Winter 2009

Cutting Tool Informer

The Newsletter of the United States Cutting Tool Institute

Informing, planning and taking action

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UNITED STATES CUTTING TOOL INSTITUTE
LEADING THE FUTURE OF THE CUTTING TOOL INDUSTRY

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Mark your 2010 calendars now!

2010 USCTI Spring Meeting
April 17-19
The Ritz-Carlton Naples Beach Resort
Naples, FL

2010 USCTI Fall Meeting
October 16-18
Hyatt Regency Huntington Beach Resort
Huntington Beach, CA

USCTI has taken advantage of exceptional opportunities available in the current travel market to maximize our ROI at 2010 meeting destinations. Our determined focus on streamlined budgets doesn't preclude capturing the best possible meeting site values.

Make sure you plan to experience the valuable development and networking opportunities afforded by USCTI meetings while capitalizing on once-in-a-lifetime hotel rates: $189 per night at The Ritz-Carlton, Naples Beach Resort; and $229 at The Hyatt Regency Huntington Beach.

The value to be experienced at USCTI's meetings is outstanding

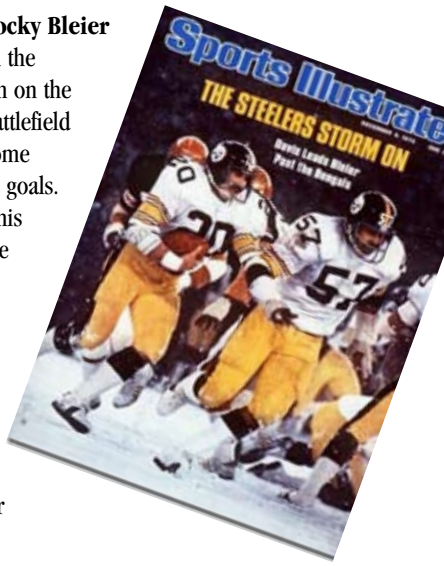
USCTI's meetings are formulated to offer a substantial program of informative presentations to spark creative discussion, successful networking, and the spirit of cooperation. Our meetings provide a unique opportunity for the leaders of the Cutting Tool Industry to come together, network with peers and do a reality check; and in the process, identify and engage the many challenges and opportunities which lie before us.

In addition to a compelling business program, the value and productivity of your participation will be maximized 'after hours' with unique opportunities to interact and engage with your colleagues.If you haven't taken advantage of these opportunities recently, join us in 2010 and see what you've been missing!

2009 Fall Meeting: Information and Inspiration

Attendees at the USCTI Fall Meeting in Scottsdale came away re-energized to tackle the unique and complex challenges we face in our businesses and as an industry.

Keynote Speaker, Rocky Bleier inspired members with the lessons he learned both on the playing field and the battlefield that helped him overcome adversity and reach his goals. The parallels between his life's challenges and the challenges all business people face in today's volatile, competitive marketplace were timely and relevant as we grapple with the continuing economic conditions and plan for future success.



In addition to inspiration, USCTI's 2009 Fall Meeting fortified members with the best information to help forge ahead with winning game plans for 2010. **Presentations are available to members through the Presentations Archive at www.uscti.com.**

USCTI Survey Results: Cutting Tool Industry Business Outlook 2009-2010 (.ppt)

Legislative Update: What Manufacturers Can Expect from Congress in 2010 (.ppt)
Aric Newhouse, Senior Vice President, Policy and Government Relations, NAM

U.S. Economic Assessment and Forecast Briefing (.ppt)
William A. Strauss, Federal Reserve Bank of Chicago

Manufacturing and Cutting Tool Industry: Some Remarks from the European Point of View (.ppt)
Wolfgang Sengebusch, General Secretary, ECTA

Sponsor Presentations:
3M Abrasives Systems Div. – Troy Heuermann, Superabrasives Business Development Manager (.ppt)

Ceratizit USA – Tom McLaren – Update on the U. S. Tungsten Market (.ppt)

Vollmer of America Corp. – Scott Ries – PCD Division Manager – PCD Past, Present and Future (.ppt)

President's Column

Steve Morency, President
United States Cutting Tool Institute

On my desk is a letter that I received from Don Nelson at Cutting Tool Engineering, dated September 21, 2001. In that letter, he quoted *Colin Powell's Rules.* I had previously read General Powell's autobiography and was familiar with his rules and his life. The first rule - "It ain't as bad as you think. It will look better in the morning." And the last rule - "Perpetual optimism is a force multiplier." How appropriate those words were eight years ago, just ten days after our country had been attacked.

Those two rules are timeless. They have just as much meaning today as they did in the past. This has been a challenging year for our industry. Who among us will not be glad to see 2009 come to an end? Every day we did what was necessary to help insure that our companies survived. And there were plenty of challenges – plummeting order rates, government intervention, a weakened financial sector, and throw in debate over healthcare reform (takeover).

But, I believe that we have weathered the storm. Institute statistics indicate that our order rates bottomed late last spring, and have been increasing at a fairly significant pace since. At our Fall Meeting, we were further encouraged to hear Bill Strauss present a very optimistic forecast. He talked of a return to positive GDP in the 4th Quarter of this year, with unusually strong manufacturing growth. And finally, recent newsletters from Ron Nicely were of a more optimistic nature – be it guardedly optimistic, which is not all bad!

The United States Cutting Tool Institute has seen some very noticeable changes during the past several years. As Institute President, Gene Baldino promoted change and improvement. Under the leadership of Diane Simon and the Programs Committee, meetings took on a different look with new format, new content and some great locations. Gene also directed a reinvention of three important Institute committees. Our Technical Committee, Statistics Committee and Human Resource Committee all have new leadership and a new focus. It was unfortunate that business was so bad this year, as it did force us all to pay more attention to our own business affairs, and focus less on Institute affairs.

Next year will be a year of re-engagement for the U.S.C.T.I. and it membership. Committee efforts, which were put on hold, must be renewed. Meeting attendance had been growing steadily. Not surprisingly, this year saw a significant decline – only a third of our member companies were represented at this year's Spring Meeting. Meetings are a valuable benefit of Institute membership, and it will be very important to get folks back next year. I also hope to be able to convince more members to attend meetings on a regular basis. Over 15% of our membership has not been to a meeting in the last 3 years.

I am honored and excited to be President of the United States Cutting Tool Institute. Thank you, and I will look to you for your continued support as we work to improve our organization.

Merry Christmas and all the best for a Happy (and prosperous) New Year.

Steve Morency

More USCTI Website Enhancements and Added Features to be Introduced

The Website Redesign Subcommittee has been hard at work making enhancements to, and developing additional features for the USCTI website. These innovations are intended to expand the usefulness and value of the website, particularly for USCTI members. Following is a preview:

Alpha Letter Navigation

Users search of membership list is now enabled by first letter of company names.

Member Log-In Adjustment

An improved member log-in page is being created to provide log in capability to specific links as well as on every page throughout the site. Once logged in, continuous navigation anywhere in the site will be possible.

Legal Counsel's Executive/Regulatory Alerts Archive

With a simple click on the icon pictured above, members will have access to current and past executive and regulatory alerts issued by USCTI legal counsel, Baker and Hostetler.

Message Board/Blog

A message board/blog will be launched from the "Members Only" section of the website. Each member company's official representative will have access to this feature, with the option of adding up to three additional employees from their company as users of the message board.

The message board/blog is being made available to facilitate appropriate communications among members in furtherance of USCTI's purposes. Any representative from a member company that uses this feature will be asked to acknowledge that they have read and understand, and agree that their use of the message board will be conducted strictly in compliance with the USCTI Antitrust Policy.

Product Search Capability

This new feature will provide product search capability throughout the website. A heading and drop down menu navigation tool will be accessible from the left margin of every website page. Searches by product category will provide company names and links to their websites. This feature will initially include the 10 general product categories that already exist within USCTI:

All Other Tooling
Carbide Tooling
Drill & Reamer
Metal Cutting Saw Blades
Milling Cutter
PCD & PCBN
Substrate Materials
Surface Coating
Tap & Die
Tool Holder

We hope that you will find these enhancements and new features of benefit.

In addition, expanded content and access to member-specific communications will be introduced in the first quarter of 2010, along with more security to enable entree to more confidential information and member communications as we continue to enhance benefits in the members-only section. For example, a members-only Technical Library with access to industry standards and more.

As always, the Website Redesign Subcommittee welcomes any comments and/or suggestions for future improvements to this important USCTI resource.

David Povich, Chair
Website Redesign
Subcommittee

USCTI Secure Virtual Office (SVO) OnLine, OnDemand

Thomas Associates is on target to put into operation its ***Private Cloud Network,*** which will make possible implementation of a new, state-of-the-art online communications portal for USCTI Members. Thomas' IT systems core overhaul significantly increases capacity and enhances capabilities for our data and communications needs.

Expanded content and access to member-specific communications will be introduced in the first quarter of 2010, along with more security to enable entree to more confidential information and member communications as we continue to enhance benefits in the members-only area of the USCTI website.

Stay tuned for the launch of ***USCTI's Secure Virtual Office (SVO)*** with its technologically advanced, secure, 24/7 member services applications!

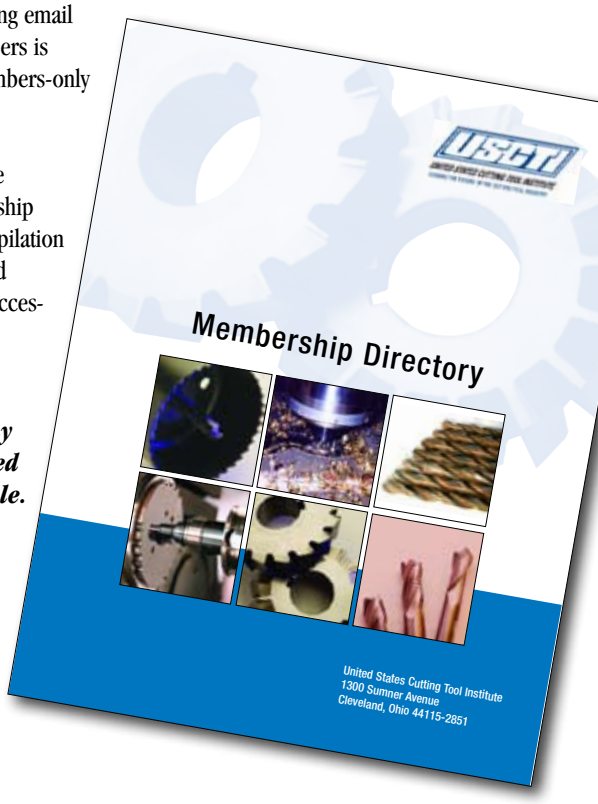
USCTI SVO
Secure Virtual Office
On The Thomas Associates Private Cloud Network

USCTI Membership Directory Online and Available in .pdf

USCTI's expanded electronic Membership Directory, introduced with the new Web site last year, is a significant online resource at www.uscti.com. Personal contact information including email addresses and phone numbers is accessible ONLY in the members-only area of the site.

In addition, a downloadable .pdf version of the Membership Directory containing a compilation of all members' profiles and listings is also posted and accessible to members.

Contact the Institute Office with changes any time updating is needed in your company profile.



Maximize Your USCTI ROI

One of the best ways to take full advantage of the value of your membership in USCTI is to ensure your active participation in the Institute's programs and activities.

Get connected!

- Make sure you plan to attend the semi-annual Institute meetings
- Consider volunteering your involvement in USCTI Committees:
  - Membership Committee
  - Programs Committee
  - Statistics Committee
  - Website Redesign Committee
- Are you represented? All members are invited to provide representation to the
  - Human Resources Committee
  - Technical Committee

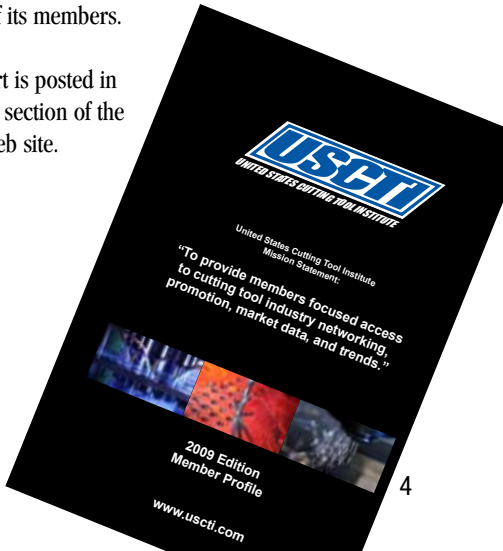
The effort you invest will enhance the benefits you receive, as well as the significance and usefulness of the Institute's resources.

Your input and ideas are always welcome! Contact USCTI President Steve Morency or the Institute office: uscti@uscti.com or smorency@maford.com

USCTI Feature Insert in *Cutting Tool Engineering's* October Issue

A critical goal of the USCTI long-range plan is the promotion of USCTI member companies and the cutting tool industry to the general public. In partnership with *Cutting Tool Engineering*, USCTI has produced a very upscale 8-page insert that featured USCTI and its members in the magazine's October 2009 edition to promote the Institute and enhance the visibility and profile of its members.

The insert is posted in the News section of the USCTI Web site.



Technical Committee Advances Agenda

Choiniere

Following its reorganization last fall, the USCTI Technical Committee has moved forward with several important initiatives designed to benefit Institute members as well as end users of cutting tools, universities and technical schools, domestic and international alike. Nearly half of the Institute's member companies are represented on the Technical Committee, providing a diverse and deep pool of engineering expertise.

Technical Resource Center

The USCTI website provides an excellent vehicle to disseminate a vast array of technical information on cutting tools, surface coatings, and materials. Establishing a Technical Resource Center within the website will facilitate this goal. The various projects currently underway within the Technical Committee will culminate in a wide variety of resources being included in the Technical Resource Center. The Technical Committee will utilize the Technical Resource Center to broadcast additional information and updates on a continuous basis.

Cutting Tool Industry Standards

Domestic and international cutting tool standards of interest to our members have been identified and organized by product categories. This master list of standards will be used by the Technical Committee to monitor ANSI, NAS, ISO, DIN, and JIS standards and to participate in any revisions to these standards. The list will also be part of the Technical Resource Center, along with information on how to obtain the individual documents.

PCD and CBN Diamond Tools

Technical and educational information on diamond and CBN cutting tools is being assembled with the help of member companies and will be incorporated into the Technical Resource Center.

Emerging Technologies

The Technical Committee has identified a number of new technologies and trends which are emerging within the cutting tool industry or which are expected to impact our industry. The new USCTI Sponsorship Program has provided an opportunity for members to be informed on some of these technologies by industry suppliers during Institute meetings. A Task Force has been assembled to begin to gather and organize information/resources on some of the following technologies; Minimum Quantity Lubricant (MQL), machining composite and/or new materials, and nano/micro machining. Eventually, this information will be accessible from the USCTI Technical Resource Center.

Surface Coatings

While there are few, if any industry standards on CVD and PVD coatings for cutting tools, technical and educational information exists on these rapidly changing technologies. The Technical Committee is assembling reference information on coatings for inclusion in the Technical Resource Center.

While we have made significant progress as a committee over the past year, much remains to be done. We will keep you updated on our progress, especially regarding the roll-out of the new USCTI Technical Resource Center. Your comments and input are always welcome.

Al Choiniere, Technical Committee Chair

2009 ECTA European Cutting Tool Conference Presentations

Log in to members-only Presentation Archive

- USCTI U.S. Economic & Cutting Tool Industry Report & Outlook (.pdf)
- Germany Cutting Tool Industry Report & Outlook (.pdf)
- Switzerland - Cutting Tool Industry Report & Outlook (.pdf)
- Economic Situation in Europe - Report & Outlook (.pdf)
- European Association of the Machine Tool Industry Report & Outlook (.pdf)

Congratulations to USCTI's new officers

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Senior Vice President
David J. Povich
Tool Alliance

Vice President
Thomas Haag
SGS Tool Co.

Simple Steps to Protect Your Company's Trade Secrets

By: Joseph P. Boeckman and Lauren M. Hilsheimer, Baker & Hostetler LLP

Your company most likely owns intellectual property that has significant economic value… value that is derived from your company's ability to keep that information secret from your competitors. Commercial or business information that is more valuable to the owner if it remains confidential is called a "trade secret." This article discusses some simple steps your company can use to protect its trade secrets.

What is a Trade Secret?

Trade secrets include, but are not limited to, any of the following:

- Names, addresses, or telephone numbers of customers, suppliers, vendors, or employees
- Business plans, sales/marketing methods and pricing models
- Financial information (historical results, projections and budgets)
- Scientific or technical information and research and development plans
- Designs, processes, procedures, formulas, patterns, compilations, programs, devices, methods, techniques, or improvements that have not been patented or copyrighted

In general, in order to be protected as a trade secret, information (1) must derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (2) must be the subject of efforts that are reasonable under the circumstances to maintain its secrecy. A list, formula, program or other information that is readily ascertainable by others, for example through a Google search, will not be protected as a trade secret.

While certain types of intellectual property, such as trademarks and patents, are protected under federal statutes, trade secret protection comes from state law. While most states have adopted the Uniform Trade Secrets Act, some states have not. Therefore, when implementing procedures and policies to protect your company's trade secrets, it is important to consult legal counsel to determine the applicable local law.

Trade secret protection may offer advantages over patent or trademark protection. For example, patent and trademark protection last only for a statutorily limited time period, and patent law protection involves the disclosure of an invention and encourages increasing the amount of information available in the public domain. In comparison, trade secret protection can extend indefinitely and involves no public disclosure. A great example of this protection is the "Coke formula." Coca-Cola has never obtained a patent for its famous formula, preferring instead to diligently protect the formula as a trade secret. The disadvantage of maintaining information as a trade secret is that when the information loses its confidential status, it also loses its economic value. Trade secret rights can be quickly lost due to sloppy business practices. Companies should closely scrutinize the policies and procedures they have in place to protect their trade secrets.

Contractual Protection of Trade Secrets

Each time a company loses an employee, there is an opportunity for confidential information to be disclosed—sometimes intentionally, sometimes by mistake. Employers can use contracts to prevent employees from disclosing trade secrets.

In the context of an employment relationship, a written agreement can serve several purposes. The agreement can be used to define the scope of what type of information constitutes a trade secret. It can be used to put employees on notice that the employer owns the trade secrets. It can be used to expressly cover not only written documents and data, but information stored in the "employee's memory."

Making contracts part of ordinary business practice has additional advantages. In a worst-case scenario situation—litigation over an alleged trade secret violation—an employer can show that entering into employer/employee agreements is part of the company's ordinary business practice, and that all company employees are on notice of restrictions on disclosing confidential information.

Companies can use the following agreements to protect their trade secrets:

Nondisclosure Agreements for All Employees. Companies should require all employees that may have access to trade secrets to sign nondisclosure agreements before access becomes available. Nondisclosure agreements prohibit employees from divulging, selling, or duplicating trade secrets. Nondisclosure agreements also warn employees about the consequences that would result from doing so.

Depending on company needs and resources, nondisclosure agreements can range from formal agreements to simple notices. For example, a nondisclosure agreement may plainly state: "Neither during the term of employment nor any time [for ___ years] thereafter shall employee [within ___ area] use or disclose the Confidential Information."

However, even in this simple nondisclosure agreement, key terms like "Confidential Information" should be defined. Providing an explanation of what "Confidential Information" includes will not only provide a company with additional protection, but it will help employees better understand what information they are prohibited from disclosing. Furthermore, as company trade secrets become more technical or sensitive, nondisclosure agreements should become more detailed.

Noncompetition Agreement for Specific Employees. Noncompetition agreements prohibit employees who leave the company from using confidential information to compete against their former employer. It is important when drafting a noncompetition agreement to keep in mind that restrictions on time, place, and type of competition must be reasonable in scope and length. Courts will not enforce noncompetition agreements that limit a type of competition indefinitely. Rather, noncompetition agreements that are limited in time and are narrower with respect to the type of competition that is restricted are more likely to be enforced by a court. For example, a one to two-year noncompetition period may be appropriate. The type of competition restricted should relate to the information the company is attempting to protect.

Continued on page 7

2010 Institute Dues

This is a reminder that USCTI membership dues information was sent to all members of USCTI in November. The Institute Office would be grateful if you would complete your company's dues calculation form and remit your dues as soon as possible. If you have any questions regarding the calculation of your dues, please feel free to contact the Institute Office.

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Simple Steps to Protect Your Company's Trade Secrets

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Companies should also talk with potential employees about whether they signed any noncompetition agreements with their former employer before making hiring decision.

Nonsolicitation Agreements for Employees with Customer Relationships. Employees who have relationships with company customers should sign nonsolicitation agreements, which prevent employees from soliciting company customers in an attempt to make those customers their own. Nonsolicitation agreements can also be used to prevent former employees (who sign nonsolicitation agreements at the beginning of their employment) from using company trade secrets, such as a customer list, to solicit customers.

Similar to noncompetition agreements, nonsolicitation agreements must be reasonable in scope and length. What constitutes "solicitation" or a company "trade secret" should be clearly defined.

"Work for Hire" Acknowledgements for Engineers and Programmers. Companies should use "Work for Hire" acknowledgments to specify that the company is the owner of any patentable inventions made by employees. "Work for Hire" acknowledgements arise most frequently when dealing with engineers and programmers. Because patentability is often difficult to determine, "Work for Hire" acknowledgements should include language covering "all inventions, concepts, discoveries, ideas, techniques, methods or materials related, whether patentable or not."

Courts have held that a trade secret does not necessarily have to be reduced to a tangible form to be protected. Memorized information *can* be the basis for a trade secret violation. Consider the following example: an employee memorizes a company process for building a tool while at work. He or she then goes home and builds that tool with his or her own equipment. The tool belongs to the company, despite the fact the employee built the tool at his or her home. However, it is a good idea for employers to make explicit in "Work for Hire" acknowledgments that ideas, processes, and concepts belong to the company.

Protecting Trade Secrets by Implementing an Internal Protection Program

A company can also protect confidential information by implementing a trade secrets protection program. Formal policies can be used to help prevent information from leaking outside of company walls and into the hands of the competitor. A program will also place employees on notice that the release of confidential information is prohibited and the consequences for not adhering to such program, such as termination of employment.

Before implementing a protection program, company management should perform an analysis of the goals of the program and the process for achieving those goals. While some companies have the means to implement a full-scale program, others may only be able to implement a small-scale program. While not intended to be comprehensive, the following provides a list of the elements for a successful trade secret protection program:

- Implement procedures to separate trade secret information from non-trade secret information;
- Prevent discussion of confidential information in nonsecure places;
- Prohibit faxing or emailing trade secret information;
- Label trade secret documents "confidential";
- Use employee orientation materials and manuals to stress the importance of protecting trade secrets;
- Provide continuous employee education about the status of trade secrets;
- Perform exit interviews with departing employees;
- Assign employee numbers for copying or scanning; and
- Implement safeguards to prevent non-employee access to the company's computer system.

In conclusion, a company can take a few simple steps to protect the value of its trade secrets.

Future Meeting Dates

Mark your calendars now for these upcoming events!

2010
USCTI Spring Meeting
April 17-19
The Ritz-Carlton Naples
Beach Resort
Naples, FL

USCTI Fall Meeting
October 16-18
Hyatt Regency Huntington
Beach Resort
Huntington Beach, CA

IMTS Show
September 13-18
Chicago, IL

2011
EMO HANNOVER 2011
September 19-24
Hannover, Germany

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