

# Technical Trade Secrets And Former Employees - Space Aero Products Co. v. R. E. Darling Co.

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## Technical Trade Secrets And Former Employees

### *Space Aero Products Co. v. R. E. Darling Co.*<sup>1</sup>

Darling, the plaintiff, manufactures oxygen breathing hoses for aircraft personnel. Four of the defendants were former employees who had worked for a number of years for Darling in various capacities. The former employees had no formal contract of employment and could leave or be discharged at any time. In the fall of 1960, the former employees decided to go into business in competition with Darling. With financial backing from a former supplier of silicone products to Darling, the defendant Space Aero Products was incorporated in December, 1960, by the former employees, who resigned from Darling between December 9 and December 23 of that year. Darling had been the sole manufacturer and supplier of certain types of oxygen breathing hoses for the U.S. Navy and had been working since April, 1960, to qualify hose under a certain military specification. Space Aero began business operations in January, 1961; its first hose was the same as Darling's and was built by some of the same people. Space Aero's hose was qualified under the specification in the middle of January, 1961, and was submitted to the Navy on February 20, 1961, over two months ahead of the first hose Darling submitted. In May, 1961, the Navy accepted Space Aero's hose.

Darling filed suit against the defendants to enjoin them from using the alleged trade secrets of the plaintiff in the manufacture of the oxygen breathing hoses. The trial judge found that the former employees had acquired the "know-how" to set up a competing busi-

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1. 238 Md. 93, 208 A.2d 74, *cert. denied*, 382 U.S. 843 (1965).

ness while working for Darling and that the former employees had breached the duty of fidelity and trust which they owed their employer. He also found that although other experienced hose manufacturers had tried unsuccessfully to produce an oxygen breathing hose which could compete with Darling's, the defendants, due to the knowledge gained from Darling, were able to produce such a hose almost immediately after their company was formed. The trial court permanently enjoined the defendants from further manufacture and/or sale of oxygen breathing hoses manufactured to the military specification and ordered them to deliver to the court any materials in their possession which described or disclosed the equipment, techniques or components used in the manufacture of the hose assemblies. On appeal, the Maryland Court of Appeals found that Darling's "know-how" in the manufacture of hoses was a trade secret and affirmed the lower court decision.

The issue raised by this case is the extent to which an employee's personal skills and knowledge are considered trade secrets of his employer which he cannot disclose. The balancing of the right of an employer to protect his trade secrets against the right of an employee to subsequently use his personal skills and knowledge has long been a problem and is now becoming increasingly complex due to modern technology.<sup>2</sup> A principal part of the problem has been the difficulty in defining "trade secrets." In the principal case, the Maryland court employed the widely used definition set out in the *Restatement of Torts*:

A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or list of customers.<sup>3</sup>

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2. The situation is well stated in the case of *E. I. duPont de Nemours & Co. v. American Potash & Chemical Corp.*, 200 A.2d 428, at 437 (Del. Ch. 1964):

The court fully recognizes that this is a case of great social and industrial significance. . . . Among the substantial and conflicting policies at play in this situation are the protection of employers' rights in their trade secrets on the one hand, versus the right of the individual to exploit his talents, use matters of general knowledge, and pursue his calling without undue hindrance from a prior employer on the other. The law recognizes that trade secrets are entitled to reasonable protection regardless of the supporting legal label. Reasonable legal protection tends to encourage, as here, substantial expenditures to find or improve ways and means of accomplishing commercial and industrial goals. The protection of such efforts when translated into trade secrets tends to encourage such efforts and the result is beneficial to the employer and presumably to society. However, it is hard to ask a man to work in a trade secret area and thereby circumscribe his possible future liberty of action and the use of the knowledge and skills which are inextricably interwoven with his knowledge of the trade secrets.

The "interests" involved are as easy to state as they are difficult to protect, particularly in the face of the ever-increasing complexity of present day technology.

3. *RESTATEMENT, TORTS* § 757, comment *b*, at 5 (1939), quoted in: *Sperry Rand Corp. v. Rothlein*, 241 F. Supp. 549, 560 (D. Conn. 1964); *Sarkes Tarzian, Inc. v. Audio Devices, Inc.*, 166 F. Supp. 250, 257 (S.D. Cal. 1958); *Allen Mfg. Co. v. Loika*, 145 Conn. 509, 144 A.2d 306, 309 (1958). See *Mycalex Corp. of America v. Pemco Corp.*, 64 F. Supp. 420, 423 (D. Md. 1946), *aff'd*, 159 F.2d 907 (4th Cir. 1947). See also *Operations Research, Inc. v. Davidson & Talbird, Inc.*, 217 A.2d 375, 380 (Md. 1966).

There have been several theories supporting the protection of trade secrets by the courts. Originally, protection was granted to the owner on the basis that the trade secret was a property right.<sup>4</sup> Now, however, the confidential relationship existing between employer and employee is generally considered to be the primary source of protection. As Mr. Justice Holmes stated:

The starting point for the present matter is not property or due process of law, but that the defendant stood in confidential relations with the plaintiffs, or one of them. These have given place to hostility, and the first thing to be made sure of is that the defendant shall not fraudulently abuse the trust reposed in him. It is the usual incident of confidential relations. If there is any disadvantage in the fact that he knew the plaintiffs' secrets, he must take the burden with the good.<sup>5</sup>

Thus, the essence of the action is the breach of faith, and, therefore, it is of no importance that the defendant could have gained access to the trade secret by legitimate means if he wished.<sup>6</sup> The various doctrinal labels used to protect, however, are of little importance as long as the courts realize the value of trade secrets and give them this protection.<sup>7</sup> But this protection is limited, since it is unquestionably lawful to gain possession of a competitor's unpatented product by proper means and, through inspection and analysis, create a duplicate.<sup>8</sup>

In determining the existence of trade secrets, the courts generally look at secrecy and various technical factors.<sup>9</sup> The courts, including

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4. Peabody v. Norfolk, 98 Mass. 452 (1868); Tabor v. Hoffman, 118 N.Y. 30, 23 N.E. 12 (1889).

5. E. I. duPont de Nemours Powder Co. v. Masland, 244 U.S. 100, 102 (1917), cited in: Sarkes Tarzian, Inc. v. Audio Devices, Inc., 166 F. Supp. 250, 261 (S.D. Cal. 1958); Carter Products, Inc. v. Colgate-Palmolive Co., 130 F. Supp. 547, 574 (D. Md. 1955), *aff'd*, 230 F.2d 855 (4th Cir. 1956).

6. See, e.g., Franke v. Wiltschek, 209 F.2d 493, 495 (2d Cir. 1953); Sperry Rand Corp. v. Rothlein, 241 F. Supp. 549, 562 (D. Conn. 1964); Head Ski Co. v. Kam Ski Co., 158 F. Supp. 919 (D. Md. 1958). See also RESTATEMENT, TORTS § 757 (1939), which sets out liability for use of a trade secret without permission.

7. Klein, *The Technical Trade Secret Quadrangle: A Survey*, 55 Nw. U.L. REV. 437, 440 n.28 (1960). The protection offered a trade secret is both greater and less than that afforded to a patent. The trade secret's protection is greater because it is not limited to a fixed number of years and does not require the strict patent standards for novelty and invention. Trade secret protection is less than that afforded to a patent in that actual secrecy and impropriety in the method of procuring the secrets are both prerequisites to the protection of a trade secret. Mycalex Corp. of America v. Pemco Corp., 64 F. Supp. 420, 423 (D. Md. 1946), *aff'd*, 159 F.2d 907 (4th Cir. 1947). For the rationale behind the protection of both trade secrets and patents, see RESTATEMENT, TORTS § 757, comment *a* at 2-4 (1939).

8. Tabor v. Hoffman, 118 N.Y. 30, 23 N.E. 12, at 13 (1889). See Smith v. Dravo Corp., 203 F.2d 369, 375 (7th Cir. 1953) which cites NIMS, UNFAIR COMPETITION AND TRADEMARKS § 148 (1947).

9. RESTATEMENT, TORTS § 757, comment *b* at 6 (1939), cited with approval in *Space Aero*, 238 Md. at 110, 208 A.2d at 82, breaks down these requirements into six factors: (1) the extent to which the information is known outside the business; (2) the extent to which it is known by the employees and others involved in the business; (3) the extent of measures taken to guard the secrecy of the information; (4) the value of the information to the business and its competitors; (5) the amount of effort or money expended in its development; (6) the ease or difficulty with which others could properly acquire or duplicate the information. See *Manos v. Melton*, 358 Mich. 500, 100 N.W.2d 235, 238-39 (1960), citing *ELLIS, TRADE SECRETS* § 239, at 324-25 (1953).

Maryland's, have not found absolute secrecy to be essential and have usually endorsed some form of qualified secrecy.<sup>10</sup> However, if the plaintiff has voluntarily disclosed the information or if the facts involved are the subject of public knowledge or general knowledge in the trade, then any right to protection disappears.<sup>11</sup>

There has been considerable conflict among the courts as to the application of the technical requirements for trade secrets. In some cases a process found without lengthy and expensive research will not be granted protection as a trade secret.<sup>12</sup> Other cases, however, have set up standards that allow protection for simple discoveries made from commonly known components.<sup>13</sup> The value of the information to the employer and to the former employees should also be considered.<sup>14</sup> Novelty has been unduly stressed by some courts, with the resultant standard appearing more like that for a patent than for a trade secret.<sup>15</sup> The presence of a covenant to keep confidential information secret has little effect; the courts, in finding a trade secret, must necessarily find

10. RESTATEMENT, TORTS § 757, comment *b* at 5-6 (1939). See *Minnesota Mining & Mfg. Co. v. Technical Tape Corp.*, 23 Misc. 2d 671, 192 N.Y.S.2d 102, 119 (Sup. Ct. 1959), which required the secrecy to be such that there would be difficulty in others properly acquiring the information. *Space Aero* is in accord, 238 Md. at 109-10, 208 A.2d at 82. See *Mycalex Corp. of America v. Pemco Corp.*, 64 F. Supp. 420, at 423 (D. Md. 1946), *aff'd*, 159 F.2d 907 (4th Cir. 1947).

In the present case, defendants argued that the doors to Darling's plant were left open and workers were permitted to have visitors during the time when the hose was being assembled. But the court nevertheless found the requisite secrecy, saying, 238 Md. at 112, 208 A.2d at 83-84:

Darling's plant was located not in one of the country's great industrial centers, but in a relatively small, if growing community. The testimony, taken as a whole, convinces us that Darling took precautions to guard the secrecy of its process which, under the circumstances, were reasonably sufficient. In its particular community and environment, it may well be that Darling considered that too elaborate efforts at concealment would call attention to what was being concealed, as in Poe's "Purloined Letter." In any event . . . no one else succeeded in making hoses according to the Darling process. Until the formation of Space Aero by Darling's former employees, Darling's efforts at secrecy, like the process itself, met the basic criterion of success.

*Cf. Fulton Grand Laundry Co. v. Johnson*, 140 Md. 359, 117 Atl. 753, 23 A.L.R. 420 (1922), quoted in *Head Ski Co. v. Kam Ski Co.*, 158 F. Supp. 919, 923 (D. Md. 1958).

11. *National Starch Products v. Polymer Industries*, 273 App. Div. 732, 79 N.Y.S.2d 357, 360 (1948). "A trade secret owner, however, does not abandon his secret by a limited public publication for a restricted purpose." *Space Aero Products Co. v. R. E. Darling Co.*, 238 Md. at 110, 208 A.2d at 82 (1965).

A recent Maryland case, *Operations Research, Inc. v. Davidson & Talbird, Inc.*, 217 A.2d 375, 380 (Md. 1966), in holding that there was no trade secret, placed the burden of proof of the element of secrecy on the proponent of the trade secret.

12. *E.g., Manos v. Melton*, 358 Mich. 500, 100 N.W.2d 230, at 238-39 (1960). See Note, *Industrial Secrets and the Skilled Employee*, 38 N.Y.U.L. Rev. 324, 337-39 (1963).

13. See, *e.g., O. A. Smith Corp. v. Petroleum Iron Works Co.*, 73 F.2d 531, 538-39 (6th Cir. 1934), *modified*, 74 F.2d 934 (1935).

14. *Manos v. Melton*, 358 Mich. 500, 100 N.W.2d 235 (1960), has been criticized for the court's heavy reliance on the cost factor in a situation where the value of the information to both the former employer and the competitor was quite high. The court failed to consider the value as a factor. Note, 38 N.Y.U.L. Rev. 324, 337 (1963).

15. See, *e.g., Sarkes Tarzian, Inc. v. Audio Devices, Inc.*, 166 F. Supp. 250, 265-66 (S.D. Cal. 1958). *But see Sperry Rand Corp. v. Rothlein*, 241 F. Supp. 549, 560-62 (D. Conn. 1964); *Kalinowski, Key Employees and Trade Secrets*, 47 VA. L. Rev. 583, 590-92 (1961); Note, 38 N.Y.U.L. Rev. 324, 338-41 (1963).

the existence of a fiduciary relationship, regardless of whether a formal covenant has been made.<sup>16</sup>

In using these factors to determine the existence of a trade secret, the courts will also take into consideration the extent to which the information may be part of the employee's personal skills and knowledge, which the employer cannot prevent him from using.<sup>17</sup> The problem has been well stated in the present Maryland case:

The development of the law of trade secrets is a result of balancing two conflicting elements essential to our society. There is a strong policy favoring free competition; an employee is entitled to use the skill and knowledge of his trade or profession which he has learned in the course of his employment, for the benefit of himself and the public, if he does not violate a contractual or fiduciary obligation in doing so. . . . On the other hand, in order to promote the progress of science and the useful arts, the law provides certain protections to an originator. Among these protections are the patent and copyright statutes and the law of torts prohibiting unfair competition. The law protecting trade secrets is another protection.<sup>18</sup>

Thus, the rule is simply that the former employee can use the skills and knowledge he learned during the employment, but he has a duty not to use the trade secrets of his former employer.<sup>19</sup> The rule is straightforward; the difficulty occurs in its application when the former employee's skills and knowledge are closely interwoven with the employer's trade secrets.<sup>20</sup>

16. *E.g.*, *Sun Dial Corp. v. Rideout*, 16 N.J. 252, 108 A.2d 442, 446 (1954); *Sealectro Corp. v. Tefco Electronics, Inc.*, 32 Misc. 2d 11, 223 N.Y.S.2d 235, 238 (Sup. Ct. 1961). See also *DeLong Corp. v. Lucas*, 176 F. Supp. 104, 126 (S.D. N.Y. 1959) and Note, 39 *NOTRE DAME LAW*. 200, 204-06 (1964).

17. See note 2 *supra*.

18. *Space Aero Products Co. v. R. E. Darling Co.*, 238 Md. 93, 113, 208 A.2d 74, 84 (1965). In *Midland-Ross v. Yokana*, 293 F.2d 411, 412 (3d Cir. 1961), the court states:

We have before us in this case two perfectly well established principles. One is that an employee after leaving the service of an employer may carry on the same business on his own and use for his own benefit the things he has learned while in the earlier employment. If this were not so an apprentice who has worked up through the stages of journeyman and master workman could never become an entrepreneur on his own behalf. Any such system of quasi-serfdom has long since passed away. Necessarily the former employee may use what he learned in the former employer's business while engaged in business for himself or in some business competing with the former employer. . . .

Equally clear is the proposition that the employee owes a duty of loyalty to the employer. He must not, while employed, act contrary to the employer's interests and, in general terms, owes a duty of loyalty as one of the incidents of the employer-employee relationship.

See *Sperry Rand Corp. v. Rothlein*, 241 F. Supp. 549, 564 (D. Conn. 1964), *quoting with approval* *Sun Dial Corp. v. Rideout*, 16 N.J. 252, 108 A. 2d 442, 447 (1954).

19. *Allen Mfg. Co. v. Loika*, 145 Conn. 509, 144 A.2d 306, 309 (1958).

20. See, *e.g.*, *Manos v. Melton*, 358 Mich. 500, 100 N.W.2d 235 (1960). The court in *Sperry Rand* attempted to separate the two when it stated, 241 F. Supp. at 564:

For example, how certain chemicals affect certain metals, what procedures insure a clean environment and what do not, etc., are things learned from [the

The most common situation has been where the employer has taught his former employee trade secrets which were developed prior to his employment. The cases generally grant the employer protection.<sup>21</sup> The unfairness of any other alternative is usually quite evident, and the goal of higher commercial morality is often pronounced.<sup>22</sup> Here, where the employee's rights to his skills and knowledge must be weighed against his employer's rights in pre-existing trade secrets, the courts seem to have little difficulty basing their decisions on the technical ground of the presence of a trade secret.

A more troublesome situation, however, arises where the former employee has helped the employer develop the trade secrets in question. For example, in *Wexler v. Greenberg*<sup>23</sup> the defendant Greenberg worked as plaintiff's chief chemist and spent one-half of his time doing research to analyze competitors' products and using the information to develop new formulas. He quit working for the plaintiff and, using plaintiff's formulas, began working for a competitor. The Pennsylvania court noted that the plaintiff did not disclose the alleged trade secrets to Greenberg during his service or because of his position, but Greenberg himself had developed the formulas.<sup>24</sup> The court, holding that it was impossible to find an implied pledge to keep secret a formula which the employee himself had developed,<sup>25</sup> found no duty of non-disclosure. The court relied upon the fact that the formulas were not specific projects of great concern but rather part of Greenberg's routine work of changing and modifying competitors' formulas.<sup>26</sup> It also noted that Greenberg had "never engaged in any [basic] research nor conducted any experiments nor created any formula" for the plaintiff and that his work did not require any great assistance or expense. All of this indicated to the court that there was nothing to show Greenberg that

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defendants'] experiences at Sperry and become a part of their intellectual equipment. But their knowledge of the end products of their work there, the combination of apparatus and equipment, materials and procedures which made up the Sperry Process for the manufacture of its superior quality transistor, in short, the things about the process which were the secret of Sperry's success, were information which the defendants could not use or impart to others without breaching their fiduciary duty to Sperry.

21. *E.g.*, *By-Buk Co. v. Printed Cellophane Tape Co.*, 163 Cal. App. 2d 157, 329 P.2d 147 (1958); *Schulenburg v. Signatrol, Inc.*, 50 Ill. App. 2d 402, 200 N.E.2d 615 (1964); *Junker v. Plummer*, 320 Mass. 76, 67 N.E.2d 667 (1946); *Sun Dial Corp. v. Rideout*, 16 N.J. 252, 108 A.2d 442 (1954). See also *Midland-Ross Corp. v. Yokana*, 293 F.2d 411 (3d Cir. 1961). But where the former employer cannot prove that his ex-employee used any trade secrets, then, in the absence of a covenant not to compete, the employee can use any skills and knowledge he possesses. *Gulf Oil Corp. v. Rapp*, 3 Misc. 2d 1011, 226 N.Y.S.2d 562, 564 (Sup. Ct. 1962).

22. *E.g.*, *Schulenburg v. Signatrol, Inc.*, 50 Ill. App. 2d 402, 200 N.E.2d 615, 617, 620 (1964).

23. 399 Pa. 569, 160 A.2d 430 (1960).

24. 160 A.2d at 433.

25. *Id.* at 434. The court's theory was that in the normal case, "the trust and confidence upon which legal relief is predicated stems from the instance of the employer's turning over to the employee the pre-existing trade secret," and it is then that the implied pledge of secrecy is extracted from the employee. The *Wexler* court, however, noted that these circumstances were not present and could find no way "to elicit an implied pledge of secrecy from the sole act of an employee turning over to his employer a trade secret which he, the employee, has developed." *Ibid.*

26. *Id.* at 436.

his employer expected him to find the formulas for its exclusive use. The court carefully distinguished two similar cases from other jurisdictions on the basis that the former employees in those cases knew that their work was directed toward a specific goal desired by their employers, and, therefore, an implied agreement to keep the work confidential could be found.<sup>27</sup> Thus, with considerable talk about employee mobility, the court held that Greenberg was merely using his technical knowledge and skills which he had increased while working for the plaintiff.<sup>28</sup>

On the other hand, in *Head Ski Co. v. Kam Ski Co.*,<sup>29</sup> a Maryland District Court case, the defendants helped the plaintiff develop an adhesively bonded metallic ski. They then sought to go into business for themselves, using as a basis the knowledge they had learned while working for the plaintiff. The District Court held that the defendants never would have produced their ski at all but for the knowledge they acquired from the plaintiff, and it granted a permanent injunction against the manufacture of any adhesively bonded skis by the defendants.<sup>30</sup> *Sperry Rand Corp. v. Rothlein*<sup>31</sup> is a similar case, in which the court stated, "The fact that it was the defendants who developed the process gives them no greater right to use it in competition with the plaintiff than that of any other employee."<sup>32</sup>

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27. *Id.* at 435-36, where the court discussed *Extrin Foods, Inc. v. Leighton*, 202 Misc. 529, 115 N.Y.S.2d 429 (Sup. Ct. 1952), and *Wireless Specialty Apparatus Co. v. Mica Condenser Co.*, 239 Mass. 158, 131 N.E. 307, 16 A.L.R. 1170 (1921).

28. *Id.* at 433. It has been suggested that it would have been more logical for the court to find that Greenberg's work was as specifically directed as it could have been toward the discovery of formulas of commercial value and that the contemplation of the parties must have been for the results to belong exclusively to the employer. TURNER, *THE LAW OF TRADE SECRETS* 168 (1962); Note, *Competitive Torts*, 77 HARV. L. REV. 888, 953 (1964); Note, 38 N.Y.U.L. REV. 324, 341-42 (1963). But it has also been suggested that in the absence of any understanding as to the discoveries, the employer would have carried on the research regardless of how long the secrets could be kept, and the added incentive resulting from trade secret protection did not warrant the restrictions on employee mobility and dissemination of technical knowledge. 77 HARV. L. REV. at 953.

*Futurecraft Corp. v. Clary Corp.*, 205 Cal. App. 2d 279, 23 Cal. Rptr. 198 (1962), is a similar case involving an engineer working on valves for guided missiles and rockets. The court found no trade secrets were involved and quoted extensively from the opinion in *Wexler*. See also *Gabriel Co. v. Talley Indus.*, 137 U.S.P.Q. 630 (D. Ariz. 1963); *Tempo Instrument, Inc. v. Logitek, Inc.*, 229 F. Supp. 1 (E.D. N.Y. 1964).

29. 158 F. Supp. 919 (D. Md. 1958).

30. *Id.* at 924. For remedies generally available to the former employer, see Klein, *supra* note 7, at 448 (1960); Note, *Competitive Torts*, 77 HARV. L. REV. 888, 957-59 (1964); 39 NOTRE DAME LAW. 200, 206-09 (1964).

In the case of *B. F. Goodrich Co. v. Wohlgemuth*, 117 Ohio App. 493, 192 N.E.2d 99 (1963), the defendant, a former employee who accepted a job with plaintiff's competitor, was enjoined from using plaintiff's trade secrets in his new job. The defendant had stated that once he was a member of the plaintiff's competitor, he would expect to use all of the knowledge that he had to their benefit. The injunction was based on the defendant's fiduciary duty and was issued where there existed "a present real threat of disclosure, . . . without actual disclosure." 192 N.E.2d at 105. The court also stated that there were additional grounds for the injunction in the written contract the defendant signed, which bound him not to misuse the confidential knowledge he acquired while employed by the plaintiff.

31. 241 F. Supp. 549 (D. Conn. 1964).

32. *Id.* at 564-65.

There are, then, two prevailing schools of thought governing the situation where the former employee is the developer of the trade secret. The rule in *Wexler* clearly takes into consideration the policy of allowing free movement of skilled technical employees.<sup>33</sup> However, the rule in *Head Ski Co.* and *Sperry Rand* seeks to protect the interest of the employer in the trade secrets and refuses to make any distinction where the employee himself did the research. Those cases enforced the fiduciary duty, even at the expense of the former employee's skills.<sup>34</sup>

The *Head Ski* rule allowing stricter protection of trade secrets is probably the more desirable one, assuming that the employee had adequate warning that the information in question was confidential.<sup>35</sup> A primary reason for the protection of trade secrets is the fostering of research and development to promote technological advancement; without such protection, employers would be extremely reluctant to make the the large expenditures that are required.<sup>36</sup> This is especially true where the innovations may prove to be non-patentable, and competitors could find it easier and cheaper to hire a knowledgeable employee than to develop the innovation with their own resources. It has been sug-

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33. *Wexler* states its policy, 160 A.2d at 433:

In this era of electronic, chemical, missile and atomic development, many skilled technicians and expert employees are currently in the process of developing potential trade secrets. Competition for personnel of this caliber is exceptionally keen, and the interchange of employment is commonplace. One has but to reach for his daily newspaper to appreciate the current market for such skilled employees. We must therefore be particularly mindful of any effect our decision in this case might have in disrupting this pattern of employee mobility, both in view of possible restraints upon an individual in the pursuit of his livelihood and the harm to the public in general in forestalling, to any extent, widespread technological advances.

See *Winston Research Corp. v. Minnesota Mining & Mfg. Corp.*, 350 F.2d 134, 137-38 (9th Cir. 1965); Note, 38 N.Y.U.L. REV. 324, 342-43 (1963); 74 HARV. L. REV. 1473 (1961).

34. In *Sperry Rand* the court stated, 241 F. Supp. at 564:

The defendants claim that a large contributing factor in the production of a superior transistor was the defendant's adroitness and skill in operating the process; but even if this were so, it would not effect a transfer of the right to a trade secret in the process itself from Sperry to the defendants or excuse them for a breach of the confidence entrusted to them.

See *Winston Research Corp. v. Minnesota Mining & Mfg. Corp.*, *supra* note 33, at 138.

35. See Note, *Competitive Torts*, 77 HARV. L. REV. 888, 951-52 (1964), where it is suggested that the employer be responsible for warning the employee about post-employment use of any information he may have learned or developed.

36. 241 F. Supp. at 564. See Note, 38 N.Y.U.L. REV. 324, 328-30 (1963). In *Winston Research Corp. v. Minnesota Mining & Mfg. Co.*, 350 F.2d 134, 138 (9th Cir. 1965), the court considered this contention but concluded that the rationale of *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), "precludes judicial recognition of a legally protectible interest in the secrecy of industrial information as such, as distinguished from an interest in the integrity of confidential employer-employee relationships." The court made an analogy to the federal patent statutes which "require full disclosure of the invention as a condition to the grant of monopoly so that at the end of the period of monopoly the development may be freely available to all." Thus the court recognized "a congressional determination that any individual or social interests which may be served by secrecy are outweighed by those served by full disclosure," and therefore it followed under the *Sears* rationale "that 'state law providing protection for trade secrets cannot be applied to serve a premise that the balance of interests favors secrecy. The protection is merely against breach of faith and reprehensible means of learning another's secret.'" 350 F.2d at 138 n.2.

gested, however, that trade secret protection is unnecessary because research will be carried on regardless of whether trade secrets are protected.<sup>37</sup> Although this argument might have some merit in the situation where the employer must develop certain innovations in order to remain competitive, it would seem to have little application in cases involving basic research. As previously noted, it has also been argued that both employee mobility and the spread of useful knowledge would be hampered through strict protection of the fiduciary relationship.<sup>38</sup> The mobility of employees is probably more dependent upon the employee's own skills and knowledge than his knowledge of the former employer's trade secrets.<sup>39</sup> It is true that the spread of knowledge may well be suppressed in the short run; however, if there is a sufficient advantage in possessing a trade secret, the competitors of its possessor will have increased incentive to discover it, and their research may even lead them to superior solutions.

The Maryland court in *Space Aero* made no mention of the fact that the former employees may have helped to develop the trade secret;<sup>40</sup> it primarily concerned itself with finding one. Once the trade secret was found, the court merely enforced the former employees' fiduciary duty not to disclose it.<sup>41</sup> Thus the court followed the principles set down by the earlier federal cases which arose in Maryland<sup>42</sup> and emphasized the protection of the employer's trade secrets. The court did not consider employee mobility, probably because the behavior of the former employees was thought to be such a clear violation of their fiduciary duty.<sup>43</sup> However, it does not appear likely that the Maryland courts would adopt the reasoning of *Wexler v. Greenberg* even in an equivalent fact situation, since the weight of authority favors the protection of the fiduciary relationship over the mobility of the technical employee.

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37. See 77 HARV. L. REV. at 953.

38. See note 33 *supra*.

39. A particularly difficult and increasingly common situation arises where the employee's skills and knowledge are so intertwined with his employer's trade secrets that the two have become inseparable. In the case of highly trained scientific personnel, this could mean that an employee could offer for the use of a new employer only his technologically obsolete knowledge. This results in tying the employee to a single employer by destroying his bargaining power with any prospective new employers. Cf. *Consolidated Theatres v. Warner Bros. Circuit Management Corp.*, 216 F.2d 920 (2d Cir. 1954).

40. See Brief for Appellant, p. 7, *Space Aero Products Co. v. R. E. Darling Co.*, 238 Md. 93, 208 A.2d 74 (1965), where it is stated that none of the former employees involved were highly educated research employees.

41. 238 Md. at 117, 208 A.2d at 86.

42. *Head Ski Co. v. Kam Ski Co.*, 158 F. Supp. 919 (D. Md. 1958); *Carter Products, Inc. v. Colgate-Palmolive Co.*, 130 F. Supp. 557 (D. Md. 1955).

43. The court pointed to the fact that the former employees had actually taken drawings and other materials relating to the hose from Darling's plant. This demonstrated that they "knew that they were acting wrongfully in violation of their confidential relationship and their duty of loyalty." 238 Md. at 117, 208 A.2d at 86.