



ROSS WILLIAMS BREAKS DOWN MAJOR FIFTH CIRCUIT TRADE SECRETS CASE THERMOTEK

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Partner [Ross A. Williams](#) authored the *Texas Lawyer* article titled, “From Misappropriation to Theft to Dismissal: Protecting Your Intellectual Property.” The piece explores the U.S. Court of Appeals for the Fifth Circuit’s 2017 decision in *Motion Medical Technologies v. Thermotek*, where the key takeaway, as detailed by Williams, is that, “[i]f a company does not keep its written materials or product secret, and does not have copyright or patent protections in place, then it may not have protectable intellectual property rights in its written materials or product at common law.” He explores how the court’s decision is instructive for companies looking to protect their intellectual property. Full text of the article is below, and can be accessed on *Texas Lawyer’s* website by clicking [here](#).

From Misappropriation to Theft to Dismissal: Protecting Your Intellectual Property

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If a company does not keep its written materials or product secret, and does not have copyright or patent protections in place, then it may not have protectable intellectual property rights in its written materials or product at common law. That is the upshot of the U.S. Court of Appeals for the Fifth Circuit’s mid-November opinion in Motion Medical Technologies v. Thermotek, 875 F.3d 765 (2017).



Thermotek's former distributor, MMT, obtained Thermotek's written product materials and functional product, a medical wrap system, through legitimate means. The written materials were not copyright-protected. The product was not patented. MMT owed Thermotek no duties of confidentiality. MMT used the written materials and product to compete with Thermotek.

Thermotek sued MMT on a Texas common-law claim of unfair competition by misappropriation. Thermotek won a \$6 million jury verdict. But the trial court ruled that Thermotek's claim was pre-empted by federal copyright and patent law, overturned the verdict, and dismissed Thermotek's lawsuit with prejudice.

Why was Thermotek left with nothing?

Unlike a claim for misappropriation of trade secrets, Thermotek's common-law claim for unfair competition by misappropriation did not require Thermotek to show that MMT acquired the property at issue by "improper means," which Texas law defines as "theft, fraud, unauthorized interception of communications, inducement of or knowing participation in a breach of confidence, and other means either wrongful in themselves or wrongful under the circumstances of the case." Early on, Thermotek asserted misappropriation of trade secrets, but later dropped the claim, presumably because Thermotek could not prove MMT used "improper means" to get Thermotek's property. That fact doomed Thermotek's case.

As the Fifth Circuit explained in its opinion affirming the trial court's ruling, federal copyright law pre-empts a claim under state law if (1) the intellectual property rights at issue are within copyright's "subject matter," defined as "original works of authorship fixed in a tangible medium of expression," whether or not copyrightable; and (2) the state law covers rights in the property equivalent to any exclusive rights in copyright law's general purview. Copyright law pre-empted Thermotek's claim because (1) it alleged MMT misappropriated written materials related to the medical device, including reports, billing information, manuals, and other written documents, all of which fall within copyright's subject matter; and (2) the unfair competition by misappropriation claim did not qualitatively differ from a copyright infringement action because, unlike trade secret misappropriation which does qualitatively differ, the claim lacked an "improper means" element. You don't have to steal copyright-protected material to infringe.

Patent law pre-empts a state claim that covers "the functional aspects of a product." Were that not the case, inventors could get the same protections as provided in patent law, but without the limitation patent law imposes on the inventor's monopoly, and without having to publicly disclose how to practice the invention. Thermotek's claim is precisely the kind patent law is meant to pre-empt. A trade secret misappropriation claim is not, because the protected matter is kept secret.

So how could Thermotek have won? Maybe by requiring MMT to sign a confidentiality agreement before disclosing the product and written materials to MMT. But if those were already widely publicly disclosed and Thermotek had not put copyright or patent protections in place, then it would have lost regardless. The lesson is to know what intellectual property protections exist for your business and use them

appropriately, or else you might end up like Thermotek. A skilled attorney can help guide you through the maze of intellectual property laws and put protections in place, where available.

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