

Appendix 1

Intellectual Property and Commercial Law – Country Report

AUSTRIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

The main provisions in Austrian legislation regarding protection of trade secrets are contained in the Act against Unfair Competition ("UWG") and in the Criminal Code. The relevant provision of the Sections 11, 12 and 13 of the UWG are the most relevant provisions. They are criminal provisions within the UWG but form the basis for civil law cease-and-desist orders and damage claims.

Other provisions offering protection to trade secrets can be found Section 1 par. 1, 4 and 5 of the UWG, which applies to employees who already left the employment.

Additional provisions on the protection of trade secrets are also included in (i) the Patent Act, according to which the employee must keep employee inventions secret prior to the acceptance of the invention by the employer; (ii) the Labour Constitutional Act, which requires work council members to keep secret any trade and business secrets made known to them in the course of their function; (iii) the Austrian Data Protection Act, which provides a more general requirement of data secrecy regarding all data made available to the employee during his activity for the employing company, notwithstanding any other obligations of secrecy.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Austrian law does not provide a definition of trade secrets as such. Austrian literature and case law have developed a list of requirements that information should meet to be regarded as a trade secret. There must be a legitimate economic interest in the confidentiality of the information or process, and in addition, the information must be:

- (i) commercial or technical information or processes related to the business of a company;
- (ii) important for the competitive position of the company (economic commercial value);
- (iii) only known to a certain and limited circle of people (secret); and
- (iv) kept confidential.

Since Austrian law does not provide any definition, neither for intellectual property as such nor for trade secrets, it is not possible to qualify trade secrets as intellectual property.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Provisions on the protection of trade secrets are scattered over different fields of law and there is no uniform interpretation and case law. The protection of trade and business secrets requires consideration of controversial interests: the demand in freedom of

information and free speech on the one hand, and the demand to effectively protect the privacy regarding personal and proprietary aspects on the other hand.

A harmonised and common legislation for the definition and effective protection of trade and business secrets would allow the owners of trade and business secrets to proceed on a more standardised basis and provide a uniform level of protection. This would entail an enormous advantage and more security and transparency with regard to trade and business secret protection. Furthermore, such harmonisation would support and further the recognition of trade and business secrets as valuable assets of many companies.

There are no current proposals for a new legislation on trade secrets in Austria.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

The following elements must be established to commence legal proceedings based on the UWG:

- (i) The existence of a trade or business secret
- (ii) The fact that the trade or business secret has been entrusted or made accessible to the employee in the course of the employment activities
- (iii) The infringer's imminent intent to use in an unauthorised manner or disclose the trade or business secret (for competitive purposes)
- (iv) The owner's legitimate economic interest in the confidentiality of the information

The offence is prosecutable only upon request of the injured party.

B.2 Available civil remedies including interim relief

The following cumulative civil remedies are available under the UWG:

- (i) Cease-and-desist orders
- (ii) Removal of the infringement (*e.g.*, return or destruction of infringing information or items)
- (iii) Damages

Although the law does not envisage rendering of profits, this has been granted by the Austrian Supreme Court in certain cases.

Damages may also be claimed on the basis of contractual provisions (penalties).

Interim remedies available under Austrian law include preliminary injunctions and cease-and-desist orders. Courts can issue interim injunctions if the claimant provides sufficient information on the impending or already committed infringement. Interim injunctions are, however, only available to secure cease-and-desist as well as removal claims.

In addition, remedies to preserve evidence, including evidence by inspection, hearing of witnesses and evidence by court experts are available under the Code of Civil Procedure. Preservation of evidence can be ordered by courts if the plaintiff proves that the evidence would otherwise be lost or presenting the evidence would otherwise be hindered. In case of imminent danger, preservation of evidence may be ordered by courts *ex parte*.

B.3 Measures to protect secrecy of information before and during proceedings

To protect secrecy during a proceeding, the judge may exclude the public from a (criminal or civil) trial upon request, if a public hearing would endanger a business or trade secret.

B.4 Damages – available options and criteria for calculation

The following non-cumulative options are available to the right holder of a trade secret:

- (i) Compensation of actual economic loss, including loss of profits
- (ii) Recovery of the infringer's profit
- (iii) Licence analogy

The criteria for calculation of damages are:

- (i) compensation of actual economic loss, including lost profits: the damage is calculated on the damage caused by the infringement of the trade or business secret;
- (ii) recovery of the infringer's profit: the damage is based on profits the infringer has obtained from his wrongdoing; and
- (iii) licence analogy: the damage is based on the appropriate amount of money which a licensee would be required to pay for the legitimate use of the trade or business secret.

Punitive damages are not recognised by Austrian law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Austrian law does not distinguish between trade and business secrets obtained in good or bad faith as such. Cease-and-desist orders may also be issued against someone who obtained trade and business secrets in good faith. According to Austrian literature, damage claims are not restricted to cases of intent, but also apply to cases of fault with regard to the infringement of trade and business secrets. Thus, damage claims could also be granted in cases of slight negligence.

On the contrary, if a person autonomously developed the same information, there would be no infringement of trade or business secrets.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

In the practice, companies protect their trade and business secrets by either non-disclosure agreements or by means of licence agreements which contain confidentiality provisions. Both non-disclosure agreements and licence agreements are enforceable under Austrian contract law.

Vis-à-vis employees, solutions to protect trade secrets may include confidentiality policies or non-disclosure or confidentiality clauses in the employment agreement or as a separate non-disclosure agreement, providing also for liquidated damages in case of breach. In case of infringement of such policies or clauses while the employee is still employed, the employer may react with the following measures: instructions, warnings, termination of employment (if a disciplinary code is legally implemented, appropriate measure may also be taken accordingly). After termination of the employment, the employer can file an action for an injunction (either based on the contract or the UWG) and may enforce contractual damages or file damage claims.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Austrian courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44, if the parties are domiciled in an EU Member State. Nearly identical provisions apply to the countries governed by the Lugano Convention (*i.e.*, Iceland, Norway and Switzerland).

Outside of Europe, the competent jurisdiction is determined by international agreements or subsidiary to those agreements by the competent jurisdiction established according to Austrian statutory provisions on local jurisdictions. According to Section 83c of the Law on Jurisdiction, Austrian courts have jurisdiction if the defendant has his place of business within Austria. If the defendant has no place of business in Austria, jurisdiction is established on the basis of the place of general jurisdiction, which is determined by the place of residence of the defendant. If no place of general jurisdiction exists within Austria, jurisdiction shall lie with the court where the act was committed.

Foreign judgements are enforceable in Austria if they are enforceable in the jurisdiction in which they were rendered and if the reciprocity is granted by treaties or regulations and regardless if the trade secret is protected or not by Austrian law.

Enforceability of the judgement is not granted if (i) the defendant has not been able to participate in the proceedings of the foreign authority; (ii) the enforceability of the judgement would enforce an action which is illegal or not enforceable under Austrian law; or (iii) the enforceability of the judgement is contrary to the Austrian public order or morals.

Relevant Literature

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- Lothar Wiltschek, *UWG – Gesetz gegen den unlauteren Wettbewerb* (Act against Unfair Competition), Manz 2007

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- Thomas Mildner, *Arbeitsrechtliche Geheimhaltungspflicht im Lauterkeitsrecht* (Employment law-based confidentiality obligation in unfair competition matters), ÖBI 2011/66
- Christian Eisner und Florian Schiffkorn, *Geheimhaltung von Beweisen zur Wahrung von Geschäftsgeheimnissen* (Confidentiality of pieces of evidence for the protection of trade secrets), ZVB 2010/43
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- Michael Schramböck, *Der Schutz von Betriebs- und Geschäftsgeheimnissen nach Beendigung des Arbeitsverhältnisses in Österreich und den USA im Rechtsvergleich* (Protection of trade and business secrets after termination of the employment in Austria and the US in comparative law), ÖBI 2000, 3

BELGIUM

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Belgian law does not provide for a comprehensive set of rules governing the protection of trade secrets as such. Limited forms of protection are afforded to particular types of trade secrets under specific circumstances. In a decision of 19 September 2007, however, the Constitutional Court has ruled that the right to protection of trade secrets can be derived from Article 8 of the European Convention on Human Rights.

Protection of trade secrets can however be secured on the basis of (i) Article 309 of the Criminal Code which sanctions the disclosure with fraudulent intent by employees and former employees of "manufacturing secrets"; (ii) Article 17, 3 of the Act on employment contracts ("AEC") which states that an employee must refrain from revealing, both during the term of the employment contract as well as after its termination, any trade or manufacturing secret, or any secret of a personal or confidential nature that has come to his knowledge in the performance of his duties and belongs to his (former) employer; (iii) Article 1382 of the Civil Code, which provides that a person who by a tortuous behaviour causes a prejudice is obliged to repair such prejudice; and (iv) Article 95 of the Act on Unfair Market Practices and Consumer Protection ("UMPA") which applies the general principles of tort contained in Article 1382 of the Civil Code in the context of unfair market practices among undertakings.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

There is no (uniform) definition of trade secrets under Belgian law. For a definition, guidance can however be sought in (i) Article 39.2 of the TRIPS Agreement; (ii) the definition contained in Article 1(i) of Regulation (EC) No. 772/2004; (iii) the definition contained in Section 3.2 of the Commission notice 2005/C 325/07; and (iv) the decisions of the EU Court of First Instance of 18 September 1996 (Case T-353/94, *Postbank v Commission*, §87) and of 12 October 2007 (Case T-474/04, *Pergan Hilfsstoffe für industrielle Prozesse GmbH v Commission of the European Communities*).

A trade secret must not necessarily be technical in nature but can be (i) any knowledge belonging to a company; (b) that is not well known; and (c) grants that company a competitive advantage.

Protectable trade secrets include:

- (i) "Manufacturing secrets" within the meaning of Article 309 of the Criminal Code and Article 17, 3 AEC. To enjoy protection, the manufacturing secret must be (i) of a merely technical nature; (ii) the property of the employer; (iii) relatively new and not obvious; and (iv) secret.
- (ii) "Trade secrets" within the meaning of Article 17, 3 AEC. The concept of "secret" within the meaning of this provision is very broad and encompasses any secret of a personal or confidential nature that has come to an employee's knowledge in the performance of his duties (case law, however, expressly confirms that Article 17, 3 AEC does not preclude former employees from using, for their own account

or that of a third party, skills and experience they have obtained during their employment after the termination thereof).

- (iii) "Trade secrets" in the context of other civil proceedings

Trade secrets are not expressly regarded as an intellectual property right in Belgium. Accordingly, the legislation implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Protection of trade secrets is scattered over different provisions of law. There is not a uniform definition and terminology of "trade secret", "confidentiality" and "confidential information" in civil matters. It would be advisable to adopt a harmonised and uniform definition and terminology of "trade secret", "confidentiality" and "confidential information" in civil matters.

Another issue is related to the fact that trade secrets are not considered to be "intellectual property" and are, therefore, not limited in time, which makes it difficult to obtain a cease-and-desist order or a search-and-seizure order with respect to them.

It would also be useful to provide rules/guidelines concerning the balance to be made between the rights of the trade secret owner and the rights of the defendant (rights of defence); and adopt a clear set of rules on how to deal with confidential documents in regular court proceedings.

A European harmonised and common legislation for the definition and effective protection of trade secrets would certainly be feasible and positive to rectify the above inadequacies and further improve the current set of rules.

There are no current proposals for a new legislation on trade secrets in Belgium.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Depending on the legal basis invoked, different requirements may apply.

To commence legal proceeding on the basis of Article 309 of the Criminal Code, the following conditions must be established:

- (i) Existence of a manufacturing secret
- (ii) Disclosure to a third party by an employee or a former employee of the company of which manufacturing secrets have been disclosed
- (iii) Fraudulent intent of the employee/former employee
- (iv) Adoption by the trade secret owner of reasonable steps to keep it secret

To commence legal proceeding on the basis of Article 17,3 AEC, the plaintiff must prove that:

- (i) the defendant is an employee or former employee; and
- (ii) the defendant has disclosed secrets of the employer within the meaning of Article 17, 3 AEC (disclosure means disclosure to persons who had no knowledge of the secret, including persons within the company or group of companies).

Fraudulent intent is not required. The owner of the trade secret must also not demonstrate that he has taken reasonable steps to keep it secret.

In order to start proceedings against a company or an individual for misappropriation, unauthorised use or disclosure of trade secrets under the general provision on torts (Article 1382 of the Civil Code), the three following conditions must be met:

- (i) The defendant has committed a civil "fault" (tortuous behaviour).
- (ii) The behaviour of the defendant has caused a prejudice to the plaintiff.
- (iii) There is a causal link between the tortuous behaviour and the prejudice.

In order to start proceedings against an enterprise for unfair practices resulting from the misappropriation, unauthorised use or disclosure of trade secrets under Article 95 UMPA, the following must be demonstrated:

- (i) The defendant and the plaintiff are both "undertakings".
- (ii) The defendant committed an act contrary to fair market practices.
- (iii) The misappropriation, disclosure or use causes or may cause prejudice to the professional interests of the plaintiff.

B.2 Available civil remedies, including interim relief

The following civil remedies are available:

- (a) Summary injunctions, which include court orders to (temporarily) stop using or disclosing the trade secret, precautionary measures, appointment of an expert, hearing witnesses, etc.

Preliminary injunctions can be sought in the framework of a regular action on the merits, if it can be established that: (i) the matter is urgent; (ii) the invoked rights are *prima facie* valid; (iii) the relief sought is a preliminary measure that does not affect the merits of the case (*e.g.*, a prohibition to disclose).

In exceptional cases - extreme urgency - preliminary injunctions can be granted *ex parte*. All these remedies are cumulative. The winning party may also claim reimbursement of reasonable attorney and expert fees, the amounts of which are determined by law.

- (b) Cease-and-desist actions which consist in a court's decision on the merits handed down by the President of the Commercial Court under an expedite procedure to prevent a defendant from committing further infringements. Cease-and-desist orders may be accompanied by measures that can contribute to the cessation of the infringing acts (*e.g.*, the publication of the court's decision or an order on the

defendant to provide all information on the origin and/or distribution channels of the trade secret). Such an order can be linked to the payment of penalties in the event of non-compliance.

- (c) Regular action on the merits to claim that a trade secret has been misappropriated or disclosed and to claim damages (including compensation for the defendant's unjust enrichment resulting from the trade secret violation, if applicable) and reimbursement of reasonable attorney and expert fees from the defendant, the amounts of which are determined by law.

All these remedies are cumulative.

Ex parte orders to search premises and computer systems for misappropriated data and to require defendant to provide information on such data are not available to the holders of trade secrets. This type of *ex parte* orders is only available to IP rights holders.

B.3 Measures to protect secrecy of information before and during proceedings

Civil proceedings in Belgium are public. However, courts can potentially exclude the public if the "*public access can endanger morals or public order*".

The parties must prove their respective claims and file the documents in support thereof; otherwise, the court can dismiss the claim for lack of evidence or force the plaintiff to file relevant evidence. Courts can, however, adopt measures to protect trade secrets. In particular, confidential elements can be blanked out. Courts can also rule that only certain persons/services within the plaintiff's or defendant's company are allowed to have access to the documents containing the trade secrets or not disclose some confidential information in its decision.

According to Belgian scholarship, a party can refuse to submit certain documents if it has a "legitimate reason" to do so. The "legitimate reason" can be derived from the severe consequences that disclosure of the document comprising the trade secrets to the defendant would cause. Final decision as to the disclosure or not of the relevant document(s) is, however, referred to the court and the decision cannot be appealed.

B.4 Damages – available options and criteria for calculation

Under general tort law, the injured party is entitled to full compensation for damages, including interests accrued in the period between the occurrence of the harmful event and the pronouncement of the judgement and interest for late payment.

The party claiming damage compensation must prove the amount of damages it has incurred, including the defendant's unjust enrichment resulting from its wrongdoing. Expert evidence may be helpful to support this claim. If damages cannot be determined, the court will have to apply an *ex aequo et bono* calculation of damages.

Punitive damages are not recognised by Belgian civil law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties who obtained the information in good faith or against third parties who independently developed the same information. They are entitled to use the same trade secret simultaneously in a confidential manner until the information is disclosed.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Vis-à-vis third parties, companies may adopt various practical solutions to protect trade secrets, including licences, non-disclosure/non-use agreements, non-compete clauses, precautionary measures, etc. Enforcement of non-disclosure/non-use agreements is mainly based on contract law and there is little relevant case law available.

Vis-à-vis employees, whilst employed, they have a general duty not to disclose any trade or manufacturing secret, or any secret of a personal or confidential nature that has come to their knowledge in the performance of their duties and belonging to the employer. Said duty is generally considered applicable also after termination of the employment relationship. Additionally, non-compete clauses may also be included in employment agreements. Enforceability of non-compete clauses is subject to the payment of an economic compensation, must be limited in time and geographically and must relate to similar activities.

Other precautionary measures that companies may take include:

- ☐ The (physical) separation/storage/handling of confidential and non-confidential information
- ☐ Labelling documents, (software) codes, articles or other items with the mention "confidential"
- ☐ Educate and raise awareness of employees regarding the handling of confidential information (e.g., in manuals, newsletters, memos)
- ☐ Conducting interviews with (mostly outgoing) personnel
- ☐ Restricting access to information in respect of outsiders (visitors)

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Belgian courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44, if the parties are domiciled in an EU Member State.

If one party is domiciled in Belgium and the other in a country outside the European Union, Article 96, 2 of the Code of Private International Law ("CPIL") provides that a Belgian court has jurisdiction if the harmful event or the resulting damage has occurred, or threatens to occur in Belgium, either in full or in part.

Foreign judgements of other EU Member States are enforceable in Belgium according to Regulation (EC) No. 2001/44. If the judgement has been issued by a court established outside the European Union, the legal basis to enforce it can be found in the CPIL.

Foreign judgements are enforceable regardless if protection of the right at stake is protectable or not under Belgian law, provided, however, that the formal requirements for obtaining a declaration of enforceability have also been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with public policy principles or public law in Belgium.

Relevant Literature

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BULGARIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Bulgarian law contains specific provisions on protection of trade secrets. The most relevant provision is contained in the Law on Protection of Competition. Other provisions on trade secrets are included in the Law on Access to Public Information and other national laws on labour and commerce. There are over 60 statutory and non-statutory provisions dealing with trade secrets (including criminal liability).

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

There is not a single definition of trade secrets. A definition is provided by the Law on Protection of Competition, according to which: *“a manufacturing or trade secret is any circumstance, information, decision or data related to a business activity, the secrecy whereof serves the interests of the undertakings concerned and necessary measures to this end have been undertaken”*. Furthermore, the Law on Commodity Exchanges and Wholesale Markets provides that *“the information contained in broker books represents a trade secret...”*

The Law on Access to Public Information also provides that *“any circumstance, information, decision and data related to a business activity that shall be kept confidential by the parties concerned is not a ‘manufacturing or trade secret’ when there is an overriding public interest”*.

Manufacturing and trade secrets consist of any circumstance, information, decision and data related to a business activity. Nevertheless, the Supreme Administrative Court has ruled on a number of occasions that Bulgarian law does not provide a definition of the term “trade secret”, since the law leaves it to the interested entities or individuals to indicate the relevant circumstances. In practice, the notion of trade secrets is very broad and may encompass also facts and information contained in contractual offers, marked as a trade secret, as well as facts and information of a manufacturing or technological nature, the disclosure of which may cause damage.

Trade secrets are not considered intellectual property under Bulgarian law and they are not protected as such. Accordingly, the law implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The lack of a uniform definition of trade secrets often leads to a shortcoming of national law, erroneous application of provisions of law and inconsistent case law.

A European legislative initiative would provide the strongest and most reliable impetus for legislative action at a national level. Currently, there are no indications in the public domain that Bulgarian policymakers have been concerned with trade secrets regulation. It is reasonable to conclude that any amendment to such laws and regulations is currently not seen as a priority in the Bulgarian Parliament. Accordingly, harmonisation and structuring of the matter at the European level would be most beneficial to the objective of sophisticating the protection of trade secrets.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Under Bulgarian law, there are multiple courses of action (civil or administrative proceedings) and different requirements apply to different proceedings.

In general, under tort law, to claim compensation for misuse, unauthorised disclosure and misappropriation, the plaintiff must prove:

- (i) the unlawful activity/inactivity of the defendant;
- (ii) the causation between the damage and the illicit conduct;
- (iii) the damages; and
- (iv) the infringer's fault.

In Bulgarian tort law, fault is presumed to exist unless and until otherwise proven.

Under contract law, damages for breach of contract are available on proof of breach. The precise elements to be established in order to initiate proceedings depend on what has been stipulated in the contract. In general, the non-breaching party is entitled to compensation (damages) for the loss it has suffered.

B.2 Available civil remedies, including interim relief

Damages are the most common remedy sought in Bulgaria. If the claim is brought in tort damages, award shall compensate all pecuniary losses that are a direct and proximate consequence of the wrongdoing. Non-pecuniary losses are compensated on the basis of the principles of fairness and equity, which is assessed by the court on a case-by-case basis.

Further remedies are available in contract law and include both contractual remedies, *i.e.*, agreed by the parties (liquidated damages) and statutory remedies (termination of contract). Damages awarded under contract law are limited to material losses that are direct and proximate consequences from the breach and could have been foreseen at the time of entering into contract. However, if the defendant has acted in bad faith, it shall be liable for all direct and proximate losses.

In civil proceedings, courts may order and execute inspection of properties in order to collect and verify evidence. Parties may also request collection of evidence when there is a danger that such evidence may be lost or its collection hampered.

Cease-and-desist actions in the strict sense of the word are not available under Bulgarian law. Nevertheless, the effect of the cease-and-desist action may be achieved through an injunction for interim relief under the Code of Civil Procedure, according to which the court may adopt any measures it finds appropriate at its convenience and discretion (including injunctions to prohibit the defendant from further carrying on the unlawful activity). In order to obtain an interim relief injunction, the applicant shall demonstrate to the court that enforcement of the court decision upholding the claim would be impossible or significantly impaired. In the practice, Bulgarian courts rarely grant interim relief without a security deposit by the applicant.

B.3 Measures to protect secrecy of information before and during proceedings

Court proceedings in Bulgaria are public. Restriction of publicity is admitted in certain cases, including *inter alia* cases relating to '*the protection of trade, manufacturing, invention or tax-related secrets, the public disclosure whereof may impair party's legitimate interests.*'

Publicity may be excluded at the court's own initiative or upon a party's requested. Final decision are, however, public.

With respect to proceedings related to commercial disputes, which are predominantly based on exchange of written pleadings, publicity may also be excluded when courts decide that there is no actual need to hear parties' oral pleadings and the case may be adjudicated at closed session. Parties to commercial disputes may also request the court to do so.

Parties to a proceeding must substantiate their claims and provide all relevant facts and documents. If a party is by way of a court order obliged to produce a document, such party may not refuse to provide it on the basis of the fact that it contains a trade secret. However, protection of secret information during proceedings is provided for by the Law on Judiciary and the Code on Civil Procedure.

It is worth noting that the Supreme Administrative Court has consistently held that trade secrets of a party shall not be disclosed to other parties of a dispute even when they represent evidence in court.

B.4 Damages – available options and criteria for calculation

There are no specific rules on the award of damages for infringement of trade secrets. The options available are based on the general rules on award of damages under the Law on Obligations and Contracts and the Law on Liability of the State and Municipalities for Damages.

Bulgarian law recognises both pecuniary and non-pecuniary damages although the application of the latter is fairly limited in practice. Pecuniary damages include both losses incurred as a result of trade secret infringement and loss of profits.

According to case law, non-pecuniary damages are available only in tort and may not be claimed for breach of contract, although the scholarship supports also the opposite view. Further, case law has taken the position that non-pecuniary damages are not available to legal entities, rather than natural persons.

Pecuniary damages include both material damages and loss of profits, which are direct and proximate consequences of breach of contract/duty of care. There are no statutory criteria for the calculation of damages. Non-pecuniary damages for breach of statutory duty of care are calculated on the basis of the principle of fairness and equity and the calculation is at the court's discretion. Damage compensation may be reduced in case of the claimant's contributory negligence.

Punitive damages are not recognised by Bulgarian civil laws, although liquidated damages in contract may play a function similar to that of punitive damages.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

If a party acts in good faith, and therefore observes the standard of the required duty of care, it may not be held liable for violation of trade secrets.

Remedies are not enforceable against a person who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Use of non-disclosure agreements/clauses is the common solution adopted by Bulgarian companies to protect trade secrets. Such agreements/clauses are adopted both *vis-à-vis* third parties and employees, in addition to the statutory duty of loyalty and non-disclosure. Employers' internal regulations are also a valuable means for protection as workers/employees are bound to comply with them. These solutions are enforceable as they establish contractual relations between parties.

Post-employment non-compete agreements/clauses are not recognised by law in Bulgaria. The Supreme Cassation Court maintains that a contractual clause restricting employment with other (competing) companies for the purposes of preventing disclosure of trade secrets is contrary to the constitutional right of labour. Such clauses are thus invalid and unenforceable.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Bulgarian courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44, if the parties are domiciled in an EU Member State. Nearly identical provisions apply to the countries governed by the Lugano Convention (*i.e.*, Iceland, Norway and Switzerland).

If one party is domiciled in Bulgaria and the other in a country outside the European Union, and if no bilateral treaty on jurisdiction applies, the Bulgarian Code on International Private Law, ("CIPL") applies.

Foreign judgements of other EU Member States are enforceable in Bulgaria according to Regulation (EC) No. 2001/44. Foreign judgements are enforceable regardless if protection of the right at stake is protectable or not under Bulgarian law; provided, however, that the formal requirements for obtaining a declaration of enforceability have also been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with public policy principles or public law in Bulgaria.

Relevant Literature

No relevant literature has been identified.

CYPRUS

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions dealing with trade secrets are included in different legislations, such as the Commercial Descriptions Law; the General Product Safety Law; the Competition Law; the Control of Concentrations between Undertakings Laws; the Contract Law; and the Cosmetic Products Law. Protection granted under these laws is however very limited. Furthermore, violation of trade secrets entails only criminal liability.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

There is no statutory definition of trade secrets in Cyprus legislation and no generally acknowledged definition has been identified.

Lacking any definition, any type of information is potentially capable of being protected as a trade secret in Cyprus. However, there is no case law involving trade secret infringement which can provide any guidelines on how to identify a trade secret.

Trade secrets are not considered to be intellectual property in Cyprus and the Enforcement Directive is not applicable to the protection of trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The principal inadequacy is the lack of a specific legislation on the protection of trade secrets, thus a European harmonised and common legislation for the definition and effective protection of trade secrets would be feasible and positive, and serve as a catalyst to increase commercial activities within the Cyprus economy.

There are no current proposals for a new legislation on trade secrets in Cyprus.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Infringement of trade secrets under the relevant Cyprus legislation triggers only criminal liability and not civil liability.

To commence a proceeding under said legislation, the following elements must therefore be established: (a) the unauthorised disclosure; (b) by a civil servant of (c) a trade secret.

B.2 Available civil remedies, including interim relief

Available civil remedies are damages and injunctions, including preliminary injunctions. Usually injunctions are claimed by employers to prevent or order the cessation of the violation of trade secrets by employees or former employees bound by non-disclosure obligations contained in the employment agreement.

These remedies are cumulative.

Ex parte orders to search premises and computer systems for misappropriated data or information are also in principle available, although courts are very reluctant to grant such type of orders.

B.3 Measures to protect secrecy of information before and during proceedings

It is possible to protect trade secrets before and during proceeding by (i) excluding the public form of the proceeding; (ii) storing the documentary information relating to trade secrets in a subfile separate from the main court file or investigation file relating to the case.

Where trade secrets or confidential information is obtained by a government authority (e.g., the Ministry of Commerce) in the course of an investigation into the commercial activities of a company or an individual, this type of information is placed in a subfile separate from the main case file.

In addition, each government ministry stores such trade secret information in a separate location from the main filing location, namely in a special strong/safe room where a very limited number of civil servants have special security clearance to access, store and retrieve such sensitive information.

B.4 Damages – available options and criteria for calculation

The owner of an infringed trade secret is in principle entitled to damage compensation. Damages awarded consist of the actual loss incurred by the plaintiff provided he can provide satisfactory evidence of the loss to the court.

Punitive damages are not available for breach of trade secrets.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Since trade secret infringement entails a criminal liability, third parties who obtained the trade secret in good faith or who autonomously developed the same information cannot be held liable for trade secret infringement.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Licensing agreements, non-disclosure, confidentiality agreements and non-use agreements are common practical solutions adopted by companies in Cyprus to protect trade secrets *vis-à-vis* both third parties and employees.

These agreements are generally enforceable under contract law.

B.7 Cross-border litigation and enforcement of foreign decisions

Cyprus courts have jurisdiction in cross-border litigations provided that at least one of the following requirements is met:

- (i) One of the parties are domiciled (or resident) in Cyprus.
- (ii) The illicit conduct (breach of the trade secret) took place in Cyprus.

- (iii) There is a contractual obligation in the relevant contract according to which any dispute shall be decided under Cyprus law.

Foreign judgements issued by an EU or non-EU Member States are enforceable in Cyprus according to the Regulation (EC) No. 2001/44 and the relevant bilateral treaty in place with the country that issued the decision, respectively, regardless if the right at stake is protectable or not under Cyprus law.

Relevant literature

No relevant literature has been identified.

CZECH REPUBLIC

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on the protection of trade secret are contained in the Czech Commercial Code and in the Czech Criminal Code. In addition, a prohibition to disclose a trade secret is included in a large number of laws and regulations not strictly related to IP and commercial matters. Infringement of trade secrets under the Commercial Code is considered an act of unfair competition.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by Section 17 of the Czech Commercial Code (which substantially correspond to the definition of Article 39.2 of the TRIPS Agreement), according to which a trade secret consists of:

- (i) *"all facts of commercial, manufacturing or technical nature related to an enterprise;*
- (ii) *that have actual or at least potential material or immaterial value;*
- (iii) *are not commonly available in the relevant business circles;*
- (iv) *should be maintained in secrecy on basis of the trader's decision; and*
- (v) *the trader ensures their secrecy adequately".*

Although the Commercial Code applies to entrepreneurs, business obligations and some other relations connected with business activities, including unfair competition conduct, lacking any other definition of trade secrets, the definition provided therein is widely used/referred to also in other "non-commercial" relationships.

Czech law does not provide a list of protectable trade secrets. According to commentators and case law, a trade secret may include information on:

- (i) Lists of customers, suppliers; business plans, price calculations, marketing studies, commercial know-how (facts of commercial nature)
- (ii) Manufacturing programs, technology processes, manufacture patterns, prototypes and receipts (facts of manufacturing nature)
- (iii) Technical drawings and project documentations (facts of technical nature)

Trade secrets are not considered to be intellectual property and they are not protected as such. Accordingly, the law implementing the Enforcement Directive is not applicable to trade secrets. However, trade secrets are considered exclusive (non-registered) rights - similarly to other IP rights - and their protection is effective against any persons, including third parties in good faith.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The main inadequacies of the law on trade secrets concern the enforcement of trade secret rights, particularly against former employees who set up a new business competing with and benefiting from the confidential information of their former employer.

Despite the very recent approval of a new Civil Code (effective on 1 January 2014), no substantial modifications have been made to the provisions/definition of trade secrets as currently provided by the Commercial Code. According to the new Civil Code, the violation of a trade secret remains an act of unfair competition.

Although there is no need to elaborate a new definition of trade secrets, harmonisation, in particular effective protection, including enforcement of trade secrets, would be useful also considering that most companies' operating businesses in Czech Republic and acting as employers are foreign companies or are owned/controlled by foreign companies.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceedings for trade secret infringement, provided that the trade secret falls within the law definition, the right holder must prove that:

- (i) the counterparty has illegally informed another person about a trade secret;
- (ii) it has provided another person with access to a trade secret; or
- (iii) it has exploited a trade secret for his/her own or another person's benefit, using it in competition, having become aware of the secret as a result of having been entrusted with that secret, or by having gained access to it (through technical documentation, instructions, drawings, models or patterns) on the basis of an employment or other relationship with the competitor, or while performing a function to which the individual was appointed by a court or other authority; or through his/her own or another person's illicit conduct.

B.2 Available civil remedies, including interim relief

Remedies available are those provided by provisions on protection against unfair competition and may include claims to obtain:

- (i) cessation of the illicit conduct and elimination of the improper state of affairs;
- (ii) appropriate satisfaction, which may be rendered in monetary form; or
- (iii) damage compensation, including restitution of unjust enrichment.

All these remedies are cumulative.

Preliminary injunctions can be granted by courts if the situation of the parties must be temporarily adjusted or if the execution of the decision could be endangered. To obtain the preliminary injunction, the claimant is requested to provide a security deposit.

Ex parte search orders of premises or computer systems of the defendant are not available under Czech law. However, any party to a civil proceeding has, upon request of the court, a duty to submit a document or an object specified by the court if such document or object constitutes evidence in the proceeding.

B.3 Measures to protect secrecy of information before and during proceedings

To protect the secrecy of information during the proceedings, the general public may be excluded from the hearing in whole or in part. In such case, however, the court may permit individual citizens to attend the hearing, instructing them of criminal liability resulting from a breach of secrecy.

B.4 Damages – available options and criteria for calculation

Damages under Czech law include both monetary compensation and, under certain circumstances, restoration of the previous condition - although rarely applied in cases of trade secret infringement.

Monetary compensation includes both material damages and loss of profits.

Punitive damages are not recognised by Czech laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Civil remedies against infringement of trade secrets are available also against third parties who obtained the trade secret in good faith. On the contrary, it is not possible to enforce a trade secret against a person who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies mainly consist of non-disclosure agreements. Appropriate provisions ensuring protection of trade secrets are often also included in employment agreements or employers' internal regulations. Non-disclosure agreements often provide for liquidated damages in case of breach of the confidentiality obligation.

Other solutions may include the adoption of technical and organisational measures to restrict access to documents containing trade secrets.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Czech courts in cross-border litigation is determined according to the Regulation (EC) No. 2001/44 and No. 2007/864.

Foreign decisions are enforceable in Czech Republic only on the basis of the international treaties in force with the country issuing the relevant decision.

Relevant literature

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DENMARK

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions on the protection of trade secrets are included in the Criminal Code, which punishes the illegal access to trade secrets, and in the Marketing Practices Act, which sanctions the unauthorised appropriation and misuse of trade secrets.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The law in Denmark does not provide a definition of trade secrets as such. However, the case law has developed a definition on the basis of the provisions of the Marketing Practices Act, according to which trade secrets within the meaning of Section 19 of the Marketing Practices Act comprise:

- (i) Operating and technical secrets, *e.g.*, engineering and application of technical equipment, drawings, receipts
- (ii) Commercial secrets, *e.g.*, formation of commercial relationships, customer lists, price calculations

Also the requirements set forth by Article 39.2 of the TRIPS Agreement are taken into consideration to decide whether or not information is to be considered a trade secret.

Only specific and concrete information can be protected, and the categorisation as a trade secret requires that the information (i) is of significant importance to the enterprise; and (ii) is only known to a limited number of employees. Information obtained from documents, manuals, etc., disseminated by the right holder or obtained from reverse engineering of the products disseminated by the right holder does not qualify as trade secrets.

The term "trade secrets" within the meaning of the Danish Criminal Code is interpreted in line with the term in Section 19 of the Danish Marketing Practices Act.

Trade secrets are not considered to be intellectual property under Danish law. Accordingly, the law implementing the Enforcement Directive is not directly applicable to trade secrets in Denmark.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No particular inadequacies have been identified. The definition provided in the TRIPS Agreement appears sufficient. A European harmonised and common legislation is feasible, provided it is as effective and dynamic as the Danish system.

There are no current proposals for a new legislation on trade secrets in Denmark.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In order to succeed in a legal proceeding for trade secret infringement, the plaintiff must establish the following:

- (i) that the information is a "trade secret";
- (ii) that the plaintiff is the "owner" of the trade secret or has been authorised by the owner to take legal action.

B.2 Available civil remedies, including interim relief

Available civil remedies include:

- (i) Interim injunctions against the misuse of trade secrets (these proceedings are as a main rule not *ex parte*), provided that the plaintiff can show that it is probable that the defendant is misusing, and will continue to misuse, trade secrets; and that the purpose of the action would be lost if the plaintiff had to resort to ordinary court proceedings. The interim injunction can be obtained both prior and during proceedings and shall be confirmed through an ordinary proceeding on the merits and can contain an order to:
 - (a) prohibit continuance of the illicit conduct; or
 - (b) obtain restitution of the state of affairs existing before the unlawful action, including destruction or recall of products and issue of information or correction of statements.
- (ii) Damages. The plaintiff can also obtain damages and a reasonable fee from the defendant for the violation.

The above remedies are cumulative.

Ex parte orders to search premises are not available for trade secret infringements (they only apply to the ordinary IP rights such as copyright, patents, trademarks, etc.), unless the alleged violation is subject to a criminal investigation by the police.

B.3 Measures to protect secrecy of information before and during proceedings

Civil proceedings are public in Denmark. However, in cases involving trade secrets, the court may order that the public be excluded from the proceeding according to Section 29 of the Danish Administration of Justice Act.

Furthermore, request for disclosure of documents and/or products may be refused by the court if it is assumed that the claimant's interest in the information is disproportionate to the harm that the information may cause to the person providing the information, e.g., if the information comprises trade secrets.

B.4 Damages – available options and criteria for calculation

Damages can be awarded both under the Marketing Practices Act and under common civil law principles provided that the right holder demonstrates it has suffered an actual loss.

Calculation of damages is based on the actual loss that is suffered. If infringement or exploitation of rights has taken place neither intentionally nor through negligence, the offender shall pay damages to the extent deemed reasonable, which is calculated based on what is considered a "fair compensation" for the infringement, *i.e.*, a reasonable licence fee.

Punitive damages are not recognised by Danish laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies can be enforced also against third parties who obtained the information in good faith. On the contrary, a party who autonomously developed the same information is not liable for trade secret infringements.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Trade secrets are commonly protected by companies through licensing, non-use agreements and non-disclosure agreements with third parties.

Vis-à-vis employees, whilst employed, they have a statutory duty of nondisclosure of the employer's confidential information and trade secrets which lasts for three years after the employment relationship. Nevertheless, it is common practice to include confidentiality clauses in the employment contract. After the employment is terminated, the employer may protect its trade secrets also through non-compete agreements/clauses. Non-compete clauses are only valid and enforceable if the employee is fairly compensated.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Danish courts in cross-border litigation is generally established on the basis of the domicile of the defendant within the territory of Denmark. If the defendant has no domicile in Denmark, jurisdiction of Danish courts exists if unlawful conduct took place in Denmark.

Jurisdiction in cross-border litigation involving EU Member States is established according to the Regulation (EC) No. 2001/44.

Foreign judgements of other EU Member States are enforceable in Denmark according to Regulation (EC) No. 2001/44 and regardless if the right at stake is protectable or not under Danish law, whereas judgements issued in the remaining countries are enforceable in Denmark provided that the formal requirements for obtaining a declaration of enforceability have been complied with.

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ESTONIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions on protection of trade secrets are included in the Competition Act, but also in the Commercial Code, the Employment Contracts Act and the Criminal Code. Estonia does not have a special act on the protection of trade secrets.

The protection of trade secrets is legally granted under the regulation of unfair competition.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by Section 63 of the Competition Act, according to which a business secret is:

- (i) an information concerning the business activities of an undertaking; and
- (ii) the communication of which to other persons is likely to harm the interests of such undertaking, and above all:
 - technical and financial information relating to know-how;
 - information concerning the methodology of validation of expenditure;
 - production secrets and processes;
 - sources of supply;
 - volumes of purchase and sales;
 - market shares;
 - clients and distributors;
 - marketing plans; and
 - expenditure and price structures and sales strategy.

The list provided by Section 63 of the Competition Act is an illustrative list meant for the officials of the Competition Authority. However, according to the Estonian Supreme Court, it gives a general overview of what potentially could be considered an undertaking's trade secrets. The definition of trade secrets provided in the TRIPS Agreement is also taken into consideration by Estonian courts.

Trade secrets are not protected as intellectual property rights in Estonia although there is no case law to confirm this conclusion. Accordingly, the law implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Provisions on trade secrets are scattered over different acts and trade secrets as an object of protection seem to fall into a “grey area”. There is no clear answer on whether trade secrets fall under the protection of intellectual property or not.

Furthermore, the general wording of the law and the lack of leading case law discourage trade secrets owners from initiating proceedings in Estonia. Terms like “trade secret”, “business secret” and “confidential information” are used interchangeably in legislation and there is no unified term or definition. A general definition of a trade secret could further the efficiency of the protection.

A European harmonised and common legislation for the definition and effective protection of trade secrets would thus be feasible and positive.

There are no current proposals for a new legislation on trade secrets in Estonia.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence a legal proceeding for trade secret infringement, the following elements must be established:

- (i) Infringer’s unlawful conduct (unauthorised use, disclosure, misappropriation, etc., of trade secrets)
- (ii) Damage to the plaintiff
- (iii) Causation between the infringer’s conduct and the damage to the plaintiff
- (iv) Culpability of the infringer (through carelessness, gross negligence or intent)

If the obligation to maintain trade secrets arises from a contract, the following elements must be established to commence legal proceedings:

- (i) A valid contractual obligation to maintain the trade secret
- (ii) Actual validity of the obligation
- (iii) Breach of the contractual obligation

B.2 Available civil remedies, including interim relief

Civil remedies based on tort include compensatory damages and cease-and-desist orders (injunctions).

Remedies based on contract law include claims to obtain performance of the obligation or withhold performance of the obligation; compensatory damages; termination of the contract and payment of the liquidated damages - if provided in the contract.

The remedies are cumulative.

Available interim relief remedies include interim injunctions, pre-trial taking of evidence and taking of evidence (request to provide documents and information).

Interim injunctions are granted if there is reason to believe that failure to secure the action may prejudice compliance with the judgement. The court may, by way of securing an action, provisionally regulate a disputed legal relationship and, above all, the intended purpose of a thing, if this is necessary to prevent significant damage or arbitrary action or other reasons. Interim injunction may be granted *ex parte*.

Courts may order the defendant to provide information as to the whereabouts of documents and files containing relevant information according to the general procedure of taking of evidence. A person in possession of a document has the obligation to submit the document to the court at the court's request. Denial of possession implies that the party shall be heard under oath on the failure to submit the document.

Ex parte pre-trial taking of evidence orders are available only to cases of intellectual property infringements. In all other cases (including trade secret infringement), the court first serves the motion for pre-trial taking of evidence and the court ruling on initiation of the proceeding on to the opposing party.

Ex parte orders to search of premises and computer systems for misappropriated data and request as to the whereabouts of documents and files containing such data are procedural acts that can be performed during a criminal proceeding.

B.3 Measures to protect secrecy of information before and during proceedings

Secrecy of information is protected by excluding the public from proceedings. It is common practice to exclude public from proceedings involving trade secrets. The exclusion may concern only trade secret discussion or the entire proceeding and is effective upon a party's request or the court's own initiative, provided that this is required to protect trade secrets or other similar secrets and the interest in public hearing is not higher than the interest in protection of the secret; or to hear a person obliged by law to protect confidential information or business secrets if said person is entitled by law to disclose such information and secrets in the course of a proceeding.

B.4 Damages – available options and criteria for calculation

Damages can be claimed both in tort and contract.

Damages in tort are assessed according to the general provisions on damages contained in the Law of Obligations. The burden of proof is on the plaintiff, who shall prove that misuse of trade secrets has caused damages. Only damages that are direct consequence of the unlawful conduct can be compensated. Restitution of unjust enrichment obtained by the infringer is another criteria used for damage calculation.

Damages based on contract can be awarded only if such damages were foreseeable or should have foreseen as a possible consequence of non-performance at the time the contract was concluded, unless the damage is caused intentionally or with gross negligence.

The court is in all cases free to assess the amount of damages on an *aequo et bono* basis, considering the arguments and documentation presented by the parties.

Punitive damages are not recognised by Estonian law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are generally enforceable and action may be brought in any circumstances. Good faith may affect the way the case is decided but not necessarily.

A person who can prove to have autonomously developed the same information or that said information is part of his own professional knowledge is not liable for trade secret violations.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-disclosure agreements/clauses are the common practical solution adopted by company to protect their trade secrets. These agreements are used *vis-à-vis* both third parties and employees. Providing liquidated damages in case of breach usually furthers said obligations. Such agreements/clauses are generally enforceable under contract law and employment law.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of the Estonian courts is generally determined by the defendant Estonian domicile. Jurisdiction in cross-border litigations is determined according to the Regulation (EC) No. 2001/44 for EU jurisdictions and in case of non-EU jurisdiction according to the Lugano Convention.

Foreign judgements of other EU Member States are enforceable in Estonia according to Regulation (EC) No. 2001/44. With regards to non-EU countries, enforceability depends on bilateral agreements in place between said country and Estonia.

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FINLAND

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions on protection of trade secrets are contained in several acts, most importantly the Unfair Business Practices Act and the Employment Contracts Act.

The protection of trade secrets disclosed in legal proceedings is also secured by virtue of the Act on the Publicity of Court Proceedings in General Courts, the Act on the Openness of Government Activities and the Act on the Safeguarding of the Presentation of Evidence in Disputes concerning Copyright and Industrial Property Rights.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Except for the Criminal Code that provides a definition of trade secrets, Finnish law does not provide a definition of trade secrets. The relevant provisions mention both trade and business secrets, and no practical difference is made between the two.

The definition of trade secrets developed by Finnish case law encompasses all confidential information concerning either an enterprise or its business, the confidentiality of which is important for the enterprise in question and the disclosing of which would cause harm to the enterprise.

Additional guidelines may be found in the preparatory works to the Unfair Business Practices Act, where it is stated that trade secrets can generally contain economic information (e.g., company's organisation, contracts, marketing or pricing) or technical information (e.g., structures or material compounds); and in the preparatory works to the Employment Contracts Act, where also methods of working, computer programs, production volumes, formulas and customer registers are mentioned.

The provisions on trade secrets in the Unfair Business Practices Act also mention technical models and technical instructions as objects of protection in addition to trade secrets.

Although trade secrets are not considered to be intellectual property rights, the broad definition of intellectual property rights under Finnish law also encompasses the provisions on protection against unfair business practices - which in turn comprehend the protection of trade and business secrets. However, the law implementing the Enforcement Directive does not apply to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Provisions on protection of trade secrets are scattered over different laws and trade secrets as an object of protection seem to fall into a "grey area", being related to intellectual property but not explicitly recognised as such. Terms like "trade secret", "business secret" and "confidential information" are used interchangeably in legislation and there is no unified term or definition. Thus, a general definition of a trade secret could further the efficiency of the system of protection in this sense.

There are no current proposals for a new legislation on trade secrets in Finland.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for trade secret infringement, the right holder must prove that the defendant:

- (i) has obtained or attempted to obtain information regarding a business secret or has used or revealed information obtained in this unjustified manner;
- (ii) has used or revealed a business secret he or she has obtained while in the service of the applicant in order to obtain personal benefit, benefit for another or in order to harm another;
- (iii) has used or revealed a business secret, technical model or technical instructions that he or she has obtained while carrying out a task on behalf of the entrepreneur applicant; or
- (iv) has used or revealed a business secret, technical model or technical instructions of the applicant, on which the respondent has been informed by another, knowing that the informant had obtained the information unjustifiably.

Furthermore, to obtain precautionary orders under the Code of Judicial Procedure, the claimant must prove the existence of the right; and the risk that the defendant may hinder or undermine the realisation of the right or may impair its value or significance.

B.2 Available civil remedies, including interim relief

Civil remedies available to the owner of a trade secret include:

- (i) Precautionary measures (e.g., injunction against disclosure or use of the trade secret under threat of a penalty fine, or seizure of documents or other material containing the trade secrets in question for evidentiary purposes)
- (ii) Damage compensations

Said remedies may be sought under the Code of Judicial Procedure, the Unfair Business Practices Act, the Employment Contracts Act, the Tort Liability Act and the Act on the Safeguarding of the Presentation of Evidence in Disputes concerning Copyright and Industrial Property Rights.

If damages are claimed pursuant to the Tort Liability Act, compensation for economic loss that is not connected to personal injury or damage to property arises only where the injury or damage has been caused by an act punishable by law or in the exercise of public authority, or in other cases, where there are "especially weighty reasons for the same". As required by the general principles of tort law, there must be a causal link between the injury and the illicit conduct.

Interim injunctions are available. In particular, the court may seize data that is expected to be relevant in the proceeding pursuant to the Act on the Safeguarding of the Presentation of Evidence in Disputes concerning Copyright and Industrial Property Rights.

Precautionary orders may be granted *ex parte* only under the condition that the purpose of the precautionary measure becomes endangered if the defendant is allowed the opportunity to be heard. Such orders are enforced by the bailiff with the assistance of the police or the claimant.

More extensive searches of premises and computer systems may, however, be conducted only in connection with criminal pre-trial investigations.

B.3 Measures to protect secrecy of information before and during proceedings

Secrecy of information is protected by excluding the public from proceedings. It is common practice to exclude the public from proceedings which involve trade secrets. The exclusion may concern only trade secret discussion or the entire proceeding.

Despite all relevant documents proving the claims of the parties need to be filed at the court and examined during the main hearing, there are several statutes in place under which the parties can request that documents or portions thereof be declared secret. The period of secrecy of trade secrets under such declaration can extend up to 25 years from the commencement of the proceedings.

Secrecy can be similarly protected in case the relevant information is acquired before the proceedings, *i.e.*, by the bailiff or the police.

B.4 Damages – available options and criteria for calculation

Damages can be claimed both in tort and contract.

Damages on tort are assessed according to the general provisions on liability contained in the Tort Liability Act. However, damages are awarded only for injury or damage to persons or property. Damages for economic loss not connected with injuries or damages to persons or property will only be awarded where the injury or damage has been caused by an act punishable by law or in the exercise of public authority, or in other cases, where there are “especially weighty reasons for the same”. The burden of proof is on the plaintiff, who shall prove that misuse of trade secrets has caused damages.

Damages can also be awarded based on a contractual clause - especially if liquidated damages have been agreed upon.

There are no standard criteria for calculating damages, except that infringer’s profits can be taken into account (unjust enrichment).

The court is in all cases free to assess the amount of damages on an *aequo et bono* basis, which can be influenced by arguments and documentation presented by the parties.

Punitive damages are not recognised by Finnish laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are generally enforceable and actions may be brought in any circumstances. Good faith may affect the way the case is decided but not necessarily.

A person who can prove to have autonomously developed the same information or that said information is part of his own professional knowledge is not liable for trade secret violations.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-disclosure agreements/clauses are a common practical solution adopted by company to protect their trade secrets. These agreements are used *vis-à-vis* both third parties and employees. Providing liquidated damages in case of breach usually furthers said obligations. Such agreements/clauses are generally enforceable under contract law and employment law.

With regards to employees, non-compete agreements/clauses are included in agreements with employees that are in possession of specific important information (business secrets), although during the employment an employee has a general duty not to disclose the confidential information of the employer. Non-compete obligations shall have a limited duration of maximum six months after termination of the employment, or a maximum period of 12 months if a reasonable compensation is provided to the employee.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Finnish courts is mainly determined by the defendant domicile in Finland. Jurisdiction in cross-border litigations is assessed according to Regulation (EC) No. 2001/44 for EU Member States.

Foreign judgements of other EU Member States are enforceable in Finland according to Regulation (EC) No. 2001/44. With regards to non-EU countries, enforceability depends on bilateral agreements in place between said country and Finland.

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FRANCE

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on protection of trade secrets are contained in Articles L.621-1 of the French Intellectual Property Code ("IPC") and L.1227-1 of the Labour Code which provides protection for manufacturing secrets against disclosure or attempt of disclosure by directors and employees. The scope of protection under these articles is limited to the protection of manufacturing secrets, defined by case law as *"any manufacturing process conferring a practical and commercial value/interest implemented by an industrial manufacturer and kept secret by him to his competitors, who did not have any knowledge of the secret before the disclosure"*.

Additional provisions are included in the French Criminal Code and in the Civil Code (both under tort and contract law).

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

There is no definition of trade secret under French law. According to French case law, a trade secret is:

- (i) a substantial and formalised body of knowledge;
- (ii) not directly accessible; and
- (iii) which confers/gives a competitive advantage to its possessor.

Although the TRIPS Agreement does not apply directly in France (since it has not been transposed in French national legislation), according to certain French commentators, the definition provided by Article 39.2 of the TRIPS Agreement can be used in civil or criminal litigations to construe the definition of trade secrets used by courts.

Trade secrets that can be protected under French law include manufacturing secret, professional secret, commercial know-how (e.g., suppliers' lists, customers' lists), technical know-how (industrial, technical and unpatented manufacturing processes) and computing know-how (e.g., any computing process or manipulation). French case law and doctrine have also recognised fragrances as trade secret.

Manufacturing secrets and professional secrets are protected by specific law provisions and enjoy a different treatment.

Under French law, trade secrets are generally understood to be intellectual property rights, although they do not give rise to an exclusive property. However, the law implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The main inadequacies of French law concern the lack of a definition of trade secrets and the impossibility to apply the notion of trade secret provided by Article 39.2 of the TRIPS agreement in a litigation relating to a violation of trade secrets. French courts recognise a limited scope of protection to trade secret (inappropriate/unsuited criminal offences as

well as civil actions have a limited effectiveness due to the fact that they are only compensating the prejudice suffered) and also face many difficulties to guarantee secrecy of trade secrets during proceedings. Furthermore, French law does not contain provisions for calculation of damages in case of trade secret infringement.

A European harmonised and common legislation for the definition and effective protection of trade secrets would therefore be feasible and positive.

There is a current proposal for a new legislation in France, which introduces the new offence of violation of "economical information", punishable by three years imprisonment and a fine of EUR375,000. For the purpose of this proposal, "*economical information*" is defined as information which is not generally known or readily accessible to the public, and which confers, directly or indirectly, a commercial value to the company, and has been subject to reasonable steps according to the law and commercial practices, by the person lawfully in control of the information, to keep it secret. The proposal also provides that "*The act, by any director or salaried person of the enterprise in which he is employed, of revealing or attempting to reveal an economical information protected under article 226-14-2 shall be punishable under article 226-14-2 of the Criminal Code*".

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal (civil) proceeding, French law requires the demonstration of three elements:

- (i) The fault
- (ii) The damage suffered
- (iii) The causation between the fault and the damage

B.2 Available civil remedies, including interim relief

Remedies available in tort include compensatory damages and potentially the prohibition of the continuation of the infringing acts, although there are no court precedents in trade secrets cases.

Remedies available in contract law include damage compensation - liquidated damages or other - and termination of the contract. An employee who discloses confidential information may also be held liable for breach of his duty of loyalty. The employer may seek damages and termination of the employment contract.

According to case law, civil penalties/damages can apply to persons who disclose a trade secret as well as to persons who benefit from this secret. Furthermore, since in unfair competition actions the plaintiff is not required to prove the fraudulent intent of the defendant, it seems possible to claim damages even when the trade secret has been disclosed unintentionally and/or negligently.

The remedies are not cumulative.

Interim relief orders can be granted by the President of the High Court and include measures such as preliminary interim injunctions or cease-and-desist orders, interim

payment orders, and suspension of the execution of an agreement. Additionally, the president of a court may adopt any measures to obtain evidence during a proceeding, including ordering submission of documents under penalty. Search orders have been admitted by the Paris Court of Appeal in case of infringement based on software law in order to search and evidence the misappropriation of know-how and trade secrets.

B.3 Measures to protect secrecy of information before and during proceedings

During pre-trial proceedings, courts may protect a party's trade secrets by restricting the access to the information by the defendant - *e.g.*, only court's experts and the parties' counsel may access the information - and excluding information from written reports by not mentioning it or by putting it into sealed enveloped not accessible to the parties.

Hearings in French civil proceedings are public unless otherwise provided by law. The parties may, however, ask the judge to exclude the public if confidential information needs to be discussed. Lacking the parties' request, the hearing remains open.

Access to documents in civil litigations is limited to the parties and their counsel. However, there is no provision preventing a party or a third party from disclosing the exhibits or the information exchanged during the proceeding. The only exception seems to involve investigation measures conducted by an expert, for which the Code of Civil Procedure specifically provides that *"the opinion of the expert, whose disclosure infringes one's privacy or any other legitimate interest, may not be used outside the proceeding, except with the judge's permission or with the consent of the concerned part"*. The final decision is, however, public.

Although rarely enforced by French courts, it is worth mentioning that France adopted in 1968 a specific statute (Statute n° 68-678 of 26 July 1968) called the 'blocking statute', which aims at prohibiting the oral or/and written communication to foreign authorities of any economical, commercial industrial, technical or financial documents and information to be produced as exhibits before foreign courts. Breach of this provision is subject to six months imprisonment and a fine of EUR18,000.

B.4 Damages – available options and criteria for calculation

Damages claims can be based on tort or contract. In tort, damages are awarded as a lump sum or as a sum corresponding to the loss suffered by the right holder as a consequence of the infringement, including loss of profits.

No specific criteria for calculation of damages caused by trade secret infringement (contrarily to infringement of IP rights) are provided by French law.

Punitive damages are not recognised by French law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies for trade secret infringement are not enforceable against third parties who obtained the trade secret in good faith or who autonomously developed the information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies mainly include non-use, non-disclosure, non-compete, confidentiality provisions and/or agreements on trade secrets. Said solutions are adopted *vis-à-vis* both third parties and employees, in addition to the general duty of loyalty and non-disclosure provided by law during the employment. Post employment non-compete clauses can also be included in employment contracts.

These solutions are enforceable under French contract law provided that the relevant obligations/provisions are precise and not too general.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of French courts is principally based on the defendant domicile. In cross-border litigations jurisdiction is established according to the Regulation (EC) No. 2001/44, if the parties are domiciled in a EU Member State. Nearly identical provisions apply to the countries governed by the Lugano Convention (*i.e.*, Iceland, Norway and Switzerland).

If one party is domiciled in France and the other in a country outside the European Union, lacking any overriding bilateral treaty on jurisdiction, the French Code of Civil Procedure shall apply to the following, according to which jurisdiction may be established:

- (i) In contractual matters, before the French court of the place of the actual delivery of the chattel or the place of performance of the agreed service;
- (ii) In tort matters, before the French court of the place of the event causing liability or the one in whose district the damage was suffered;
- (iii) In labour matters, alternatively before the French court where the establishment in which the activity is performed; or the employee is domiciled if the employee is working outside the establishment or at his domicile if he is domiciled in France. The employee may also bring an action before the labour courts of the place where the agreement was undertaken or the place where the employer is established

Foreign judgements of other EU Member States are enforceable in France according to the Regulation (EC) No. 2001/44. Foreign judgements of non-EU Member States are enforceable in France, provided that the following conditions are met:

- (i) The indirect jurisdiction of the foreign court
- (ii) The compliance to the international public policy
- (iii) The absence of fraud to the law

A foreign decision is contrary to the international public policy, when it is established that the interests of a party have been objectively compromised by a violation of the procedure's core principles during the introduction of the action and the elaboration of the decision.

Foreign judgements are enforceable regardless if protection of the right at stake is protectable or not under French law.

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GERMANY

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are a number of provisions in German legislation protecting trade secrets, most importantly, the provision of the Act Against Unfair Competition which belongs to the area of criminal law which also constitutes the basis for civil law claims. These provisions apply both to employees and third parties.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Although German law does not provide any statutory definition of trade secrets, it is generally accepted that trade secrets incorporate:

- (i) all information connected to the business;
- (ii) which is not public knowledge;
- (iii) which shall be expressively kept secret for the purpose of economic interest; and
- (iv) whereas the business owner needs to have a legitimate commercial interest in keeping the information secret.

Furthermore, German legal terminology formally distinguishes between trade secrets in the strict sense of the word and business secrets. Trade secrets relate to the commercial section of a business, whereas business secrets relate to the technical section of a business. The differentiation does not affect the protection of trade secrets.

Under German law, trade secrets are not considered to be intellectual property. Accordingly, the law implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Protection of trade secrets under German law is scattered over different fields of law and there is no uniformity within the different provisions. This might potentially lead to inconsistent legal practice.

Furthermore, protection of trade secrets is mostly granted under criminal provisions. The owner of the trade secret has to rely on the criminal investigation of the public prosecutor which may take quite a while as acquiring information and evidence itself may prove to be difficult.

A European harmonised and common legislation would thus be feasible and positive as a uniform statute would help to achieve a uniform level of protection and would enable the owner to achieve an international exploitation of trade secrets.

There is no current proposal for a new legislation on trade secrets in Germany.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence civil legal proceeding for any form of trade secret infringement in Germany, the following elements must be established:

- (i) Competent Court for the appointment
- (ii) Identification of the trade secrets infringed
- (iii) Proof of the infringement. Since this may prove to be difficult, German (case) law provides some relief for the claimant to prove the necessary circumstances as he can rely on some legal assumptions such as *prima facie* evidence.

It must be noted that in Germany, many cases concerning the misappropriation of trade secrets start with a criminal prosecution. In this case, the person who made the complaint generally does not have to provide all-embracing information as the prosecuting authorities have the obligation to gather evidence themselves during the preliminary proceedings. The claimant can then use the results of the authority's investigations in the civil proceeding.

B.2 Available civil remedies, including interim relief

The following civil remedies are available for trade secret infringement and can be claimed cumulatively:

- (i) Cease-and-desist orders
- (ii) Claims for injunction
- (iii) Claims to render account of profits for the purpose of calculating damages
- (iv) Claims for damages
- (v) Claims to hand back or destroy the protected information

Cease-and-desist orders and preliminary injunctions may also be requested as preliminary relief measures. Preliminary injunctions are very common in the area of the infringement of trade secrets.

An injunction can be granted if the plaintiff can provide evidence of a high likelihood of the infringement and there is a risk that a change of the *status quo* might frustrate the realisation of the right enjoyed by a party, or make its realisation significantly more difficult. Preliminary injunctions generally do not need to be confirmed through an ordinary proceeding, but upon application of the defendant, the court has to order the commencement of an ordinary proceeding.

Search orders are also available to a party who has a claim in respect of an item against its possessor or wishes to obtain certainty as to whether he has such a claim. Said party may request that the possessor presents the relevant item to him for inspection or permits inspection.

Furthermore, the court may order a party to submit records or documents, as well as any other materials that are in its possession and to which the other party has made reference. Under certain circumstances, the defendant is also obliged to provide relevant information under the aspect of good faith.

B.3 Measures to protect secrecy of information before and during proceedings

Hearings in a oral proceeding are public but the parties can apply for excluding the public. The exclusion of the opponent party from the presentation of facts is not allowed by German law. However, legal practice developed the so-called "Düsseldorfer Procedure" (*Düsseldorfer Praxis*) which is widely accepted as it allows securing evidence swiftly and at the same time ensures that the confidentiality is preserved. Such a practice has been in principle developed for patent law claims but seems applicable also to trade secrets claims. Within this procedure, the court orders independent proceedings for the preservation of evidence as an interim injunction. Only an authorised expert who is bound to confidentiality and the parties' attorneys are allowed to inspect the evidence so that a party does not have access to trade secrets of the other party during this procedure.

The parties in a civil proceeding have to prove their claims and file the documents evidencing their claims. However, written submissions are only disclosed to the judge and the opposing party.

B.4 Damages – available options and criteria for calculation

Options available under German law include compensation of actual damages and loss of profits; recovery of the infringer's profit obtained from his wrongdoing; and licence analogy.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are enforceable regardless whether the trade secret has been obtained in good or bad faith. The only statutory differentiation concerns the question if the secret was obtained during the employment or by means of industrial espionage. A third party who obtained the secret in good faith can therefore be held liable although not for damages, which require culpability. If the third party, however, continues to use the misappropriated information after being informed by the rightful owner, the party also acts as culpable.

Remedies are not enforceable against a person who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

In practice, companies mainly protect their trade secrets with non-disclosure agreements and licence agreements. These agreements are enforceable under contract law.

Although during employment, the employee has a general duty of non-disclosure, non-disclosure and non-compete clauses are also often included in employment agreements.

Non-compete clauses are valid provided they are limited in time - two years - and an adequate monetary compensation is received by the former employee.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of German courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44 if the parties are domiciled in an EU Member State. Nearly identical provisions apply to the countries governed by the Lugano Convention (*i.e.*, Iceland, Norway and Switzerland).

Outside Europe, the competent jurisdiction is determined by international agreements. Lacking any agreements, jurisdiction is determined on the basis of statutory provisions regarding local jurisdiction. In particular, according to the Act Against Unfair Competition, in cases concerning unfair competition law, jurisdiction is determined by the defendant's commercial place of business or independent professional place of business, or in the absence thereof, by the defendant's residence. In addition to that, jurisdiction shall lie with the court in whose district the act was committed. Furthermore, according to the Code of Civil Procedure for complaints arising from tort, both the place where the unlawful action was committed as well as the place where the damaging resulted are relevant.

Foreign judgements in the area of civil law are generally recognised as enforceable, provided that except in cases where:

- (a) the foreign court had jurisdiction under German law;
- (b) the defendant was in the position to defend himself;
- (c) the judgement is not incompatible with a prior judgement delivered in Germany, or with a prior recognised judgement or with a proceeding pending in Germany;
- (d) the judgement is contrary to essential principles of German law (in particular to fundamental rights); or
- (e) reciprocity has not been granted.

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GREECE

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on protection of trade secrets are contained in the Greek Unfair Competition Law, which sanctions the disclosure of secret information by employees. More general protection can be found in the Greek Civil Code which includes general tort provisions.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Greek law does not provide a unique definition of trade secrets. A definition has been developed by Greek scholarship and case law, according to which a trade secret is any fact that:

- (i) relates to a specific enterprise;
- (ii) is known only to a limited number of persons bound by confidentiality; and
- (iii) according to its owner's will, must remain secret.

The definition provided by Article 39 of the TRIPS Agreement is also applicable by way of the national law transposing the TRIPS Agreement in Greece (Law no. 2290/1995).

The Greek Industrial Property Law contains an indicative and not comprehensive list of trade secrets, which are defined as "technical information, data or knowledge which relate to processes, expertise or skills, which have practical application particularly in relation to the production of goods and the rendering of services, provided that they have not become widely known".

Case law has classified trade secrets into two main types:

- (i) Commercial secrets, which are primarily of a commercial or administrative nature, such as customer lists, suppliers and distributors, price lists, business balance sheets (prior to their publication), information on sales and special business tactics such as specific discounts, bids for undertaking tenders (before their filing), etc.
- (ii) Industrial secrets, which have a "technical" nature, such as technological methods, recipes for chemical, pharmaceutical or cosmetic preparations, designs and drawings, technical types, standards, construction computations, technology know-how, etc.

Trade secrets are not considered to be intellectual property under Greek law - although in certain cases, a trade secret can enjoy protection under copyright law. Accordingly, the law implementing the Enforcement Directive is not applicable to the protection of trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Trade secrets under Greek law do not enjoy absolute and exclusive protection, contrary to IP rights. They are protected by means of confidentiality, non-use, non-disclosure agreements, and their protection is always "*post factum*". Furthermore, civil proceedings do not offer an appropriate measure to preserve the secrecy of confidential information enforced in trade secret litigation.

A European common legislation for the definition and effective protection of trade secrets would be feasible and positive to uniform and provide a minimum level of protection throughout EU Member States.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Requirements to commence legal proceedings vary depending on the provision on the basis of which an action for trade secret infringement is started.

If the action is brought under the Law of Unfair Competition against an employee who disclosed trade secrets during his employment, the employer must establish:

- (i) the existence of the secret which has come to the employee's knowledge. There must be a causation between the employment and the obtaining knowledge of the secret;
- (ii) that the disclosure to a third party happened during the employment relationship; and
- (iii) the employee's intention to compete or damage the employer.

More generally, the Law of Unfair Competition can also be used to start an action against any person for unauthorised use or disclosure of secrets if the plaintiff can show:

- (i) the existence of an offender;
- (ii) the existence of a secret of which the offender had knowledge (through disclosure by an employee or through his own illegal or unfair action);
- (iii) the unauthorised use or disclosure of the secrets to third parties; and
- (iv) the intention to compete with the owner.

To obtain damage compensation, the plaintiff must also provide evidence of the amount and nature of the damages suffered and of the causation between the damages suffered and the wrongdoing.

B.2 Available civil remedies, including interim relief

Remedies available under civil law include:

- (i) Cease-and-desist orders - interim injunctions are also available in cases where there is an "imminent danger", the order may be accompanied by restraint measures

- (ii) Damage (actual and moral) compensation
- (iii) Unjust enrichment

The above remedies are cumulative.

Ex parte orders to search premises and computer systems for misappropriated data and to order the defendant to provide information as to whereabouts of documents and files containing such data are also available. However, in the practice such orders are rarely granted since the claimant must prove that there is an extremely urgent case and/or an imminent danger. A more effective way is for the plaintiff to file a criminal complaint and ask the police to search premises/residence for evidence.

Furthermore, provisional seizure and/or inventory of means, product or evidence of infringement can also be granted by courts.

B.3 Measures to protect secrecy of information before and during proceedings

Court proceedings in Greece are public. However, the court, on its own initiative or upon a party's request, may exclude the public for reasons of public order or moral values. In practice, such exclusion has never been applied in trade secret cases with the consequence that to avoid disclosure of confidential information the parties prefer settling the case out of court.

The parties must substantiate their claims and submit all relevant documents and evidence. Access to court documents is, however, allowed only to the parties and their counsel.

B.4 Damages – available options and criteria for calculation

Damage compensation includes both actual damages and loss of profits. Moral damages can also be claimed.

Calculation of damages is made according to the so-called "principle of discrepancy" which consists of comparing the trade secret owner's economic situation before and after the infringement. In practice, the assessment of damages for infringement of "intangible goods" may prove to be very difficult. In order to prove the amount of damages suffered, the trade secret owner often resorts to the "value" of the trade secrets in moral/commercial practices and more particularly to the amount of royalties which would have been paid if said confidential information had been lawfully licensed.

In principle, punitive damages are not recognised by Greek laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Civil remedies are not enforceable against third parties in good faith or against third parties who autonomously developed the information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions mainly adopted by companies to protect trade secrets consist of licence agreements, contract to transfer/use of know-how, non-disclosure, non-use agreements.

Vis-à-vis employees, whilst employed, they have a general duty of non-disclosure. However, non-disclosure obligations, as well as non-compete clauses are also often included in employment agreements. Non-compete clauses are valid as long as they do not impose excessive and disproportional obligations on the employees. Accordingly, non-compete clauses should be time-limited and provide for a fair compensation to employees.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Greek courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44 if the parties are domiciled in an EU Member State. Outside Europe, the competent jurisdiction is determined by Article 35 of the Greek Civil Procedure Code, which content substantially mirrors Article 5.3 of the Regulation (EC) No. 2001/44.

Foreign judgements of other EU Member States are enforceable in Greece according to the Regulation (EC) No. 2001/44. Judgements issued in non-EU countries are enforceable under Article 905 in conjunction with Article 323 of the Greek Civil Procedure Code, regardless if the right at stake is protectable or not under Greek law, provided that:

- (i) the foreign court was competent under Greek law to hear the case;
- (ii) the defendant was in the position to defend himself;
- (iii) the foreign judgement is not contrary to a prior domestic judgment; or
- (iv) the foreign judgement is not contrary to Greek moral values or to public order.

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HUNGARY

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on protection of trade secrets are provided for by the Civil Code and the Unfair Competition Act. The Civil Code defines trade secrets, focusing on information which, where disclosed, could jeopardize the financial, economic or market interests of the owner.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by Article 81 of the Civil Code according to which trade secret means:

- (i) *all facts, information, solution or data pertaining to economic activities;*
- (ii) *the publication of which, or the acquisition or use of which by unauthorised persons, is likely to violate or imperil the financial, economic or market interests of the owner of such secret; and*
- (iii) *provided the right holder has taken all the necessary steps to keep such information confidential.*

Article 86 of the Civil Code also states that protection is also granted to “economic, technical, and organisational knowledge and experience that has financial value”, which according to commentators identifies with the know-how.

Inventions and intellectual works kept secret are also considered trade secrets and protectable as such.

Save for cases where the trade secret consists of a (non-patented) invention or secret intellectual work, trade secrets are generally not considered to be intellectual property in Hungary. Accordingly, the law implementing the Enforcement Directive is not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No inadequacies have been identified. However, a European harmonised legislation for the definition and effective protection of trade secrets would be positive but only if a natural harmonisation has not yet been taken place as a consequence of the implementation of the TRIPS Agreement and the relevant EU Directives on competition and IP law and related enforcement.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding, provided that the information qualifies as trade secret, the right holder must prove that:

- (i) the facts, information, solution or data relates to economic activities;

- (ii) the publication of it, or the acquisition or use of it by the unauthorised person is likely to damage claimant's financial, economic or market interests;
- (iii) all the necessary steps to keep such information confidential have been undertaken; and
- (iv) the trade secret was disclosed unlawfully, or gained access to or used in an unfair manner by defendant.

B.2 Available civil remedies, including interim relief

Remedies available to the trade secret owner under the Civil Code include:

- (i) Declaration of infringement
- (ii) Cease-and-desist orders
- (iii) Satisfaction by the infringer by way of a statement or other means, and if necessary, by publicity of the satisfaction on the part or at the expense of the infringer
- (iv) Restoration of the previous state
- (v) Destruction of the infringing products, or alternatively, modification to make them not infringing
- (vi) Damages; the court can also further penalise the infringer by ordering him to pay a fine whose amount will be used for public purposes

If the violation concerns know-how, the right holder is also entitled to a part of the financial profits obtained by the infringer through its wrongdoing.

If the action is brought under unfair competition or intellectual property provisions, the following additional remedies are available:

- (i) Recovery of full profit obtained by the infringer from its wrongdoing - if no profit has been obtained, a fair royalty is however applicable
- (ii) Disclosure of information relating to the parties involved in the manufacturing and marketing of the infringing goods, as well as on the business relations established to distribute such goods
- (iii) Seizure of the means and materials used solely or primarily for the infringement, including infringing goods, or delivery to specific persons, or recall or withdrawn from the market, or destruction of such goods
- (iv) Publication of the decision

According to the Unfair Competition Act, courts may also impose a fine on the infringer.

Search orders are not an available remedy under Hungarian law. However, if the plaintiff identifies a particular document, the court can require the defendant to submit it, although this procedure is of limited use in practice.

Preliminary injunctions and precautionary measures are also available - including as interim relief measures - if the claimant proves that there is a risk that satisfaction of the action is endangered. Said measures may also be granted *ex parte* if any delay could cause irreparable harm or if there is a risk that any evidence would be destroyed.

B.3 Measures to protect secrecy of information before and during proceedings

During proceedings, trade secrets may be protected by excluding public from the hearings, which in general are public. Exclusions may be partial or may concern the whole proceeding. Furthermore, access to documents submitted to court which contain trade secrets is subject to a non-disclosure declaration, and the court may provide the guidelines to review such documents. However, if the holder of the trade secret does not consent to the disclosure of the trade secret, only the court and the court clerks are allowed to access the relevant document.

B.4 Damages – available options and criteria for calculation

Damage compensation includes full compensation of damages - material damages, loss of profits, costs reimbursement and non-financial loss - suffered by the right holder and, if the claim is based on violation of the Unfair Competition Act or the IP provisions, and as alternative to material damages and loss of profits, recovery of the infringer's profits is provided for. The plaintiff must prove the amount of the loss of profit and its profit margin.

If no profit has been obtained by the infringer, the fair royalty principle applies. If there is no clear evidence of the amount of damages, courts may however award compensation on an *aequo et boni* basis.

Punitive damages are not recognised by Hungarian law, although courts can order the infringer to pay a fine whose amount will be used for public purposes.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties in good faith or who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-disclosure and non-use agreements are common practical solutions adopted by companies to protect their trade secrets. *Vis-à-vis* employees, whilst employed, they have a general duty of loyalty; however, non-disclosure and confidentiality clauses may be inserted in employment agreements. Non-compete agreements/clauses are also used to limit the use of trade secrets by employees after termination of the employment. Non-compete obligations are enforceable as long as they are remunerated and limited in time (maximum of two years).

Further practical solutions may consist in internal rules of data safety and protection, indication of confidentiality on data carriers, physical separation or seclusion of information, operation of a communication system that minimises access to and "leaking" of trade secrets, as well as control and restriction of such system.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Hungarian courts in cross-border litigations is established according to Regulation (EC) No. 2001/44 if the parties are domiciled in an EU Member State. If a non-EU Member State is involved, jurisdiction is established according to Hungarian Private International Law rules, according to which Hungarian courts have jurisdiction if:

- (i) the defendant is domiciled in Hungary (general rule); or
- (ii) in case of non-contractual liability, the harmful event or the consequence of the event occurred in Hungary.

In case of legal proceedings initiated on the basis of the Unfair Competition Act, Hungarian courts (county courts) have exclusive jurisdiction to proceed.

Foreign judgements of other EU Member States are enforceable in Greece according to the Regulation (EC) No. 2001/44. Judgements issued in non-EU Member States are enforceable pursuant to the Hungarian Private International Law, provided that:

- (i) the country which issued the judgement had jurisdiction;
- (ii) the foreign judgement is final and binding under the laws of that jurisdiction; and
- (iii) there is reciprocity between the foreign country and Hungary.

Foreign judgements are enforceable regardless if protection of the right at stake is protectable or not under Hungarian law, provided however, that the formal requirements for obtaining a declaration of enforceability have also been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with public policy principles in Hungary.

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REPUBLIC OF IRELAND

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There is no specific legislation in Ireland relating to the protection of trade secrets. However, protection of trade secrets can be sought under the law of contract, the law of equity and the law of tort. In particular, trade secrets are protected by the so-called breach of confidence principle, according to which a person who has received information in confidence cannot take unfair advantage of it and must not make use of it to the prejudice of the person who gave the information without obtaining his consent. Generally, a duty of confidentiality is established both in non-employment cases and in the course of employment.

An obligation to keep information confidential may either be imposed by contract; implied because of the circumstances of the disclosure; or implied because of the special relationship between the parties concerned, *i.e.*, employer and employee.

In addition to these laws, a number of provisions may be invoked to either secure protection for trade secrets or to deter the infringement of trade secrets, including protecting the trade secret by way of a recognised intellectual property right.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

There is no specific definition of trade secret in Ireland. Case law has suggested various factors which should be taken into account in deciding whether a particular piece of confidential information constitutes a trade secret:

- (i) The nature of the employment and whether confidential information was habitually handed by the employee. If so, it may suggest the existence of a trade secret
- (ii) The nature of the information and whether it suggests the existence of a trade secret
- (iii) Whether the employer impressed on the employee the confidentiality of the information
- (iv) Whether the relevant information could be easily isolated from any other information which the employee would be free to use or disclose

In general, all types of secret information which are of commercial value can be protected.

Although often dealt with in conjunction with intellectual property rights, leading commentators in Ireland have stated that trade secrets should not be considered an intellectual property right. Nevertheless, for the purposes of the Enforcement Directive, trade secrets and their protection would generally be considered as an intellectual right in Ireland.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

There are no particular inadequacies of the law. There is, however, a danger that threats of actions for breach of confidence can be abused in order to deter competitors from taking on an ex-employee but the need for proper particulars and clear evidence in order to pursue proceedings should prevent unmeritorious actions. However, the need for clear evidence and the fact that the court needs to have detailed particulars of the information sought to be protected can make enforcement expensive.

A harmonised European regime would be feasible and positive and may bring more clarity to the area.

There are no current proposals for specific legislation on trade secrets in Ireland.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To succeed in legal proceeding based on breach of confidence, the following elements must be established:

- (i) The information should have the necessary quality of confidence.
- (ii) It should be subject to an obligation of confidence.
- (iii) The person who received the information must have misused it.

In order to bring an action for breach of confidence of a trade secret, it must be shown that a trade secret existed. Secondly, an obligation of confidence must be shown.

To seek interlocutory relief, Irish case law has elaborated the following principles:

- (i) There must be a serious issue to be tried.
- (ii) Damages are not an adequate remedy.
- (iii) The balance of convenience favours the granting rather than the refusal of interlocutory relief.

B.2 Available civil remedies, including interim relief

Civil remedies vary depending on the circumstances of the case. In general, the remedies for breach of confidence action are:

- (i) injunctions, including interim injunctions, to restrain the breach of trade secret information;
- (ii) damages or an account of profits; and
- (iii) orders for delivery up or destruction of the trade secret information.

Damages and account of profits are mutually exclusive remedies. Each may be available in addition to an injunction or order for delivery up or destruction.

Plaintiffs may seek an Anton Piller Order to search premises and copy evidence (including computer systems) without prior warning to prevent the possible destruction of evidence. The claimant will have to show that there is an extremely strong *prima facie* case. In addition, very clear evidence that the defendants have in their possession incriminating documents or materials, along with a real danger that the incriminating material will be destroyed if the defendant is forewarned, must be shown. Furthermore, the party must show a serious actual or potential damage to the party by virtue of the infringement of his rights.

B.3 Measures to protect secrecy of information before and during proceedings

The court can make a variety of orders ensuring that the secret information is not further disclosed, including directions that documents containing secret information are not placed on an open court file, restricting the persons who have access to such documents and requiring such persons to observe confidentiality and having parts of the case heard in private.

B.4 Damages – available options and criteria for calculation

Compensation is alternatively awarded on the basis of damages or account of profits.

Damages can be awarded either pursuant to the Lord Cairns' Act or under equity's inherent jurisdiction.

There is no universal method of assessing damages and each calculation is made on a case-by-case basis.

Although rarely applied by Irish courts, punitive damages are theoretically available under equity's inherent jurisdiction.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are, in principle, enforceable against innocent infringers, although damages are likely not to be awarded in such cases. On the contrary, a third party who autonomously developed the same information is not liable for trade secret infringement.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies commonly include agreements such as licences, non-disclosure agreements and non-use agreements. *Vis-à-vis* employees, whilst employed, they have a duty of good faith to their employer and will be bound to keep all confidential information secret. After the employment, courts will usually only offer protection to high-grade confidential information ("real trade secrets") and not to day-to-day information, although confidential. It may be possible to protect lower grade information after employment by imposing a suitable post-employment contractual restriction - otherwise known as a restrictive covenant.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Irish courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44 if the parties are domiciled in an EU Member State.

Foreign judgements of other EU Member States are enforceable in Ireland according to the Regulation (EC) No. 2001/44. In contrast to the provisions of the aforementioned Regulation, the procedures available under Irish common law for enforcement in Ireland of foreign judgements (including trade secret judgements) from non-EU countries are very restrictive. If a judgement originates from a non-EU country, the judgement is often unenforceable as a practical matter. When the enforcement of a foreign judgement is not possible as a result of the Irish courts adhering to common law rules, the plaintiff may be forced to re-litigate the matter *de novo* in Ireland.

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ITALY

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific protection of trade secrets is provided by Articles 98 and 99 of the Italian Code of Industrial Property ("IPC"). Trade secrets under the IPC may only be protected if the requirements set out in the IPC are met, notably the information to be protected:

- (i) is secret;
- (ii) has an economic value due to its being secret; and
- (iii) has been subject to adequate measures to keep it secret.

Furthermore, protection is granted only against unlawful misappropriation, disclosure and use of the secret information. Third parties who acquired the information in good faith or which autonomously achieved or developed the same information cannot be prevented from using it.

Trade secrets are also protected by the unfair competition provisions and under specific labour provisions included in the Italian Civil Code ("ICC"). Additional specific provisions are also included in the Italian Criminal Code.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Trade secrets that meet the requirements set forth under Articles 98 and 99 of the IPC are considered to be – unregistered - intellectual property rights and enjoy the same protection of other intellectual property rights, including measures introduced by the law implementing the Enforcement Directive.

Information which do not qualify as trade secrets under the IPC (for example, information that has an intrinsic confidential nature and is such as to give a technical/economic advantage to its owner but is not subject to specific measure to keep it secret), may still be protected by unfair competition provisions.

All kinds of information are, in principle, protectable as trade secrets, provided the requirements set forth by the law are met. Article 98 of the IPC refers to any business information, technical-industrial knowledge, including commercial information, which is subject to the owner's legitimate control.

According to commentators:

- (i) Technical-industrial knowledge includes both patentable and non-patentable knowledge relating to products and production processes, as well as the complex of information and experience which gives the owner technical and commercial advantage on competitors and know-how.
- (ii) Commercial information includes information related to the owner's commercial organisation (statistics, market survey, advertising means, prices and pricing strategy, financial data, commonly defined as "business methods", etc.) and

information related to the enterprise's clients and suppliers, including clients/supplier practices (contractual and pricing conditions, product customisation, etc.).

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The provisions on trade secrets lack clear and defined criteria to assess the scope and extent of trade secrets protection. Courts are required to carry out a case-by-case analysis and carefully balance the opposed interests at stake (*i.e.*, the owner's right to prevent third parties from using and disclosing the secret information on the one hand, and the public interest to a free market competition and technical development on the other hand).

A common and harmonised legislation on trade secrets would be useful to remove discrepancies and different treatment of trade secrets throughout the EU Member States.

The law on trade secrets has been lastly amended in 2011 and there is no proposal for a new legislation in Italy.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To successfully commence litigation for trade secret infringement under the IPC, the following requirements must be established:

- (i) The secrecy of information - the information must be not readily accessible in its entirety or in the exact combination of its individual elements to the experts of the relevant field
- (ii) The economic value of the secret information
- (iii) The adoption of adequate measures to keep the information secret
- (iv) The acquisition, use or disclosure of the information has been made unlawfully

To commence litigation on the basis of the unfair competition provisions, the plaintiff must prove that:

- (i) the information to protect, although not strictly secret, has a confidential nature, is not generally known outside the owner's enterprise and is not readily accessible to third party;
- (ii) the information has an economic value for its owner in terms of competitive advantages;
- (iii) the owner of the confidential information and the infringer are competitors; and
- (iv) the misappropriation is made in a manner contrary to the principles of professional fairness.

B.2 Available civil remedies, including interim relief

Trade secrets falling within the definition of article 98 of the IPC can benefit of all the remedies available under the IPC, including preliminary injunctions (restraining orders, seizure of relevant material containing the secret information or of products manufactured with the use of said information, description of the material containing the information and/or of the products realized with the use of said information), final injunction and seizure, withdrawal of infringing products (manufactured with the use of the secret information) from the market, publication of the decision and compensation of damages. Other remedies as destruction of the infringing products and assignment to the trade secret owner are also available, although more rarely applied.

Similar remedies, including preliminary injunctions, restraining orders, seizure and search orders are provided by the Italian Code of Civil Procedure and available to trade secrets which do not meet the IPC requirements but are however protectable pursuant to unfair competition provisions.

Interim relief measures available in trade secrets cases include restraining orders, seizure of relevant material containing the secret information or of products manufactured with the use of said information, search orders and description of the material containing the information and/or of the products realised with the use of said information. Publication of the interim decision is also available.

Interim relief orders are granted after a summary evaluation of the facts presented by the claimant and provided that the following two conditions are met: (a) the claim must appear *prima facie* grounded ("*fumus boni iuris*"); and (b) the claimant must prove that relevant evidence may be disposed of or concealed by the defendant ("*periculum in mora*"), which would prevent him from protecting his own rights.

Ex parte orders may be obtained in cases where the nature and magnitude of the infringement triggers the risk that the defendant alters the facts and/or destroys or conceals the relevant information, thus nullifying in practice the enforcement of the measure. Italian Courts are however quite reluctant in granting preliminary orders *ex parte*.

Interim relief orders must be enforced within a short deadline and must then be confirmed through an ordinary proceeding on the merits. If the interim order is not enforced or the ordinary proceeding on the merits is not started within said deadlines, the interim injunctions become ineffective.

B.3 Measures to protect secrecy of information before and during proceedings

Hearings in civil proceedings are public. The court can, however, exclude the public exceptionally and only for reasons of security of the nation, public order and decency.

The parties must prove their claims and file the documents evidencing their respective pleadings. All the briefs and documents submitted during the proceeding are confidential and accessible only by the parties and their respective lawyers and counsel, while the final decision is public. In cases where a party needs to protect its confidential information from being accessed by the other party, it may require the court to limit the access to the adverse party's lawyers and consultants only or to limit the access to

certain information only - full information would remain available to the court and its experts only.

B.4 Damages – available options and criteria for calculation

Damage compensation can be claimed on the basis of actual damages and loss of profits that are a direct and immediate consequence of the infringement. If the plaintiff is not able to provide adequate evidence of the damages suffered, damages may be calculated by the court on an *aequo et bono* basis. In awarding damages, the court shall take into consideration the plaintiff's contributory negligence. Damages are not due where damages could have been avoided by using the ordinary diligence.

Damages may be awarded alternatively on the basis of:

- (i) the loss of profits suffered by the owner of the information;
- (ii) the average royalty which the infringer would have paid if he had obtained a licence from the right owner;
- (iii) the account of profits received by the infringer from its wrongdoing (this can also be claimed in addition to (i) the extent it exceeds the amount of damages based on the loss of profits); or
- (iv) the court *aequo et bono* evaluation in cases where the judge has no sufficient elements to exactly quantify the damage suffered by the trade secrets owner.

Punitive damages are not recognised by Italian law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Article 99 of the IPC excludes from protection trade secrets which have not been acquired, disclosed or used unlawfully. The owner of a trade secret may therefore not prevent a third party from using the information if said third party has obtained the information in good faith. Furthermore, Article 99 of the IPC excludes from protection trade secrets which have been autonomously achieved by a third party.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-disclosure/confidentiality agreements are common practices adopted by companies to protect their trade secrets. *Vis-à-vis* employees, whilst employed, they have a statutory duty of loyalty which prohibits them to disclose confidential information of the employer. It is, however, common practice for the employer to include (post-employment) confidential and/or non-compete provisions in employment contracts or in separate agreements. Confidential obligations may also be included in unilateral documents like service orders, internal policies or secrecy protocols. Also, password and username to access databases and in general electronic documents, as well as written warnings like "this document is confidential and must not be copied or otherwise reproduced", are commonly adopted.

Confidential and non-compete obligations included in employment agreements are enforceable under contract law as long as they meet the requirements set forth by the

law. In particular, breach of non-compete obligations by employees entails the employer's right bring legal action against the employee in order to: (i) obtain an injunction prohibiting the employee from further carrying on the unlawful activity; (ii) claim the termination of the agreement and obtain the reimburse of the compensation paid to the employee in connection with the non-compete obligation; (iii) obtain payment of the liquidated damages provided for by the non-compete agreement and damages (if any).

Breach of non-disclosure obligations entitles the right holder to bring an action to claim termination of the agreement and damage compensation.

Breach of said agreements/provisions may also entail a breach of unfair competition and IP laws. Other solutions like unilateral policies, internal service orders, secrecy protocols, as well as the use of login procedures, etc., may not be enforceable under contract law if there is no evidence that they have been acknowledged and accepted by the infringer. In any case, they may constitute strong evidence of the secrecy of the information and may be used in courts as evidence of the infringement.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Italian courts in cross-border litigations is established according to the Regulation (EC) No. 2001/44, if the parties are domiciled in an EU Member State. Nearly identical provisions apply to the countries governed by the Lugano Convention (*i.e.*, Iceland, Norway and Switzerland). Outside Europe, the competent jurisdiction is determined according to Italian International Law, which provisions are predominantly identical to those of the Regulation (EC) No. 2001/44.

Foreign judgements of other EU Member States are enforceable in Italy according to the Regulation (EC) No. 2001/44. Judgements issued in Iceland, Norway and Switzerland would be recognised under the Lugano Convention; whereas judgements issued in the remaining countries would be enforced according to the International Law. In this latter case, the only significant difference is that only a judgement which has become "final" is enforceable in Italy.

Foreign judgements are enforceable regardless if the right at stake is protectable or not under Italian law, provided however, that the formal requirements for obtaining a declaration of enforceability have also been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with public policy principles or public law in Italy.

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JAPAN

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions on the protection of trade secrets are mainly included in the Unfair Competition Prevention Act ("UCPA"), which provides the definition of trade secrets and identifies the illicit conducts relating to the disclosure and use of trade secrets which are considered as acts of unfair competition.

Additional provisions can also be found in the Intellectual Property Basic Act, which provides the definition of "Intellectual Property" that includes trade secrets in the Code of Civil Procedure, in the Patent Act, in the Trademark Act and Copyright Act, as well as in the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided in Article 2 of the Unfair Competition Prevention Act, according to which trade secret means:

- (i) technical or business information useful for commercial activities such as manufacturing or marketing methods (the so-called "usefulness requirement");
- (ii) that is kept secret (the "secret control requirement"); and
- (iii) that is not publicly known (the "non-public requirement").

According to the UCPA, both technical and commercial information can be protected as trade secrets. According to case law, the owner of the trade secret shall adopt suitable measures to prevent trade secrets from being easily accessed.

Disclosure of other secret or confidential information which does not meet the requirements set forth by the UCPA can, in certain and limited cases, entitle the right holder to damage compensation under tort law.

Trade secrets are generally included in the definition of intellectual property provided by the Intellectual Property Basic Act. Accordingly, trade secrets can be considered to be (unregistered) intellectual property rights.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No particular inadequacies of the law have been identified. Indeed, the UCPA has undergone several recent amendments aiming at strengthening protection of trade secrets, including through introduction of more severe and extended criminal penalties and more useful and workable civil remedies.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for trade secret infringement under the UCPA, the plaintiff must prove that:

- (i) the information to be protected meets the requirements set forth by the law;
- (ii) the infringement falls within one of the unfair competition acts defined by the law; and
- (iii) if damages are claimed, the infringer acted with fraud or negligence.

B.2 Available civil remedies, including interim relief

Remedies available under the UCPA are:

- (i) Injunctions suspending or preventing the infringement
- (ii) Destruction of the goods that constituted the act of infringement
- (iii) Removal of the equipment used for the infringement
- (iv) Other measures required for suspension or prevention of the infringement
- (v) Damages

Ex parte orders (including pre-trial orders) to preserve the relevant evidence are available under the Code of Civil Procedure, provided that the evidence is relevant to the proceeding; and there is a risk that securing the evidence in a later stage would become difficult or impossible.

Said measures include observation of the evidence at the infringer's premises, including search of computer system, and order to submit documents. If a party does not comply with the court's order to submit documents, the court may recognise that the other party's allegations concerning the elements in the document are true. Failure by third parties to comply with the court's order to submit a document is punished with a fine.

Interim injunction is also an available remedy in cases where there is likelihood that it will be impossible or extremely difficult for the claimant to exercise his/her right due to any changes to the existing status quo which could be detrimental or cause and imminent danger to the claimant's rights. Interim injunctions are usually granted after hearing the defendant; however, the court may issue the order *ex parte* if appearance of the defendant could prevent the purpose of the injunction from being achieved.

B.3 Measures to protect secrecy of information before and during proceedings

Measures to protect secrecy of information during a proceeding include:

- (i) Protective orders to prevent disclosure of documents/evidence to the other party. Protective orders may be asked by a party provided that the following requirements are met:
 - a. The trade secret held by the party is written in an already-produced or a to-be-produced brief, or included in the contents of already-examined or to-be-examined evidence.

- b. The party's business activities based on the trade secret are likely to become hindered by the use of said trade secret for purposes other than pursuing the lawsuit or its disclosure, and it is necessary to restrict the use or disclosure of the trade secret in order to prevent this.
- (ii) *In camera* examination: civil proceedings are, in principle, public. However, *in camera* examination can be ordered by the court if giving statements regarding the matter in open court will significantly hinder the party's business activities that are based on the trade secret; and without said statements by the party, the court is unable to make an appropriate decision on the presence or absence of infringement on business interests.
- (iii) Restriction on inspection: case records are, in principle, public. However, upon a party's request, the court can exclude publicity, as for example, where proceedings are not public or where the court has ordered restriction to inspections.

B.4 Damages – available options and criteria for calculation

The available option as to award of damages is monetary compensation. The plaintiff must prove the amount of damages suffered and the causation between damages and the unlawful conduct.

The UCPA provides the plaintiff with three alternative methods of calculation of damages, namely:

- (i) The quantity of the goods sold or transferred by the infringer multiplied by the amount of profit per unit of the goods that the plaintiff could have sold in the absence of the infringement - available only to technical trade secrets
- (ii) The account of profits realised by the infringer
- (iii) The licence analogy

Punitive damages are not recognised by Japanese law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are, in principle, not enforceable against third parties who obtained the trade secret in good faith provided that, at the time of acquiring such trade secret, such party had no knowledge that there had been an improper disclosure of such trade secret or that such trade secret had been acquired through wrongful acquisition or improper disclosure, and such lack of knowledge was not based on gross negligence.

Remedies are also not enforceable against third parties who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Remedies commonly adopted by companies include internal measures to prevent disclosure (e.g., by limiting access only to a limited number of employees) and non-

disclosure agreements/clauses. With regard to employees, it must be noted that whilst employed employees have a general fiduciary duty; however, non-disclosure and (post) non-compete clauses are often included in employment contracts.

Non-compete agreements are often used to prevent disclosure/use of trade secrets by retiring directors and former employees. The enforceability of such agreements is assessed by courts on a case-by-case basis taking into account:

- (i) the former position/role of the retired employee/director;
- (ii) the duration of the non-compete obligation;
- (iii) whether or not the retired employee/director is compensated; and if yes, to what extent; and
- (iv) the necessity to prevent the retired employee/director from competing.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Japanese courts in cross-border litigations is assessed on the basis of the Japanese Code of Civil Procedure - the relevant provision will enter into force on 1 April 2012. Japanese courts have jurisdiction if:

- (i) the domicile or principal office or business office of the defendant is in Japan;
- (ii) in cases involving property rights, if the subject matter of the action is located in Japan; and
- (iii) in cases based on tort law, if the tort was committed in Japan - excluding cases where a harmful act was committed in a foreign state but where the occurrence of consequence of said act in Japan was not normally foreseeable.

Foreign judgements are not always recognised in Japan. According to Article 118 of the Japanese Code of Civil Procedure, a final and binding judgement rendered by a foreign court shall be effective only where it meets all of the following requirements:

- (i) The jurisdiction of the foreign court is recognised under laws or regulations or conventions or treaties.
- (ii) The defendant was in the position to defend himself.
- (iii) The judgement is not contrary to public policy in Japan (*e.g.*, punitive damages).
- (iv) Reciprocity exists.

In principle, Japanese courts do not review the merits of foreign decisions. There is no case law on enforcement of foreign decision on trade secret infringement.

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LATVIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are a number of laws containing specific provisions on the protection of trade secrets, most importantly, the Commercial Law, which provides the definition and scope of protection of trade secrets, and the Labour Law which regulates the use and disclosure of trade secrets by employees.

Additional provisions may be found in the Freedom of Information Law, the Competition Law, the Public Procurement Law, the Civil Procedure Law, the Criminal Procedure Law, the Law on Compensation of Damages caused by Public Administration Institutions and the Law on Accounting.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition and scope of protection of trade secrets is provided by Section 19 of the Commercial Law which defines trade secrets as matters of economic, technical or scientific nature and information, recorded in writing or not, which meet the following requirements:

- (i) Belong to the company or are directly related thereto
- (ii) Are not generally accessible to third parties
- (iii) Have an actual or potential financial or non-financial value
- (iv) If disclosed to a third party may cause harm to the company
- (v) Have been subject by the legitimate owner to reasonable measures to preserve their secrecy

In addition to the Commercial Law, the Labour Law sets forth significant pre-conditions to be fulfilled by an employer in order to ensure legal protection to its commercial secrets within employment relations.

According to the Latvian case law, “commercial secrets” are not strictly limited to the information falling within the definition provided by the Commercial Law, but may encompass also other confidential information whose disclosure is prohibited by the job description, work order regulations or other documents binding an employee.

Trade secrets are generally understood as intellectual property rights in Latvia and accordingly, the remedies provided for by Enforcement Directive seem applicable thereto, although there are no court precedents on this point.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Lacking relevant case law on cases involving trade secret infringement, the main inadequacy can be found in the fact that the definition of intellectual property rights contained in the Latvian Civil Procedure Law does not expressly refer to trade secrets, so

it is not clear whether provisional protection measures provided by the Civil Procedure Law are applicable also to trade secrets.

There are no current proposals of new law on trade secrets protection in Latvia.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In order to commence legal proceeding for trade secret infringement, the owner of the trade secret must prove the existence of the trade secrets according to the definition provided by the Commercial Law, *i.e.*, that the information to protect:

- (i) is contained in the company or is directly related thereto;
- (ii) is not generally accessible to third persons;
- (iii) has an actual or potential financial or non-financial value;
- (iv) if disclosed to a third party may cause harm to the company; and
- (v) has been subject to reasonable measures to preserve its secrecy.

With respect to point (v), any kind of classification of information and limitation of the access rights within the company will be taken into account.

In cases of infringement of trade secrets by employees, the requirements set forth by the Employment Law are to be met and in particular, the proof that the employee was aware of what information had to be regarded as commercial secret.

B.2 Available civil remedies, including interim relief

Remedies available under the Civil Procedure Law include:

- (i) Provisional protection in matters regarding infringement and protection of intellectual property rights: seizure of infringing goods, recall of goods allegedly infringing the IP right, injunction to refrain the infringer from carrying out the unlawful activities - it is not clear however if such remedies are applicable to trade secret infringement due to the lack of express inclusion in the enumeration of IP rights contained in the Civil Procedure Code
- (ii) Securing of claim - allowed only for claim of financial nature
- (iii) Securing of evidence

All these remedies are cumulative and may be applied for both during and before proceedings.

Orders to secure evidence may be obtained *ex parte* only in cases where there is imminent risk that submission of evidence on a later stage may be impossible or difficult.

B.3 Measures to protect secrecy of information during before and during proceedings

To prevent disclosure of secret information during a proceeding, the court on its own initiative or upon a party's request may exclude the public if necessary to preserve secrecy of the information of a party.

B.4 Damages – available options and criteria for calculation

Damage compensation for trade secret infringement can be awarded both under the Commercial Law and the Civil Law. Any loss which can be financially assessed has to be compensated.

Damages arising from contractual breach are determined on the basis of the agreement.

In cases of unfair competition, the amount of damages may be determined by the court, upon the claimant's request, at its discretion.

To claim compensation for damages, the claimant must prove:

- (i) the unlawful activity of the defendant;
- (ii) the fault of defendant;
- (iii) the amount of damages incurred; and
- (iv) the causation between the unlawful conduct and the damage.

Punitive damages are not recognised by Latvian laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Civil remedies are not enforceable against third parties in good faith or against third parties who autonomously developed the information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-disclosure agreements and clauses are commonly adopted by companies to protect their trade secrets. Such contractual obligations can be strengthened by contractual penalties or other measures, like the choice of jurisdiction.

Although during the employment relationship the employee has a general duty not to disclose the employer commercial secrets identified in writing by the employer, non-disclosure and non-compete clauses are often included in employment contracts to prevent disclosure of trade secrets both during and after termination of the employment relationship.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Latvian courts in cross-border litigations is generally based on the principle of closest connection, *e.g.*, if the unlawful activity has taken place in Latvia and the rights related to the commercial secrets would have to be protected in Latvia.

Foreign judgements are enforceable in Latvia provided they comply with the requirements set forth by Article 539 of the Civil Procedure Law.

Relevant Literature

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- The Public Report 2008 of the Competition Council

LITHUANIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are a number of acts containing specific provisions on protection of trade secrets, most importantly the Civil Code and the Law on Competition. Lithuania does not, however, have a special act on the protection of trade secrets.

The protection of trade secrets disclosed in legal proceedings is also secured by virtue of the Code on Civil Procedure.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The only definition of trade secrets is provided by Article 1.116 of the Civil Code, according to which, to be considered a trade (commercial) secret, an information must:

- (i) have a real or potential commercial value due to its being secret;
- (ii) not be freely accessible; and
- (iii) be subject to reasonable efforts of the owner to keep it secret.

In addition to the definition provided by the Civil Code, the preparatory works of the Unfair Business Practices Act highlight the difficulty to elaborate a specific definition and the fact that usually trade secrets refer to information which the owner has an interest to keep confidential.

Another definition of trade secrets is also included in the Criminal Code.

As to the types of trade secrets, different expressions can be found in different provisions of law: the Civil Code uses the term “commercial secret” rather than “trade secret”. “Industrial” (translation can also be “manufacturing”) secrets are used as a synonym of commercial secrets. “Professional secret” is distinguished as a specific type of protected secrets which relate to professional activities. The Labour Code uses the term “technology secret” without defining its meaning; however, case law has clarified that “technology secret” is a variant of “commercial secret”. In the Law on Companies the term “confidential information” is used in addition to the term “trade secrets”.

The case law has identified various types of trade secrets, including customer lists and pricing information.

It is unclear whether trade secrets are to be considered to be intellectual property. The Paris Convention is usually invoked to maintain that trade secrets do fall within the scope of intellectual property. However, the Enforcement Directive seems to be not applicable to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The main inadequacies of Lithuanian laws can be found in the lack of special enforcement measures applicable during or before legal proceedings to secure evidence in case of breach of confidentiality obligations. Furthermore, the relevant provisions on

trade secrets protection are scattered all over different laws and trade secrets as an object of protection seem to fall into a grey area, being related to intellectual property but not explicitly recognised as such.

Another particularity of Lithuanian law which gives uncertainty regarding the protection of trade secrets within the company is the requirement under the Law on Companies for the board of directors of a company to approve the list of information which shall be considered trade secret or confidential information. It is not clear what legal consequences - in terms of remedies available - would the absence of such a list cause.

There are no current proposals for new law on trade secrets in Lithuania.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for trade secret infringement, the owner of a trade secret must primarily prove the existence of a trade secret and its violation - either by tort or breach of contract.

B.2 Available civil remedies, including interim relief

The usual civil remedy in Lithuania is damage compensation, which includes also account of profits obtained by the infringer. If damages arise from breach of contract, the plaintiff may also claim the payment of liquidated damages if provided for by the agreement. It must be noted that liquidated damages are alternative to damage compensation and may not be claimed in addition thereto. Termination of contract is also an available remedy.

Injunction is available against threatened future infringement and is cumulative with the claim for damages. Orders to secure evidence may also be requested to search premises and seize the relevant documents containing evidence of infringement. The order for securing evidence may be issued *ex parte* if the claimant demonstrates that the circumstances require urgency.

Claimant may also ask the court to order the defendant to disclose information as to the whereabouts of documents and files containing relevant data. However, the defendant is entitled not to provide the relevant documents if this would be detrimental to its interest. Failure to comply with the court order, however, may be freely (and negatively) assessed by the court.

B.3 Measures to protect secrecy of information during before and during proceedings

During a proceeding, the following measures can be adopted to prevent disclosure of secret information:

- (i) Exclusion of public from the hearings
- (ii) Upon the court's own initiative or a party's request, exclusion of certain information and/or material from being mentioned in the final decision
- (iii) Exclusion of access to certain documents submitted by a party, if said documents include trade secrets

B.4 Damages – available options and criteria for calculation

Damages may be claimed according to the general provisions on liability (tort or contract liability) contained in the Civil Code.

Both material damages and loss of profit may be claimed. The account of profits obtained by the infringer from its wrongdoing can also be claimed. If the violation of trade secrets is based on contract breach, liquidated damages, if provided, may be claimed alternatively to damages.

Damages calculation takes into consideration any information regarding the investment incurred by the right holder for the creation, development and use of the trade secret. To claim loss of profits the owner of the trade secret must demonstrate that certain profits would have been earned if the infringement had not taken place.

In cases where the plaintiff is not able to provide decisive data on the amount of damages, courts may however award damages on the basis of an *aequo et boni* evaluation based on the facts and arguments submitted in the proceeding.

Punitive damages are not recognised by Lithuanian law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are generally enforceable regardless from the good or bad faith of the infringer. However, if the alleged infringer demonstrates that it was not aware of the secret nature of the information, liability may be excluded or damages reduced.

Remedies are indeed not enforceable against a third party who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies are commonly non-disclosure agreements and clauses. Such contractual obligations can be strengthened by contractual penalties and are enforceable under contract law, as well as unfair competition law.

Although during the employment, the employee has a general duty of non-disclosure, non-disclosure and non-compete clauses are often included in employment contracts to prevent disclosure of trade secrets both during and after termination of the employment relationship. Such clauses are valid only if they have a limited duration.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Lithuanian courts is generally determined by the defendant's domicile, within the territory of Lithuania. Exceptionally, cross-border litigations can be started before Lithuanian courts if the unlawful activity has taken place in Lithuania or, although the parties are domiciled in foreign countries, in case the connection of the matter to Lithuania is in other ways clear and at least one of the parties has been engaging in business in Lithuania. If the cross-border litigation involves EU Member States jurisdiction is assessed according to the Regulation (EC) no. 2001/44.

Foreign judgements of other EU Member States are enforceable in Lithuania according to the Regulation (EC) No. 2001/44. Enforceability of foreign judgements of non-EU countries depends on possible bilateral agreements between said country and Lithuania, provided in any case that decisions which are contrary to public order or are based on improper determination of applicable law are not recognised in Lithuania.

Foreign judgements are enforceable regardless if the right at stake is protectable or not under Lithuanian law.

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LUXEMBOURG

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are no specific provisions on protection of trade secrets. However, protection may be sought under unfair competition law, criminal law (disclosure of trade secrets by employees triggers criminal liability) and tort law.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Trade secrets are not defined in Luxembourg law. The definition has been developed by case law, according to which a trade secret is information that:

- (i) concerns facts known only to a limited circle of people who have an interest in keeping them secret;
- (ii) is related to a commercial or industrial enterprise; and
- (iii) which disclosure is likely to cause damages to the person they relate to.

Manufacturing technology, commercial know-how, price or customer lists and customer information are considered to be trade secrets.

Trade secrets are not protected as an intellectual property right in Luxembourg. Accordingly, the law implementing the Enforcement Directive does not apply to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

There is no legislation, no current proposal for a new law on trade secrets protection in Luxembourg. Accordingly, a common European legislation for the definition and effective protection of trade secrets would therefore be very positive for Luxembourg.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for infringement of trade secrets, the plaintiff has to provide evidence of the existence of a trade secret and of the infringement. Infringement evidence accepted by courts are, among others, emails, letters, written testimonies and expert statements.

B.2 Available civil remedies, including interim relief

Available remedies against trade secret infringement include injunctions (cease-and-desist orders) and damage compensation. Injunctions are issued by the president of the Commercial Court, who in turn cannot award damages. The claim for damages has to be brought before the district court and based on tort law.

Non-compliance with an injunction is considered a criminal offence.

Ex parte injunctions and measures to search premises should in theory be available under the new Code of Civil Procedure for civil proceedings. However, there is no case law on this point.

An expedite action on the merits is provided by the Unfair Competition Law.

B.3 Measures to protect secrecy of information during before and during proceedings

Since trade secrets are not protected by specific legal provisions, there is also no legal framework concerning the protection of the secrecy of information before and during the proceedings.

However, to protect secrecy of information during a proceeding, it is possible for the court to exclude the public from hearings if public discussion could cause a scandal or cause serious inconveniences. There are no court precedents on this point. It can, however, be pointed out that in practice, expedite actions on the merits in unfair competition cases are normally not held during the official hearings of the court and heard separately, therefore without any public being present.

B.4 Damages – available options and criteria for calculation

Damages claims may only be brought on tort law and are not available in expedite actions on the merits based on unfair competition law.

Only the actual damage can be recovered, and this is very difficult to prove (*e.g.*, the plaintiff have to prove an actual loss of clients as well as an estimation of the value of this loss).

Punitive damages are not recognised by Luxembourg law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties in good faith or who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies to protect their trade secrets mainly consist of non-disclosure agreements. *Vis-à-vis* employees, whilst employed, they have a statutory duty of loyalty and non-disclosure; however, companies usually adopt also non-compete clauses in employment contracts. Said clauses must comply with certain requirements of law to be enforceable; mainly, they have to be limited both in time and in space, depending on the activity of the employer.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Luxembourg courts is generally determined by the defendant's domicile, within the territory of Luxembourg. If the cross-border litigation involves EU Member States, jurisdiction is assessed according to the Regulation (EC) no. 2001/44. In cases of cross-border litigation involving non-EU Member States, jurisdiction is determined on the

basis of Article 28 of the New Code of Civil Procedure, according to which the place where the obligation must be executed has jurisdiction.

Foreign judgements issued by a jurisdiction of a Member State are enforceable according to the Regulation (EC) No. 2001/44. Foreign judgements issued by a non-EU jurisdiction are enforceable in Luxembourg if they are not contrary to the public order. A stronger trade secret protection will not be regarded as being contrary to the public order and these judgements will therefore also be recognised as enforceable in Luxembourg.

Relevant Literature

No relevant literature has been identified.

MALTA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There is no specific legislation on the protection of trade secrets in Malta. However, protection can be sought under the general provisions of the Maltese Civil Code on Fiduciary Obligations.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The law does not provide any definition of trade secrets and there is no case law on cases involving trade secret infringement.

Trade secrets are not considered to be intellectual property in Malta and as such the Enforcement Directive does not apply to them.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The main inadequacy is the lack of any protection for trade secret infringement. Definition and scope of protection of trade secrets should be introduced in the Maltese Commercial Code and also addressed by the Patents and Designs Act. It would be advisable to protect trade secrets as IP rights. Accordingly, a European harmonised and common legislation for the definition and effective protection of trade secrets would be both feasible and positive, even if providing for the minimum standards on which national legislation could, subsequently, be based.

There is no proposal for a new law on trade secrets in Malta.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In the absence of *ad hoc* legislation for the protection of trade secrets, there are no pre-established elements which need to subsist in order for the plaintiff to be able to initiate legal proceedings. Accordingly, the necessary elements would depend on the particular proceeding one decides to commence which, given the present legislative framework, would almost be based on breach of contract.

B.2 Available civil remedies, including interim relief

The remedies would, in the first place, be based on that requested in the proceedings, and these could very well be cumulative in nature. In terms of applicable civil law, these could take the form of pecuniary damages, as well as specific performance.

Ex parte search orders are not available in civil proceedings.

However, injunctions - including interim injunction - should be available also to trade secret infringements. In general, interim relief can be claimed only following a cease-and-desist letter. The common precautionary remedy is known as a 'warrant of prohibitory injunction'. This is a preventive course of action, similar to seeking an interlocutory decree. If adjudged in favour of the plaintiff, it must be followed by a suit

on the merits, unless the matter is settled between the parties before the lapse of a pre-established period of time from the filing of the warrant, which is 10 days.

B.3 Measures to protect secrecy of information during before and during proceedings

Civil proceedings rarely tend to be heard behind closed doors. The plaintiff would have to prove his claims in whatever manner he deems appropriate; *i.e.*, submission of documents, summoning of witnesses, etc., with the evidentiary burden in civil proceedings being based on a balance of probabilities.

B.4 Damages – available options and criteria for calculation

Damages under Maltese law are awarded only if materially proven. Accordingly, damages may either be liquidated by the court in accordance with material evidence that proves a material loss; or where such evidence is not available, the court enjoys discretion to liquidate a corresponding sum of damages on an *aequo et bono* basis. Moral damages are not recognised by Maltese law.

Punitive damages are not recognised by Maltese law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

N/A.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Companies tend to protect themselves *vis-à-vis* their employees by including non-disclosure and confidentiality clauses in the employment agreements. *Vis-à-vis* third parties, in the context of exchange of information, trade secrets are protected by virtue of non-disclosure and confidentiality agreements.

B.7 Cross-border litigation and enforcement of foreign decisions

Foreign judgements issued by a jurisdiction of an EU Member State are enforceable in Malta according to the Regulation (EC) No. 2001/44. In such cases, the only reason for not rendering such a judgement enforceable in Malta would be due to a defect of procedure, and not to a question of content or subject matter.

Foreign judgements pronounced by a competent court or tribunal in any non-EU Member State are enforceable according to the rules contained in the Code of Organisation and Civil Procedure, which lays down that any person seeking to enforce such a judgement in Malta must provide evidence of its authenticity and of the competence of the court/tribunal that delivered it; and such judgement cannot run contrary to Maltese public policy.

Relevant Literature

No relevant literature has been identified.

THE NETHERLANDS

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are no specific provisions on the protection of trade secrets under Dutch law.

In the Netherlands, the protection of trade secrets is based on the general principle of tort law. In 1919, the Dutch Supreme Court decided that the general provision on tort law can be used to fight unfair competition and protect trade secret. Contract law, criminal law and labour law also provide protection.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definitions that have proven to be of (practical) influence are provided by Article 1(i) of the Commission Regulation 772/2004 on the application of Article 81(3) EC Treaty to categories of technology transfer agreements and Article 39(2) of the TRIPS Agreement.

The definitions contained in the various provisions dealing with trade secret protection cover specific and discrete areas of laws; accordingly, each definition is applicable to different situations. However, the general tort provision contained in the Dutch Civil Code provides the broadest scope and is therefore often used in court. Furthermore, The Court of Appeal of The Hague recently ruled (in *obiter dictum*) that Article 39(2) of the TRIPS Agreement can be deemed to be incorporated in the general tort provision.

Trade secrets are not considered to be intellectual property and are not protected as a *sui generis* intellectual property right. Accordingly, the law implementing the Enforcement Directive does not apply to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The current Dutch protection of trade secrets is insufficiently clear to offer robust protection for businesses. Moreover, the protection currently relies heavily on non-disclosure obligations in agreements. These obligations only bind the parties to the (confidentiality) agreement.

In the absence of a contract that imposes a confidentiality obligation, the final recourse for a business would be tort law.

Moreover, there is no clear definition of what a trade secret is. Although the definition of Article 39 of the TRIPS Agreement can be deemed to be “incorporated” into Dutch tort law, this does not necessarily mean that businesses are thereby afforded the same protection. Therefore, Article 39 of the TRIPS should be given a more “tangible place” in either national or European law.

There are currently no proposals for new legislation on trade secrets in the Netherlands.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for trade secret infringement, the plaintiff must prove, besides the existence of the trade secrets (to be determined according to Article 39 of the TRIPS Agreement) that the obtaining, the use or the disclosure of the trade secret constitutes an unlawful act under the Dutch Civil Code. It is deemed unlawful if the secret information was obtained in a manner which is not in accordance with the standards of decency applicable in society. Examples of this are the use of industrial espionage, theft and the bribery of employees.

B.2 Available civil remedies, including interim relief

The common civil remedies available in cases of trade secret infringement are injunctions and damages claims. The right holder may obtain a permanent or temporary injunction to prohibit the (further) disclosure and/or the use of trade secrets, which injunction can be made subject to a penalty. The aggrieved party may also claim damages as a result of the unlawful use or disclosure of its trade secrets. Damages may only be claimed in proceedings on the merits.

Remedies to secure evidence prior or during a trial are also available. In particular, the plaintiff may ask the court to order the defendant to provide specific documents. The claim needs to specify:

- (i) what documents are being sought;
- (ii) that the documents relate to a legal relationship to which the plaintiff is a party;
and
- (iii) that the party has a legitimate interest in obtaining a copy.

Ex parte search orders are not available in trade secret infringement cases - it is in principle only available in relation to the enforcement of intellectual property rights. Any *ex parte* order will only allow the safeguarding of evidence. For actual inspection of the evidence, an additional order in *inter partes* proceedings is necessary.

Seizure of assets of a (future) defendant to secure a source of funds for damages that may potentially be awarded is also available as a pre-trial remedy.

B.3 Measures to protect secrecy of information during before and during proceedings

Dutch law provides for procedures for obtaining non-public information before or during proceedings.

In cases involving the enforcement of IP rights, the plaintiff may seize evidence related to an infringement before starting the proceeding. Such a request, however, can be denied if the protection of confidential information has not been safeguarded. Usually, this implies that the court will order that the confidential information is held by a neutral party until a judge can rule on access to the evidence in regular proceedings.

Proceedings (including judgements) in the Netherlands are generally public. However, in case a party objects to a public hearing, because confidential information will be discussed, the court can order that the proceedings take place behind closed doors.

Furthermore, in public proceedings, a party may wish to bar certain evidence from being presented in the courtroom. However, Dutch courts may order that certain evidence must be presented in court. A party may refuse such an order if there are adequate reasons for doing this. Parties may also jointly decide that certain evidence will be disclosed to the court only.

B.4 Damages – available options and criteria for calculation

Damages awarded for trade secret infringement include material damages, including loss of profits, loss of property, rights or interest and various costs incurred, as well as other (non-material) damages.

Dutch courts generally try to restore the aggrieved party to the situation before the tort occurred or to the situation where there was no breach of contract. This still leaves a wide margin for the judge to decide what should be included in the calculation of damages.

Punitive damages are not recognised by Dutch law.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

In general, remedies are not enforceable against third parties who acquired or use the information in good faith.

Remedies are also not enforceable against third parties who autonomously developed the same information if said information is not otherwise protected by intellectual property rights.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by companies in the Netherlands are non-disclosure agreements, non-use agreements and non-compete clauses. A non-legal solution to protect trade secrets that is often used is to physically safeguard secret information or objects to disclosure.

Vis-à-vis employees, whilst employed, they have a general duty of non-disclosure. However, (post-termination) non-disclosure and confidential clauses can be included in employment contracts. In general, these solutions are enforceable under Dutch law. However, limitations may apply, e.g., an employee cannot be contractually prevented in general from using his skill and experience in a new job. These contractual obligations must be limited in time, scope and/or geographically.

B.7 Cross-border litigation and enforcement of foreign decisions

Besides the principles set forth by the Regulation (EC) No. 2001/44 on cross-border litigations involving EU Member States, jurisdiction of Dutch courts in cross-border litigations is determined according to the following principles:

- (i) In tort action, Dutch courts have jurisdiction if the defendant resides in the Netherlands or if the tort was committed in the Netherlands.
- (ii) In action based on breach of contract, Dutch courts have jurisdiction if the defendant resides in the Netherlands or if the obligations were – or should have been – performed in the Netherlands.
- (iii) In employment action, Dutch courts have jurisdiction if the place of residence of the employee, or the (former) usual place of employment is in the Netherlands.

A foreign party may also be subject to the jurisdiction of Dutch courts if there are multiple defendants, and one of those defendants resides in the Netherlands.

Foreign judgements of EU Member States are enforceable in the Netherlands according to the Regulation (EC) No. 2001/44 without any further procedure in the Netherlands.

In other cases, enforcement of the foreign judgement will depend on the international treaty existing between the Netherlands and the country issuing the decision.

Relevant Literature

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POLAND

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There are specific provisions on the protection of trade secrets in Polish legislation, most importantly in the Unfair Competition Act. Other relevant provisions are included in the Civil Code and in the Labour Code.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by the Unfair Competition Act, according to which trade secrets are:

- (i) commercial confidential information consisting of technical, technological or organisational data or any other information;
- (ii) having business value;
- (iii) which has not been disclosed to the public; and
- (iv) with regard to which protection measures were undertaken in order to maintain their confidentiality.

This definition of trade secrets is generally acknowledged as the most important in Polish law and is used as a point of reference when the term 'trade secrets' is used also in other fields of law.

Trade secrets are not considered to be intellectual property rights under Polish law. Accordingly, the law implementing the Enforcement Directive does not apply to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Inadequacies of the law on trade secrets can be found in the following:

- (i) Extreme difficulty in proving the amount of damages resulting from trade secret infringement
- (ii) Inconsistency of the scope of protection granted by the civil and criminal sanctions provided in the Unfair Competition Law
- (iii) Difficulty in obtaining an injunction under the current regime

Additionally, two non-legal significant obstacles have been identified: (i) a general lack of awareness of the importance of trade secrets protection for an innovative economy which can be seen in the high statistics of discontinuation of criminal proceedings due to low damage to society; and (ii) lack of specialised courts able to handle trade secrets-related litigation in an efficient, quick and predictable manner.

There are no current proposals for legislation on trade secrets in Poland.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In order to commence legal proceeding for trade secret infringement, the following requirements must be established:

- (i) The plaintiff is an entrepreneur.
- (ii) The act consists of a transfer, disclosure, use or acquisition of the trade secret from an unauthorised person.
- (iii) The act threatens or violates the plaintiff's interests.
- (iv) The defendant obtained the information in bad faith.

B.2 Available civil remedies, including interim relief

The following cumulative remedies are available under the Unfair Competition Law:

- (i) Injunction against continuance of the prohibited activities
- (ii) Removal of the effects of the infringement
- (iii) Making one or repeated statements of appropriate content and form
- (iv) Damages
- (v) Account of infringer's profits
- (vi) If the infringement was deliberate, payment of an additional penalty determined by the court to support Polish culture or protect the national heritage

In addition, the court may order destruction of the infringing goods, including packaging, advertising materials and other items directly connected with the illicit.

Ex parte orders to search premises and computer systems for misappropriated data and to require the defendant to provide information as to the whereabouts of documents and files containing such data are not available under civil law. However, the right holder may obtain a (pre-trial) order to secure evidence, if there is a risk that obtaining and using evidence will become impossible or impeded in a later stage. Securing evidence prior to filing the statement of claims is permissible only in urgent cases, or if the defendant cannot be identified or if the defendant's place of residence/establishment is unknown, and to the extent that the claimant proves a *prima facie* case.

Other interim measures available are interim injunctions which can be issued provided that (i) the claim is plausible, and (ii) the applicant establishes that the absence of an injunction will make the final judgement impossible or significantly difficult to be enforced or will make the purpose of the proceeding difficult to achieve.

Courts may also order the defendant to submit documents in his possession if these constitute crucial evidence for the case, unless they contain "classified" information.

According to the Act on the Protection of Classified Information, classified information is information the unauthorised disclosure of which would or could cause damage to Poland or would be against its interest.

B.3 Measures to protect secrecy of information before and during proceedings

To protect trade secrets during proceedings, courts may exclude the public from the hearings. Exclusion may be ordered for a part or the entire proceeding, at the court's own discretion or upon a party's request. The exclusion of public, however, does not affect the parties' right to access the files which contain the confidential information.

B.4 Damages – available options and criteria for calculation

The plaintiff may claim compensation of both actual damages and loss of profits (although Polish courts are very reluctant to award damages based on lost profits and in any case very conservative in awarding such damages). In addition, the account of profits may also be awarded, provided that the damages awarded do not exceed the damage actually suffered.

Punitive damages are not recognised by Polish law, although the order to pay a penalty in case the infringement was deliberate may have similar effects.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties who obtained the information in good faith or who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Common practical solutions adopted by companies *vis-à-vis* third parties consist of non-disclosure and/or non-use agreements. These solutions are enforceable under Polish contract law and tort law.

Vis-à-vis employees, whilst employed, they have general duties not to disclose and/or misuse the employer's trade secrets. Breach of this obligation may result in criminal and/or civil sanctions, further to termination of the employment agreement. After termination of the employment relationship, the confidentiality obligation is based on the Unfair Competition Law, according to which a person should not transfer, disclose or use trade secrets of its previous employer for a period of three years from the expiration of either the employment contract or any other service contract, unless the contract stipulates otherwise or the trade secret is not confidential anymore. A breach of this provision may be the basis for civil and/or criminal sanctions. In addition, protection of trade secrets against disclosure by former employees may be secured by separate contract concluded between the employer and the employee. The breach of such a contract gives a separate basis for claims (in addition to tort claims) against the former employee.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Polish courts in cross-border litigations involving other EU Member States is established according to Regulation (EC) No. 2001/44. In cases involving non-EU

countries, an action based on a trade secret infringement could be started in Poland only if the misappropriation of the trade secret and/or the unlawful use of trade secrets took place in Poland, irrespective of where the trade secrets were created and irrespective of the domicile of the infringers.

Enforcement of EU Member States judgements in Poland follows the principles and requirements set forth by Regulation (EC) No. 2001/44. Enforcement of judgements issued by courts of a non-EU country depends on the international agreement in place between Poland and that country. Lacking any such agreements, enforcement will follow the rules of the Polish Code of Civil Procedure, which contains provisions similar to the Regulation (EC) No. 2001/44, provided that the relevant judgements is not manifestly contrary to the public policy in Poland.

Relevant Literature

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PORTUGAL

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on the protection of trade secrets are contained in the Portuguese Industrial Property Code ("IPC"), which prohibits unlawfully disclosing, using or acquiring trade secrets. Protection is achieved through the general provision of unfair competition. A violation is punished not as a crime but as a misdemeanour.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Under the IPC, a trade secret can be protected against the disclosure, acquisition or use from a competitor, provided that the following requirements are met:

- (i) The information is secret, in the sense that it is generally known or readily accessible in its entirety or in its precise configuration and assembly of its elements, to persons within the circles that normally deal with the type of information in question.
- (ii) It has commercial value due to the fact that it is secret.
- (iii) It has been subject to a considerable effort from the person lawfully in control of information, under the circumstances, to keep it secret.

The Portuguese scholarship has categorised trade secrets into two main types:

- (i) Industrial secrets that is understood as a set of technical knowledge, patentable or non patentable, techniques, and formulas or innovative industry practices, which is the most important component of know-how; and
- (ii) Commercial secrets that encompasses knowledge applicable in the commercial sector of a company, such as management techniques, accounting, marketing, advertising, marketing, working methods, etc.

Trade secrets are not considered to be intellectual property in Portugal. However, the implementation of the Enforcement Directive brought changes to the Portuguese Industrial Property Code making certain provisions of the Enforcement Directive applicable also to trade secrets through the protection against unfair competition.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No inadequacies and/or practical suggestions have been identified.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Legal proceedings for trade secret infringement may be commenced under civil law, criminal law and administrative law.

To commence legal proceeding under civil law, provided that a trade secret exists under the IPC, the plaintiff must prove:

- (i) breach of the trade secret;
- (ii) damage;
- (iii) fault; and
- (iv) causation.

B.2 Available civil remedies, including interim relief

The most common remedy under the Civil Code is damage compensation. At the same time, the right holder may request the interim measures provided for by the Portuguese Civil Procedure Code, including preliminary injunctions, provided that the claimant is able to prove (i) that its right is endangered by the defendant's behaviour, and (ii) the urgency to attain an interim decision to remove such danger.

Ex parte orders to search premises are available only in criminal proceedings. However, the plaintiff in a civil proceeding may ask the court to order the defendant to submit certain documents in its possession. Refusal to provide the documents may be punished with a fine. Furthermore, the conduct of the defendant can be considered by courts for evidentiary purposes.

B.3 Measures to protect secrecy of information before and during proceedings

Measures to protect secrecy during a proceeding are available only under criminal law.

Civil proceedings are generally public with no options for a party to exclude said publicity.

B.4 Damages – available options and criteria for calculation

Damage compensation is awarded according to the general rule of civil liability. Accordingly, damages awarded may include both patrimonial and moral damages as long as the plaintiff proves that damages have occurred.

Calculation of damages is based on a comparative analysis between (a) the situation which followed the illicit fact, and (b) a hypothetical scenario that would have existed where no infringement had occurred.

Punitive damages are not recognised by Portuguese laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are enforceable also against third parties who obtained the information in good faith provided they are subject to a confidentiality obligation (which breach has occurred or is threatened to occur).

On the contrary, remedies are not enforceable against a party who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Non-use and non-disclosure agreements are commonly adopted by companies to protect their trade secrets *vis-à-vis* third parties. With regard to employees, whilst they are employed, they are legally bound under the Labour Code not to disclose any information relating to the organisation, production methods or businesses of the employer. After termination of the employment relationship, according to the prevailing scholarship and case law, employees should still be bound not to disclose the employer's secret information. Nevertheless, it is good practice for the employer to enter into confidentiality agreements with employees to prevent disclosure even after the employment. Non-compete clauses may also be included in employment agreements, provided that they specify the prohibited activities, are limited in time (two years) and provide a compensation for the employee.

Non-use, non-disclosure and non-compete agreements/clauses are enforceable as long as they are in a written form and are signed by the other party.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Portuguese courts in cross-border litigations involving other EU Member States is established according to Regulation (EC) No. 2001/44.

In cases involving non-EU countries, an action based on a trade secret infringement could be started in Portugal pursuant to Article 65 of the Civil Procedural Code, according to which Portuguese courts have jurisdiction in the following cases:

- (i) If the defendant is domiciled in Portuguese territory
- (ii) If the litigation is actionable in Portugal, according to the court's territorial competence provisions established in the Portuguese law
- (iii) If the fact which constitutes the cause of action, or any of the facts which are part of it occurred in Portuguese territory
- (iv) If the invoked right is not able to become effective unless a legal procedure is started in the Portuguese territory, or it is considerably difficult for the claimant to action a legal procedure abroad, as long as between the object of the litigation and the national legal order there is a relevant element of connection, personal or real.

Enforcement of EU Member States judgements in Portugal follows the principles and requirements set forth by Regulation (EC) No. 2001/44 and the Lugano Convention for Iceland, Norway and Switzerland. Enforcement of judgements issued by courts of a non-EU country is provided by the Civil Procedural Code. Foreign judgements are enforceable regardless if the right at stake is protectable or not under Portuguese law, provided however, that the formal requirements for obtaining a declaration of enforceability have been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with the international public policy principles of the Portuguese State.

Relevant Literature

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ROMANIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There is a specific legislation in Romania on the protection of trade secrets. Provisions regulating protection of trade secrets have been included in many laws, most importantly in the Law for the Prevention of Unfair Competition ("Law on Unfair Competition").

Additional provisions are also included in other laws, including the Competition Law, the Civil and Criminal Code, the Labour Code and the Copyright and the Patent Laws.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The most important definition of trade secrets is provided by Article 11 of the Law on Unfair Competition, which defines trade secrets as information that:

- (i) either in full or in the precise interconnection of its elements, is not generally known by, or not easily accessible to, the persons in the field that usually deals with such information;
- (ii) has commercial value due to its being secret, and
- (iii) has been subject to reasonable measures by its holder to preserve its secrecy.

Under the Law of Unfair Competition, protection aims at preventing unfair competition and entails civil, criminal and also administrative liabilities. Protection is granted as long as these requirements are met.

The relevant legal literature maintains that the word "information" can include any type of information, including data regarding the company's sales or designs of new products (which can be also protected under the copyright law). Consequently, some trade secrets may be regarded as intellectual property.

According to Romanian scholarship, only know-how is considered to be intellectual property. The Enforcement Directive has been implemented in the Copyright Law. Accordingly, the relevant provisions apply only to trade secrets which are also protected by the Copyright Law.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Although Romanian law provides a specific legislation on trade secrets protection, there are relevant provisions scattered over many different laws. A European harmonised and common legislation for the definition and effective protection of trade secrets, also including rules of competence for the courts entitled to judge such matters would be the opportunity for further protection of trade secrets.

It would also be advisable to protect trade secrets as intellectual property in order to have trade secrets enjoying all the remedies provided by the Enforcement Directive.

There is a proposal for amending the current provisions on trade secrets protection contained in the Law on Unfair Competition. The most relevant amendments concern the introduction of a new definition of business secrets (similar to the definition provided by the U.S. Uniform Trade Secrets Act); the introduction of the crime of business espionage; the exclusive jurisdiction of the Competition Council in connection with the enforcement of the Unfair Competition Law, and the embitterment or both criminal and civil sanctions.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for trade secret infringement, the plaintiff must establish that:

- (i) information for which protection is sought is a trade secret (according to the definition provided by the Law on Unfair Competition);
- (ii) disclosure, acquisition or use of a trade secret has been made by a third party; and
- (iii) the party disclosing, acquiring and/or using the information was aware or should have been aware of the fact that said information was a third party's trade secret.

In some cases, in order to successfully prosecute an individual, the plaintiff must also show that:

- (i) the trade secret has been obtained through industrial espionage;
- (ii) the trade secret has been disclosed and/or used by individuals employed by a public authority or by individuals authorised to represent the owner of the trade secret before a public authority; or
- (iii) the trade secret has been disclosed by a person that obtained said information as a professional or in the course of his/her employment.

B.2 Available civil remedies, including interim relief

Available remedies under the Law on Unfair Competition include:

- (i) Damage compensations
- (ii) Destruction or delivery up of documents containing trade secrets
- (iii) Orders requiring the defendant to provide information about the trade secrets disclosed to third parties
- (iv) Injunctions against further disclosure or use of the trade secret
- (v) Publication of the court decision in a newspaper

- (vi) Injunctions against the defendant's further use in the course of its trade of any goods resulting from the use of the trade secret or an order to destroy said goods.

Orders to search premises and computer systems for misappropriated data are only available in criminal proceedings.

Ex parte orders requiring the defendant to provide information as to the whereabouts of documents and files containing the trade secrets of the plaintiff can be obtained (although rarely granted by courts) under certain circumstances.

Injunctions to prevent imminent damages or remove obstacles may also be sought under the Romanian Civil Procedure Code provided that the following requirements are met:

- (i) Urgency of the measure
- (ii) No preliminary settlement on the merits (only appearance of the facts is examined by the court)
- (iii) Transiency of the measure (the merits of the action is not examined by the court and the defendant may ask the court to start an ordinary proceeding)

Injunctive relief orders are usually limited in time until decision on the merits. However, they can become unlimited if the parties fail to commence the ordinary action.

B.3 Measures to protect secrecy of information before and during proceedings

In general, civil hearings are public in Romania. However, the public can be excluded from courts' hearing if public discussions could harm public order, morality or the parties. In trade secrets cases, a party may ask the court to exclude the public, if public discussion could endanger that party's interests. Furthermore, the parties to a proceeding have to prove their claims by submitting documents, witnesses' affidavits, and examinations of parties, on-site investigations or reports of technical surveys which are usually accessible by the other party.

B.4 Damages – available options and criteria for calculation

Damages in trade secret infringements can be awarded both in tort and contract law.

Damages in tort include both actual damage and loss of profits, which shall be fully covered. Compensation is awarded only if the damage is certain. According to scholarship and case law, the material condition of the infringer and the material status of the aggrieved party shall not be taken into account in determining the extent of damages. Despite the little case law on this point, the general rule for calculation of damages applied by courts take into consideration the consequences of the infringement. Damages can also be awarded by equivalent.

Damages based on contract liability are awarded according to the terms of the agreement. Only damages which were foreseeable at the time of entering the contract can be awarded.

According to Romanian literature, damages are of two types:

- (i) Compensatory damages, which are damages actually suffered by the claimant plus the profits lost by the aggrieved party as a consequence of the other party's failure to fulfil its obligations. The amount of these damages must be proved by the aggrieved party.
- (ii) Default damages, which are damages suffered by the aggrieved party as a result of the delayed performance of the obligations undertaken by the other party.

Punitive damages are not specifically acknowledged under Romanian law. However, the institution of "comminatory damages" has a similar effect and can be awarded also in contract disputes. Comminatory damages are a civil sanction to exert pressure on the defaulting party in order to expedite the performance of its obligations. Thus, in case a party fails to comply with its contractual obligations, the court can order the payment of a certain amount per day until the relevant obligations are performed.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties who obtained the information in good faith or against third parties who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Practical solutions adopted by Romanian companies to protect their trade secrets mainly consist of non-use and non-disclosure agreements/clauses, both *vis-à-vis* third parties and employees. Confidentiality obligations are commonly included in employment agreements to prohibit disclosure both during and after the employment relationship.

Said agreements/clauses are generally enforceable under contract law.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Romanian courts in cross-border litigations involving other EU Member States is established according to Regulation (EC) No. 2001/44. In cases involving non-EU countries, an action based on a trade secret infringement could be started in Romania according to the Romanian Law on Private International Relationship, which provides that in non-contractual liability disputes, Romanian courts are competent if the Romanian territory is the place where either the event or the effects of an event occurred.

Enforcement of EU Member States judgements in Romania follows the principles and requirements set forth by Regulation (EC) No. 2001/44. Enforcement of judgements issued by courts of a non-EU country is regulated by the Romanian Law on Private International Relationship, according to which foreign decisions are enforceable if the following conditions are met:

- (i) The foreign decision is final
- (ii) Has been issued by a court ruling according to law

- (iii) There is reciprocity in the effects of foreign judgements between Romania and the country of the court which issued the decision

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SLOVAK REPUBLIC

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Provisions on protection of trade secrets are provided in the Commercial Code and in the Criminal Code.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by the Commercial Code, which also lists remedies against trade secret infringement. Under the Commercial Code, a trade secret consists of:

- (i) any business, manufacturing and technological fact related to the enterprise; and which
- (ii) have an actual, or at least potential, tangible or intangible value.

This definition is relevant to all the other provisions granting protection to trade secrets. In addition, the Criminal Code includes penalties for unfair competition offences perpetrated through trade secret violations.

Any type of information which meets the requirements set forth by the Commercial Code can potentially fall within the definition of trade secrets.

According to the prevailing scholarship, trade secrets are considered to be intellectual property in Slovakia. The Enforcement Directive has been implemented in the Commercial Code and is therefore applicable also to trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No inadequacies have been identified and there is no current proposal of a new law in Slovak Republic.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In order to commence legal proceedings for trade secret infringement, the plaintiff has to show that the information is a trade secret according to the definition of trade secrets provided by the Commercial Code and that a trade secret has been disclosed, misused or otherwise infringed by the defendant.

B.2 Available civil remedies, including interim relief

The following cumulative remedies are available under civil law in cases of trade secret infringement:

- (i) Injunctions to prevent further infringement of trade secrets
- (ii) Removal of consequences of the trade secret violation

- (iii) Compensation of damages
- (iv) Surrendering of unjustified enrichment
- (v) Appropriate compensation for trade secret infringement (by apology and/or by monetary compensation)

Although rarely applied in civil proceedings (as opposed to criminal proceedings), in principle, *ex parte* orders to search premises and computer systems for misappropriated data and to require the defendant to provide information as to the whereabouts of documents and files containing such data are also available. Such orders are executed by the police.

Preliminary injunctions can be granted if the situation of the parties must be temporarily adjusted or if the execution of the judicial decision could be endangered. Preliminary injunctions are directed to:

- (i) prevent the defendant from disposing of certain assets or rights;
- (ii) order the defendant to do something, to abstain from doing something, or to suffer something to be done; and
- (iii) order the defendant to refrain from actions which could endanger or infringe intellectual property rights.

Preliminary injunctions must be confirmed in the ordinary proceeding on the merits. If the ordinary proceeding is not started within the deadline specified by the court, preliminary injunctions cease to be in effect.

Upon request of a party, courts may also adopt measures to secure evidence if there is the risk that it would be impossible or very difficult to take evidence at a later date.

B.3 Measures to protect secrecy of information before and during proceedings

Hearings in civil proceedings are usually public in Slovakia. However, the court may *ex officio* or upon a party's request, exclude the public from the hearing in whole or in part if public hearing of the case could endanger state, business, trade or professional secrecy, important interest of the parties, or morality.

B.4 Damages – available options and criteria for calculation

Damages can be awarded to the right holder and include direct damages, lost profit and compensation for immaterial damage (apology or monetary compensation). All of them have to be properly proven by the plaintiff.

Punitive damages are not available for breach of trade secrets.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against a person who obtained trade secrets in good faith or against a person who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

The most common practical solutions adopted by Slovak companies are factual concealment of trade secrets and non-disclosure agreements. Non-disclosure agreements are enforceable under civil and commercial law.

Vis-à-vis employees, whilst employed, they have a statutory duty not to disclose confidential information they learned during employment. After termination of the employment relationship, the employee shall not disclose the employer's trade secrets to third parties, but he is, however, no longer bound by the confidentiality obligation (only referring to confidential information and not trade secrets). It is not possible for the employer to contractually secure the confidentiality obligation after the termination of the employment contract. However, the use of the confidential information (which does not meet conditions set for the trade secrets) in a way detrimental to the employer after termination of the employment contract can be considered as an unfair competition conduct and the employer can seek protection under the provisions of unfair competition.

B.7 Cross-border litigation and enforcement of foreign decisions

Slovakian courts have jurisdiction in cross-border litigations in the following cases:

- (i) In tort claims, if the defendant's residence or seat is in the Slovak Republic
- (ii) In matters relating to tort, delict or quasi-delict, if the harmful event occurred, or could have occurred, in the Slovak Republic
- (iii) In civil claims for damages arising out of a criminal offence, if the prosecution is conducted by Slovak authorities
- (iv) In disputes arising out of operation of a branch, agency or other establishment of a legal entity, if that branch, agency or other establishment is situated in the Slovak Republic

Enforcement of EU Member States judgements in Slovakia follows the principles and requirements set forth by Regulation (EC) No. 2001/44. Judgements issued by courts of a non-EU country are enforceable regardless if the right at stake is protectable or not under Slovak law, provided however, that the formal requirements for obtaining a declaration of enforceability have been complied with.

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SLOVENIA

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Trade secrets are protected in Slovenia by different pieces of legislation, notably: the Companies Act, the Employment Relationship Act, the Protection of Competition Act, the Criminal Code and the Code of Obligations.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secrets is provided by the Companies Act in a rather subjective way:

- (i) A business secret is deemed to be data so determined by the company in a written resolution.
- (ii) Lacking such a resolution, any data whose disclosure to an unauthorised person would clearly cause substantial damage.

The definition provided by the Companies Act is very broad and encompasses any kind of information.

The Companies Act also establishes that the written resolution adopted by the company shall also determine the methods of protecting trade secrets and the responsibility of the persons obliged to protect trade secrets.

The Enforcement Directive has been implemented into Slovenian legislation by the Copyright and Related Rights Act, and the Industrial Property Act. Trade secrets shall enjoy the protection of said legislation only under certain circumstances.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Competition law provisions on trade secrets are very scarce; thus, a more thorough approach and clear definitions of trade secrets in the context of competition law would be advisable to improve competition practices in Slovenia and make business environment more attractive also to foreign investments. It must be noted that in Slovenian jurisdiction, it is very easy for a company to envelop their internal information into the veil of protection accorded to trade secrets, since all that is required is a written decision by the management of the company. However, this in turn has a negative effect on transparency of business.

A European harmonised and common legislation specifically targeted to trade secrets would be feasible and positive to align protection throughout European countries.

There are currently no proposals for new legislation regarding trade secrets and/or their protection in Slovenia.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To successfully commence legal proceeding to claim damages for trade secret infringement, the plaintiff must prove that:

- (i) the infringer acted unlawfully;
- (ii) the infringer's action has caused a damage;
- (iii) there is a causation between damages and the infringer's action; and
- (iv) the infringer acted with a certain degree of fault (intent or negligence).

B.2 Available civil remedies, including interim relief

Remedies available for trade secret infringement depend on the position of the person who committed the breach. For example, if the violation has been committed by an employee, his action constitutes a breach of employment agreement, if the violation has been committed by leading employees, it may also constitute a contractual breach and if the breach has been perpetrated by the management, the sanction for the breach could be their recall from function, whereas a breaching shareholder could be expelled from the company.

In addition to the above remedies, damages accruing from the breach can also be claimed, as well as termination of the prohibited conduct and restitution.

Preliminary and temporary injunctions are also available remedies:

- (i) Preliminary injunctions are granted only to secure the enforcement of the plaintiff's monetary claim until final judgement.
- (ii) Temporary injunctions can be demanded before, during or after the proceeding:
 - (a) To obtain a temporary cessation of trade secret misuse until the end of the court proceeding
 - (b) To prevent the publication of an alleged trade secret
 - (c) To demand a lien on the property of the defendant if the plaintiff claims damages from trade secret misuse and there is a present threat that the defendant will dispose of its property and hence prevent the enforcement in case the plaintiff wins

Usually, temporary injunctions last until the end of the court proceedings, or as long as it takes to serve the purpose for which they have been imposed.

Orders to search the working area and the computer of an employee which is located on the premises of the employer can be granted, although in civil proceedings it is not allowed to search home and private premises of the defendant without its consent. The defendant can be ordered to submit relevant documents, although failure to do so does not entail any sanctions but can only be considered by the court for evidentiary purpose.

B.3 Measures to protect secrecy of information before and during proceedings

Hearings in civil proceedings are generally public. However, the public may be excluded from the proceedings if it is necessary for the purpose of protecting trade secrets of the parties.

The plaintiff has the primary burden of proof to prove that trade secrets were violated. It is not strictly required to reveal the content of the alleged infringed secret, however in practice, it is often necessary to prove what information was disclosed. The content of proceedings is confidential (if the public is excluded) and known only to the judge(s) and the parties, thus trade secrets of the parties are, in this context, secure.

Witnesses in civil proceedings may refuse to testify on grounds of professional secrecy, however, they cannot refuse to testify if disclosure of certain facts is deemed of public interest or for the benefit of any third party. The decision on this matter is rendered by the court.

B.4 Damages – available options and criteria for calculation

The owner of a trade secret may claim compensation for damages resulting from the breach of trade secrets. Compensation includes both actual damages and loss of profit. The plaintiff must provide evidence of the damages suffered, which can prove to be very difficult.

Punitive damages are not available in civil action for trade secret infringement.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

In general, a third party who obtained the information in good faith is not liable for trade secret infringement. The same is for a party who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Common solutions adopted by companies are non-disclosure agreements, as well as non-use and confidentiality clauses in contracts and agreements, including employment contracts, although whilst employed, employees have a statutory duty not to disclose the employer's trade secrets identified in a written resolution. After termination of the employment relationship, the employee remains liable under civil law and even if he obtained the information lawfully during his employment, he can still be liable for damages resulted from unlawful disclosure of information.

Licence agreements are also used to protect trade secrets which are protectable under intellectual property law. These agreements are generally enforceable under contract law.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Slovenian courts in cross-border litigations is established according to the provisions of the Private International Law and Procedure Act. Litigation can be started in Slovenia in two cases:

- (i) If the defendant has its permanent residence or seat in Slovenia
- (ii) In disputes concerning non-contractual liability for damages, if the act which caused damage took place in the Slovenian territory; or if the adverse implication, caused by the harmful act, occurred in the Slovenian territory

Enforcement of judgements of EU Member States is governed by Regulation (EC) No. 2001/44. Judgements issued by a court of a non-EU country are governed by the Private International Law and Procedure Act, according to which foreign judgements are enforceable under the condition of reciprocity. Enforcement can, however, be denied if:

- (i) a Slovenian court is exclusively competent to decide in a certain case;
- (ii) a court or other competent organ has rendered a final decision in the same matter, or if another foreign judgement on the same matter has already been recognised; or
- (iii) the recognition of a foreign judgement would be contrary to Slovenian public policy and order.

Foreign judgements are enforceable regardless if the trade secret is protectable or not under Slovenian laws.

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SPAIN

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Specific provisions on trade secrets protection in Spain can be found in the Unfair Competition Act and the Criminal Code. There are also other pieces of legislation which indirectly deal with trade secret protection, e.g. the Capital Companies Act, the Worker's Statute and the Patents Act.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The law does not provide a definition of trade secrets. However, case law generally acknowledges the definition provided by Article 39.2 of the TRIPS Agreement. Additional definitions developed by case law in unfair competition issues are:

- (i) The Madrid Court of Appeal (15 October 2010 and of 14 October 2011) has defined trade secrets as *"the set of information or knowledge that is not public domain and is necessary for the manufacture or marketing of a product, for the production or supply of a service or for the organization and financing of a company"*.
- (ii) The Barcelona Court of Appeal (12 June 2009) has defined trade secrets as *"knowledge or information that is not noticeable, that the company has for its economic value, current or potential, being an advantage to the employer towards the competitors that do not know the information, and on which reasonable and appropriate measures to preserve or avoid disclosure have been taken, preventing others from accessing it and making that only employees that need to manage the information may know or use it, and always subject to a duty of confidentiality"*.

Commentators have identified three different types of trade secrets:

- (i) Technical and industrial secrets (e.g., manufacturing processes)
- (ii) Commercial secrets (e.g., customer lists)
- (iii) Secrets related strictly to the enterprise and its internal/external relations (e.g., prizes, projects)

Trade secrets are usually considered to be intellectual property in Spain based on the definition of intellectual property right provided by Article 1.2 of the TRIPS Agreement (inclusive of undisclosed information). However, under Spanish law trade secrets do not enjoy the same level of protection of other IP rights. The Enforcement Directive was implemented in Spain by amending several existing provision of the Patents Act, the Trademark Act, but without amending the Unfair Competition Act. Accordingly, the Enforcement Directive does not apply to protection of trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The main inadequacy of Spanish laws is the absence of specific legislation on the protection of trade secrets, which may lead to legal uncertainty and too much discretion of the judges and courts. In addition, Spanish law protecting trade secrets requires the claimant to prove the existence of the secret which implies disclosure of certain confidential information during the proceedings. Most of the claims seeking protection of trade secrets are indeed dismissed by courts due to the lack of proper evidence.

A European harmonised and common legislation for the definition and effective protection of trade secrets would be positive, since it would prevent companies from establishing only in those countries with high trade secrets protection standards.

There are no current proposals for a new legislation on trade secrets in Spain.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To commence legal proceeding for unauthorised use, unauthorised disclosure, misappropriation, or any form of trade secret infringement, the following elements must be established:

- (i) The existence of a trade secret (pursuant to the definition provided by Article 39.2 of the TRIPS Agreement)
- (ii) The disclosure or exploitation, without the owner's consent of trade secrets
- (iii) The access to the trade secrets must have been obtained lawfully, but under a duty of confidentiality, or unlawfully.
- (iv) The breach must have been committed in order to obtain a benefit, directly or for a third party, or to damage the owner of the trade secret.

B.2 Available civil remedies, including interim relief

The following cumulative remedies are available under the Unfair Competition Act for trade secret infringement:

- (i) Declaration that the disclosure of the trade secret has been unfair
- (ii) Injunction to order cessation of disclosure and prohibit disclosure in the future
- (iii) Removal of all the effects caused by the disclosure of trade secrets
- (iv) Compensation of damages if the infringer has acted in a negligent manner or with knowledge of the infringement
- (v) Unjust enrichment, provided that the disclosure of trade secrets harmed the legal position covered by an exclusive right or a similar one
- (vi) Total or partial publication of the judgement under certain circumstances

The trade secret owner may also seek preliminary injunction (pre-trial or during the proceeding) under the general rules of the Civil Procedure Act. In order to obtain a preliminary injunction, the claimant must prove that there is a *prima facie* case and that the time needed to obtain a final decision on the merits may cause an irreparable harm. Typical injunctions are cease-and-desist orders and withdrawal of infringing products.

Ex parte search orders are also an available remedy to obtain the information necessary to prepare a claim on the merits. This is a typical remedy adopted in IP infringement cases, provided that (a) there is ground to believe that an infringement has occurred, and (b) it is not possible to determine the truth of it without resorting to the measures requested. These orders are executed by court officials and experts. The plaintiff is not entitled to participate in the inspection. The court will only provide the plaintiff with a copy of the documents that are necessary to file the proceedings on the merits. If the claim is then not filed within two months from the date of the inspections, those inspections will be void and may not be used in any other court actions.

B.3 Measures to protect secrecy of information before and during proceedings

Civil proceedings in Spain are public. The public can be excluded from hearings only in exceptional cases, including for reasons of public order and protection of rights and freedom. Although there is not an obligation of disclosure in Spanish proceedings, the parties have to substantiate their claims and submit the relevant documents (including trade secrets) to the court.

B.4 Damages – available options and criteria for calculation

Damage compensation can be awarded under the Unfair Competition Act cumulatively (i) for damages suffered by the right holder and (ii) for the unjust enrichment obtained by the defendant from its wrongdoing.

Calculation of damages is based on actual damages and loss of profits, which shall be proven by the plaintiff beyond reasonable doubt.

Punitive damages are not recognised by Spanish laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Under the Unfair Competition Act, it is possible to enforce remedies also against a third party who obtained the information in good faith, provided that this party was subject to a duty of confidentiality.

Contrarily, third parties who autonomously developed the same information are not liable of trade secret infringement. They would be entitled to use the same trade secret simultaneously in a confidential manner until the information is disclosed.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Common solutions adopted by companies in Spain are non-disclosure agreements and post-contractual, non-competition clauses. Licence agreements are also common when transferring know-how.

Vis-à-vis employees, whilst employed, they have a general duty of non-disclosure and non-compete. However, non-disclosure and non-compete clauses are commonly included in employment contracts to prevent disclosure and use of the employer's trade secrets both during and after the employment relationship. It must be noted that case law has maintained that information obtained from the abilities, skills and experience of a worker is not considered to be a trade secret, even when those abilities or skills have been acquired in the performance of a particular job or a certain function.

All these agreements/clauses are, in principle, enforceable under contract law. Non-compete clauses are valid provided they provide for an economic compensation to the employee and are limited in time (maximum of two years for highly skilled employees). Breach of said agreements/clauses entails contract liability only. However, if the requirements provided by the Unfair Competition Law are met, breach of these agreements may also trigger unfair competition liability.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Spanish courts in cross-border litigations involving other EU Member States is established according to Regulation (EC) No. 2001/44. In cases involving non-EU countries, an action based on a trade secret infringement could be started in Spain according to the Spanish Judiciary Act and the treaties and international agreements to which Spain is a party. The main criteria to establish jurisdiction of Spanish courts is the domicile of the defendant within the Spanish territory. If the defendant has no domicile in Spain, Spanish courts shall have jurisdiction if the act occurred within the Spanish territory.

Enforcement of judgements of EU Member States is governed by Regulation (EC) No. 2001/44. Judgements issued by courts of non-EU jurisdictions will be enforced according to the Spanish Civil Procedure Act according to which foreign judgements will be enforced pursuant to the treaty entered into between the country where the judgement was issued and Spain. Lacking any such treaties, provided that the reciprocity principle applies and regardless if the trade secret is protected or not in Spain, the judgement will be enforceable as long as:

- (i) the judgement decide on a "personal" action (instead of an action *in rem*);
- (ii) the judgement must have not been given in default of appearance;
- (iii) the obligation to be enforced is lawful in Spain; and
- (iv) the judgement must meet the requirements needed both in the country of origin and in Spain for considering the judgement as authentic.

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SWEDEN

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

Since 1990, Sweden has adopted a specific law regarding protection of trade secrets, which is the Act on the Protection of Trade Secrets ("Trade Secrets Act"), containing criminal provisions on trade espionage, unlawful dealing with trade secrets, and civil provisions on liability for damages for criminal and non-criminal acts involving unlawful use and disclosure of trade secrets (liability for damages varies depending on the type of potential infringer, *i.e.*, business partner, employee, former employee and third party).

In addition to the Trade Secrets Act, provisions dealing with trade secrets are also included in the Swedish Criminal Code, in the Public Access to Information and Secrecy Act and in the Swedish Competition Act.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secret is provided by Section 1 of the Trade Secrets Act, which defines a trade secret as an information that:

- (i) concerns business relations or operating conditions of a business (it is not required that information has in fact been used in the business; even start-ups can rely on the protection);
- (ii) is secret (individuals who have access to the information must be identifiable and belong to a closed circle; there are however no formalities on how to keep the information secret); and
- (iii) the disclosure of which may cause damage to the business proprietor from a competition point of view.

The term "information" includes any type of information, in any form, including drawings, models and other similar technical prototypes, as well as the knowledge of single individuals about a specific circumstance even where it has not been documented in any form, provided that it is specific to the business. Information that constitutes personal skills, experience and knowledge of an individual is not protected by the Trade Secrets Act.

Manufacturing technology, commercial know-how, price lists, customer lists and financial reports, etc., are commonly recognised in Sweden as trade secrets. Also, relatively trivial details can qualify as trade secrets, provided they meet the requirements set forth by Section 1 of the Trade Secrets Act.

Trade secrets are not regarded as intellectual property in Sweden. Trade secrets are not exclusive rights *per se* and do not enjoy the same protection of IP rights. The legislation that implemented the Enforcement Directive is thus not applicable to the protection of trade secrets.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Although the existence of a specific law on trade secrets protection is a positive asset for Sweden, improvements would be required to secure evidence more effectively.

The TRIPS Agreement was not considered when the Trade Secrets Act came into force. In 2008, a Governmental Legislative Committee was assigned to review the legislation on trade secrets. The committee's report was presented in 2008 but the legislative work is still under progress and it is unclear if and when these proposals will be effectuated. The proposals submitted by the committee include the introduction of provisional measures, as well as measures to secure evidence in trade secret infringement litigation, additional liability for damages and an extended criminal liability.

A European harmonised and common legislation for the definition and effective protection of trade secrets could be both feasible and positive to reduce international differences in the protection of trade secrets, which could in turn help companies to efficiently protect their secrets in cross-industry agreements and between companies of different sizes.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Besides the proof of the existence of a trade secret, the requirements to successfully commence a proceeding for trade secret infringement vary depending on the type of action (see below). The plaintiff should seek to obtain all evidence before initiating the court proceedings to fulfil the burden of proof before the court.

B.2 Available civil remedies, including interim relief

The following cumulative civil remedies are available under the Trade Secrets Act:

- (i) Award of damages. Damages liability differs depending on the type of violation:
 - (a) *Damages for criminal acts:* Anyone who is found guilty of trade espionage or unlawful dealing with trade secrets shall pay compensation for damages caused through the offence or through the fact that the trade secret is used or disclosed without authorisation. If the offender discloses the trade secret to a third party who, in turn, uses the trade secret, the offender's liability also includes damages resulting from such use of a third party.
 - (b) *Damages for breach of confidentiality obligations in a business relationship:* Anyone who intentionally or through negligence uses or discloses a trade secret of a business proprietor which he in confidence has gained knowledge of in relation with a business transaction (including during negotiations) with that business proprietor, shall pay compensation for damages caused by his actions. The disclosing party has the burden of proving that the disclosure was made in confidence.
 - (c) *Damages for breach of confidentiality obligations in employment:* An employee who intentionally or through negligence uses or discloses his employer's trade secret shall pay compensation for damages caused by his actions. The liability of former employees is limited to extraordinary circumstances (e.g., the former employee applied for the position only to

obtain access to certain confidential information or the former employee during the employment prepared for transfer of confidential information to a competitor).

- (d) *Damages for subsequent dealings with a trade secret by a third party:* Anyone who intentionally or through negligence uses or discloses a trade secret which was disclosed or used in an unlawful manner according to the Trade Secrets Act or contrary to the provisions of the Public Access to Information and Secrecy Act, shall pay compensation for damages caused by his or her actions.
- (ii) Injunction to prevent the defendant, under penalty of a fine, from using or disclosing trade secrets, provided that the requirements of the criminal provisions or the provisions on liability for damages included in the Trade Secrets Act are met. Interim injunctions are also available provided that the claimant can show (a) probable cause that a trade secret has been violated, and (b) that it can reasonably be assumed that such act will continue and diminish the value of the trade secret.
- (iii) Orders to return (or destroy) the documents and objects containing the trade secrets.

Measures to secure evidence in civil proceedings are also available, although limited compared to criminal proceedings. *Ex parte* orders to search premises and computer systems unless it is related to a suspected intellectual property infringement, and a court order for an infringement investigation are allowed only in criminal proceedings.

Preliminary (*ex parte*) relief measures are also available, including:

- (i) Orders to submit documentary evidence (documents to be submitted must be clearly identified and must be of relevance to the proceeding)
- (ii) Orders to visually inspecting objects (available only in ongoing proceedings)
- (iii) Orders to secure evidence for future reference under the Code of Judicial Procedure, if there is a risk that evidence relevant to a proceeding will be lost or impractical to bring
- (iv) Injunctions to prohibit the continuance of the violation, under penalty of a fine

Infringement investigations to seek and secure evidence of the existence and extent of the alleged infringement of an IP right can also be used in trade secrets cases. According to commentators, information gained through an infringement investigation that also discloses a violation of trade secrets may be used as evidence in a trial regarding trade secrets.

B.3 Measures to protect secrecy of information before and during proceedings

Courts proceedings are public in Sweden. However, the court may exclude the public from the proceeding to protect confidential information under the Public Access to Information and Secrecy Act.

Evidence and documents submitted to the court are also public. A party can request that his trade secrets are kept secret during the proceedings but decision is at the court's discretion. Furthermore, a party may refuse to submit documentary evidence if it encloses a trade secret. Also, the access to public documents may be restricted if it is necessary in order to protect the economic circumstances of private subjects. Witnesses may also refuse to testify if doing so would reveal a trade secret.

B.4 Damages – available options and criteria for calculation

Award of damages varies depending on the type of damages liability (see point B.2 above). However, claims for compensation under the Trade Secrets Act can only relate to damages that have occurred within five years before the action was brought to court.

Calculation of damages shall reflect the economic damage caused by the unauthorised use or disclosure of the trade secret. However, given the practical difficulty to prove damages, the Swedish legislator has provided for the possibility to base the assessment of damages on circumstances other than purely economic circumstances, *e.g.*, compensation is set at a level so that unauthorised use or disclosure would not be financially more rewarding than to acquire the trade secret in a legitimate way. The infringer's profits and the duration of the offence may also affect calculation of damages.

Punitive damages are not recognised by Swedish laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

Remedies are not enforceable against third parties who obtained the trade secrets in good faith, or against a party who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Common practical solutions adopted by companies *vis-à-vis* third parties are non-disclosure agreements (non-disclosure obligations are usually included in licence and Research and development or cooperation agreements with business partners). Other security measures are technical measures such as safeguarding online transactions, websites and other digital systems. It is also common to set up policies for employees on how to handle information in order to prevent good faith arguments.

Vis-à-vis employees, whilst still employed, they have a fiduciary duty of loyalty towards their employer. Breach of said duty may lead to termination of employment contract. Disclosure of trade secrets by employees can also be sanctioned pursuant to the Trade Secrets Act. Although not required by the law, provisions regarding loyalty/completion/non-disclosure may serve as a useful reminder to the employee of what is to be observed during the employment. Employment agreements can be terminated if the employee breaches his duty of loyalty and employee condemn to pay damages.

Confidentiality agreements/clauses are used to bound an employee to confidentiality after the employment is terminated. Indeed, the liability of former employees under the Trade Secrets Act is limited to extraordinary circumstances. Post-employment non-compete clauses can also be included in employment contracts. These are enforceable provided that (i) they are used with employees that have such a position in the company

that they are privy to highly confidential company specific information; (ii) are limited in time (two years) and space; and (iii) compensates the employee.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Swedish courts in cross-border litigations involving other EU Member States is established according to Regulation (EC) No. 2001/44. In cases involving non-EU countries, Swedish courts have jurisdiction if:

- (i) the defendant is domiciled in Sweden;
- (ii) the harmful event occurred or may occur in Sweden; or
- (iii) the illicit conduct took place in Sweden.

Enforcement of judgements of EU Member States is governed by Regulation (EC) No. 2001/44. Judgements issued by courts of non-EU jurisdictions are in principle enforceable in Sweden, regardless if the right at stake is protectable or not under Swedish law, provided however, that the formal requirements for obtaining a declaration of enforceability have also been complied with and the foreign judgement is not, *inter alia*, manifestly incompatible with public policy principles.

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SWITZERLAND

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There is not a specific legislation on the protection of trade secrets in Switzerland. Different provisions offering protection to trade secrets are contained in different laws, most importantly in the Unfair Competition Act, in contract laws (in particular the Code of Obligations), in the Criminal Code, as well as in the in Federal Code of Civil Procedure.

The Unfair Competition Act deals with the protection of trade secrets in various provisions; however, none of these provisions protect trade secrets as such but only in connection with conduct relevant from an unfair competition perspective. Breach of the provisions on trade secrets contained in the Unfair Competition Act constitutes a criminal offence.

The Code of Obligations contains provisions concerning the duty of loyalty of employees during the employment relationship and in particular the employee's obligation not to make use of or inform others of confidential information and data (including manufacturing or business secrets) that come to his/her knowledge while in the employer's service.

The Federal Code of Civil Procedure includes other provisions offering protection to trade secrets during civil proceedings.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

Swiss laws do not provide for a statutory definition of trade secrets. According to the prevailing case law and scholarship, a trade secret is information which cumulatively meets the following requirements:

- (i) It is neither evident nor commonly available.
- (ii) The secret owner has a legitimate interest in keeping the information or data secret (the so called objective interest in keeping the information secret).
- (iii) The secret owner intends to keep such information or data secret (the so-called subjective intention to keep secret).

Trade secrets can include commercial information such as sales data, margins, customer lists, cost of goods, market shares, prices, rebates, discounts, terms of payments, etc., as well as technical information, such as not patented or not patentable know-how, information on manufacturing and fabrication processes or recipes.

Although Swiss law makes a formal distinction between business secrets and manufacturing secrets, this does not have any significant role in practice since both enjoy the same protection.

Trade secrets are not considered to be intellectual property in Switzerland. Trade secrets are understood as part of an individual's or company undisclosed know-how.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

Although Swiss law does not provide a definition of trade secrets, in general, it offers a balanced system of protection to the interests of the employer to protect valuable trade secrets on the one hand, and the interests of the employee to freely exploit his/her knowledge and know-how on the other hand. Indeed, a comprehensive regulation and definition may eventually be too complex and difficult to convert into the Swiss legal system which currently consists of provisions which are scattered throughout various legal fields and codes.

The main inadequacy identified is, however, the difficulties in enforcing trade secrets. The burden of proof required to the owner of a trade secret is very high. The claimant has to prove all the requirements that determine the trade secret infringement. In particular, it may be very difficult to demonstrate that the disclosed or exploited information in dispute qualifies as a trade secret, and/or that the alleged infringer was in breach of contractual obligations protecting trade secrets. This may turn problematic, in particular, in consideration of the development and use of new technologies which easily allow the transfer of vast amounts of data.

Another point which needs to be highlighted is that trade secrets are potentially protected for an unlimited time and provisions protecting trade secret do not contain any limitations for legitimate use, nor address the issue of reverse engineering.

The following points should require attention in view of developing a uniform legislation on trade secrets:

- (a) Should different forms of trade secrets (used internally only and kept totally secret, such as recipes for beverages, or licensed out or otherwise disclosed under covenants) be treated differently?
- (b) Should protection distinguish between copying/imitation (which should continue not to be legitimate), and use as inspiration for a parallel but independent development (which might also be considered to be legitimate use)?
- (c) Should the use of trade secrets in an unrelated, non-competing field or for non-commercial (scientific) purposes be permitted?

There are no current proposals for a new legislation on trade secrets in Switzerland.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

Legal proceedings for unauthorised use, disclosure, misappropriation, or any form of trade secret infringement may be started on the basis of different provisions. Accordingly, the requirements to be established vary depending on the provisions on which the action is brought.

B.2 Available civil remedies, including interim relief

The following cumulative civil remedies are available in case of trade secret infringement:

- (i) Injunctions preventing an infringement which is about to take place

- (ii) Cease-and-desist orders
- (iii) Orders to disclose information about the scope of the infringement
- (iv) Orders to return or destroy the protected information
- (v) Damage compensation (damages)
- (vi) Account of profits

Ex parte pre-trial orders for securing evidence are a common remedy used in Swiss proceedings. However, until the enactment of the new Federal Code of Civil Procedure (entered into force on 1 January 2011 and applicable to all 26 Cantons in Switzerland), it was possible to obtain such an order as long as the claimant could show that (i) the existence of an actual or threatened infringement of a trade secret was plausible, and (ii) there was a risk that the relevant evidence become unavailable unless provisionally secured. Courts did not grant this kind of orders for the purpose of obtaining evidence to merely assess the merits of a case prior to filing a court action. After the enactment of the new code, the claimant can ask the court to grant a preliminary order to secure evidence prior to filing a court action by showing a legitimate interest, including for assessing the merits of a case.

Furthermore, under the Patent Act, a party may request the court to issue a seizure order to obtain the description of the allegedly infringing processes, products and means of production by showing likelihood of infringement and the existence of an irreparable harm. The order is enforced by a member of the Federal Patent Court with the assistance of an expert and the Cantonal police. The claimant is allowed to participate in the process, unless the other party shows that business or manufacturing secrets may be disclosed.

Preliminary injunctions are also available both prior and during the proceeding. Preliminary injunctions are only granted if the claimant shows that it is plausible that:

- (i) an infringement occurred or will occur;
- (ii) it will suffer irreparable damages which will not be adequately measured or addressed by the payment of compensation;
- (iii) the balance of convenience favours the claimant; and
- (iv) there is an urgency for the grant of the preliminary injunction.

Although relatively rare, in cases of special urgency and imminent infringement, and provided that irreparable damages may occur, the court may grant preliminary injunctions *ex parte*.

Other typical preliminary measures adopted by Swiss courts are temporary enforcement of preventive injunction and preservation of evidence, most importantly the seizure of internal documents.

Preliminary measures can be granted individually or cumulatively depending on the case and must be confirmed through full proceedings on the merits within the deadline set by the court.

B.3 Measures to protect secrecy of information before and during proceedings

Protection of trade secrets is guaranteed during proceedings by the provisions of the Code of Civil Procedure. According to Article 156 of the Code, courts are allowed to take all the required measures if legitimate interests, in particular trade secrets, of a party or of a third person are at risk when taking evidence. Said measures may include (i) limitation to the inspection of the case files, (ii) hearing of a party without the presence of the other party, or only in the presence of the other party's attorneys. However, the court can never order the complete exclusion of trade secrets from the procedure.

B.4 Damages – available options and criteria for calculation

In general, a plaintiff may be awarded compensation for:

- (i) damages, provided that the plaintiff can prove (a) damages, (b) unlawfulness, (c) causation between the illegal activities and the damages, and (d) fault of the infringer;
- (ii) account of profits, provided that the plaintiff can prove (a) impairment of its right, (b) infringer's profits, (c) causation, and (d) bad faith of the infringer; and
- (iii) unjust enrichment, which accordingly to the prevailing scholarship corresponds to a fair royalty for the use of the trade secret. It is unclear whether any further profits of the infringer can be claimed and whether the defence that there is no enrichment left is applicable. Unjust enrichment may be awarded in the event that the defendant is in good faith.

The Federal Supreme Court has identified three methods for calculation of damages:

- (i) The actual or direct damage: The claimant has to establish the profit he would have made if the trade secret had not been infringed (*e.g.*, turnover decrease). This can be proven to be very difficult to demonstrate and thus courts have discretion to estimate the amount of damages.
- (ii) The "fair royalty" rule: The claimant has to establish that he would have concluded a licence agreement under usual conditions. If it appears that a licence agreement would never be concluded, this criterion is not applicable.
- (iii) The defendant's profits: The claimant has to prove that he would have made the same profit as the infringer.

Punitive damages are not recognised by Swiss laws.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

As a general rule, remedies are enforceable against a person who obtained the secret in good faith. However, if a person obtained the trade secrets in good faith, the requirements set forth by the Unfair Competition Act are unlikely to be fulfilled. Furthermore, if the defendant is in good faith, it will likely not be liable for damages.

Remedies are not enforceable against a person who can demonstrate to have autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

The most common solution adopted by businesses is the conclusion of non-disclosure agreements with third parties. Licence agreements are also used, especially to protect secret know-how licensed together with other IP rights.

Vis-à-vis employees, whilst employed, they have a statutory duty of loyalty and shall not compete with the employer or exploit or disclose to third parties the employer trade secrets. However, non-compete and non-disclosure clauses are often included in employment contracts. After termination of the employment, the employee remains bound by confidentiality as long as this is required to safeguard the employer's legitimate interests.

The above agreements/clauses are generally enforceable under contract law, although their breach may entail also liability under the Unfair Competition Act. Post-employment non-disclosure and non-compete clauses are enforceable only if they are in writing, comply with the requirements set forth by the law, and concern employees who had access to trade secrets or customer lists, where the exploitation of such information could significantly harm the employer.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of Swiss courts in cross-border litigations involving civil matters is established according to the Lugano Convention if the jurisdictions involved are signatories of the treaty; otherwise, the Swiss Code on Private International Law applies. According to this law, cross-border litigation over civil claims related to misappropriation and unlawful use of trade secrets is generally subject to the jurisdiction of Swiss courts of the place where the damages occurred. If the misappropriation or unlawful use results from a breach of contractual obligations, lawsuits are generally subject to the jurisdiction of Swiss courts of the place where the defendant has its domicile or, in employment law, where the employee performs his work.

Foreign decisions are generally recognised in Switzerland provided that:

- (i) the judicial authorities of the state where the decision was rendered had jurisdiction;
- (ii) the foreign decision is final;
- (iii) the foreign decision is not manifestly incompatible with Swiss public order; and
- (iv) the foreign decision was not rendered in violation of the fundamental principles of procedural law.

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THE UNITED KINGDOM

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

There is no general legislation specifically providing protection of trade secrets in the United Kingdom. Trade secrets are more generally protected by the English common law of confidence and/or by contract. There is, however, a number of pieces of legislation that indirectly contains rights or obligations for those who may hold certain secrets or private information in certain circumstances.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

English law does not contain a generally applicable definition of trade secrets. Under section 43(2) Freedom of Information Act 2000 a "trade secret" is defined as information where *"its disclosure under this Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it)"*.

Trade secrets are generally protected as confidential information under the common law provided that the relevant information:

- (i) has the *"necessary quality of confidence"*, i.e., information must not be something which is *"public property and public knowledge"*;
- (ii) has been *"imparted in circumstances importing an obligation of confidence"* upon the recipient; and
- (iii) there must be unauthorised *"use of the information to the detriment of the party communicating it"*.

Trade secrets have been also identified by courts as information which:

- (i) is used in a trade or business;
- (ii) if disclosed to a competitor would be liable to cause real (or significant) damage to the owner of the secret; and
- (iii) in respect of which the owner has sought to limit its dissemination or at least has not encouraged or permitted widespread publication.

Furthermore, case law in the context of employment relationships has provided a non-exhaustive list of factors which can be used to determine whether a piece of information falls within the category of trade secrets:

- (i) The nature of the employment
- (ii) The nature of the information (*e.g.*, process of manufacture)
- (iii) Whether the employer had impressed on the employee the confidentiality of the information

- (iv) Whether the information can be easily isolated from other information which the employee is free to use or disclose

Other principles which might assist in identifying confidential information in an industrial setting are:

- (i) the party claiming confidentiality must believe that release of the information would be injurious to him or of advantage to his rivals or others;
- (ii) the party claiming confidentiality must believe that the information is confidential (*i.e.*, not already in the public domain);
- (iii) his belief under the two previous heads must be reasonable; and
- (iv) the information must be judged in the light of the usage and practices of the particular industry or trade concerned.

English courts' decisions have shown that various forms of commercial information or trade secrets may possess the necessary quality of confidence, including R&D information; customer lists; technical drawings and designs; prototypes; and source code for computer software.

It must be noted that marking a document as "confidential" or classifying it as "confidential" within a contract does not automatically make a trade secret if the document does not possess the necessary quality of confidence and thus does not create a duty of confidentiality in equity. Equally, an unmarked document can constitute confidential information but this will depend upon the information and the circumstances in which it is imparted.

Trade secrets are generally considered to be a form of intangible intellectual property. It, however, remains debatable whether trade secrets, and confidential information more generally, can be classified as an "intellectual property right" as such. Confidential information involves information about a fact or idea – however, a mere fact or private idea is not susceptible of ownership. Therefore, the debate appears to be falling on the side of classifying confidential information as an equitable right rather than a right in property *per se*.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

No particular inadequacies have been identified in connection with trade secrets protection in United Kingdom. On the contrary, the law of confidentiality has developed sufficiently to offer protection in most commercial situations where sensitive information is imparted.

One particular difficulty envisaged with harmonisation in this area is defining "trade secret". A definition too specific adds nothing to the existing law and protections in the United Kingdom, whereas a too broad definition risks bringing too much information within its scope.

There are no current proposals for a new legislation on trade secrets in the United Kingdom.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

In order to commence legal proceedings for trade secret infringement, the right holder will have to establish that:

- (i) the trade secret has the quality of confidence;
- (ii) has been imparted in circumstances of confidence; and
- (iii) has been misused (*e.g.*, disclosed to an unauthorised third party).

B.2 Available civil remedies, including interim relief

Available remedies under English law for a breach of confidence include:

- (i) Final Injunction/Interim Injunction to prevent threatened breach of confidence

The granting of an injunction is an equitable remedy at the discretion of the court, which will decide on a case-by-case basis the type and duration of the remedy. It must be noted that in certain cases, courts have applied the so-called "springboard doctrine" and prevented the defendant from further using the information, at least for a specific time, even if the information has become publicly known as a consequence of the disclosure. In recent cases, courts have questioned whether the "springboard doctrine" remains available in circumstances where the information in question had since come into the public domain.

With regard to interim injunction, the court will consider:

- (a) whether there is a serious question to be tried;
 - (b) whether the balance of convenience is in favour of granting the order (*i.e.*, the potential harm to the defendant if the injunction is granted, against the potential harm to the claimant if the injunction is refused);
 - (c) status quo;
 - (d) the relative strengths of the case; and
 - (e) special factors.
- (ii) Destruction or delivery up of material containing confidential information or derived from the use of those trade secrets
 - (iii) Damages
 - (iv) Account of Profits

Ex parte search orders are a typical remedy in IP rights litigation, which is also available for trade secret infringement. The basis of a search order is not to obtain evidence but to preserve information, documents or materials which are at risk of being destroyed or

dissipated should a full civil action be commenced. To obtain a search order it will be necessary for the claimant to show that:

- (i) there is "an extremely strong *prima facie* case";
- (ii) the defendant's actions have resulted in very serious potential or actual damage to the claimant's interests; and
- (iii) there is clear evidence that the "incriminating documents or things" are in the defendant's possession and there is a "real possibility" that the defendant may destroy or dispose of the material before an application can be made on notice.

B.3 Measures to protect secrecy of information before and during proceedings

Civil proceedings are public in the United Kingdom. Both parties have a general duty of disclosure of all documentation and information relevant to the case, whether detrimental or not to the claim. However, in some circumstances, the parties may either agree or apply to the court to ensure that certain information remains confidential. If the parties do not agree on a contractual arrangement for the treatment of confidential information, a party to proceedings may unilaterally apply to the court requesting that confidential information is not disclosed to the other party during the disclosure process. Requests for the restriction of disclosure are at the discretion of the court although in practice, where a party makes a reasoned case for information not being disclosed, a court is more likely to limit the requirement to disclose to the other party.

The public is, in general, allowed to access certain documents from court without first seeking permission from the court or notifying any of the parties, including the statement of case and any judgement or order made in public. A party to the proceedings may, however, apply to the court to restrict access to certain documents. The right to restrict access is at the discretion of the court. Documents as witness statements, expert reports and correspondence between the parties can only be obtained by non-parties with leave of the court.

B.4 Damages – available options and criteria for calculation

Damages can be claimed both on the basis of a breach of the equitable duty of confidence and a breach of a contractual duty of confidence as opposed to in equity, which entitles the claimant to damages as of right to under English law (provided he can prove that damage has occurred).

The criteria for damages calculation are:

- (i) Compensatory damages for the loss suffered as a result of the breach of confidence (both contractual or in equity). If the claimant would have used the confidential information to earn profits, the correct measure of damages is that the claimant should receive fair compensation for what he has lost. If, however, the claimant has or would have licensed or sold the information, then the correct measure of damages is the market value of the information.
- (ii) Account of profits (which is alternative to compensatory damages)

Punitive damages are available in the United Kingdom. However, no English case law has established that such punitive or exemplary damages are recoverable in the context of a breach of confidence action.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

A person who innocently receives confidential information will not be under a duty of confidentiality unless and until he is made aware that the information is confidential. The basis for this argument is from property law whereby the recipient of property through a *bona fide* purchase is able to retain that property and deny any restitutional remedy to the original owner. The English courts, however, have found it more difficult to apply this doctrine in circumstances where the *bona fide* recipient of the information is later notified of its confidential nature.

If a person autonomously and independently develops the same information as a trade secret held by an unconnected third party, no duty of confidentiality would arise.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Two methods are commonly used in the United Kingdom to protect trade secrets:

- (i) Ensuring that trade secrets are only disclosed in circumstances covered by an obligation of confidentiality
- (ii) Ensuring that access to such information is restricted

Businesses often use confidentiality undertakings or non-disclosure agreements as a means of ensuring that trade secrets remain confidential. Such agreements are generally enforceable under English law and often form the basis of a contractual claim for breach of confidence.

Businesses can also protect their trade secrets by physically limiting access to the information to specific individuals. These forms of protection are useful where a trade secret is embodied in an article (for example, a document). However, where the trade secret is a piece of know-how retained in employees' heads, it is much harder to create methods to limit the disclosure. As well as a common law duty of confidentiality, employment contracts will likely also contain confidentiality provisions to place contractual restrictions on the ability of employees to disclose important information, although where there is no express contractual duty, case law held that employees will be subject to a fiduciary duty of good faith to their employer which would, in any event, usually prevent the employee from making use of the employer's trade secrets. After the employment, both contractual restrictions and the equitable duty of confidentiality may continue to apply.

B.7 Cross-border litigation and enforcement of foreign decisions

Jurisdiction of English courts in cross-border litigations is established by Regulation (EC) No. 2001/44, if the parties are domiciled in another EU Member State and if the action is based either in contract or tort. However, the Regulation does not contemplate or provide for any general rules for actions not founded in either contract or tort. It is

debatable whether the equitable duty of confidence can fall within the definition of a tort - if not, then it remains in limbo in terms of the applicable jurisdiction for a case.

Enforcement of other EU Member States judgements in English courts (whether or not relating to breaches of confidentiality) are governed by the Regulation (EC) No. 2001/44. Enforcement of judgements of non-EU countries will be determined by English common law. Under English common law, the basic rule is that a party seeking to enforce a foreign judgement must initiate fresh proceedings in England. The foreign judgement creates an obligation actionable in England. In these cases, a claimant would likely seek summary judgement in the English courts to enable him to recover the debt based on the separate decision of the English courts.

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THE UNITED STATES

A. APPLICABLE REGULATORY FRAMEWORK

A.1 Applicable IP and commercial provisions and scope of protection

The legal system in the United States comprises two general levels of law: US federal law governing the United States as a whole; and the laws of the separate states, the District of Columbia, and self-governing US territories.

In 1979, the National Conference of Commissioners on Uniform State Laws proposed a uniform law on trade secrets, the Uniform Trade Secrets Act ("UTSA"). Almost all states, DC, Puerto Rico, and the US Virgin Islands have adopted the Act. At this time, the States of Massachusetts, New York and Texas have not enacted the UTSA but rely on common law, while a bill for adoption was introduced in 2011 in Massachusetts. Since the UTSA has the force of law only through positive enactment, the enacted versions of the UTSA in the various States, DC, and self-governing US territories may differ.

For the purposes of this study, only the provisions contained in the UTSA, the laws of NY and Texas, as the most relevant states, have been considered.

A.2 Definition of Trade Secrets – Type of Trade Secrets – Qualification/protection as IP rights

The definition of trade secret is provided by the UTSA, according to which trade secret means:

- (i) information, including a formula, pattern, compilation, program, device, method, technique, or process, that;
- (ii) derives 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
- (iii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Any type of information may be considered to be a trade secret as long as the UTSA requirements are met.

In New York and Texas, trade secrets are protected by common law. Courts have adopted the definitions from the Restatement (First) of Torts, which is one of a series of codifications of common law principles by the American Law Institute. The Restatements are not binding law but have often been adopted by courts as reflecting existing law. According to the Restatement (First) of Torts, a trade secret may consist of any formula, pattern, device or compilation of information:

- (i) which is used in one's business; and
- (ii) which gives him an opportunity to obtain an advantage over competitors who do not know or use it.

Courts have relied on six factors identified in the Restatement to determine whether information is a trade secret:

1. The extent to which the information is known outside of his business
2. The extent to which it is known by employees and others involved in his business
3. The extent of measures taken by him to guard the secrecy of the information
4. The value of the information to him and to his competitors
5. The amount of effort or money expended by him in developing the information
6. The ease or difficulty with which the information could be properly acquired or duplicated by others

Whether trade secrets are to be considered intellectual property has been long debated. Presently, practically all states now deem trade secrets intellectual property rights.

A.3 Inadequacies of the law on trade secrets – Practical suggestions

The UTSA and the trade secret statutes do not address the original ownership of trade secrets. This is particularly relevant if trade secrets are created by an employee or contractor within a contractual relationship. Sophisticated contracts in the United States typically allocate ownership of trade secrets (and other intellectual property) to one or the other party. However, if this is not done, the ownership is dependent on common law, which has been developed more or less in the various states.

B. LITIGATION AND ENFORCEMENT

B.1 Requirements to commence legal proceeding

To successfully commence legal proceeding for trade secret infringement, the plaintiff must show that:

- (i) the plaintiff has a protectable interest in a trade secret;
- (ii) such trade secret has been misappropriated; and
- (iii) such misappropriation has occurred by the defendant.

The UTSA provides the definition of “misappropriation” as:

- (i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or
- (ii) disclosure or use of a trade secret of another without express or implied consent by a person who:
 - (a) used improper means to acquire knowledge of the trade secret;
 - (b) at the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was (1) derived from or through a person

who had utilised improper means to acquire it; (2) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or (3) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

- (c) before a material change of his/her position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

New York common law requires for misappropriation of a trade secret *"that the defendant used that trade secret in breach of an agreement, a confidential relationship, or duty, or as a result of discovery by improper means"*. Misappropriation of a trade secret under Texas law requires proof of *"breach of a confidential relationship or improper discovery of a trade secret ... [,] use or disclosure of the trade secret ...[, and] damages to the owner"*.

B.2 Available civil remedies, including interim relief

The following cumulative remedies are available under the UTSA:

- (i) Injunctive relief for actual and threatened misappropriation
- (ii) Damages

In general, injunctive relief is an equitable remedy. To obtain an injunction in federal courts, the US Supreme Court held that the plaintiff must demonstrate:

- (i) an irreparable injury;
- (ii) that remedies available at law (notably damages) are inadequate to compensate for such injury;
- (iii) that equity warrants the injunction considering the balance of hardships of the plaintiff and the defendants, and
- (iv) that public interest would not be disserved by a permanent injunction.

Temporary or preliminary injunctions are also available. The requirements for obtaining a preliminary injunction depend on the procedural law in the jurisdiction where the case is heard. Generally, in a federal court, the plaintiff must show:

- (i) a reasonable likelihood of success on the merits (*i.e.*, that the plaintiff will prevail in the misappropriation case);
- (ii) irreparable harm to the plaintiff;
- (iii) balancing the plaintiff's and the defendant's hardships arising from granting or not granting the injunction is in the plaintiff's favour; and
- (iv) the issuance of the injunction is in the public interest.

Temporary restraining order (TRO) to restrain the defendant from destroying or deleting evidence or data can also be sought. The requirements for such an order depend on the

procedural law of the court's jurisdiction. Under US federal procedural rules, the plaintiff must show the same requirements for a preliminary injunction. Although courts are reluctant to do so, temporary restraining orders can be issued *ex parte* only if the plaintiff alleges under oath specific facts that clearly show that immediate and irreparable injury, loss, or damage will result to it before the defendant can be heard, and the plaintiff certifies in writing the efforts made to give notice and the reasons why it should not be required.

B.3 Measures to protect secrecy of information before and during proceedings

The parties to a proceeding in the United States have a general duty of disclosure of all documentation and information relevant to the case, including trade secrets. However, a party may, under certain circumstances, obtain from the court a protective order not to reveal a trade secret or other confidential information or to reveal it only in a limited manner (e.g., certain information may be accessed only by attorneys and not by the parties or their in-house counsel).

A specific obligation to the court to preserve the secrecy of an alleged trade secret is provided by the UTSA. Secrecy can be preserved by means of protective orders in connection with discovery proceedings, *in-camera* hearings, sealing of records of the action, and ordering any person involved in the litigation not to disclose an alleged trade secret without prior court approval.

B.4 Damages – available options and criteria for calculation

Damages include compensation for the actual loss caused by the misappropriation and recovery of the unjust enrichment caused by the misappropriation (to the extent such unjust enrichment is not taken into account in calculating the actual loss), or if neither is proven, a reasonable royalty for any unauthorised disclosure or use of the trade secret.

Punitive/exemplary damages are available in the United States in case of wilful and malicious misappropriation. Exemplary damages shall not exceed twice of the award of actual damages and/or unjust enrichment or a reasonable royalty.

B.5 Enforceability of remedies against third parties in good faith and third parties who autonomously developed the information

In general, remedies are not enforceable against a third party who obtained the information in good faith and is not subject to a confidentiality obligation. However, once the innocent third party is given notice of the misappropriation, continued use of the trade secret would become misappropriation under the definition of such term in the UTSA.

Remedies are not enforceable against a third party who autonomously developed the same information.

B.6 Practical solutions adopted by companies to protect trade secrets - Enforceability

Companies may usually adopt both legal and practical solutions to protect their trade secrets. Legal strategies involve the execution of non-disclosure, licence or confidentiality agreements. Such agreements are generally enforceable. Practical strategies involve both a considered selection of whether and what trade secrets should

be disclosed and the diligent monitoring of the use of the trade secrets. Many companies also take defensive steps to avoid exposure to a claim of trade secret misappropriation. Such steps include a clean-room environment, such that any research or development personnel of the recipient will not come into contact with any of the trade secrets.

Vis-à-vis employees, restriction to trade secrets access may be included in the employment agreement. If the employee fails to comply with such limitations, the employee would be liable for breach of the employment agreement as well as, if such acts constitute misappropriation, trade secret misappropriation. After the employment relationship is terminated, lacking post-termination confidentiality obligation, disclosure of confidential information or trade secrets by the former employer represents a misappropriation.

The United States is the only jurisdiction which recognises the so-called "inevitable disclosure doctrine". This doctrine, however, has been recognised in some but not all states. In *PepsiCo., Inc. v. Redmond*, the court, applying Illinois law, adopted by inevitable disclosure doctrine holding that "*a plaintiff may prove a claim of trade secret misappropriation by demonstrating that defendant's new employment will inevitably lead him to rely on the plaintiff's trade secrets*". On the other hand, the application of the doctrine as announced by PepsiCo. has been rejected under California law because it "*is imposed after the employment contract is made and therefore alters the employment relationship without the employee's consent*" in this way amounting to a covenant not to compete.

B.7 Cross-border litigation and enforcement of foreign decisions

Any court in the United States may not exercise personal jurisdiction over a defendant unless such defendant has minimum contacts with the *forum* State and exercise of personal jurisdiction does not offend traditional notions of fair play and substantial justice.

Jurisdiction is generally determined by the domicile of the defendant in the *forum* State. If this is not the case, the court in the *forum* State may nevertheless exercise personal jurisdiction over the defendant if the defendant purposefully availed itself of the privilege of conducting activities within the *forum* State.

In the United States, a distinction must be made between judgements by a court in a foreign country and judgements by a court in another state. Generally, judgements of another state are recognised and enforced in accordance with the Uniform Enforcement of Foreign Judgements Act of 1986, which has been enacted by almost all states, DC, and the Virgin Islands. Judgements of foreign countries are enforceable under common law and are in principal not given conclusive force but treated under the principle of comity, *i.e.*, while giving due regard to both international duty and convenience and the rights of the citizens, there is no obligation of a US court to recognise and enforce a foreign country judgement.

A number of states, including California and Illinois, have enacted the Uniform Foreign-Country Money Judgments Recognition Act, which only applies to money judgements or judgements in connection with domestic relations. Accordingly, a foreign owner of trade secrets would not have a right to enforce a foreign judgement enjoining use or disclosure of trade secrets in the United States.

Relevant Literature

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