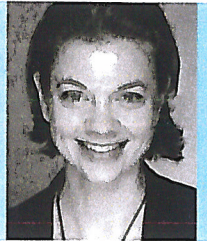


TRADE SECRETS PROTECTION: A EUROPEAN AFFAIR

Aurélia Marie
Cabinet Beau de Loménie



Confronted by an increasing number of thefts of information and lack of harmonised regulations, the European Commission took up the issue of protecting trade secrets in 2013. Despite discussions about freedom of expression, right to investigate and protection of sources of information, Directive (EU) 2016/943 on the protection of undisclosed know-how and business information against their unlawful acquisition, use and disclosure was published on June 15. It entered into force on July 5, with a two-year period for implementation by member states.

The cumulative conditions for a trade secret being protectable are (article 2):

- The information must be secret, in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to people within the circles that normally deal with the kind of information in question;
- It must have commercial value because it is secret; and
- Reasonable steps have been taken by the person lawfully in control of the information to keep it secret.

This definition is the one provided in the TRIPS Agreement (article 39).

Even though “information”, “commercial value” or “reasonable steps” are not defined, the directive notably excludes trivial information, experience and skills gained by employees in the normal course of their employment from the definition of trade secrets.

Trade secret protection should cover know-how, business or technological information. Commercial value can be actual or potential and information has such commercial value when its illegal disclosure or use undermines the scientific and technical potential, business or financial interests, strategic positions or ability to compete by the one who owned it. As a result the directive can cover all kinds of information.

Protection does not apply when information is obtained by independent discovery or creation, reverse-engineering, disclosure made by workers to their representatives as part of the legitimate exercise of their representative function or when it concerns any other practice which under the circumstances is in conformity with honest commercial practices (article 3).

Even if the information is acquired by other means, action is not possible when it concerns the right to freedom of expression and information, “whistleblower” activities, disclosure made by workers to their representatives as part of the legitimate exercise of their representative function, non-contractual obligation, or protection of a legitimate interest (article 5).

Articles 4.2, 4.3 and 4.4 list the different acts of unlawful acquisition, use and disclosure of trade secrets.

The use of a trade secret is also unlawful if, at the time of the use or disclosure, the person knew or should have known that the secret was obtained from another person who unlawfully used or disclosed it. As a result, intentional and deliberate production, supply and placing on the market of products incorporating the trade secret and the import/export and storage of such products are also illegal.

“ALTHOUGH A TRADE SECRET IS NOT CONSIDERED AN IP RIGHT, THE MEASURES OF PROTECTION PROVIDED BY THE DIRECTIVE ARE VERY SIMILAR TO THOSE EXISTING IN THE TYPICAL FIELDS OF IP.”

Chapter 3 of the directive provides civil remedies (preliminary injunction, seizure and recall of products, final orders, and publication of the decision).

The directive allows compensation for negative economic consequences (loss of profit and non-pecuniary damage) and from profits unfairly made by the infringer, and allows for the possibility of a lump sum (amount of royalties) and possible limitation of liability for employees.

Protection of trade secrets during legal proceedings is also provided through some innovative measures:

- Restricted access to any document containing trade secrets or alleged trade secrets;
- Restricted access to hearings; and
- Non-confidential versions of decisions in which the passages containing trade secrets have been removed or redacted.

Although a trade secret is not considered an IP right, the measures of protection provided by the directive are very similar to those existing in the typical fields of IP. However, many imperfections remain and we now have to wait to see how the directive will be implemented by the member states and into the jurisprudence of the Court of Justice of the European Union for assessing whether the adopted measures give European companies an efficient tool that the commission wanted to provide. ■

Aurélia Marie is a partner at Cabinet Beau de Loménie. She can be contacted at: amarie@bdl-ip.com