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## Trade Secrets—Breach of Confidence—Protection of Unpatentable Device

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(1874) 57 Mo. 241. In states whose statutes require written authority for the agent, the overwhelming weight of authority is that this applies to an agent of the purchaser as well as to an agent of the seller. *Matheron v. Ramina Corp.* (1920) 49 Cal. App. 690, 194 Pac. 86; *Brown v. Vopicka* (1931) 261 Ill. App. 386; *Twitchell v. City of Philadelphia* (1859) 33 Pa. St. 212. There are some cases which on first reading seem opposed to the weight of authority and to give some support to the instant case. Thus, it has been held that the authority of the purchaser's agent to do things amounting to a waiver of delivery of an abstract of title need not be in writing. *Katz v. Dreyfoos* (Mo. App. 1930) 26 S. W. (2d) 999. Here, the contract for the sale of the land was properly made and the waiver related to a mere incidental part. Likewise, an agent may bid in property for his principal at a foreclosure sale without written authority. *Mills v. Hudman & Co.* (1912) 175 Ala. 448, 57 So. 739. But sales ordered by courts under public authority are governed by different rules and do not come within the statute of frauds. *Hall v. Geising* (1914) 178 Mo. App. 233, 165 S. W. 1181.

Where the offer to sell land was accepted by the attorney for the prospective purchaser, it was not necessary to the validity of the contract as against the seller that the attorney should have been authorized in writing. *Fowler v. Fowler* (1903) 204 Ill. 82, 68 N. E. 414. This case, however, does not support the view of the instant case, since there was no attempt to enforce the contract against the purchaser and the Statute of Frauds only applies to the "party to be charged".

It would seem that in the present case the Court has ignored the true meaning of the statute involved. By construing the statute narrowly and applying it only to the agent of the seller, a door is opened through which at least some fraud will likely enter. It would seem to involve an absurdity to protect the seller and not give equal protection to the purchaser. H. W., '34.

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TRADE SECRETS—BREACH OF CONFIDENCE—PROTECTION OF UNPATENTABLE DEVICE.—One Booth designed a revolutionary type of automobile body, the design of which was fundamentally based upon a use or adaptation of the worm drive differential and the "up-kicked" frame. He patented the frame and drive and later obtained reissue patents. He entered into negotiations with the Stutz Motor Car Company with a view to selling the design. After extensive correspondence, during which time the Company had the designs in its possession, the Company refused to buy his designs and returned the plans to him. Subsequently the Company produced a car almost identical in design to that of Booth whereupon Booth brought an action for infringement and accounting. *Held*: the patents, since they embodied no patentable advance over prior art were invalid; but one whose plans, communicated confidentially, enter into the design of a new car is entitled to damages and an accounting to the extent that the plans contribute to the car's success. *Booth v. Stutz Motor Car Co. of America* (C. C. A. 7, 1932) 56 F. (2d) 962.

The court in awarding recovery to plaintiff, though it does not specifically

so state, draws upon the law of trade secrets. A trade secret is a property right which equity will protect against unwarranted disclosure and unauthorized use by others. *E. I. DuPont de Nemours v. Masland* (1917) 244 U. S. 100; *Lockett v. Orange Julep Co.* (1917) 271 Mo. 239, 196 S. W. 740; *McCall v. Wright* (1910) 198 N. Y. 143, 91 N. E. 516; *Morrison v. Moat* (1851) 9 Hare 241, 68 Eng. Repr. 492. A trade secret has been defined as "... a plan, process or mechanism known only to its owner and those of his employ to whom it is necessary to confide it in order to apply it to the use intended." *National Tube Co. v. Eastern Tube Co.* (1902) 23 Ohio Cir. Ct. 468. It has, however, been said that it is not necessary to relief that the process be an absolutely secret one. *Vulcan Detinning Co. v. American Can Co.* (1907) 72 N. J. Eq. 387, 67 Atl. 339. When an article manufactured by a secret process is thrown upon the market, all may try to discover its secret by honest means and to use it. *Eastman Co. v. Reichenbach* (1892) 79 Hun. 183, 29 N. Y. S. 1143. But for a wrongful discovery or disclosure recovery may be had. *Stone v. Goss* (1903) 65 N. J. Eq. 756, 55 Atl. 736; *Numoline Co. v. Stromeyer* (C. C. A. 3, 1917) 245 F. 195; *Witherow Steel Co. v. Donner Steel Co.* (C. C. A. 4, 1929) 31 F. (2d) 157; *Irving Iron Wks. v. Kerlow Steel Flooring Co.* (1924) 96 N. J. Eq. 702, 126 Atl. 291. The theories upon which such recovery may be had are various. "Different grounds have indeed been assigned for the exercise of that jurisdiction. In some cases it has been referred to property, in others to contract, and in others it has been treated as founded upon breach of trust or confidence." *Morrison v. Moat, supra*; *O. & W. Thum Co. v. Tloczynski* (1897) 114 Mich. 149, 72 N. W. 140. In the principal case the court went on the theory of breach of confidence which seems to be the one preferred in modern decisions.

It is frequently stated in the decided cases that it is immaterial whether or not the process, design, or plan is a patentable one. *Stewart v. Hook* (1905) 118 Ga. 445, 45 S. E. 369; *Wireless Specialty Co. v. Mica Condenser Co., Ltd.* (1921) 239 Mass. 158, 131 N. E. 307; *Eastman Co. v. Reichenbach, supra*. However, a critical examination of these cases reveals only states of fact in which the subject of the trade secret might have been patentable. Thus it seems that, although the principle that unpatented subjects may be protected as trade secrets has been recognized, it has never found application. The distinction is important for two reasons. First, because any protection of invention creates a specialized type of personal property right dependent for its existence upon governmental fiat. In the patent laws the government has legislatively determined the scope and extent of the specialized form of property. *International News Service v. Associated Press* (1918) 248 U. S. 215. It may be quite proper for the courts to enforce rights in this type of property in a manner developed judicially as well as in the manner prescribed legislatively, but it may be questioned whether the courts may extend this form of property beyond the limits of the legislative enactment. Second, if one can protect an unpatentable subject as a trade secret rather than simply against unfair trade practice and competition he finds the matter of proof easier. In fact, it might be seriously questioned

whether an application to unpatentable subject matter would be consistent with a logical view of the law of trade secrets. The trade secret differs from a patent in that as soon as the secret is discovered in examination, by honest means, the discoverer has the right to use it. *Tabor v. Hoffman* (1889) 118 N. Y. 30, 23 N. E. 12; *National Tube Co. v. Eastern Tube Co.*, *supra*. Therefore, it follows that a publication of the secret to others than those in a fiduciary relation to the owner would annihilate the trade secret by destroying its secrecy. *Hamilton v. Tubbs Mfg. Co.* (C. C. W. D. Mich. 1908) 216 F. 401; *Eastman Co. v. Reichenbach*, *supra*. Whereas in obtaining a patent one of the requirements is a publication on the files of the patent office, for the reason (it has been suggested, Kerly, Trade Marks [6th, Ed. 1927], 34) that the public may have the knowledge of the new discovery.

In the instant case the court has effectuated the rule in actual decision. It is true that the unique design of body lines was not the specific subject of the patents therein declared invalid. But the whole design was based upon and revolved about the worm drive and "up-kicked" frame. It was these features that made possible Booth's whole idea of a low slung "safety" car. In refusing to protect these features the court removed the protection of patentability from the very crux of Booth's design. The result reached by the court is a commendably equitable one, but it does represent a final culmination in the development of the law of trade secrets toward protection regardless of patentability.

A. W. P., '33.