

EU TRADE SECRETS DIRECTIVE 2016

A Timeline

- 28 November 2013 – First proposal of Trade Secret Directive
- *Triialogue*
- 18 November 2014 – New Draft
- 14 April 2016 – EU Parliament adoption
- 26 May 2016 – Council adoption
- In these days - Publication on the Official Gazette
- Within 2 Years : Implementation by Member States

The Notion of Trade Secrets - TRIPs Agreement (1994)

- Framework: unfair competition (Art. 10-bis Paris Convention 1967)
- Article 39.2 TRIPs

Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information:

 - a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;*
 - b) has commercial value because it is secret; and*
 - c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.*

The Notion of Trade Secrets - Italy

- IP Code (2005)
- Framework: Unfair competition (Article 2598 Civil Code)
- Article 98.1 IP Code

The business information and the technical-industrial expertise, including the commercial ones, subject to the owner's legitimate control, are the object of protection as long as:

- a) they are secret, in the sense that they are not, as a whole or in the exact configuration and combination of their components, generally well-known or easily accessible for experts and operators in the field;*
- b) they have an economic value due to their being secret;*
- c) they are protected, by the persons who legitimately control them, with measures which may be deemed reasonably adequate to keep them secret.*

The Notion of Trade Secrets – The Directive

- Article 2(1) – Definitions

‘trade secret’ means information which meets all of the following requirements:

- (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;*
- (b) it has commercial value because it is secret;*
- (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret;*

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1. Secrecy (relative)
2. Economic value
3. Reasonable protection measures

Do not touch

- Freedom of expression
- Unions – Labour related issues
- Whistleblowing

Information and products

‘infringing goods’ means goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed. (Article 2.4)

Reverse engineering: observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret; (Article. 3.b)

Provisional and precautionary measures (Article 10.1)

- (a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret on a provisional basis;
- (b) the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;
- (c) the seizure or delivery up of the suspected infringing goods, including imported goods, so as to prevent their entry into, or circulation on, the market

In the merits (Article 12.1)

- (a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret;
- (b) the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;
- (c) the adoption of the appropriate corrective measures with regard to the infringing goods;
- (d) the destruction of all or part of any document, object, material, substance or electronic file containing or embodying the trade secret or, where appropriate, the delivery up to the applicant of all or part of those documents, objects, materials, substances or electronic files.

Damages

Article 14 Directive and article 125 Italian IP Code

- "Classic" damages (lost sales, costs and expenses related to the infringement)
- Reasonable royalty
- Disgorgement of profits ?
- No punitive damages (?)

Publication (art. 15)

Secrecy and court proceedings (Article 9)

Persons:

- the parties
- their lawyers or other representatives
- court officials
- witnesses
- experts and any other person participating in the legal proceedings

Measures:

- restricting access to any document containing trade secrets or alleged trade secrets to a limited number of persons;
- restricting access to hearings and the corresponding record or transcript
- Decision redaction

Fair trial

The number of non-restricted persons shall be no greater than necessary in order to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one natural person from each party and the respective lawyers or other representatives of those parties to the legal proceedings.

So what?

"If we want things they stay as they are, things will have to change"
(G. Tomasi di Lampedusa, *The Leopard*, 1958)

But:

EU

- Reverse engineering in Germany
- Statutory notion of trade secrets in UK

Italy

- Whistleblowing
- Protective measures
- Disgorgement of profits

Back to the future

- The increasing importance of trade secrets
- Unfair competition disputes and trade secrets
- Employment disputes and trade secrets
- Copyright / Database rights and trade secrets
- Franchising/Outsourcing disputes and trade secrets

- The information age
- IT, cryptography and data protection

- Trade secret: the rise of a new (IP) right?

Thank You!

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