); Richard A. Epstein, *The Constitutional Protection of Trade Secrets Under the Takings Clause*, 71 U. CHI. L. REV. 57, 59 (2004) (discussing whether trade secrets constitute property); Lindsey Furtado, *Protecting Your Secrets From the Media: A Case for California's Content-Neutral Approach to Trade Secret Injunctions*, 15 INTELL. PROP. L. BULL. 123, 135 (2011) (arguing that trade secrets should be viewed as property rights in the context of speech-restricting injunctions); Robert K. Hur, *Takings, Trade Secrets, and Tobacco: Mountain or Molehill?*, 53 STAN. L. REV. 447, 468 (2000) (discussing trade secrets as property in the context of takings jurisprudence); Adam D. Moore, *Intellectual Property and the Prisoner's Dilemma: A Game Theory Justification of Copyrights, Patents, and Trade Secrets*, 28 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 831, 860 (2018) (using the Prisoner's Dilemma example to explore theoretical justifications for trade secrets law); Adam Mossoff, *What Is Property? Putting the Pieces Back Together*, 45 ARIZ. L. REV. 371, 415 (2003) (discussing different theories of property rights and their applicability to trade secrets law development); Jonathan R. K. Stroud, *The Tragedy of the Commons: A Hybrid Approach to Trade Secret Legal Theory*, 12 CHI.-KENT J. INTELL. PROP. 232, 234 (2013) (detailing various theoretical justifica-

law.[29] Amid this early uncertainty around the theoretical justifications for trade secrets law, the Restatement (First) of Torts ("First Restatement") was published in 1939 and, in addition to clarifying trade secrets law as it existed at the time, seemed to settle the property versus tort classification issue.[30] However, that resolution did not end the debate.[31]

The First Restatement included three provisions related to proprietary information, with sections 757 and 758 directed to trade secrets, and 759 directed to other proprietary information.[32] Most importantly, the First Restatement did not define trade secrets directly and instead provided a list of factors to consider.[33] For many decades, the First Restatement represented a primary resource courts looked to in order to address trade secrets claims, and in particular, courts looked to the six factors to determine whether the information at issue was in fact a trade secret. However, in 1965, the American Law Institute chose not to address trade secrets issues, including non-trade-secret proprietary information, in the

tions for the protection of trade secrets); Wilf, *supra* note 11, at 797 (describing different theories of property rights and their applicability to trade secrets).

29. *See* Robert G. Bone, *A New Look at Trade Secret Law: Doctrine in Search of Justification*, 86 CALIF. L. REV. 241, 297 (1998) (exploring the justifications for trade secrets law and finding no legal justification for an independent body of trade secrets law); *see also* Robert G. Bone, *The (Still) Shaky Foundations of Trade Secret Law*, 92 TEX. L. REV. 1803, 1831 (2014) (reviewing recent scholarship on the issue and reiterating position against an independent body of trade secrets law). *But see* Vincent Chiappetta, *Myth, Chameleon or Intellectual Property Olympian? A Normative Framework Supporting Trade Secret Law*, 8 GEO. MASON L. REV. 69, 73 (1999) (disputing Professor Bone's conclusions in the previous article and proposing normative justification for trade secrets law).

30. *See* RESTATEMENT (FIRST) OF TORTS §§ 757–59 cmt. a (AM. LAW INST. 1939) ("The suggestion that one has a right to exclude others from the use of his trade secret because he has a right of property in the idea has been frequently advanced and rejected.").

31. *See, e.g.*, Note, 97 U. PA. L. REV. 94, 97 (1948) (discussing theories of recovery for the use of ideas); John B. Nash, *The Concept of Property in Know-How as a Growing Area of Industrial Property: Its Sale and Licensing*, 6 PAT. TRADEMARK & COPY. J. RES. & ED. 289, 290-93 (1962) (contemplating whether know-how constitutes property); Richard W. Young, *Constitutional Limitations on Government Disclosure of Private Trade Secret Information*, 56 IND. L. J. 347, 350 (1980) ("Trade secret information is property.").

32. RESTATEMENT (FIRST) OF TORTS § 759 cmt. b.

33. *Id.* § 757 cmt. b ("Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.").

Restatement (Second) of Torts.[34] Nevertheless, courts continued to cite to the First Restatement factors after this omission.[35]

Almost fifty years after the First Restatement was first published, the National Council of Commissioners of Uniform State Law approved the Uniform Trade Secrets Act (UTSA) in an attempt to promote increased uniformity in trade secrets law nationally.[36] Although not explicit on the issue, the UTSA also seemed to embrace a property-based theory of trade secrets law.[37] One major change brought about by the UTSA was the removal of the continuous use requirement of the First Restatement.[38] Another major change[39] was that the UTSA combined the previous two separate sections of the First Restatement for the protection of informa-

34. *See* Ed Nowogroski Ins., v. Rucker, 971 P.2d 936, 944 (Wash. 1999); Restatement (Second) of Torts, Division Nine, intro. note (AM. LAW INST. 1979).

35. *See, e.g.*, Advanced Fluid Sys., Inc. v. Huber, 958 F.3d 168, 179 (3d Cir. 2020) (approving of district court's use of Restatement factors); AirFacts, Inc. v. de Amezaga, 909 F.3d 84, 95 (4th Cir. 2018), *appeal filed*, AirFacts, Inc. v. de Amezaga, Civ. Act. No. DKC 15-1489, 2020 WL 6874313, at *1 ("Before the [Maryland] UTSA was codified, Maryland applied the Restatement's factor-based definition of 'trade secret,' which remains useful in a [Maryland] UTSA analysis.") (quoting Trandes Corp. v. Guy T. Atkinson Co., 996 F.2d 655, 661)); Learning Curve Toys, Inc. v. PlayWood Toys, Inc., 342 F.3d 714, 722 (7th Cir. 2003) ("Although the [Illinois Trade Secrets] Act explicitly defines a trade secret in terms of these two requirements, Illinois courts frequently refer to six common law factors (which are derived from § 757 of the Restatement (First) of Torts) in determining whether a trade secret exists . . . .").

36. The UTSA was actually the culmination of over a decade of effort prior to its eventual approval by the Council. *See* Sandeen, *supra* note 26, at 520.

37. *See* Lynn C. Tyler, *Trade Secrets in Indiana: Property vs. Relationship*, 31 IND. L. REV. 339, 342 (1998) (proposing that several states' versions of the UTSA, including Indiana, have adopted the "property view" of trade secrets law).

38. The First Restatement distinguished between trade secrets, which were used continuously in one's business (in section 757) and general business information that did not include the continuous use requirement (in section 759). The UTSA did not include this distinction, with the result that trade secrets under the UTSA could include negative know-how and ephemeral secrets. *See* Richard E. Day, *Protection of Trade Secrets in South Carolina*, 42 S.C. L. REV. 689, 694 (1991); Ramon A. Klitzke, *The Uniform Trade Secrets Act*, 64 MARQ. L. REV. 277, 288 (1980). For a thorough review of the UTSA drafting and decision-making process, see Sandeen, *supra* note 26, at 518–20. For a discussion of the continuous use requirement and the positive and negative consequences of removing it, see Eric R. Claeys, *The Use Requirement at Common Law and Under the Uniform Trade Secrets Act*, 33 HAMLINE L. REV. 583 (2010).

39. Note that these last two points are described as "changes," but it may be more accurate to classify them as decisions that were made by the Council between competing approaches to trade secrets cases around the country. The use of the word "change" here is simply to denote changes from the text of the First Restatement, not necessarily changes to the actual law of trade secrets as it existed at the time.

tion into a single definition of trade secrets.[40] Over the next two decades, most of the states in the U.S. adopted statutes modeled after the UTSA.[41]

Based on early criticism, a revised version of the UTSA was issued in 1985, meaning that states that had already adopted a version of the UTSA were likely to have statutes that were not entirely consistent with the new version.[42] Additionally, each state was free to adopt its own statute that was as close to, or as far from, the UTSA as the state's legislators desired, and so there were significant differences in trade secrets law around the country.[43] Moreover, courts in different states continued to rely on the First Restatement in their decisions, even when interpreting their state's UTSA version, despite that doing so may have been erroneous.[44]

Independent of the attempt to bring uniformity to trade secrets law through the UTSA, scholars had been advocating for many years for the enactment of federal trade secrets law.[45] In 1996, on a wave of statistics and messaging indicating a significant level of industrial espionage, particularly from foreign actors, the Economic Espionage Act (EEA) was enacted, providing for federal criminal enforcement of trade secrets misappropriation.[46] The substantive trade secrets provisions of the EEA

40. *See* Day, *supra* note 38, at 694. *But see* Sandeen, *supra* note 26, at 528 (suggesting that the drafting and adoption process of the UTSA reflects a rejection of coverage for the types of information that would have been covered by section 759 of the First Restatement).

41. *See* Marina Lao, *Federalizing Trade Secrets Law in an Information Economy*, 59 OHIO ST. L.J. 1633, 1657 (1998) ("To date, forty-two [sic] states have enacted the UTSA.").

42. *See* Linda B. Samuels & Bryan K. Johnson, Article, *The Uniform Trade Secrets Act: The States' Response*, 24 CREIGHTON L. REV. 49 (1990) (examining various states' UTSA versions, including differences among states adopting prior to the 1985 amendments).

43. *See generally* Steve Borgman, *The Adoption of the Uniform Trade Secrets Act: How Uniform is Uniform*, 27 IDEA: J.L. & TECH. 73 (1986) (detailing differences in various states' versions of the UTSA and potential impacts of these differences).

44. *See* Sandeen, *supra* note 26, at 538.

45. *See, e.g.*, Sandra Wilson Harper, *Survival of State Protection for Trade Secrets*, 28 ARK. L. REV. 491, 497 (1975) (proposal for federal legislation in view of the *Kewanee* decision); Herbert David Klein, *The Technical Trade Secret Quadrangle: A Survey*, 55 NW. U. L. REV. 437, 464-65 (1960) (reviewing trade secrets law and proposal for uniform federal or state law with criminal sanctions); Christopher Rebel J. Pace, *The Case for a Federal Trade Secrets Act*, 8 HARV. J.L. & TECH. 427, 442 (1995) (proposing federal trade secrets legislation); John C. Stedman, *Trade Secrets*, 23 OHIO ST. L.J. 4, 30 (1962) (arguing for uniformity in trade secrets law (but not necessarily federal trade secrets law), including both civil and criminal remedies); *Theft of Trade Secrets: The Need for a Statutory Solution*, 120 U. PA. L. REV. 378, 396 (1971) (discussing various challenges with the state of trade secrets law and proposing federal legislation). When viewed as a species of unfair competition law, the calls for national uniformity are even earlier. *See* Sandeen, *supra* note 26, at 503.

46. For a discussion of the legislative process leading up to enactment of the EEA, see Gerald J. Mossinghoff, J. Derek Mason & David A. Oblon, *The Economic Espionage Act: A New Federal Regime of Trade Secret Protection*, 79 J. PAT. & TRADEMARK OFF. SOC'Y 191, 192-95 (1997).

largely paralleled the provisions of the UTSA,[47] and thus did not significantly change trade secrets doctrine in the U.S.[48] Unfortunately, the EEA did not provide the solution to industrial espionage that some had hoped, possibly due to the very small number of cases brought under the EEA or the lack of clarity in the statute itself.[49] Accordingly, calls for federal civil protection of trade secrets continued.[50]

Following promulgation of the UTSA, and after adoption of some form of the UTSA by most states, the Restatement (Third) of Unfair Competition ("RTUC") was published and included provisions on trade secrets.[51] By the time of the RTUC, almost all states had adopted the UTSA and so the RTUC has been less influential in trade secrets cases.[52] In fact, even following publication of the RTUC, additional states adopted a version of the UTSA, rather than relying solely upon the common law, as reflected in the RTUC.[53]

Despite this widespread adoption of the UTSA and the inclusion of trade secrets in the RTUC, fears concerning industrial espionage and a perceived lack of uniformity in trade secrets law prompted continuing calls for federal civil legislation on the protection of trade secrets.[54] After

47. *See* Michael Coblenz, *Criminal Punishment of Trade Secret Theft Under New Federal Law: The Economic Espionage Act of 1996*, 15 IPL NEWSL. 10, 10 (1997) (comparing the EEA provisions with the UTSA).

48. Note that at least one commenter raised concerns that the EEA was subject to constitutionality concerns owing to the vagueness or overbreadth of the provisions imported from the UTSA. *See* Robin D. Ryan, Note, *The Criminalization of Trade Secret Theft Under the Economic Espionage Act of 1996: An Evaluation of United States v. Hsu, 40 F. Supp. 2d 623 (E.D. Pa. 1999)*, 25 U. DAYTON L. REV. 243, 255 (2000).

49. *See, e.g.*, Lorin L. Reisner, *Transforming Trade Secret Theft Violations into Federal Crimes: The Economic Espionage Act*, 15 TOURO L. REV. 139 (1998) (reviewing the first six cases brought under the EEA); Robert Damion Jurrens, Note, *Fool Me Once: U.S. v. Aleynikov and the Theft of Trade Secrets Clarification Act of 2012*, 28 BERKELEY TECH. L.J. 833, 852 (2013) (proposing that "lack of clarity" in the EEA led to few prosecutions and convictions); Robin L. Kuntz, Note, *How Not to Catch a Thief: Why the Economic Espionage Act Fails to Protect American Trade Secrets*, 28 BERKELEY TECH. L.J. 901, 907–09 (2013) (discussing the paucity of cases brought under the EEA, but suggesting cases may be increasing).

50. *See* Lao, *supra* note 41, at 1694; James Pooley, *The Top Ten Issues in Trade Secret Law*, 70 TEMP. L. REV. 1181, 1188 (1997); Matthew R. Millikin, Note, *WWW.Misappropriation.com: Protecting Trade Secrets After Mass Dissemination on the Internet*, 78 WASH. U. L. Q. 931, 951 (2000).

51. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 39-45 (AM. LAW INST. 1995).

52. *See* Lao, *supra* note 41.

53. *See, e.g.*, Douglas F. Halijan, *The Past, Present, and Future of Trade Secrets Law in Tennessee: A Practitioner's Guide Following the Enactment of the Uniform Trade Secrets Act*, 32 U. MEM. L. REV. 1, 4–6 (2001) (discussing Tennessee's UTSA version, enacted in 2000).

54. *See* David S. Almeling, *Four Reasons to Enact a Federal Trade Secrets Act*, 19 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 769, 770 (2009); R. Mark Halligan, *Protection of U.S. Trade Secret Assets: Critical Amendments to the Economic Espionage Act of 1996*, 7 J. MARSHALL REV. INTELL. PROP. L. 656, 656–57 (2008); Kelley Clements

some false starts,[55] and no small amount of scholarly criticism,[56] the DTSA was enacted, amending the EEA to include a federal civil cause of action for trade secrets misappropriation.[57] Because the DTSA borrowed heavily from the UTSA, the effect of the DTSA was largely to simply federalize the UTSA version of trade secrets law.[58] Although worded differently, the requirements for information to be a trade secret under the DTSA are essentially the same as in the UTSA (e.g., reasonable measures/efforts, independent economic value, and not generally known/readily ascertainable).

In summary, over the 150 or so years of its development in the U.S., overall trade secrets law has evolved from state-by-state common law, through relatively uniform state statutory law, and ultimately rests as a

Keller & Brian M.Z. Reece, *Economic Espionage and Theft of Trade Secrets: The Case for a Federal Cause of Action*, 16 TUL. J. TECH. & INTELL. PROP. 1, 3 (2013); Alissa Cardillo, Note, *Another Bite at the Apple for Trade Secret Protection: Why Stronger Federal Laws are Needed to Protect a Corporation's Most Valuable Property*, 10 BROOK. J. CORP. FIN. & COM. L. 577, 580–81 (2016); Dustin T. Gaines, Comment, *Abuse of the Journalist's Shield: A State-by-State Survey of Blogger Liability for Trade Secret Misappropriation and Texas's Shield Statutes as a Model for Federal Preemption*, 7 LIBERTY U. L. REV. 87, 91 (2012); Stephanie Zimmerman, Comment, *Secret's Out: The Ineffectiveness of Current Trade Secret Law Structure and Protection for Global Health*, 29 PENN ST. INT'L L. REV. 777, 790–91 (2011). This is not to suggest that there were not contrarian voices, because there were. *See* Argento, *supra* note 11; Christopher B. Seaman, *The Case Against Federalizing Trade Secrecy*, 101 VA. L. REV. 317, 321–22 (2015).

55. *See* John Cannan, *A (Mostly) Legislative History of the Defend Trade Secrets Act of 2016*, 109 L. LIBR. J. 363, 366 (2017) (discussing the legislative efforts leading up to enactment of the DTSA); R. Mark Halligan, *Revisited 2015: Protection of U.S. Trade Secret Assets: Critical Amendments to the Economic Espionage Act of 1996*, 14 J. MARSHALL REV. INTELL. PROP. L. 476, 477 (2015) (discussing attempts to establish civil cause of action under the EEA prior to the ultimate passage of the DTSA); Sharon K. Sandeen & Christopher B. Seaman, *Toward a Federal Jurisprudence of Trade Secret Law*, 32 BERKELEY TECH. L.J. 829, 845–53 (2017) (detailing the legislative history of the DTSA).

56. *See* David S. Levine & Sharon K. Sandeen, Open Letter to the Sponsors of the Revised Defend Trade Secrets Act (August 3, 2015), https://ssrn.com/abstract=2699763 [https://perma.cc/DMQ9-8Z3L]; *see also* David S. Levine & Sharon K. Sandeen, *Here Come the Trade Secret Trolls*, 71 WASH. & LEE L. REV. ONLINE 230, 234–35 (2015) (discussing incentives for dubious litigation created by the proposed DTSA); Seaman, *supra* note 54, at 321–22 (arguing against a federal trade secrets law); David S. Levine, *School Boy's Tricks: Reasonable Cybersecurity and the Panic of Law Creation*, 72 WASH. & LEE L. REV. ONLINE 323, 326 (2015) (arguing that the proposed DTSA is both under- and over-inclusive in the context of cyberespionage); Sharon K. Sandeen, *The DTSA: The Litigator's Full-Employment Act*, 72 WASH. & LEE L. REV. ONLINE 308, 310–13 (2015) (arguing that the proposed DTSA will increase litigation costs for trade secrets litigants).

57. *See* 18 U.S.C. § 1836.

58. There were some differences between the UTSA and DTSA, such as the *ex parte* seizure provision. However, other provisions were duplicates. *See* Sandeen & Seaman, *supra* note 55, at 858–59 (noting that many provisions of the DTSA are identical to the UTSA and discussing how federal courts might interpret provisions of the DTSA in view of existing UTSA case law).

combination of relatively uniform state law[59] and similarly-worded federal statutory law.[60] Although not uncontroversial, one could see this development, along with the accompanying case law, as having moved the balance between employee rights and employer rights around workplace confidential/trade secrets information decidedly in favor of employers.[61] Rethinking, and adjusting, that balance is one goal of the proposal in this paper.

II. JUSTIFICATIONS FOR EMPLOYEE RIGHTS IN THEIR CREATIVE OUTPUTS

This Article is not a theoretical exploration of the origins and justifications of property rights, personal autonomy, or workers' rights generally. Instead, this Article focuses on tangible justifications that might support the goal of establishing some rights for employees in their creative outputs. Those justifications include employee's preexisting expectations or understandings of trade secrets law with respect to their rights in their own creative outputs and the inequity of using trade secrets law to enforce overly broad or otherwise unenforceable agreements against employees. Each of these is discussed in turn.

A. *Preexisting Employee Expectations with Respect to Their Own Creative Outputs May Already Be Out of Step With Existing Trade Secrets Law*

Before the COVID-19 pandemic, employees were increasingly looking for remote work options[62] and employers were, in some circumstances, already accommodating such requests.[63] The trade secrets challenges that come with remote workers are well-documented.[64] In addition, the impact of bring-your-own-device (BYOD) policies and similar technological issues on firm confidential information has also been discussed.[65] None-

59. Note that New York is still a holdout, having not adopted the UTSA. *See* TransPerfect Glob., Inc. v. Lionbridge Techs., Inc., No. 19CV3283 (DLC), 2020 WL 1322872, at *7 (S.D.N.Y. Mar. 20, 2020) ("New York has not adopted the Uniform Trade Secrets Act . . . .").

60. *See* Sandeen & Seaman, *supra* note 55, at 904–05.

61. *See* Argento, *supra* note 11.

62. *See, e.g.*, BUFFER, *State of Remote Work 2019*, https://buffer.com/state-of-remote-work-2019 [https://perma.cc/S5HM-YBAW] (last visited June 19, 2021) (reporting results of a survey on working remotely).

63. *See, e.g.*, *11 Companies That Let You Work Remotely*, GLASSDOOR (Nov. 18, 2019), https://www.glassdoor.com/blog/companies-that-let-you-work-remotely/ [https://perma.cc/Y4HK-C65T] (listing companies that provide remote work options, based upon employee review information).

64. *See, e.g.*, Linda K. Stevens, *Trade Secrets and Inevitable Disclosure*, 36 TORT & INS. L.J. 917, 921 (2001) (discussing the trades secrets challenges posed by the "virtual office," including lack of focus on protective measures, difficulty in implementing protective measures, and distributed ownership of hardware).

65. *See generally* Brian D. Hall, *The Impact of Smart and Wearable Technology on Trade Secret Protection and E-Discovery*, 33 A.B.A. J. LAB. & EMP. L. 79 (2017) (discussing the trade secrets implications of smart, wearable devices in the workplace); Pedro Pavon, *Risky Business: "Bring-Your-Own-Device" and Your Company*, BUS. L. TO-

theless, the global pandemic, and the resulting tectonic shift in remote working, have made these issues even more relevant.[66] Moreover, many employers are already suggesting that they will not return to the level of in-person work that they had prior to the pandemic.[67]

Although not documented in the literature, employees working remotely, especially working from home or using their own equipment, may not be as amenable to the notion that their employer owns all of their creative outputs, even if they signed an agreement to that effect. This may be especially true for those employees who believe that employer ownership of their creative outputs derives primarily from the fact that the employer provided the infrastructure to support the associated innovation.[68]

DAY, Sept. 2013, 1 (discussing risks and potential protective measures associated with the "bring-your-own-device" phenomenon); Robert Williams, Warren Wayne & Toby Bond, *Keeping Your Trade Secrets Safe—Now and in the Future*, 243 MANAGING INTELL. PROP. 52, 54 (2014) (discussing trade secrets concerns associated with bring-your-own-device and similar technological issues).

66. *See, e.g.*, Yves Barlette, Annabelle Jaouen & Paméla Baillette, *Bring Your Own Device (BYOD) as Reversed IT Adoption: Insights into Managers' Coping Strategies*, INT'L J. INFO. MGMT., 2021, at 2, 13 (discussing the rise of the 'bring-your-own-device' phenomenon and suggesting pandemics exacerbate the issue); Emily Courtney, *30 Companies Switching to Long-Term Remote Work*, FLEXJOBS https://www.flexjobs.com/blog/post/companies-switching-remote-work-long-term/ [https://perma.cc/HTM2-PH2K] (last visited June 19, 2021) (detailing companies that are planning for long-term remote work); Siobhan Park, *Remote Working Statistics 2021: 15 Exciting Trends*, https://remotebliss.com/remote-working-statistics-and-trends/ [https://perma.cc/9LSL-HFN4] (last visited June 19, 2021) (collecting various survey data and other reports projecting increases in remote work options).

67. *See, e.g.*, Kathryn Mayer, *Number of the Day: Remote Work After COVID*, HUM. RESOURCES EXECUTIVE (Sept. 14, 2020), https://hrexecutive.com/hres-number-of-the-day-remote-work-after-covid/ [https://perma.cc/CVU8-SVDX] (reporting survey results indicating a large number of employers will continue work-from-home policies after the pandemic); Kristen Senz, *How Much Will Remote Work Continue After the Pandemic*, HARV. BUS. SCH. WORKING KNOWLEDGE (Aug. 24, 2020), https://hbswk.hbs.edu/item/how-much-will-remote-work-continue-after-the-pandemic [https://perma.cc/A5QB-KJNL] (reporting results of employer survey indicating that some jobs will stay remote after the pandemic).

68. It has been argued that one of the justifications for employers owning the creative outputs of their employees is that the employers provided the infrastructure (e.g., information technology resources, workspace, raw materials, and the like) that facilitated the innovation. *See* Graves, *supra* note 2, at 80 (proposing "infrastructural nexus" provided by employer as justification for employer ownership of employee-created trade secrets); *see also* Wexler v. Greenberg, 160 A.2d 430, 437 (Pa. 1960) ("[T]he developments by change and modification were fruits of Greenberg's own skill as a chemist without any appreciable assistance by way of information or great expense or supervision by Buckingham, outside of the normal expenses of his job."). However, in the information economy, a large portion of these creative outputs are information and the only infrastructure needed may be a computer and an internet connection, which the employee may provide themselves. *See, e.g.*, Shubha Ghosh, *Open Borders, Intellectual Property & Federal Criminal Trade Secret Law*, 9 J. MARSHALL REV. INTELL. PROP. L. 24, 33 (2009) (discussing the role of information in high-mobility markets); Sharon K. Sandeen, *Lost in the Cloud: Information Flows and the Implications of Cloud Computing for Trade Secret Protection*, 19 VA. J.L. & TECH.1, 25 (2014) (discussing the use of cloud infrastruc-

Of course, these remote workers (along with most other workers in the U.S.) most likely signed a confidentiality and invention assignment agreement when they started their employment.[69] Those agreements likely assign all rights in the employee's creative outputs to the employer, independent of whether the employee works on-site or remote, but it is not clear that employees, even in an in-person workplace, accept the validity of those agreements or feel substantial normative pressure to honor the agreements to their full extent.[70] Accordingly, to the extent trade secrets law is the vehicle through which these agreements are enforced, employee expectations regarding their own creative outputs may already run counter to existing trade secrets law.

In addition, where an employee views the work they are doing for their employer as simply ordinary, day-to-day work, as opposed to innovative work, the employee probably does not expect that the employer should be able to prevent the employee from ever using the results of that work for a future employer or on their own behalf in an entrepreneurial venture.[71] This normative suggestion about employee understanding is not to imply that employees understand the nuance of trade secrets law and have concluded that their creative outputs constitute "general skills and knowledge" as that term is understood in trade secrets cases, which is almost certainly not the case. Rather, this is simply how employees view

ture to replace or reduce on-site computing hardware and software). To the extent employees believe this infrastructure *quid pro quo* is accurate, they may not believe it is appropriate (or enforceable) for employers to own their creative outputs, despite what their employment contracts or trade secrets law has to say on the matter. On the other hand, they may believe the contracts are valid and enforceable, but they may not feel normative pressure to honor them. *See* Sommers, *supra* note 14 (detailing individuals' views about the contracts they enter); *see* Yuval Feldman, Article, *Experimental Approach to the Study of Normative Failures: Divulging of Trade Secrets by Silicon Valley Employees*, 2003 U. ILL. J.L. TECH. & POL'Y 105, 114 (2003) (discussing high-mobility cultural impacts on employee views on trade secrets). Moreover, when the agreement itself contains a provision along the lines of "aided by the use of time, materials, facilities or information paid for or provided by the Corporation," the employee may believe that this provision prevents the enforcement of the agreement against them when in fact it may not. Saccomanno v. Honeywell Int'l, Inc., 2010 WL 1329038, at *5 (N.J. Super. Ct. App. Div. Apr. 7, 2010).

69. *See supra* note 10.

70. *See* Yuval Feldman, *supra* note 4, at 224 (report and analysis of empirical study on employee attitudes toward disclosure of trade secrets after changing employment); Feldman, *supra* note 68.

71. As an example, see the discussion here: *Is It Wrong to Take Code You Have Produced at Work and Re-use It for Personal Projects?*, STACK EXCHANGE (Oct. 7, 2011, 1:17 PM), https://softwareengineering.stackexchange.com/questions/112953/is-it-wrong-to-take-code-you-have-produced-at-work-and-re-use-it-for-personal-pr?answertab=votes#tab-top [https://perma.cc/4D5F-WB3Z]. Many responders to a question about whether an employee could reuse code from previous employment believed the answer is no, while others believed it depends on the type of code, the function of the code, and how similar the projects are. *Id.*

the equities in the modern workplace.[72] In fact, despite having signed agreements at the time of employment assigning all of their creative outputs to their employer, many employees would likely be surprised to learn that such contracts are enforceable through trade secrets law rather than through contracts law.[73] Although it is not necessary that the law generally agree with impacted persons' normative expectations, one could hardly expect departing employees to be cognizant of or conform their conduct to a legal regime that is not consistent with their expectations. Accordingly, a modification to trade secrets law to recognize some rights of employees in their own creative outputs may be consistent with employee expectations as they already exist.

B. *Trade Secrets Law Should Not Be the Vehicle to Enforce Overly Broad Employment Agreements*

As it stands now, confidentiality and invention assignment agreements are the vehicles through which employers obtain rights in an employee's creative outputs and place restrictions on the employee's use of those outputs after the employment ends.[74] The provisions in these agreements are

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72. *See* Katherine V.W. Stone, *The New Psychological Contract: Implications of the Changing Workplace for Labor and Employment Law*, 48 UCLA L. REV. 519 (2001); *see also* Stone, *supra* note 9, at 722 (2002) ("[E]mployees assume that the skills and knowledge they acquire on a particular job 'belong' to them in the sense that they take these with them when they depart.").

73. The worst-case scenario for the employee is the case of inevitable disclosure, where an employee can be held liable for trade secrets misappropriation in the absence of any actual or threatened misappropriation, simply because of the information they carry in their memory. The notions underpinning the inevitable disclosure doctrine may be as old as the nineteenth century. *See, e.g.*, O. & W. Thum Co. v. Tloczynski, 72 N.W. 140 (Mich. 1897). The doctrine gained significant prominence from the *PepsiCo* decision. *See* PepsiCo, Inc. v. Redmond, 54 F.3d 1262 (7th Cir. 1995). After enactment of the DTSA, there was a question as to whether federal trade secrets law would import the inevitable disclosure doctrine from state law. *See* M. Claire Flowers, Note, *Facing the Inevitable: The Inevitable Disclosure Doctrine and the Defend Trade Secrets Act of 2016*, 75 WASH. & LEE L. REV. 2207, 2212 (2018). However, recently at least one court seems to have answered this question in the affirmative. *See* Packaging Corp. of Am., Inc. v. Croner, 419 F. Supp. 3d 1059, 1069 (N.D. Ill. 2020) (analyzing inevitable disclosure in a DTSA claim but ultimately finding that plaintiff did not meet its burden to establish inevitable disclosure); *see also* Acteon, Inc. v. Harms, No. 1:20-cv-14851-NLH-AMD, 2020 WL 6694411, at *9 (D. N.J. Nov. 6, 2020) (finding likelihood of success on inevitable disclosure claim based on New Jersey law and DTSA, but not separately analyzing the DTSA). Accordingly, employees may be surprised to learn that simply retaining their creative outputs in memory when changing employers could lead to federal trade secrets liability.

74. *See, e.g.*, Milliken & Co. v. Morin, 731 S.E.2d 288 (S.C. 2012). Invention assignment provision states:

> With respect to Inventions made, authored and conceived by me, either solely or jointly with others . . . I will . . . [a]ssign (and I do hereby assign) to [employer] all of my rights to such Inventions, and to applications for letters patent, copyright registrations and/or mask work registrations in all countries . . . .

Id. at 290. Definition of "inventions" states:

then used to establish some of the elements of a trade secrets misappropriation claim, including ownership of the trade secrets at issue and reasonable efforts to protect the trade secrets. However, these provisions are drafted so broadly that they purport to cover all information, including an employee's routine creative outputs.[75] Consequently, an employee cannot know in advance what the scope of their trade secrets liability might be. Moreover, if the employee actually reads the agreement,[76] they may perceive that they are bound to a broad restriction that may not, in practice, be enforceable.[77] Such broad restrictions might be reasonable with respect to information the employee learns from the employment, but they

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> INVENTIONS means discoveries, improvements and ideas (whether or not shown or described in writing or reduced to practice), mask works (topography or semiconductor chips) and works of authorship, whether or not patentable, copyrightable or registerable, (1) which relate directly to the business of [employer], or (2) which relate to [employer]'s actual or demonstrably anticipated research or development, or (3) which result from any work performed by me for [employer], or (4) for which any equipment, supplies, facility or Trade Secret or Confidential Information of [employer] is used, or (5) which is developed on any [employer] time.

Id.; *see also* NovelAire Techs., LLC v. Harrison, 50 So. 3d 913, 915 (La. Ct. App.). Invention assignment provision states:

> Any and all inventions, discoveries and improvements which Employee has conceived or made, and/or may conceive or make, during the period of his said employment, relating to employer's business or arising out of or resulting from his said employment, shall be the sole and exclusive property of Employer or its nominee.

Id.; Ingersoll-Rand Co. v. Ciavatta, 542 A.2d 879 (N.J. 1988). Invention assignment provision states:

> I hereby do assign, to the COMPANY . . . my entire right, title and interest in and to all inventions, copyrights and/or designs I have made or may hereafter make, conceive, develop or perfect, either solely or jointly with others either (a) during the period of such employment, if such inventions, copyrights and/or designs are related, directly or indirectly, to the business of, or to the research or development work of the COMPANY or its affiliates, or (b) with the use of the time, materials or facilities of the COMPANY or any of its affiliates . . . .

Id. at 882; Saccomanno v. Honeywell Int'l, Inc., 2010 WL 1329038 (N.J. Super. Ct. App. Div. Apr. 7, 2010). Invention assignment provision states:

> I hereby assign and agree to assign, without further compensation, to [employer] . . . my entire right, title and interest in and to each invention, technological innovation and copyrightable work . . . which, I either individually or jointly with others, *conceive, develop or create during the period of my employment*, whether or not during working hours, *and* which either (a) is *within the scope of the Corporation's business* or investigations to which my employment relates or gives me access, *or* (b) is *aided by the use of time, materials, facilities or information paid for or provided by the Corporation*, . . . I agree to disclose promptly to the Corporation each such invention, innovation and copyrightable work . . . .

Id. at *1.

75. *See id.* at *1.

76. *But see* Sommers, *supra* note 14, at 1 (indicating individuals do not read agreements presented to them in the consumer context).

77. *See* CAL. BUS. & PROF. CODE § 16600 (West 1941).

may not be reasonable when they are applied to all of an employee's creative outputs, irrespective of the level of innovation involved.

Brown v. TGS Management[78] is instructive on the issue of overbreadth.[79] In *Brown*, a former employee brought a declaratory judgment action attacking the validity of the employment agreement he signed "[a]s a condition of employment."[80] The employee's complaint "alleged the confidentiality provisions were 'overbroad, vague and ambiguous,' and sought a declaration which 'would enable him to practice his profession of statistical arbitrage without being subjected to unfounded claims that he has used TGS' "trade secrets" and "confidential information."' "[81] In reviewing the twelve-page confidentiality agreement, the court found the following provisions problematic:

- The definition of confidential information as "information, in whatever form, used or usable in, or originated, developed or acquired for use in, or about or relating to, the Business.' 'The Business,' in turn, is defined to include 'without limitation analyzing, executing, trading and/or hedging in securities and financial instruments and derivatives thereon, securities-related research, and trade processing and related administration . . . .[82]
- "[T]he employee's duty to 'keep all Confidential Information in strictest confidence and trust' during and after employment with TGS."[83]
- The invention assignment provision, which "prohibits the employee from disclosing at any time, during or after employment with TGS, to anyone other than TGS or its clients, or using for the benefit of anyone other than TGS or its clients, the employee's 'Inventions,' defined as including 'concepts, ideas, improvements, . . . strategies, methods, systems, know-how. . . ."[84]
- Two exceptions to the definition of "Confidential Information," by excepting " 'information which is or becomes generally known in the securities industry through legal means without fault by' Brown"[85] and "information which 'was known by Employee on a non-confidential basis prior to his

78. 271 Cal. Rptr. 3d 303 (Cal. Ct. App. 2020), as modified on denial of reh'g (Nov. 12, 2020), review filed (Dec. 21, 2020).

79. *See id.*

80. *Id.* at 306.

81. *Id.* at 309.

82. *Id.* at 316.

83. *Id.*

84. *Id.* at 316 n.4.

85. *Id.* at 317.

> initial engagement or employment by Employer, as evidenced by Employee's written records.' "[86]

The court determined that "the confidentiality provisions [were] void *ab initio* and unenforceable"[87] because they "severely restrict[ed] Brown's right to work in clear contravention of [California Code] section 16600."[88] The most troubling part of the *Brown* decision is that the court goes on to state that, despite the overbreadth of the confidentiality terms and the fact that they essentially precluded the former employee from working in his chosen field, the employer could seek to enforce the terms through a trade secrets claim.[89]

The *Brown* decision is specific to California law because California has a statutory prohibition on non-compete agreements.[90] Accordingly, the decision is not generalizable to all jurisdictions (although it may be of particular interest to employers in California). Nevertheless, there are three important points that may make the principles in *Brown* applicable more broadly. First, the broad terms in this agreement were not atypical of employee confidentiality agreements that have been litigated in other jurisdictions.[91] Thus, the issues of overbreadth discussed in *Brown* may be

86. *Id.* The court went on to state, "Brown points out the absurdity of this exception: 'In other words, securities-related information that was *not confidential* before Brown's employment with TGS metamorphoses into TGS's "Confidential Information" unless Brown has written records proving his prior knowledge of the information.'" *Id.*

87. *Id.* at 319 (citations omitted).

88. *Id.* at 320.

89. *Id.* at 317. However, the interesting result here is that the court found the confidentiality provisions, including the invention assignment, to be "void *ab initio*" and so it does not seem that the employer could bring a trade secrets claim alleging misappropriation of the employee's own creative outputs, at least not on the basis of the employer's rights in those outputs through the confidentiality agreement.

90. *See* CAL. BUS. & PROF. CODE § 16600 (West 1941) ("[E]very contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void").

91. *See, e.g.*, Box v. J.B. Hunt Transp., Inc., 533 S.W.3d 603, 607 (Ark. Ct. App. 2017) (covering "information concerning Company methods, processes, operations, marketing programs, computer programs, future plans and customers, and other proprietary or otherwise sensitive information."); Giftango, LLC v. Rosenberg, 925 F. Supp. 2d 1128, 1132 (D. Or. 2013) (defining confidential information in the employee agreement as "data that has been researched, compiled, developed and/or maintained by Company . . . and which is not generally known within the industry. Confidential Information includes, but is not limited to, trade secrets, information, ideas, knowledge, data, or know-how related to products, processes, software, designs, formulae, tests, research, business and/or marketing plans and strategies, costs, profits, pricing, personnel and financial information, capitalization and other corporate data and information, and information about or obtained from customers, authors, suppliers, consultants, licensees, or affiliates."); Saini v. Int'l Game Tech., 434 F. Supp. 2d 913, 916–17 (D. Nev. 2006) (including in an employee confidentiality agreement, "any information, manufacturing technique, process, formula, development [or] experimental work, work in process, business, trade secret, or any other secret or confidential matter relating

applicable in other jurisdictions and other courts may similarly find that these overbroad provisions act as a non-compete provision. Second, other courts around the country require non-competes to be reasonable in time.[92] To the extent these employee confidentiality agreements have no time restriction on the use of confidential information, enforcement of these overbroad provisions can act as a perpetual non-compete. Thus, even in jurisdictions that do not have statutes like California's, as long as non-compete restrictions are evaluated for reasonableness in duration, overbroad provisions could be struck down. Finally, other jurisdictions around the country are considering, or have considered, legislation to ban or restrict non-compete agreements.[93] Accordingly, if more jurisdictions enact legislation similar to California's statute, the analysis in *Brown* may be instructive of how such claims would fair in those jurisdictions as well.

Because employees are required to sign broad confidentiality and invention assignment agreements as conditions of employment and the agreements place ambiguous or unenforceable restrictions on the employees, these agreements should not form the basis of trade secrets claims for an employee's own creative outputs. In other words, trade secrets law should not provide the vehicle through which otherwise unenforceable agreements (because of their anti-competitive effects) are enforced against departing employees, particularly with respect to the employee's own creative outputs. Instead, employees should be free to take their own creative outputs with them when they leave employment (but not necessarily information they learned from others during employment) and trade secrets law should not be the vehicle through which employers prevent this result.

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to the products, sales, or business of [employer] or its affiliates or subsidiaries except as such disclosure or use may be required in connection with [employee's] work for [employer]."); Syndicated Servs., Inc. v. Yarbrough, No. 16 CVS 20912, 2017 WL 663515, at *2 (N.C. Super. Feb. 15, 2017) (defining "Confidential Information" in an employee agreement as "all non-public information designated as being confidential or which, under the circumstances surrounding disclosure, ought to be treated as confidential, as well as any derivatives thereof, including but not limited to . . . all information oral, written or otherwise exchanged between the parties hereto concerning [the potential business relationship between the Parties], including but not limited to financial information, development plans, marketing plan, business opportunities, personnel, and research.").

92. *See* Sharon K. Sandeen & Elizabeth A. Rowe, *Debating Employee Non-Competes and Trade Secrets*, 33 SANTA CLARA COMPUTER & HIGH TECH. L.J. 438, 448 (2017) (discussing the reasonableness inquiry in non-compete disputes with one of the factors being the duration of the non-compete restriction).

93. *See id.* at 449 (discussing state-level efforts around the country to legislatively address non-compete agreements).

III. RECOGNIZING AN EMPLOYEE'S OWN CREATIVE OUTPUTS AS GENERAL SKILLS AND KNOWLEDGE IS THE MOST REASONABLE PATH TO ACCOMPLISHING THE GOAL

The goal of this Article is to establish, at least to some extent, employee rights in their own creative outputs from a trade secrets law perspective. To accomplish that goal, this Article proposes that the most reasonable approach is recognizing that an employee's creative outputs constitute their general skills and knowledge. To demonstrate why that is so, this Section will first walk through the background of the general skills and knowledge exclusion and then discuss the actual proposal in more concrete terms.

A. *General Skills and Knowledge Background*

Beginning with the earliest cases, trade secrets law largely developed to deal with the situation where an employee leaves an employer and takes some information with them, either tangibly or in memory.[94] In early cases, courts wrestled with the issue of what to do about employee-created inventions that are subsequently taken by the employee to a competing firm or for the employee's own benefit.[95] In early cases, it was not even clear whether employee inventions became trade secrets of their employ-

94. *See, e.g.*, Hamilton Mfg. Co. v. Tubbs Mfg. Co., 216 F. 401, 407 (W.D. Mich. 1908) (recognizing an obligation by employees to protect employer trade secrets, but finding the information at issue not to be a trade secret); Schulenburg v. Signatrol, Inc., 212 N.E.2d 865, 869 (Ill. 1965) ("It should, moreover, make no difference whether the information contained in the blueprints, if it qualified as a trade secret (which in our judgment it does), has been pilfered by tracing the blueprints themselves, as some testimony herein indicates, or has been memorized by someone with a photographic memory, or has been committed to memory by constant exposure to the prints while in the employ of plaintiffs."); O. & W. Thum Co. v. Tloczynski, 72 N.W. 140 (Mich. 1897) (affirming injunction against departing employee); Cincinnati Bell Foundry Co. v. Dodds, 10 Ohio Dec. Reprint 154, 158 (1887) ("[I]f there was a secret, as I have found probable, and he came to know it because he was foreman and had to know it that it might be used, and knew that it was a secret, then I am inclined to think that his obligation to preserve such secret as the property of his employer must be implied, even though nothing was said to him on the subject.").

95. *See, e.g.*, Futurecraft Corp. v. Clary Corp., 23 Cal. Rptr. 198, 209 (Cal. Dist. Ct. App. 1962) (distinguishing cases where an employer discloses a trade secret to an employee from cases where the employee developed the trade secrets themselves); *Eastman Co. v. Reichenbach*, 20 N.Y.S. 110, 116 (N.Y. App. Div. 1892) (holding former employees liable for misappropriation despite that they contributed to the innovations at issue); *see also* Stephen J. Davidson & Robert L. DeMay, *Application of Trade Secret Law to New Technology—Unwinding the Tangled Web*, 12 WM. MITCHELL L. REV. 579 (1986); *Catherine L. Fisk,* Working Knowledge: Trade Secrets, Restrictive Covenants in Employment, and the Rise of Corporate Intellectual Property, 1800-1920, 52 HASTINGS L.J. 441 (2001); Douglas S. Liebhafsky, *Industrial Secret and the Skilled Employee*, 38 N.Y.U. L. REV. 324 (1963); Henry H. Snelling, *The Rights of an Inventor-Employee*, 22 J. PAT. OFF. SOC'Y 410 (1940); *Trade Secrets. Trade Secret Developed by Employee in the Course of Authorized Research May Be Used in Competing with Former Employer. Wexler v. Greenberg (Pa. 1960)*, 74 HARV. L. REV. 1473 (1961).

ers and could therefore form the basis for a misappropriation claim.[96] Even though widespread use of employee confidentiality and invention assignment agreements has largely mooted the issue,[97] modern courts also wrestle with the problem of ownership over employee-created trade secrets from time to time.[98]

Against this backdrop of uncertainty around departing employees' rights in their own creative outputs (and workplace-related information generally), courts began to develop the general skills and knowledge exclusion.[99] Despite having its roots in early trade secrets law, the exclusion was not included in the First Restatement.[100] Nevertheless, the exclusion continued to develop in the common law.[101] Over time, courts came to distinguish employer trade secrets, which could not be taken with an employee when they depart, and employee general skills and knowledge that

96. *See, e.g.*, *Nat'l Tube Co. v. E. Tube Co.*, 13 Ohio C.D. 468, 473 (Ohio Ct. App. 1902) (suggesting employee inventions do not become trade secrets of the employer absent a "contract to that effect"); Pressed Steel Car Co. v. Standard Steel Car Co., 210 Pa. 464, 475 (1904) (suggesting employee inventions do become trade secrets of the employer, even in the absence of a contract to that effect); *see also* Newman, *supra* note 11, at 16–21 (offering historical review of employer ownership of employee-created inventions).

97. *See* Fisk, *supra* note 5, at 1181 (discussing the historical development leading up to and including large-scale use of employee invention assignment agreements).

98. *See, e.g.*, N. Elec. Co. v. Torma, 819 N.E.2d 417, 432 (Ind. Ct. App. 2004) (reversing lower court's determination that an employee owned the data compilations at issue because the compilations arose out of the employee's assigned duties); Pullman Grp., LLC v. Prudential Ins. Co. of Am., 288 A.D.2d 2, 3 (N.Y. App. Div. 2001) (affirming motion to dismiss based on employer ownership of employee inventions).

99. *See Hamilton Mfg.*, 216 F. at 407 (holding that information known by other companies in the industry could not be a trade secret). There is not one universal name for referring to an employee's general, skills, knowledge, experience, etc. *See* Hrdy, *supra* note 17, at 2419 n. 68. This Article refers simply to "general skills and knowledge," even though courts and commenters may use a different term. Professor Camilla Hrdy provides a well-reasoned and compelling argument that general skills and knowledge should be considered an "exclusion" (as opposed to a subject matter bar). *Id.* at 2446. While other options are possible (for example, defense, immunity, implied license, fair use, and the like), none of these are a perfect fit for the doctrine, and in some cases (like defense) are no fit at all. Accordingly, this Article follows Professor Hrdy's lead and uses the exclusion approach.

100. *See* Hrdy, *supra* note 17, at 2426 ("[T]he First Restatement does not provide an explicit statement of the General Knowledge, Skill, and Experience Exclusion.").

101. *See, e.g.*, Rem Metals Corp. v. Logan, 565 P.2d 1080, 1083 (Or. 1977) ("It has been uniformly held that *general knowledge, skill, or facility acquired through training or experience while working for an employer appertain exclusively to the employee.*" (quoting Harlan M. Blake, *Employee Agreements Not to Compete*, 73 HARV. L. REV. 625, 652 (1960))); Schulenburg v. Signatrol, Inc., 212 N.E.2d 865, 869 (Ill. 1965) ("It is clear that an employee may take with him, at the termination of his employment, general skills and knowledge acquired during his tenure with the former employer.").

departing employees could take with them.[102] The exact scope of these two categories has never been fully resolved, however.[103] Interestingly, the distinction does not necessarily turn on whether the taken information is taken in tangible form or only in memory.[104] Eventually, unlike the First Restatement, the RTUC did include a description of the exclusion[105], but as discussed above, the impact of the RTUC has not been significant to date.[106] Accordingly, the exclusion remains today a product of the common law whose reach may extend to particular information an employee creates or learns during their employment, but the full extent of that reach is uncertain. Despite its lengthy history, the full scope of the general skills and knowledge exclusion remains ambiguous. The proposal in this Article will not resolve that ambiguity for information not created by a particular departing employee, but it would resolve any ambiguity around the employee's own creative outputs.

B. *The General Skills and Knowledge Proposal*

The proposal in this Article is that, from a trade secrets perspective, employees should be free to retain the fruits of their creative output when leaving their employment; in other words, an employee's creative outputs

102. *See* Hrdy, *supra* note 17, at 2419 (discussing the historical development of the general skills and knowledge "exclusion").

103. *See, e.g.*, Miles Feldman, *supra* note 4, at 165 (reviewing cases distinguishing between "know how" and "general knowledge and skill"); Letty S. Friesen, *Distinguishing Between an Employee's General Knowledge and Trade Secrets*, 23 COLO. LAW. 2123 (1994) (discussing factors courts look to in distinguishing between trade secrets and general skills and knowledge); Kurt M. Saunders & Nina Golden, *Skill Or Secret?—The Line Between Trade Secrets and Employee General Skills and Knowledge*, 15 N.Y.U. J.L. & BUS. 61 (2018) (discussing the distinction between trade secrets and general skills and knowledge). For a proposed framework of how courts might apply the exclusion, see Hrdy, *supra* note 17, at 2464.

104. *See, e.g.*, Randall Scott Hetrick, *Employee "Head Knowledge" and the Alabama Trade Secrets Act*, 47 ALA. L. REV. 513, 533–36 (1996) (discussing whether the distinction between remembered information and taken documents continues to exist in Alabama after passage of UTSA version); Liebhafsky, *supra* note 95, at 343 (discussing the possibility of the "memory doctrine" applicable to customer lists might be extended to "industrial know-how"). *See generally* Yuval Feldman, *supra* note 4, at 200–03 (discussing results of empirical study directed to learned/developed and downloaded/memorized distinctions). *But see* Fleming Sales Co. v. Bailey, 611 F. Supp. 507, 514 (N.D. Ill. 1985) (discussing general skills and knowledge as "[t]hose are things an employee is free to take and to use in later pursuits, especially if they do not take the form of written records, compilations or analyses" (citing MBL (USA) Corp. v. Diekman, 445 N.E.2d 418, 424 (Ill. App. Ct. 1983))).

105. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 42 (AM. LAW INST. 1995) ("Information that forms the general skill, knowledge, training, and experience of an employee cannot be claimed as a trade secret by a former employer even when the information is directly attributable to an investment of resources by the employer in the employee.").

106. The author has not located any published opinions in which a court discussed this particular provision of the RTUC other than in passing and only one unpublished decision. *See* Booth Waltz Enter. v. Kimlingen, No. CV040072045S, 2004 WL 2287777, at *5 (Conn. Super. Ct. Sept. 14, 2004).

during their employment should be considered their general skills and knowledge for purposes of trade secrets misappropriation claims.[107] Following from this proposal is the notion that, again from a trade secrets perspective, it does not matter whether the employee takes such creative outputs with them in memory, tangible form, or electronic form (although, as discussed below, these things may matter for other statutes or causes of action). To be clear, the proposal is not to establish some type of formal ownership in which the property rights in an innovation, as between the employee, the employer, and other employees, are all assigned and validated.[108] Instead, the proposal is simply that an employee's own creative outputs cannot form the basis for a trade secrets misappropriation claim because they constitute general skills and knowledge, which under the exclusion, cannot be actionable trade secrets.[109]

The proposal does not go further and suggest that the employee has an ownership interest in any resulting registered intellectual property, outside of some agreement between the employer and employee or some underlying legal construct that establishes such ownership.[110] Moreover, the fact that an employee can take the innovation with them does not mean that the employer loses any rights it has to continue to use the innovation at its discretion[111] or to bring a trade secrets misappropriation claim against other employees or firms if the facts warrant.[112] Finally, the proposal is not that general skills and knowledge be confined solely to the creative outputs of the employee. Rather, the proposal is for a modification to the traditionally recognized scope of general skills and knowl-

107. The author acknowledges that the proposal requires jurisdiction-by-jurisdiction modification of existing trade secrets law. However, in the case of common law, courts may be inclined to look to interpretations in other jurisdictions as informative of cases before them and so adoption of the proposal in a few jurisdictions could lead to more widespread adoption nationally.

108. Scholars have already made proposals along these lines, but none have been, to this author's knowledge, implemented by any courts or legislators. *See* Catherine L. Fisk, *Knowledge Work: New Metaphors for the New Economy*, 80 CHI.-KENT L. REV. 839, 862–63 (2005); Newman, *supra* note 11. For a detailed discussion of employee invention assignment agreements from both property and personhood perspectives, see Steven Cherensky, Comment, *A Penny for Their Thoughts: Employee-Inventors, Preinvention Assignment Agreements, Property, and Personhood,* 81 CALIF. L. REV. 595, 598–601 (1993).

109. *See* Hrdy, *supra* note 17, at 2426.

110. *See supra* Section IV.B.

111. In other words, the proposal does not depend on application of the Shop Right or other similar equitable measures to establish the employer's right to continue using the innovative outputs of its employees. Instead, the employer simply may not have an exclusive right in those creative outputs (unless the employer formalizes such exclusive rights by registering the associated IP). *See id.*

112. The proposal does not extinguish an employer's rights in their trade secrets because the employer still owns the trade secret at issue (at least until it becomes disclosed publicly). Instead, the employer is simply prevented from asserting a misappropriation claim against the particular employee that created the information at issue.

edge[113] to include the employee's own creative outputs, to the extent they were not already covered under the traditional exclusion.[114]

IV. PRACTICAL IMPACTS OF THE PROPOSAL

As discussed above in Part III, the proposal is a departure from trade secrets law as it exists today. Accordingly, adoption of the proposal could be expected to impact the way both employers and employees conduct themselves moving forward. This Section walks through some of the practical impacts the proposal might have for employers and employees.[115]

A. *The Proposal Means That Employees Can Take Their Creative Outputs in (Almost) Any Form*

The practical aspects of the proposal with respect to employees taking their creative outputs with them may not be inherently intuitive. In this

113. Because this concept is not statutory, its exact scope is open to debate and may vary from jurisdiction to jurisdiction. Moreover, it's not clear that courts routinely apply the exclusion correctly. *See* Hrdy, *supra* note 17, at 2415.

114. Certainly, in some cases, a trade secrets defendant's general skills and knowledge assertion have been premised on their own creative outputs. *See, e.g.*, Structural Dynamics Research Corp. v. Eng'g Mechs. Research Corp., 401 F. Supp. 1102, 1110 (E.D. Mich. 1975) (reviewing different approaches to address employee-created trade secrets). However, this is not a requirement of the exclusion (although some cases could be seen as imposing such a requirement). *See* Hrdy, *supra* note 17, at 2457. Moreover, under current law, the employee cannot know in advance whether their creative outputs are transferrable or not. Consequently, a risk-averse employee's best option is to not take any information with them. This result obviously works to the benefit of former employers, but it hinders departing employees in their ability to use their full skills, knowledge, and experience at subsequent employers.

115. One potential impact not discussed here is the impact on incentives to innovate. One of the primary justifications for trade secrets law is that it encourages firms to innovate. *See* Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 482 (1974). As the story goes, in the absence of a protective regime (other than patents and copyrights), firms will not invest in R&D because they are unlikely to recoup the costs of that R&D if a competitor can simply obtain the fruits of that research and exploit it directly. *See* Chiappetta, *supra* note 29, at 86 (discussing the incentive to innovate justification for trade secrets law); Ekaterina G. Long, *The Law of Intangible Assets: The Philosophical Underpinnings of Trade Secret Law in the United States*, 19 SMU SCI. & TECH. L. REV. 125, 125 (2016) (discussing adverse results if trade secrets protection is not provided for firm information); Michael Risch, *Why Do We Have Trade Secrets?*, 11 MARQ. INTELL. PROP. L. REV. 1, 38 (2007) (discussing economic justifications for trade secrets law). Assuming this "incentive to innovate" theory is valid, the proposal in this Article could lead to reduced innovation by firms. *But see* Ronald J. Gilson, *The Legal Infrastructure of High Technology Industrial Districts: Silicon Valley, Route 128, and Covenants Not to Compete*, 74 N.Y.U. L. REV. 575, 578 (1999) (suggesting that statutorily restricted enforcement of covenants not to compete increases knowledge transfer among firms and thus contributes to the success of the Silicon Valley innovation ecosystem contrasted with an area with stronger enforcement of such covenants); Michael P. Simpson, *The Future of Innovation: Trade Secrets, Property Rights, and Protectionism—An Age-Old Tale*, 70 BROOK. L. REV. 1121, 1144 (2005) (arguing that incentives to innovate rationale is "unconvincing").

respect, the proposal leads to the straight-forward question of in what ways employees can exercise these rights in their creative outputs, or more specifically, in what ways can departing employees retain their creative outputs when departing an employer? This Section addresses that question.

If the proposal were adopted, the employee's ability to take their creative outputs in any form would follow automatically because the information the employee takes cannot be the basis of a misappropriation claim against them.[116] Accordingly, the mode of removal of the information is irrelevant from a trade secrets perspective. In other words, if the employee is a software programmer, leaving with the code they generated in electronic form (e.g., email, USB drive, cloud storage, and the like) would be permissible.[117]

Again, this result is confined to the trade secrets cause of action and would not displace laws regulating ordinary theft. Indeed, if an employee left with significant physical assets, the employer would be free to take action under a physical theft statute.[118] However, that scenario seems unlikely because it should not normally be necessary for an employee to re-

116. This is one reason, in the author's view, that the general skills and knowledge proposal is a more appropriate way to address the goal than, for example, modifying the definition of "improper means." Using this approach, the employee is free to use any means to retain their creative outputs without trade secrets liability (although other liability may attach to their conduct, as described in other sections of this Article). If the "improper means" approach were pursued, legislators and courts are likely going to be hesitant to overlook illegal conduct in acquiring information that is established as a trade secret. Thus, the "improper means" approach could significantly curtail the extent to which the goal is accomplished, if that approach were taken.

117. In the modern workplace where work product is largely created in electronic form, on firm hardware or employee-owned hardware, some form of electronic transfer—either through physical media or cloud service—would be the most likely avenue for retaining creative outputs. However, in some circumstances, physical objects might be the most appropriate mechanism for retention. One additional way in which employers could blunt the impact of the proposal would be to use countermeasures to prevent employee retention of their creative outputs. On the physical side, such countermeasures could include having password-protected or job-verifying copy machines. On the electronic side, such countermeasures could include using software that prevents the use of USB storage devices on any firm hardware or blocking access to all file transfer services or websites. The question of whether this is permissible is not directly raised by the proposal because the proposal essentially provides an immunity from a trade secrets claim, not an affirmative right against the employer. However, this is an issue worth further consideration if the goal is to establish substantive rights in employee creative outputs, rather than just an immunity from suit.

118. *But see* Arthur G. III Connelly, *Theft of Trade Secrets*, 24 AM. CRIM. L. REV. 721, 723 (1987) (discussing the challenges of trying to address trade secrets theft through general criminal statutes); Fetterley, *supra* note 18 (providing historical review of the challenges with general criminal enforcement against trade secrets misappropriations that led to enactment of criminal laws specific to trade secrets); Peter J.G. Toren, *The Prosecution of Trade Secrets Thefts under Federal Law*, 22 PEPP. L. REV. 59, 60–62 (1994) (discussing the challenges posed by modern technology to addressing trade secrets theft).

move substantial physical items in order to leave with their creative outputs.[119]

Because the proposal precludes a misappropriation claim against a departing employee, the employee is free to leave with their creative outputs in any reasonable form, subject only to other, non-trade-secrets causes of action. Accordingly, in a misappropriation claim against a departing employee, the principal question is whether the taken information constitutes the employee's own creative outputs and only if it is not, the mode of removal can then be evaluated to determine whether improper means was used to acquire the information. Thus, the method of removal of the information only becomes relevant once it is determined that the information does not constitute the employee's own creative outputs.

B. *Employers Retain Ownership of Any Registered IP That Flows from Their Employees' Creative Outputs*

One important consideration in evaluating the proposal is to distinguish between trade secrets and confidential information on the one hand (i.e., non-registered IP), and patented, trademarked, and copyrighted innovation on the other (hereto referred to as "registered IP").[120] As contemplated in this Article, the ownership of registered IP is not impacted by the proposal and is, instead, left to other existing legal regimes, such as contracts law, intellectual property law, and agency law. In other words, the proposal does not seek to change the ownership of registered IP as it is currently determined under existing law. This result flows naturally from the fact that the proposal is implemented through the general skills and knowledge exclusion, rather than some other formal ownership construct. To see how this works in practice, each of patents, copyrights, and trade secrets are discussed in turn.

1. *The Proposal Does Not Impact Employers' Patent Rights*

Patents probably represent an easier case conceptually for recognizing the delineation of what respective rights the employer and the employee have in particular employee creative outputs under the proposal. Because the proposal does not impact ownership (e.g., override existing contractual relationships or property rights established by common law), employers are free to file patent applications on employee inventions just

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119. Much more likely would be the use of a USB drive or some other *de minimis* physical asset.

120. Note that "registered IP" is being used in a general sense to capture both officially registered IP (e.g., issued patents, registered copyrights, registered trademarks) and those types of IP that are registrable, even if no formal registration has been applied for or issued. The employer's rights in registered IP, as the term is used here, may be impacted depending on whether and when the employer actually pursues a registration or the registration issues, particularly in the copyright context.

as they do now. With respect to any inventions for which the employer files a patent application, the proposal has no impact.

Specifically, if the employer files a patent application for a particular invention, the employee has limited risk under existing law of a misappropriation claim for taking the associated information with them when they depart. This is the case independent of whether the patent actually issues to the employer, but the employee's ability to use the information will obviously be dependent on whether a patent issues. In the case that the patent does not issue and is ultimately abandoned, the information is no longer a trade secret once the patent application publishes.[121] Thus, the departing employee cannot misappropriate that information (because, as publicly available information, it will not meet the definition of a trade secret, independent of the proposal in this Article). On the other hand, if the patent does issue, again the employee cannot misappropriate the information (because the information is public as of the earlier of publication or issuance). However, if the employee (or their later employer) uses the information, they could be subject to a patent infringement claim. Because patent infringement claims do not have the same requirements that trade secrets claims have, there is no need for courts to inquire into the circumstances that gave rise to the infringement or investigate whether reasonable efforts were undertaken to protect anything or whether improper means were used to learn the information. In other words, the departing employee or new employer's product, process, etc. is either infringing or it is not.[122]

Accordingly, with respect to patentable creative outputs, the proposal only affects inventions for which the employer does not file a patent application. In other words, the employer's exclusive rights in patentable inventions are limited to those for which the employer files a patent application because trade secrets law would have no further applicability to those inventions[123] and the employee would be free to take those crea-

121. *See* 35 U.S.C. § 122 (2018) ("[E]ach application for a patent shall be published . . . promptly after the expiration of a period of 18 months from the earliest filing date . . . .").

122. Note that, for purposes of this discussion, willful infringement is not being addressed, which were it to be raised in a particular case, could include a subjective analysis of the infringer's conduct. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1933 (2016) (establishing a subjective test to determine if an infringer's conduct should give rise to enhanced damages).

123. One caveat here is that a particular patent may not detail the full scope of a particular innovation or claim that full scope. Not claiming the full scope is not an issue for purposes of this discussion because once the patent issues or publishes, any information described in the patent or its application becomes public and cannot be a trade secret. However, an undisclosed related innovation could be a concern for employers because this undisclosed innovation would be subject to the proposal here. Patent applicants' incentives to disclose this related innovation were reduced with the passage of the America Invents Act, which softened the best mode requirement. *See* 35 U.S.C. § 282(b) (2018) ("The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded . . . Invalidity of the patent or any claim in suit for failure to comply

tive outputs with them, subject to the risk of a later infringement claim.[124] The employer, should they choose not to file a patent application, assumes the risk that the employee takes the invention with them, and the employer has no recourse to prevent later disclosure or use of that invention by the employee or subsequent employers. Note that, under the patent statutes, the previous employer's ability to obtain a patent after the employee departure may be impacted by the employee's use or disclosure of the information after departure.[125]

Although not impacting patent ownership, the proposal does risk upsetting the classic balance between patents and trade secrets where firms are characterized as choosing between filing a patent application for inventions that are readily discernable by the sale of the products that incorporate them (for which patent protection is the better option) and those that are not (for which trade secrets provide better protection).[126] Under the proposal, the employer needs to consider not only the discoverability of the invention in its products, but also the likelihood that the inventor will leave and take the invention with them. In this scenario, even when the invention is not discernable from the marketed product, a patent application may be the better option simply to avoid employees taking the invention to other employers or establishing competing firms. Alternatively, when an invention is the product of many individual contributors and the risk of any one inventor leaving with any portion of significant independent value is small, the employer may choose trade secrets as the most reasonable option. Accordingly, the traditional balancing that firms engage in between patents and trade secrets would be shifted under this proposal, but not eradicated.

Some have suggested that trade secrets should be unavailable for patentable inventions as a matter of policy.[127] The argument is that firms should be encouraged to disclose patentable inventions to the public

with—(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable . . . .").

124. Note that, over a sufficient time period, this would be the case even under existing trade secrets law. The change here is that the employee is free to leave with their creative outputs even before the information becomes public through publication or issuance of a patent application, which would not necessarily be possible under existing trade secrets law.

125. *See* 35 U.S.C. § 102 (2018).

126. *See, e.g.*, Charles W. Herald, *Trade Secrets as an Alternative to Patents*, 9 AM L. SCH. REV. 1107, 1108 (1941) (discussing the considerations when choosing between trade secrets and patent protection for firm innovation); Paul W. Leuzzi, *Process Inventions: Trade Secret or Patent Protection*, 66 J. PAT. OFF. SOC'Y 159, 159 (1984); Daniel C. Munson, *The Patent-Trade Secret Decision: An Industrial Perspective*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 689, 691–93 (1996); Louis Orenbuch, *Trade Secrets and the Patent Laws*, 52 J. PAT. OFF. SOC'Y 638, 638 (1970) (discussing the historical considerations in choosing between patents and trade secrets).

127. This notion that patentable inventions should not be eligible for trade secrets protection is not new, and scholars made similar arguments around the time of the *Kewanee* decision. *See, e.g.*, Orenbuch, *supra* note 126, at 674 (arguing

through the patent system, rather than keep them secret indefinitely.[128] Such disclosure could be encouraged by the proposal here because it tilts the scales in favor of disclosure by patent application by reducing the exclusive rights the employer has in the invention because the inventor could take the invention with them when they leave without fear of a misappropriation claim.[129] By encouraging disclosure through patent application filing, the proposal may also address some of the preemption concerns that were purportedly settled by *Kewanee Oil Company v. Bicron Corporation*,[130] although the extent to which the issue was actually settled was and continues to be subject to debate.[131]

As discussed in this Section, the proposal does not alter the traditional invention ownership relationship between employees and employers, and employers are free to continue to file patent applications for employee inventions. However, the traditional balancing that employers undertake between trade secrets protection and patent protection would likely be altered under the proposal. This modification, while probably not welcomed by employers, may provide a benefit to the public generally by increasing disclosure of patentable inventions through the patenting process.

2. *Employers' Rights in Registered Copyrights Are Also Not Affected*

Similar to the patent case, employers' rights in copyrighted creative outputs are also not altered by the proposal. To the extent an employer

that patentable inventions should not be protectable as trade secrets, particularly in the employee-employer context).

128. *Id.*

129. Again, it is important to note that the employee does not have an exclusive right in the invention they take with them, just an immunity of sorts from a trade secrets misappropriation claim by their former employer.

130. 416 U.S. 470 (1974).

131. The *Kewanee* case arose at a time when preemption of state trade secrets law was a controversial topic. *Kewanee* purported to resolve the issue of preemption in favor of no preemption, but scholars continued to debate the scope of that holding, particularly in view of the factual assumptions made by the Court. *See* Steven M. Gloe, *Patent Law—No Federal Preemption of State Trade Secret Law*, 1974 WIS. L. REV. 1195 (1974) (critical review of the Court's analytical approach in *Kewanee*); Joseph H. Golani, *Are Trade Secrets for Real?*, 56 J. PAT. OFF. SOC'Y 663 (1974) (critical review of *Kewanee* decision, arguing that a conflict between patent law and trade secrets law remains); David Silverstein, *Will Pre-Grant Patent Publication Undermine United States Trade Secret Law?*, 23 AIPLA Q.J. 695, 723 (1995) (questioning the continuing viability of *Kewanee*, particularly in view of the proposal (subsequently enacted) for pre-issuance publication of patent applications); Richard H. Stern, *A Reexamination of Preemption of State Trade Secret Law After Kewanee*, 42 GEO. WASH. L. REV. 927, 986–90 (1974) (questioning the Court's analysis and rationale in *Kewanee*). There has not been much discussion of preemption in the last two decades, and with the passage of the DTSA, this is a much smaller issue than it once was, but it is worth considering whether *Kewanee* could be revisited. *See* Sharon K. Sandeen, *Kewanee Revisited: Returning to First Principles of Intellectual Property Law to Determine the Issue of Federal Preemption*, 12 MARQ. INTELL. PROP. L. REV. 299 (2008).

obtains a copyright registration[132] for a particular creative output of an employee, the departing employee is free to take that creative output with them, subject to the possibility of a copyright infringement claim.[133] In view of this, one possible reaction to the proposal would be for employers to simply file copyright registrations for all of the copyrightable creative outputs in the firm to limit employees' ability to take any creative outputs with them. This is a substantial concern and could significantly blunt the impact of the proposal, particularly in the software context. However, there are additional challenges in the copyright context that might make this outcome less likely.

First, the information that a firm wants to protect, for example, a computer program, may exist in multiple iterations before the final product is developed.[134] It would be a significant burden for a firm to have to register all of the interim iterations of the work in order to protect the innovation in the project from an employee departure, particularly where entire sections of the code may change significantly through the development and debugging process. Second, copyright registration includes a publication requirement, and the firm may not want to disclose the information publicly simply to prevent an employee from leaving with the information.[135] This might be the case with, for example, statistical data on firm diversity or other information that would be embarrassing to the firm.[136] In this case, however, it is unclear whether this information genuinely constitutes the creative outputs of an individual employee, so it may be protectable as general business confidential information during the term of employment and after, according to agency law.[137] Third, signifi-

132. Note that unlike patents, copyrights arise upon creation rather than registration. However, copyright registration is required if the owner intends to assert their rights through litigation.

133. Copyright law actually could present a substantial challenge to accomplishing the goal of recognizing employee rights in particular creative outputs, especially those that are readily copyrightable. Whether through the "work made for hire" provision, *see* 17 U.S.C. § 201 (2018), or through contract, the employer is likely to be the owner of any copyrightable work product the employee creates. Moreover, copyright law provides for statutory damages, even in the absence of actual damages. *See* 17 U.S.C. § 504 (2018). Thus, for copyrightable material, the employer may have a ready and effective work-around to the proposal presented in this Article.

134. *See, e.g.*, Thomas J. Ryan Jr, *The Flexibility Factor in Copyright, Trade Secret and Patent Law for Computer Software: The Aftermath of Sony*, 11 OHIO N.U. L. REV. 333, 334 (1984) (discussing the development cycle for software as it existed at that time).

135. This is less of a concern for software because the registrant is not required to reveal all of their code to register their software. *See* U.S. COPYRIGHT OFFICE, CIRCULAR 61: COPYRIGHT REGISTRATIONS FOR COMPUTER PROGRAMS (2020).

136. For a discussion of whether firms should be able to protect such information though trade secrets law, see Jamillah Bowman Williams, *Diversity as a Trade Secret*, 107 GEO. L.J. 1684 (2019).

137. RESTATEMENT (THIRD) OF AGENCY § 8.05 (AM. LAW INST. 2006) ("An agent has a duty . . . not to use or communicate confidential information of the principal for the agent's own purposes or those of a third party.").

cant copyrightable works, such as computer programs, are more likely to be collective works that are not easily separable[138] into constituent parts having separate authorship.[139]

For each of these reasons, forcing employers to choose between filing copyright registrations for materials that they would not otherwise file and leaving the innovation unregistered and subject to employee departure is more challenging than on the patent side.[140] Nevertheless, should an employer choose to register their copyrights on particular creative outputs, those copyrights could be enforced against the departing employee (and their subsequent employer) even if trade secrets law does not prevent the employee from taking the materials. Accordingly, the employer's rights under copyright law would not be impacted by the proposal, but the employer's copyright registration practices might be.

3. *Registered (or Unregistered) Trademarks Are Not Impacted by the Proposal*

Trademarks are the easiest case of the three because trademark rights arise exclusively through use of the associated trademark in commerce.[141] An individual employee would almost certainly not be using a trademark in commerce in their individual capacity and thus would not have any trademark rights in a mark, even if they were the sole creator of the mark.[142] The employee may have a copyright interest (particularly in the case of design marks), but the employee's ability to make any use of that interest after departing the employer would be significantly curtailed, if not eradicated, by the left-behind employer's registered or common law trademark rights. Moreover, firms have significant incentives to pursue

138. Separable is being used here in the sense of being able to readily distinguish portions of a joint work that were created by one author or coder as opposed to another. It is not being used in the copyright law sense of whether a work's copyrightable expression is separable from its functional features.

139. This could present a challenge for both the departing employee and the left-behind employer for determining what the employee can take with them.

140. At the time of this writing, Congress just enacted the Copyright Alternative in Small-Claims Enforcement Act of 2020, which may significantly alter a company's behavior with respect to copyright protection generally and specifically to protection of employee-created copyrightable works. *See* 17 U.S.C.A 1501 et seq. (West 2020).

141. For purposes of federal registration at least. Individual state statutes may alter or modify this requirement for registrations within their jurisdictions, but a state-by-state review of trademark statutes is beyond the scope of this Article.

142. For purposes of this discussion, the Article does not address the complicated, but potentially relevant, issue of employee rights in work-related social media accounts. For a discussion of those issues, see Marisa Warren & Arnie Pedowitz, *Social Media, Trade Secrets, Duties of Loyalty, Restrictive Covenants and Yes, the Sky is Falling*, 29 HOFSTRA LAB. & EMP. L.J. 99 (2011) and Anthony C. Adornato & Andrew S. Horsfall, *Failed Strategy: Using Trade Secret Laws to Assert Ownership of Employees' Social Media Accounts in the Journalism Industry*, 9 N.Y.U. J. INTELL. PROP. & ENT. L. 62 (2020).

trademark registration[143] independent of any rights employees have in their creative outputs and those incentives are not modified by the existence of any employee rights in their creative outputs. Thus, trademark law does not present a significant challenge to the proposal presented here and employer's trademark rights are unlikely to be impacted by the proposal.

4. *The Overall Impact of the Proposal on Registered IP Is Minimal*

In summary, the proposal here places a burden on employers in the patent case by altering the traditional balancing done by firms in deciding whether to choose patent protection or trade secrets protection for innovation occurring within the firm. That additional burden is at least somewhat offset by the benefit to the public of increased disclosure of patentable innovation. Copyrights may provide an avenue for employers to perform an end-run around the proposal, but that would require employers to significantly ramp up their copyright registration approach and there are several factors that make that a less attractive option for employers. Finally, because trademark rights arise from use, rather than from creation or invention, it is highly unlikely that the employer's trademark rights would be impacted by the proposal. Accordingly, although the proposal curtails employer rights to employee innovations, it still leaves substantial room for firms to use other forms of intellectual property protection to protect key innovation within the firm.

C. *Employee Solicitations Are Likely to Increase*

Although the majority of trade secrets cases involve employees that leave to join another firm (or start their own) of their own volition, there are those cases in which a competing firm actively solicits employees for the purpose of obtaining access to technology.[144] If the proposal were adopted, one likely impact would be an increase in employee solicitations for the purposes of obtaining technology. The employee that simply takes with them trade secrets that are not the product of their creative outputs would fall (along with the soliciting employer) squarely within existing trade secrets law because the trade secrets misappropriated in this scenario would not necessarily fall within the employee's general skills and

143. *See, e.g.*, 15 U.S.C. § 1072 (2018) (registration serves as constructive notice of ownership); 15 U.S.C. § 1115 (2018) (registration provides prima facie evidence of the validity of the mark, ownership, and exclusive right to use the mark in commerce).

144. *See, e.g.*, Gen. Elec. Co. v. Uptake Techs., Inc., 394 F. Supp. 3d 815, 833 (N.D. Ill. 2019) (defendants accused of using trade secret information to lure away employees); Eastman Kodak Co. v. Powers Film Prods., Inc., 179 N.Y.S. 325, 330 (App. Div. 1919) (newly-founded company solicits employees to leave previously-operating competitor); Reynolds v. Sanchez Oil & Gas Corp., 617 S.W.3d 30, 35–36 (Tex. App. 2020) (competitor soliciting employees leads to misappropriation claim).

knowledge, as proposed here.[145] Accordingly, we are left with the narrow case in which an employee is solicited by a new employer for the purpose of obtaining that employee's creative outputs.

It is important to note that simply soliciting employees (even to obtain their general skills and knowledge) is not unfair competition.[146] Regardless, firms are unlikely to see this as a desirable outcome[147] and therefore may take steps to prevent employee departures or limit employee solicitations. These steps might include increased retention efforts (e.g., higher wages, increased benefits, and the like), which would be positive for employees, but they also could include steps that negatively impact employment conditions, such as tighter infrastructure security, less collaboration, and reduced innovation incentives. However, so long as sufficient mobility exists, employees will likely have opportunities to move and will likely do so if sufficient benefits (e.g., increased wages) to doing so exist.

Looking solely to the departing employee does not provide a complete analysis, however, because to understand the net impact of increased employee solicitations, we also have to consider the impacts on the employee pool as a whole. Under the proposal, innovative employees may be able to disproportionately obtain the benefits of increased mobility (i.e., increased wages or benefits), while less-innovative employees disproportionately suffer the negative impacts (e.g., reduced wages or benefits), depending on how employers choose to respond to the proposal. Consequently, the net effect of the proposal (due to employee solicitations) for innovative employees is likely to be positive, but it is unclear whether the impact on the employee pool as a whole would be positive or

145. This assumes that the information taken otherwise qualifies for trade secret protection (e.g., it does not fit within the general skills and knowledge exclusion, independent of the proposal) and the other requirements of a trade secrets misappropriation claim are met.

146. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 (AM. LAW INST. 1995) (discussing firms' freedom to compete).

147. Without a doubt, there are some scenarios where an employee taking their creative outputs to a new employer for higher wages (or some other benefit) would feel unfair, particularly to the left-behind employer. In particular, where the employee was one of relatively few key employees whose primary job function was to innovate around the employer's key product(s), service(s), or process(es), this may seem less fair. Moreover, where the employee was paid a higher wage at the left-behind employer specifically for their innovative outputs (as opposed to a market-based wage), the employee absconding with those innovative outputs might also feel less fair. Finally, when the employee takes many months or years to generate the innovations that ultimately lead to a significant product for the company and the new employer is able to bring a competing product to market in a relatively short time, this may also seem unfair. Trade secrets law currently addresses these issues (subject to the general skills and knowledge exclusion), but it would no longer do so under the proposal. It is also important to note that the effect of these particular scenarios may fall more heavily on small or startup businesses and thus, there may be a disproportionate impact on these businesses from the proposal.

negative.[148] In any case, the net impact on employers from increased competitive solicitation is likely to be negative due to increased costs of labor, reduced innovation, and reduced ability to exclusively capitalize on employee-generated innovation.

D. *Employers May Revert to Breach of Contract Claims to Protect Firm Innovation*

One of the challenges to recognizing a broad right by employees to their creative outputs is that almost all employees are now required to sign a confidentiality and invention assignment agreement (CIAA)[149] at the time of hiring.[150] Thus, any attempt to recognize employee rights in their creative outputs would potentially run afoul of these agreements. The development of trade secrets law is at least partially responsible for the prevalence of these agreements. The UTSA formalized a previously common law requirement[151] that the trade secrets owner engaged in reasonable efforts to protect the purported trade secrets.[152] The reasonable efforts requirement can present a substantial hurdle to prevailing in a trade secret case.[153] Over time, courts came to view employee confidentiality

148. One issue not addressed here is what happens when a soliciting employer requires disclosure of the employee's creative outputs as part of the solicitation process, but then either the soliciting employer does not hire the employee or the employee chooses not to leave their current position or accept the soliciting employer's offer of employment. If the current employer were to discover the disclosure, the employee would probably be terminated and possibly liable under an agency law or breach of contract claim, *see infra* Sections IV.D and IV.F, but the soliciting employer would probably not have any liability. The likelihood of this scenario may depend on how savvy employees are to the limits of their rights in their own creative outputs and their obligations under agency law and contracts.

149. As used here, this is just a general acronym to capture some form of written agreement that requires an employee to protect employer proprietary information (which may or may not be trade secret) and to assign all creative outputs to the employer, independent of whether those outputs are copyrightable, patentable, or trade secrets eligible. For examples of the provisions in these agreements, see *supra* notes 74 and 91.

150. *See supra* note 10.

151. *See* Jostens, Inc. v. Nat'l Comput. Sys., Inc., 318 N.W.2d 691, 700 (Minn. 1982) (reviewing cases addressing the reasonable efforts requirement).

152. The UTSA provides, "'Trade secret' means information, including a formula, pattern, compilation, program, device, method, technique, or process, that . . . is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." UNIF. TRADE SECRETS ACT § 1 (UNIF. LAW. COMM'N amended 1985).

153. *See, e.g.*, Deegan v. Strategic Azimuth LLC, 768 F. Supp. 2d 107, 112 (D.D.C. 2011) ("The Court questions whether a simple notation of 'strictly confidential' on a document is enough to reasonably maintain the secrecy of the contents of that document."); Krawiec v. Manly, 811 S.E.2d 542, 549 (N.C. 2018) ("Plaintiffs' amended complaint is devoid of any allegation of a method, plan, or other act by which they attempted to maintain the secrecy of the [alleged trade secrets.]"); *see also* Trygve Meade, *Indecision: The Need to Reform the Reasonable Secrecy Precautions Requirement Under Trade Secret Law*, 37 S. ILL. U. L.J. 717, 721, 724 (2013) (reviewing the reasonable efforts requirement and proposing that small businesses

agreements as an important indicator of the reasonable efforts requirement.[154] Accordingly, many employers now require CIAA agreements be signed by all employees at the time of hiring.[155] In some cases, employers even require a CIAA from employees whom are almost certainly not hired to innovate and whose exposure to trade secrets is merely incidental to the job responsibilities they were hired to do.[156]

Additionally, these CIAA agreements are so broadly worded that they cover any and all information that the employee interacts with during

should be held to a different standard); Patrick P. Phillips, *The Concept of Reasonableness in the Protection of Trade Secrets*, 42 BUS. LAW. 1045, 1046 (1987) (reviewing cases where courts addressed the reasonable efforts requirement); David W. Slaby, James C. Chapman & Gregory P. O'Hara, *Trade Secret Protection: An Analysis of the Concept "Efforts Reasonable Under the Circumstances to Maintain Secrecy"*, 5 SANTA CLARA COMPUTER & HIGH TECH. L.J. 321, 324 (1989) (discussing the development and application of the reasonable efforts requirement); Deepa Varadarajan, *Trade Secret Precautions, Possession, and Notice*, 68 HASTINGS L.J. 357, 360 (2017) ("Many a plaintiff has lost her case based on a failure to show adequate precautions.").

154. *See, e.g.*, Prime Therapeutics LLC v. Beatty, 354 F. Supp. 3d 957, 968 (D. Minn. 2018) (finding "confidentiality agreements, password-protected documents, and annual affirmance of ongoing confidentiality obligations" as reasonable efforts); *see also* Victoria A. Cundiff, *Reasonable Measures to Protect Trade Secrets in a Digital Environment*, 49 IDEA—INTELL. PROP. L. REV. 359, 375 (2009) (reviewing reasonable efforts decisions addressing employee confidentiality agreements); Varadarajan, *supra* note 153, at 373 (discussing reasonable efforts requirement and asserting "imposing confidentiality agreements on employees" as one measure courts look to in evaluating the requirement); Deepa Varadarajan, *The Trade Secret-Contract Interface*, 103 IOWA L. REV. 1543, 1556 (2018) ("[C]ourts consider nondisclosure contracts to be important evidence in trade secret cases.").

155. *See supra* note 10.

156. *See, e.g.*, Sandeen & Rowe, *supra* note 92, at 440 (referencing the use of non-compete agreements by employers of low-wage and low-skilled workers); Orly Lobel, *NDAs Are Out of Control. Here's What Needs to Change*, HARV. BUS. REV. (Jan. 30, 2018), https://hbr.org/2018/01/ndas-are-out-of-control-heres-what-needs-to-change [https://perma.cc/U2P8-8R45] (discussing routine use of NDAs by employers). To the extent we consider requiring these agreements from all employees to be reasonable because of the notice function they provide employees, *see* Varadarajan, *supra* note 154, at 1560 (arguing that the notice function of contracts should be recognized by courts in trade secrets cases); Don Wiesner & Anita Cava, *Stealing Trade Secrets Ethically*, 47 MD. L. REV. 1076, 1107 (1988) (discussing the issue of contractual notice in trade secrets cases), the current state of "everything is proprietary information/trade secret" can't possibly provide such notice unless one embraces the notion that every piece of information within a company is proprietary or trade secret. But, we know that everything cannot be a trade secret, even in the context of software. *See, e.g.*, IDX Sys. Corp. v. Epic Sys. Corp., 285 F.3d 581, 583 (7th Cir. 2002) ("Thus to show that particular information is a trade secret, a firm such as IDX must demonstrate that it is valuable, not known to others who might profit by its use, and has been handled by means reasonably designed to maintain secrecy. Like the district judge, we think that IDX failed to do this. It has been both too vague and too inclusive, effectively asserting that all information in or about its software is a trade secret."). Conceptually, we also know this cannot be the case because we know that employees interact with information fitting into the category of general skills and knowledge that cannot be trade secrets of the employer. *See infra* Section III.A.

their employment.[157] Regardless of whether particular information qualifies as a trade secret, it will almost certainly fit within the definition of confidential or proprietary information covered by these CIAA agreements. Accordingly, even in the absence of a viable trade secrets claim with respect to employee creative outputs, an employer may still bring a breach of contract claim to enforce restrictions on information portability.[158]

Nevertheless, breach of contract claims are not a perfect substitute for trade secrets misappropriation claims for a variety of reasons. First, in order for a contract to be a useful tool to govern individual behavior, there needs to be some cognizable damages available for breach and, arguably, the available damages need to be greater than the cost of bringing suit against the individual for breach.[159] However, in the absence of a misappropriation claim, the damages available may not be economically significant because the plaintiff may not be able to show that the taking of the information caused any actual damages.[160] Moreover, lower-level employ-

157. *See, e.g.*, Brown v. TGS Mgmt. Co., 271 Cal. Rptr. 3d 303, 317 (Cal. Ct. App. 2020), as modified on denial of reh'g (Nov. 12, 2020), review filed (Dec. 21, 2020) (finding overly broad confidentiality provisions operated as a de facto noncompete provision); *see also* Pamela Carder Fletcher, *Antitrust Implications Arising from the Use of Overly Broad Restrictive Covenants for the Protection of Trade Secrets*, 29 HASTINGS L.J. 297, 306 (1977) (discussing overly-broad confidentiality provisions in employment agreements and asserting that employees have no choice but to agree if they want the job).

158. Note that the UTSA does not preempt breach of contract claims related to information disclosure. *See* UNIF. TRADE SECRET ACTS § 7 (UNIF. LAW. COMM'N amended 1985) ("This [Act] does not affect . . . contractual remedies, whether or not based upon misappropriation of a trade secret . . . .").

159. This assumes, of course, that the employer is not simply bringing suit against a departing employee (or their new employer) as an example to others and is therefore willing to spend the unrecoverable costs simply to make the example. Regardless, some cognizable damages are an essential element of a breach of contract claim. *See, e.g.*, Innova Hosp. San Antonio, L.P. v. Blue Cross & Blue Shield of Georgia, Inc., 892 F.3d 719, 731 (5th Cir. 2018) (listing essential elements of breach of contract claim under Texas law, including "damages sustained as a result of the breach" (quoting Electrostim Med. Servs., Inc. v. Health Care Serv. Corp., 614 Fed. Appx. 731, 739 (5th Cir. 2015))); Doe v. Bank of Am. Corp., 273 F. Supp. 3d 203, 211 (D.D.C. 2017) (listing the elements of a breach of contract claim, including damages, in multiple jurisdictions; Deauville Hotel Mgmt. v. Ward, 219 So. 3d 949, 953 (Fla. Dist. Ct. App. 2017) ("To prevail in a breach of contract action, a plaintiff must prove: (1) a valid contract existed; (2) a material breach of the contract; and (3) damages." (citing Murciano v. Garcia, 958 So. 2d 423 (Fla. Dist. Ct. App. 2007))).

160. *See, e.g.*, Recif Res., LLC v. Juniper Capital Advisors, L.P., No. CV H-19-2953, 2020 WL 6748049, at *101 (S.D. Tex. Nov. 17, 2020) (plaintiff seeks nominal damages because no evidence that confidential information was used by disclosee); Texas Advanced Optoelectronic Sols., Inc. v. Renesas Elecs. Am. Inc., No. 4:08-CV-00451, 2020 WL 1495230, at *9 (E.D. Tex. Mar. 27, 2020) (discussing jury award of only nominal damages for "retention" of confidential information, but $12 million in damages as a reasonable royalty for "use" of the confidential information); Enzo Life Scis., Inc. v. Adipogen Corp., 82 F. Supp. 3d 568, 607 (D. Del. 2015) (plaintiff awarded nominal damages of $10 for breach of confidentiality pro-

ees are likely to be judgment proof in that they are unlikely to have assets sufficient to satisfy a judgment of sufficient size to justify the costs of bringing suit. It is actually the trade secrets claim that bolts on the remedies that are most likely to address or deter misappropriation. These remedies include injunctive relief and damages based upon plaintiff's lost profits and defendant's unjust enrichment (as long as the damages are not duplicative).[161] These remedies simply may not be available in a breach of contract action.[162]

The second issue is that, except in the case of the departing employee that is going on to establish their own competing company, there is no privity of contract with the person or entity most likely to benefit from the misappropriation,[163] which is the new employer. Consequently, in the absence of inducement to breach, a breach of contract claim may not be available against the new employer. Third, valid contracts require consideration.[164] However, in the employment context, the employee is simply handed a form agreement (along with a plethora of other agreements and forms),[165] and asked to sign them as a condition of their employment.[166] No consideration (beyond the employment itself) is asked or bargained for.[167] The employee simply signs the form (most likely without reading

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vision because plaintiff could not establish any actual damages caused by the breach); Osseiran v. Int'l Fin. Corp., 950 F. Supp. 2d 201, 212 (D.D.C. 2013) (plaintiff did not establish that breach of confidentiality agreement caused the alleged damage and thus was awarded only nominal damages); Silicon Image, Inc. v. Analogix Semiconductor, Inc., 642 F. Supp. 2d 957, 965 (N.D. Cal. 2008) (precluding presentation of actual damages related to breach of confidentiality provision, but allowing breach claim to proceed for nominal damages).

161. *See* Elizabeth A. Rowe, *Unpacking Trade Secret Damages*, 55 HOUS. L. REV. 155, 159 (2017) (discussing types of damages available in trade secrets cases).

162. *See* RESTATEMENT (SECOND) OF CONTRACTS § 347 cmt. a (AM. LAW INST. 1981) ("Contract damages are ordinarily based on the injured party's expectation interest and are intended to give him the benefit of his bargain by awarding him a sum of money that will, to the extent possible, put him in as good a position as he would have been in had the contract been performed."). On the issue of injunctions, irreparable harm would also need to be proven to get an injunction in a breach of contract case. *See* Winter v. Nat. Res. Def. Council, Inc., 555 U.S. 7, 20 (2008).

163. Certainly, an argument could be made that the employee receives some benefit by being paid a higher wage at the new employer, but as of the writing of this Article, this author has not found any cases where the damages theory contemplated the departing employee's new wages.

164. *See generally* RESTATEMENT (SECOND) OF CONTRACTS §§ 71–81 (AM. LAW INST. 1981).

165. These other agreements and forms might include: immigration forms, tax paperwork, employee manuals, and instructions for setting up IT accounts, among other things.

166. *See, e.g.*, Fletcher, *supra* note 157, at 306.

167. Note that the employment itself can provide sufficient consideration in many jurisdictions when the confidentiality agreement is signed at the commencement of employment. *See* Sandeen & Rowe, *supra* note 92, at 448.

it)[168] because they have no other realistic option.[169] Consequently, the validity of the contract could be subject to attack.[170]

Notwithstanding these issues with enforcing employee contracts, in the absence of any other meaningful remedy for an employee departing with information important to the employer, employers are likely to bring breach of contract claims in an effort to prevent the employee from taking the information. Moreover, broad CIAAs, if enforced on their terms, provide a solid foundation for such actions. Consequently, one likely impact if the proposal were adopted is an increase in breach of contract claims against departing employees directed at preventing employees from leaving with their creative outputs.[171]

E. *Employers May Place More Emphasis on Computer Fraud and Abuse Act or Theft Claims to Regulate the Type of Conduct Previously Addressed by Trade Secrets Law*

One of the pieces of baggage that trade secrets law has been carrying since the beginning is its close association with wrongful or immoral conduct, viewed from both a personal perspective and a commercial perspective.[172] An underlying premise of this Article is that it is not wrongful or immoral for a departing employee to take their own creative outputs with

168. *See* Sommers, *supra* note 14, at 2 ("One of the most important features of today's consumer contracts is that almost no one reads them." (citations omitted)). This assumes that the same, or similar, considerations that limit individuals' reading of consumer contracts also apply in the employment context.

169. Obviously, the employee could refuse to sign the form and go find another job. However, due to the widespread use of these forms in businesses of all industries and sizes, the employee will almost certainly be expected to sign a similar form at other employers.

170. One might reasonably question whether a rational employee in an arms-length bargaining scenario would agree to such a broadly worded and completely one-sided agreement along the lines of the CIAA described here. In fact, the employer has every incentive to make the agreements as protective of the proprietary and trade secrets information as possible because, in addition to bolstering their chances in a breach of contract action, doing so creates the appearance of the employer doing everything possible to establish reasonable efforts for a trade secrets claim. *But see* Brown v. TGS Mgmt. Co., 271, 57 Cal. Rptr. 3d 303, 318 (Ct. App. 2020) (holding that overly broad provisions in an employee confidentiality agreement acted as a non-compete in violation of California statutory prohibition on employee non-competes).

171. This author actually considers this result to be a feature of the proposal, rather than a bug, because it would encourage courts to dig deeply into the equities in these employment contracting situations, rather than relying on trade secrets misappropriation claims to provide a ready escape route.

172. *See, e.g.*,18 U.S.C.A. § 1839 (West 2018) ("[T]he term 'improper means'—(A) includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means . . . ."); RESTATEMENT (FIRST) OF TORTS § 759 cmt. c (AM. LAW INST. 1939) ("Among the means which are improper are theft, trespass, bribing or otherwise inducing employees or others to reveal the information in breach of duty, fraudulent misrepresentations, threats of harm by unlawful conduct, wire tapping, procuring one's own employees or agents to become employees of the other for

them when changing employers. To the extent that a departing employee's conduct is otherwise wrongful at or near the time of departure, other legal regimes should address this conduct. For example, to the extent the employee leaves with tangible items of any significant value, various state and federal theft or conversion laws may provide a cause of action for the aggrieved employer.

In the much more likely scenario that tangible items are not at issue or are not of significant value in comparison to the intangibles taken (e.g., the information was taken through electronic means), other statutes like the Computer Fraud and Abuse Act (CFAA) could provide either a civil or criminal remedy for employers.[173] Of course, to provide an adequate remedy, courts would need to interpret certain provisions of the CFAA in such a way that it generally covers employees removing information through electronic means. This is not currently how the statute is interpreted.[174] However, in the absence of trade secrets protection, employers may actively push for a broader interpretation of the CFAA or legislative reform to address this particular form of employee conduct.

Because theft statutes and the CFAA are more directly focused on the conduct of the employee, rather than the employer's rights in an intangible, they may provide a better vector for the law to develop around departing employees leaving with employer information in nefarious fashion (or any fashion). In particular, these approaches may provide a better opportunity to litigate what specific conduct is actionable irrespective of the content of the information that was taken. As an example, the location of the information prior to departure (e.g., company-provided versus employee-provided equipment) may be a relevant consideration. In any case, theft statutes and the CFAA do not currently provide robust protections for employer trade secrets, but employers may increasingly look to these alternative causes of action should their ability to bring trade secrets claims based on employee's creative outputs be eliminated, as proposed here.

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purposes of espionage, and so forth."); Steiner, *supra* note 5, at 377 (describing employee departing with trade secret as "obviously fraudulent").

173. *See* 18 U.S.C. § 1030 (2018). For a discussion of the CFAA as an alternative to trade secrets law, see Paul Hanna & Matthew Leal, *The Computer Fraud and Abuse Act: An Attractive but Risky Alternative to Texas Trade Secret Law*, 45 ST. MARY'S L.J. 491 (2014).

174. *See* Royal Truck & Trailer Sales & Serv. v. Kraft, 974 F.3d 756, 760 (6th Cir. 2020) (affirming motion to dismiss based on narrow reading of "exceeds authorized access" in CFAA). This issue has been litigated for many years with courts primarily using a narrow construction. For one of the earliest cases addressing this issue, see LVRC Holdings LLC v. Brekka, 581 F.3d 1127 (9th Cir. 2009). For a more famous (and protracted) case addressing this issue, see United States v. Nosal, 844 F.3d 1024 (9th Cir. 2016) and its lengthy procedural history, including Supreme Court decisions. The Supreme Court recently addressed this issue and held in favor of a narrower interpretation of the statute. *See* Van Buren v. United States, 141 S. Ct. 1648, 1662 (2021).

F. *Employers May Look to Agency Law as an Alternative to Trade Secrets Law*

Despite the fact that the UTSA contains language purporting to preempt state law causes of action tied to misappropriation of information,[175] and the fact that recognizing other state law causes of action in litigation over information may be error,[176] courts continue to entertain both trade secrets claims and agency law claims related to information in the same suit.[177] Accordingly, existing agency law may provide a work-around for employers if the proposal were adopted.

According to the Restatement (Third) of Agency ("RTA"), employees have an obligation to maintain their employer's confidential information, during and after the time of employment.[178] Accordingly, an employer concerned with employees departing with valuable trade secrets that the individual employees themselves created, simply needs to ensure that all such trade secrets are classified as confidential information[179] and then

175. Section 7 of the UTSA states, "Except as provided in subsection (b), this [Act] displaces conflicting tort, restitutionary, and other law of this State providing civil remedies for misappropriation of a trade secret." UNIF. TRADE SECRET ACT § 7 (UNIF. LAW. COMM'N Amended 1985).

176. *See, e.g.*, StoneCoat of Texas, LLC v. ProCal Stone Design, LLC, 426 F. Supp. 3d 311, 339 (E.D. Tex. 2019) (finding claims of conversion, unfair competition, and tortious interference preempted by Texas trade secrets statute); Agilysys, Inc. v. Hall, 258 F. Supp. 3d 1331, 1353 (N.D. Ga. 2017) ("These are the same factual allegations underlying Plaintiff's GTSA claim, and therefore, the tortious interference claim is preempted as to both Defendants to the extent Plaintiff relies on the misappropriation of information." (citing Diamond Power Int'l, Inc. v. Davidson, 540 F. Supp. 2d 1322, 1347 (N.D. Ga. 2007))); Firetrace USA, LLC v. Jesclard, 800 F. Supp. 2d 1042, 1049 (D. Ariz. 2010) ("Because a different interpretation would undermine the statute's purpose, the Court is persuaded that the AUTSA preempts all Plaintiffs' common law tort claims based on the misappropriation of information, whether or not that information meets the statutory definition of a trade secret.").

177. *See* Garfias v. Portland Spray Works, Inc., No. 3:20-CV-00873-IM, 2021 WL 27456, at *7 (D. Or. Jan. 3, 2021) (discussing preemption under Oregon UTSA and holding breach of fiduciary duty claim not preempted because "information alleged to have been used by Plaintiff encompass a broader category beyond 'trade secret' information within the meaning of OTSA."); Prairie Field Servs., LLC v. Welsh, No. 20-CV-2160 (ECT/KMM), 2020 WL 6336705, at *11 (D. Minn. Oct. 29, 2020) (holding that breach of duty of loyalty claim was not preempted for confidential information that was not a trade secret); Hauck Mfg. Co. v. Astec Indus., 375 F. Supp. 2d 649, 654 (E.D. Tenn. 2004) (reviewing decisions from around the country on the issue of UTSA preemption); *see also* Robert Unikel, *Bridging the "Trade Secret" Gap: Protecting "Confidential Information" Not Rising to the Level of Trade Secrets*, 29 LOY. U. CHI. L.J. 841, 882–85 (1998) (reviewing different courts' and states' approaches to the UTSA preemption provision).

178. RESTATEMENT (THIRD) OF AGENCY § 8.05 (AM. LAW INST. 2006) ("An agent has a duty . . . not to use or communicate confidential information of the principal for the agent's own purposes or those of a third party.").

179. One way an employer might accomplish this is to ensure each employee signs a broad confidentiality agreement upon employment. *See, e.g.*, Cisco Sys., Inc. v. Chung, 462 F. Supp. 3d 1024, 1033 (N.D. Cal. 2020) ("As a condition of his employment, Chung signed a Proprietary Information and Inventions Agreement ("PIIA"), which, among other things, prohibited him from maintaining simultane-

rely on agency law to ensure the employee cannot disclose the information after departing, assuming this provision of the RTA is consistent with available state law. In those jurisdictions applying the view that common law agency torts based on confidential information that is not trade secret are not preempted, common law tort claims could provide an end-run around the proposal in this Article.

Nevertheless, there are some mitigations to this impact to consider. First, agency law is solely a creature of state law and thus does not provide a federal cause of action for the employer, or access to federal courts.[180] Accordingly, agency law may be less attractive to employers for attempting to address this issue. Second, agency law is directed to "confidential information of the principal," which may not include an employee's creative outputs absent an agreement to that effect.[181] Consequently, agency law may address some scenarios the employer would like to prevent but not others.[182] Finally, the agency law approach may suffer from the same contract formation defects issue discussed above, assuming courts are willing to question the validity of these form employment agreements.[183] Thus, agency law may provide a work-around for employers but, at least as it exists today, agency law would not completely blunt the impact of implementation of the proposal in this Article.

G. *Employers May Use Independent Contractor Agreements to Avoid the Impacts of the Proposal*

Along with the rise of the gig economy, firms have found independent contractor agreements to be an effective method of reducing the burdens and obligations of traditional employment on the firm.[184] The widespread use of independent contractor agreements, even if not formalized beyond the "Accept" screen of the associated app, also could provide a work-around for the proposal here. In particular, if employers come to believe that independent contractor arrangements (which are essentially

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ous employment with any industry competitor, barred him from removing any plaintiff information except as necessary to perform his employment duties, and required that he return all plaintiff information upon termination of his employment.").

180. Except in diversity cases. For a discussion of how employers in the pre-DTSA era boot-strapped other claims onto what were essentially trade secrets actions to access federal courts, see Graham M. Liccardi, Comment, *The Computer Fraud and Abuse Act: A Vehicle for Litigating Trade Secrets in Federal Court*, 8 J. MARSHALL REV. INTELL. PROP. L. 155 (2008).

181. RESTATEMENT (THIRD) OF AGENCY § 8.05 (Am. Law Inst. 2006).

182. Scenarios that would be addressed include those in which an employee leaves for another employer and discloses preexisting trade secrets to the new employer. Scenarios not addressed would include those in which an employee leaves to establish a competing firm using the employee's own creative outputs.

183. *See supra* Section IV.D.

184. *See* Andrew G. Malik, *Worker Classification and the Gig-Economy*, 69 RUTGERS L. REV. 1729 (2017); Kathleen DeLaney Thomas, *Taxing the Gig Economy*, 166 U. PA. L. REV. 1415 (2018).

purely contractual relationships) are a better approach to engaging creative labor and protecting the resulting innovation, employers may shift a larger portion of their workforce to such arrangements. The agreements memorializing these arrangements will almost certainly contain broad assignments of all creative outputs of the contractor to the firm, and there is no reason to suspect that courts will not enforce these provisions.[185] Accordingly, this proposal could result in a further shift by innovative firms away from salaried employees toward independent contractor relationships, which to date, have not been the subject of a significant shift in this direction.[186]

On the other hand, the gig economy is a relatively new phenomenon and legal responses are still in their infancy.[187] Additionally, some states are already taking legislative action to address the impact of the gig economy on workers.[188] Accordingly, this issue may be less likely to manifest in the way posited here with the passage of time. Nevertheless, it is important to consider how employers might use independent contractor arrangements to attempt to counteract the proposal, if it were to be adopted.

CONCLUSION

As discussed herein, it is time to revisit whether the notion of employer sole ownership of the creative outputs of employees is equitable, efficient, or consistent with what modern employees understand about their personal and intellectual autonomy and their role in the workplace. This Article proposes that employees should have continuing rights in their own creative outputs and that trade secrets law should not act as a vehicle to extinguish those rights. The approach proposed here is a minor adjustment to the existing general skills and knowledge exclusion, yet it is a significant change for employees and gives them significantly more control over their personal creative outputs than is possible under existing trade secrets law.

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185. The area most heavily litigated on these gig economy agreements is the arbitration provision, but courts have consistently enforced the provisions. *See generally* Mohamed v. Uber Techs., Inc., 848 F.3d 1201 (9th Cir. 2016); Kai Peng v. Uber Techs., Inc., 237 F. Supp. 3d 36 (E.D.N.Y. 2017); Lee v. Uber Techs., Inc., 208 F. Supp. 3d 886 (N.D. Ill. 2016).

186. *See* Matthew L. Timko, *The Gig Economy: An Annotated Bibliography*, 39 N. ILL. U. L. REV. 361, 362 (2019) (identifying "transportation, food delivery, and grocery shopping" as having been impacted by the rise of the gig economy).

187. *See generally*, Orly Lobel, *The Gig Economy & the Future of Employment and Labor Law*, 51 U.S.F. L. REV. 51 (2017); Michael L. Nadler, *Independent Employees: A New Category of Workers for the Gig Economy*, 19 N.C. J.L. & TECH. 443 (2018); James de Haan, Comment, *The Uber-Union: Re-Thinking Collective Bargaining for the Gig Economy*, 12 CHARLESTON L. REV. 99 (2017).

188. *See* Isaac Arreola, *AB5 Is Causing a Hurdle for the Gig Economy: What Are Independent Contractors to Do When They Cannot Find Work in the Middle of a Pandemic?*, ENT. & SPORTS LAW., Summer 2020, at 25 (2020) (discussing California's recent legislation directed to protecting gig economy workers).

Returning to the plight of our software engineer from the Introduction, if the proposal were to be adopted as proposed in this Article, they would be able to take the fruits of their creative outputs to any future employer or start up a competing business of their own utilizing their creative outputs. Moreover, the engineer could rely on those aspects of their creative output in memory without fear of a misappropriation claim, could seek out new employment without having the baggage of their prior employment impacting their ability to take new work or making that work less efficient, and could take their own contributions to their previous employer's codebase with them in electronic or hard-copy form. Thus, over time, they are free to build their own personal repository of their prior work and use that prior work in all future endeavors. Consequently, the departing employee will have achieved greater autonomy and control over their own creative outputs over the life of their career, which was the goal set forth in this Article.