

Is Your Secret Recipe Still a Secret? How to Protect a Restaurant's Signature Recipes

Articles March 19, 2018

A customer walks out of a restaurant and exclaims to her date "that is the best _____ I have ever tried...nobody can make that dish the way this place does." A restaurant's signature appetizer, entrée, or drink often define it and may become the reason for guests returning for more.

Red Lobster's signature garlic biscuits may be better known than any item on its menu, or even the lobster tank in the lobby. Kentucky Fried Chicken's seasoning of its chicken and Krispy Kreme's unique process for making its donuts set these companies apart from their competition and converts passersby into customers.

Trade Secrets vs. Trademarks & Others

A restaurant can protect its intellectual property with trademarks, copyrights, and patents. However, none of these legal protections are as well-suited to protect recipes as the doctrine of trade secrets.

Unlike trademarks, which protect recognizable designs, trade secrets protect information such as formulas, drawings, patterns, customer lists, programs, devices, methods, techniques or processes. (12 Pa. C.S. § 5302). A restaurant's recipe may be either a "formula," "method," or "process" and can be legally protected as a trade secret so long as (1) the owner takes reasonable steps to keep the information secret, and (2) some independent economic value is derived from the information. (12 Pa. C.S. § 5302). Further, an inventor's patent will expire after 20 years, and in any case, require the inventor to publish every step of his or her creation. In essence, filing a patent for a recipe requires the chef to let the cat out of the bag.

The Nooks and Crannies Case

The case of *Bimbo Bakeries v. Botticella*^[1], is an example of how a national bakery company stopped one of its top employees who had access to the company's secret bread recipes from working for its competition. Chris Botticella worked for Bimbo Bakeries USA, Inc. as the company's Vice President of Operations for California. In that position, he was directly responsible for five production facilities and oversaw a variety of areas including product quality and cost, labor issues, and new product development.

Botticella was one of a select group of individuals with access to the code books containing the formulas and process parameters for all of Bimbo's products. Notably, Botticella was one of only seven people who possessed all of the knowledge necessary to replicate independently Bimbo's popular line of Thomas' English Muffins, including the secret behind the muffins' signature "nooks and crannies" texture. Thomas' English Muffins was the source of a significant amount of Bimbo's total revenues.

For Bimbo, Thomas' English Muffins "nooks and crannies" was more than a marketing gimmick. It described a very specific feature of Bimbo's product that made them stand out from competitors and stemmed from a well kept secret recipe.

Botticella was offered a job with one of Bimbo's main competitors. After Botticella accepted the job, Bimbo sued Botticella for the misappropriations of trade secrets and sought a preliminary injunction to stop Botticella from working for the competitor. The District Court granted Bimbo an injunction holding that Bimbo was likely to succeed on the merits of its

claim against Botticella. Botticella appealed the District Court's order to the Third Circuit Court of Appeals.

What Factors Make a Recipe a "Trade Secret"?

Trade secrets in Pennsylvania are protected by the Pennsylvania Uniform Trade Secrets Act (12 Pa.C.S. § 5301 et seq.). Pennsylvania courts look to the following factors to determine whether information is protected as a trade secret:

- the extent to which the information is known outside of the company's business;
- the extent to which the information is known by employees and others involved in the company's business;
- the extent of the measures taken by the company to guard the secrecy of the information;
- the value of the information to the company and its competitors;
- the amount of effort or money the company spent in developing the information; and
- the ease or difficulty with which the information could be acquired or duplicated legitimately by others.

Further, while the *Bimbo Bakeries* court noted that Botticella had acquired other trade secrets while working at Bimbo (i.e., confidential information about Bimbo's long-term strategies, operating costs, and customer negotiations) it held that trade secrets need not be technical in nature to be protected by Pennsylvania law. Courts in Pennsylvania will likely grant injunctions to prevent the *threatened* misappropriation of trade secrets, regardless of whether those secrets' characteristics are technical or non-technical.

The Third Circuit Court of Appeals concluded that Bimbo was likely to succeed on the merits of its misappropriation of trade secrets claim against Botticella. Specifically, the Court held that Botticella's employment with Bimbo's competitor would *likely* result in the disclosure of Bimbo's trade secrets, which included recipes from Bimbo's secret code books. Accordingly, the Court granted Bimbo a preliminary injunction preventing Botticella from working for Bimbo's competitor.

How to Keep Your Trade Secret Top Secret

Do you own a restaurant or food related business? Treating your signature product as a "trade secret" is the easiest and cheapest way to protect your culinary assets, unlike the legal hoops required in filing a patent or trademark. Here's what savvy restaurateurs need to know:

- **Keep your recipe under lock and key.** Make sure only your top team members are in your "circle of trust," such as an executive chef or manager. Word of caution: not every recipe on your menu can be a trade secret, but only those that have a unique feature that sets it apart from competitors' offerings, like the recipe behind Thomas' English Muffins' "nooks and crannies," may be a trade secret.
- **Quantify the dollar value of your recipe.** Keep track of the sales generated specifically by your signature product.
- **Make sure the keepers of the recipe actually know it's a secret.** Include a confidentiality agreement in your manager's employment contract. Also, remind these employees regularly during training and at staff meetings of their legal duty to not disclose your restaurant's signature recipes.

About the Author. Daniel C. Conlon, Esq. provides legal solutions to restaurants and business startups. If you want to learn more about protecting your restaurant's trade secrets—or any legal needs that arise when purchasing or operating a restaurant—contact Daniel Conlon

[1]613 F.3d 102 (3d Cir. 2010)(applying Pennsylvania law).