



**Monday, October 20**  
**11:00 am-12:30 pm**

## **105 T'aint Easy Protecting Another's Confidential Information**

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*Senior Counsel Commercial Transactions*  
Align Technology, Inc.

**Bill Becker**

*Senior Director Intellectual Property*  
Align Technology, Inc.

**Jordan Breslow**

*General Counsel*  
Silver Spring Networks

**Michael Williams**

*Vice President and Associate General Counsel*  
Cadence Design Systems, Inc.

## Faculty Biographies

### Karrie Anger

Karrie Anger is currently senior counsel of commercial transactions for Align Technology, Inc. in Santa Clara, CA with responsibility for all contractual transactions including joint development agreements, licensing, intellectual property protection, and export compliance. Align is a medical device company engaged in the design, manufacture and marketing of Invisalign® aligners, the world's leading invisible orthodontic product and one of the world's largest manufacturers of mass customized products.

Ms. Anger was formerly counsel at Loudcloud, Inc. in Sunnyvale, CA with primary responsibility for commercial matters, mediations, bankruptcy claims, policy implementation, management of litigation, and other general legal responsibilities. Ms. Anger also worked as a contracts manager at Sun Microsystems, Inc. in the microelectronics division and was responsible for commercial transactions, implementing policies, and procedures. Prior to this, Ms. Anger was with Netscape Communications, Inc. in Sunnyvale, CA with primary responsibility of contractual negotiations, legal/sales training, and Y2K compliance. Ms. Anger also worked with Wilson, Sonsini, Goodrich & Rosati in their corporate securities division and has worked in private practice with the Law Offices of Daniel Jensen in the area of family law.

### Bill Becker

Bill Becker is currently the senior director of intellectual property for Align Technology, Inc. in Santa Clara, CA with responsibility for intellectual property development, strategy, litigation, licensing, and other IP transactional matters, primarily with respect to patents, trade secrets and other intellectual property. Align is a medical device company engaged in the design, manufacture and marketing of Invisalign® aligners, the world's leading invisible orthodontic product and one of the world's largest manufacturers of mass customized products.

Mr. Becker formerly was deputy general counsel—intellectual property for 3Com Corporation in Santa Clara, CA with primary responsibility for all the intellectual property strategy, programs and transactions of 3Com and its subsidiaries worldwide. Prior to this, he was the associate general counsel and intellectual property counsel of VLSI Technology, Inc. in San Jose, CA with primary worldwide responsibility for all of its intellectual property, employment, environmental, and commercial legal matters. Mr. Becker also has been the vice president and chief legal counsel of Bourns, Inc. in Riverside, CA and a patent attorney for General Electric.

He is currently a co-chair of the IP committee of the San Francisco area chapter of the ACC and is co-program chair of the IP/IT committee of ACC.

He is a graduate of George Washington University Law School and Carnegie Mellon University.

### Jordan Breslow

Jordan Breslow is general counsel of Silver Spring Networks, a green-technology company in Silicon Valley.

Mr. Breslow has more than 25 years of experience guiding technology companies through complex legal and business transactions. Previously, Mr. Breslow served as vice president and general counsel of two highly successful private-to-public technology companies, and as a partner in technology law firms. As general counsel, vice president, and secretary of Opsware, Mr. Breslow successfully guided the company from start-up through an IPO and on to its sale to HP. Mr. Breslow also served as legal counsel for Cisco Systems; co-chair of the intellectual property practice group at Foster Pepper & Shefelman; and general counsel and managing director, European Operations for Geoworks.

Mr. Breslow earned his JD from Hastings College of the Law and his BA, summa cum laude, from San Francisco State University.

### Michael Williams

Michael Williams is currently vice president and associate general counsel for Cadence Design Systems Inc. He is responsible for North America and India commercial legal operations.

Prior to Cadence, he was general counsel and secretary to Allied Telesyn International. He was previously associate general counsel for LSI Logic Corporation responsible for worldwide commercial operations. Prior to that, he was corporate counsel for Altos Computers Systems.

Mr. Williams has prepared and taught classes on various legal issues for companies and helped prepare an online intellectual property awareness course for Cadence. He has also been a guest lecturer for an international business class at Portland State University.



## ***T'aint Easy Protecting Another's Confidential Information***

Presented By:

Karrie Anger  
Bill Becker  
Michael Williams



## ***Training the internal team...***

- Legal presentations are boring - add humor!
- Use real time examples relating to your client – if they are sleeping it usually wakes them up.
- Hold it over lunch hour and feed them – it's hard to sleep while you are eating!!
- Train all the functions involved including management.

Slides follow that you can use to help educate your teams!!



## ***We Will Discuss...***

- Tips for training employees on:
  - Working with Multiple Vendors on a Project
  - Tainting
  - Putting the Right Agreements in Place
  - Receipt of 3<sup>rd</sup> Party Confidential Information
  - Residuals
  - Termination
  - Working with the Vendor Selected



## ***Working with Multiple Vendors***

We are often required or desire to work with multiple vendors to:

- Meet desired outcomes
- Complete projects in the quickest time possible
- Obtain the best value
- Guarantee supply chain
- Complete the RFP/RFQ process
- Evaluate or test products
- Create new materials
- Develop



**The Love Hate Relationship**

**Your vendor is your new best friend...  
UNTIL they realize you chose  
someone else!**

**Really unhappy vendors tend to retaliate by:**

- Alleging misuse of their intellectual property
- Threatening to sue or filing a law suit



**Avoiding the Pitfalls ...**

- Be honest if they aren't the only vendor.
- Have a single point of contact.
- Communicate and let them know how they are doing.
- Avoid having the vendor spend unnecessary funds.
  
- **Lawsuits are EXPEN\$IVE**
- **Lawsuits are distracting**
- **Depositions are unpleasant.**
- **Take the Emotion out!**



**What is Tainting?**

Tainting is the:

- the exposure of vendor confidential information to another vendor or
- by use or the appearance of misuse of vendor confidential information.



**Case Study – The Perfect Blend**

- Your department has been tasked with creating the perfect margarita!!
- Your executive management team is seeking a taste test in 4 weeks
- Initial contact will be made with 3 vendors soon



### **Before You Meet Your Vendors**

You will need to evaluate the use of a Non-Disclosure Agreement.

- It is always best to receive only Non-Confidential Information first so that you can evaluate whether to move forward with the vendor and avoid unnecessary contamination to a project you may already have in progress.
- Contact Legal to decide whether you need:
  - A One Way NDA
  - Two Way NDA
  - No NDA
- Always try and obtain as little confidential information as possible.



### **Beware of Residual Restrictions**

- Free to use if in the unaided memory – if they did not intentionally memorize it for the purpose of using it or disclosing it
- No obligation to restrict assignment of employees exposed to confidential information
- Not liable if other party was acting in good faith and was unaware or did not recognize that confidential information was from a third party



### **Does the NDA Address Residuals?**

- Residuals include information that is retained by persons who have had access to the information and may include:
  - Confidential Information
  - Ideas
  - Concepts
  - Know-How
  - Techniques
  - Skills



### **Meet Your Vendors...**

- Cash A Rita, Inc. is a “start up” - the product has not been commercialized.
  - May require a two way NDA since vendor will want to protect their pre-commercial product.
- Combo Rita, Inc. has a commercial technology and you desire to combine it with another commercial technology.
  - Although both products are commercial and in the public domain, the combination of the two may be considered development and thus a two-way NDA may be recommended.
- Monopolita, Inc. will work strictly with their commercial product.
  - Recommend a one way NDA to protect your information.



### **Receipt of 3<sup>rd</sup> Party Confidential Info**

- Keep it in a secure area (both electronically and physically)
- Keep it separate from other third party confidential information (use separate file folders)
- Stamp documents “(insert vendor name) Confidential”
- Use transmittal form to maintain a record of receipt and disclosure
- Summarize meetings with e-mail
- Review handling procedures



### **Need to Know Access Only**

- Limit access to third party confidential information to those who absolutely have a need to know, regardless of rank or title.
- It is critical to avoid exposing developers and other technical employees to third party confidential information unless absolutely necessary.



### **Working with the Vendor**

- When working on similar projects, it is best if a different person handles each project, if that is feasible.
- Establish a sole point of contact for handling third party confidential information, if that is feasible.
- Check with Legal to ensure your patents are filed before you disclose information to any third party.



### **NDAs Are In Place...**

Cash A Rita (the start up) would like to show you the following:

- A tour of their manufacturing facility (of course located in their garage).
- Leading edge technology – a margarita machine that also freezes and salts the glass for you.



### **Vendor Discussions...**

Combo Rita has discovered a way to produce a margarita in half the time with the addition of the 3rd party commercial technology.

They want to show you the following:

- Product Demonstration
- Design Specification



### **Vendor Discussions...**

Monopolita – will work strictly with a blender that has been on the market for years.

They want to show you the following:

- Tour of the manufacturing facility
- Price list



### **Product Testing**

- You have completed initial visits with the and it has been decided to pursue “testing” with each vendor.
- Contact Legal so an agreement can be put in place that covers:
  - Ownership of ideas and feedback
  - Ownership of data and specifications
  - Ownership of improvements /ideas
  - Inventions and development
  - Limitation of Liability



### **Will There Be Development?**

At first glance your answer may be “No” - but have you considered that....

- Testing a non-commercial product may lead to the development of product changes before its release
- Testing the combination of two commercial products may be development if this combination has never been tested before
- Development can result from feedback
- Creating functional specifications can be development
  - How would you feel if a competitor obtained this information?



### **Vendor Results**

- Cash A Rita – The slowest blender, texture and taste are good. Price is not guaranteed. You are concerned about manufacturing since they have never had a commercial product.
- Combo Rita – The fastest blender but it was more expensive and texture and taste were poor. They have the added complexity of working with another 3<sup>rd</sup> party.
- Monopolita – A medium speed blender, texture and taste were great. Price is reasonable. They are known in the industry for excellent manufacturing and usually deliver a perfect product ahead of schedule. They also have an extensive research and development team.



### **Slippery Slope After Vendor Selection**

You are now working with Monopolita and things are going well. You have a good relationship with the vendor. You just found out that a member of your team asked the vendor in a joking manner if they could create a machine that salts and freezes the glass.

Warning Bells Should Ring....



### **Termination of the Other Vendors**

You have selected a vendor so it is time to communicate to the other vendors that you are terminating the relationships:

- Work with Legal to decipher contractual terms – notice, confidentiality, transition, etc.
- Promptly communicate so that development efforts are stopped and further expenses are avoided.
- You may have an obligation to return or destroy the vendor confidential information – work with Legal on reviewing the contractual obligations.



### **Mere Suggestions...**

Making suggestions for improvements (“have you tried” or “have you thought of”) relating to confidential information of a third party should not occur under any circumstances!!

If the person making the suggestion did not have access to the third party information and this truly was an original idea - you may be able to proceed - with CAUTION.



**Remember...**

- Minimize, secure, segregate and keep track of vendor confidential information – if you don't need it, don't accept it.
- Use the Transmittal Form.
- Follow 3<sup>rd</sup> Party Information Handling Procedures.
- Limit and keep records of access to such information.
- Don't suggest improvements based on a third party's confidential information.
- Promptly return confidential information when requested or upon termination.

**Remember also...**

- Tainting issues also arise as a service provider performing work for competitors
- Your customer will be very sensitive about improper disclosure of their confidential information
- Same issues as vendor taint (misappropriation of trade secrets, copyright infringement & breach of contract)
- Keep log of contributed information in Statement of Work
- Limit access and keep records of access to such confidential information.
- Have a residuals clause in your services agreement.

**Remember also...**

- Try not to agree to limit employee access to information of other customers.
- Promptly return confidential information when requested or upon termination.
- Be careful when hiring employees of customers
- Written policies will also look better than testimony of procedures

**THIRD PARTY CONFIDENTIAL INFORMATION  
HANDLING PROCEDURES**

**PURPOSE:**

Maintain, protect and identify Confidential Information of Company and any third party's that work with Company.

**INTENT:**

Company desires to strictly limit the exposure to and the number of persons who receive 3<sup>rd</sup> party Confidential Information, accurately record what is received, and assure that only those with a "Need to Know" will have access to the Confidential Information in order to protect Company's intellectual property and comply with our obligations to 3<sup>rd</sup> parties.

**BASIC PROCESS:**

1. **Restrict** the receipt of 3rd party Confidential Information or providing of Company Confidential Information so that it is covered by an appropriate and relevant NDA. Work with Legal to determine if a **Unilateral NDA** or **Mutual NDA** or no NDA (i.e., exchange of only non-confidential information) is appropriate.
2. **Minimize** Confidential Information received from a 3<sup>rd</sup> party (e.g. a vendor) and Confidential Information provided to a 3<sup>rd</sup> party.
3. **Identify** Confidential Information. If you are unsure it is confidential, work with the 3<sup>rd</sup> party to clarify whether something is considered "3rd party" Confidential Information or contact the Legal Department.
4. **Mark** Confidential Information either "3rd party – Confidential" or "Company Confidential".
5. **Limit** exposure to 3rd party Confidential Information to those who absolutely have a need to know, regardless of rank or title.
6. **Document** the recipient and sender of the Confidential Information and the date of transmittal of the information.
7. **Communicate** with the 3rd party through one Company employee who is responsible for managing the 3rd party relationship and the flow of information (*the "Communicator"*).
8. **The Communicator Records** each transaction, reduces to paper, and keeps a single resource to collect and collate information exchanges for each 3rd party and per project.
9. **Use Transmittal Form**, if feasible, to document the exchange of Confidential Information.
10. **Follow-Up** on 3rd party meetings with detailed minutes which set forth any Confidential Information discussed including inventions and who disclosed.
11. **Store** 3<sup>rd</sup> party Confidential Information per contract terms and with the same degree of care Company accords its own Confidential Information of like nature, but not less than reasonable care.
12. **Secure** 3<sup>rd</sup> party Confidential Information in separate physical or electronic files and physically separate from Company data and other 3<sup>rd</sup> party's Confidential Information.
13. **Terminate** the 3rd party relationship when necessary. Be sure to review contractual terms to determine next steps for return or destruction of Confidential Information both physical and electronically stored.
14. **When in Doubt** contact Legal.

# Company, Inc.

**CONFIDENTIAL INFORMATION TRANSMITTAL FORM**

**RE:** Confidential Disclosure Agreement ("NDA") between COMPANY, Inc. and \_\_\_\_\_ (Company), dated \_\_\_\_\_ concerning \_\_\_\_\_ (topic or project name)

This is a record of the transmittal of Confidential Information in accordance with the terms of the above-mentioned NDA which is agreed to be effective between the parties and will also serve as confirmation of written/oral/visual transmittal of Confidential Information.

The Confidential Information transmittal occurred at the following location (include from and to, if by mail, phone, fax, email, etc. and not in person)  
at/from \_\_\_\_\_ to \_\_\_\_\_

Date of transmittal \_\_\_\_\_ Date of receipt (presumed to be same date if left blank) \_\_\_\_\_

COMPANY's Confidential Information transmitted (check all applicable--  
 written/electronic medium,  oral/visual; and specifically identify such information) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Company's Confidential Information transmitted (check all applicable--  
 written/electronic medium,  oral/visual; and specifically identify such information) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ACKNOWLEDGED BY:**

COMPANY, Inc. \_\_\_\_\_  
By \_\_\_\_\_ By \_\_\_\_\_  
Title \_\_\_\_\_ Title \_\_\_\_\_  
Date \_\_\_\_\_ Date \_\_\_\_\_

Please sign and promptly return a copy of this transmittal form. Failure to do so shall not imply or in any way be construed that you (the Recipient) have not received any or all of the Confidential Information, that any information on the form is inaccurate or incomplete, or that you are unwilling to accept the Confidential Information. If you refuse to accept any or all of the Confidential Information, believe that any of the information on the form is inaccurate or incomplete, and/or believe that you have not received any or all of the Confidential Information, please immediately contact the discloser and return all copies of the Confidential Information where applicable.