Q283-SGL-G-2022

2022 – Study Question

Protection of trade secrets during civil proceedings

Italian Group.

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Questions

I. Current law and practice

1) Does your Group's current law provide for the protection of trade secrets for or during any of the following stages of civil proceedings?

In Italian law there isn't a systematic regulation for protection of trade secrets for - or during - civil proceedings, albeit there are rules considering this issue both in Italian civil procedure code ("Italian CPC") and in intellectual property laws (Italian Industrial Property Code, "Italian IPC", and Italian Copyright Law – both together "IP law").

a) Complaint/pleading/writ of summons initiating a proceeding

The contents of civil summons initiating a proceeding on the merits is stated by article 163 of the Italian

CPC, according to which, a civil summons must contain several indications with respect to parties and court as well as "*the subject of the claim and the description of the factual and legal grounds of the claim and the related conclusions*".

All other proceedings (including, e.g., preliminary injunction proceedings, evidence gathering/preservation procedures et al.) don't start with a writ of summons, but with a complaint that, although its content is indicated in article 125 of the Italian CPC, referring to all parties' pleadings, must have the same content of the writ of summons with respect to the portion in which the claims, the subject matter and the grounds for the same are indicated (article 125: "*Content and signature of pleadings" … Save where otherwise provided by the applicable law provisions, the complaint, the motion, the answer, the countermotion, the order for payment shall indicate the judicial office, the parties, the object, the grounds on which the claim is based, the conclusion or the request to the judge…*") .

A special consideration should be paid to proceedings initiated in order to protect trade secrets; in this case the complaint or the writ of summons have to be complete enough in order to let the defendant understand and prepare the defense, but – according to case law - the plaintiff or the claimant may avoid to exhibit the documentation incorporating the trade secrets.

b) Any other pleadings or submissions filed in the context of a proceeding

The applicable rule is the already mentioned article 125 of the Italian CPC (see above, letter a)).

c) Production of documents during discovery phase or court ordered production of evidence

Our legal system does not contemplate a discovery phase.

Italian civil procedure law (article 210 of the Italian CPC) provides that, on the basis of a party's motion, the judge "*to the same extent to which the inspection of things in the hands of a party or of a nonparty may be ordered pursuant to article 118,…may order to the other party or to the nonparty to exhibit in the proceeding a document or another thing"* that the judge considers necessary. The party's motion for exhibition should indicate the document or thing to be exhibited, the name of the person in whose hands such document or thing is, the contents of the document or the description of the thing and should identify how they are necessary to decide the case. In any case, it is excluded the admissibility of an exhibition order concerning documents covered by professional privilege or document which if shown could cause serious damage.

As regards IP proceedings, articles 121 (paragraphs 2 and 2-*bis*) of the Italian IPC and 156-*bis* (paragraphs 1 and 2) of the Italian Copyright Law state that:

- *i*) the party who provided serious evidence that its claims are grounded and has identified documents, elements or information held by the other party that confirm such evidence, may request that the judge orders their exhibition or requests the information to the other party. It may also be requested that the judge orders

the other party to provide the elements for the identification of the subjects involved in the infringement;

- *ii*) in the event of an infringement committed on a commercial scale through acts of piracy, on request from the party the judge may also order the exhibition of the banking, financial and commercial documentation that is held by the other party.

It is important to note that paragraph 3 of article 121 and of article 156-*bis* provides that, in taking the measures above indicated and after consulting with the party against whom the order is issued, the judge shall adopt measures *"suitable to guarantee the safeguarding of confidential information"*.

Moreover, there are specific rules:

- applying to civil proceeding for compensation of damages on the basis of an antitrust authority investigation (article 3, paragraph 4 of legislative decree no. 3 of 2017 implementing EU Directive 2014/104/UE), providing that, where the request or order for exhibition relates to confidential information, the judge orders specific measures of protection including the obligation of secrecy, the possibility of not making visible the confidential parts of a document, the conduct of closed hearings, the limitation of the number of persons authorized to read the evidence, the conferral to experts in charge of preparing summaries of information in the form aggregated or in other non-confidential form. Confidential information means documents containing confidential personal, commercial, industrial and financial information relating to persons and undertakings, as well as trade secrets;
- in the recently come into force regulation of class action (article 840 *quinquies*, paragraphs 5, 6 and 7 of the Italian CPC), providing that, where the request or order for presentation relates to confidential information, the court shall provide for specific protection measures, including the obligation of secrecy, the possibility of not making the confidential parts of a document visible, the conduct of closed hearings, the limitation of the number of persons authorized to inspect evidence, the conferral on experts of the task of drawing up summaries of information in aggregate or other non-confidential form. Confidential information means documents containing confidential personal, commercial, industrial and financial information relating to persons and undertakings, as well as trade secrets. The party against whom the application for appearance is made shall have the right to be heard before the court proceeds. The confidentiality of communications between the lawyers in charge of assisting the party and the client remains unaffected.

d) Evidence seizure

No general rules are provided by the Italian CPC.

In IP law, Article 129, paragraph 1, of the Italian IPC provides that, granting the description or the seizure of elements of proof, the judge must adopt the measures necessary to guarantee the safeguarding of confidential information.

e) Prepared for litigation technical description/declaration or any other exhibits

No general rules are provided by the Italian CPC or IP law, albeit in the practice it is possible to exhibit documents in the proceeding declaring that their contents are partially or totally under seal. In this hypothesis, if the position under seal is confirmed by the judge, the counterparty may ask for access to the document content and the judge will decide terms and conditions for such access.

f) Oral hearing

Normally hearings before civil judge or panel aren't public and the only persons admitted are the parties and their lawyers. This is the rule as per article 84 appendix to Italian CPC. The only public hearings are the so-called discussion ones both before the single judge and the panel; in any case also with respect to such hearings the judge or the panel can order the discussion hearing with closed doors, thus not admitting anyone other than the parties and their representatives and lawyers, in order to preserve safety of the Country or if other reasons of public order or morality exist. See also letter j), below.

g) Hearing transcripts

Hearing transcripts are not public and the only ones who can see and examine them are parties and their lawyers and consultants. See also letter j), below.

h) Witness statements made out of court and on the record for use in litigation

There are not specific rules protecting trade secrets in this case, but those kind of out of court depositions are not popular in civil proceeding, while they are used quite frequently in criminal proceedings. See also letter j), below.

i) Court decision

The court judgements are not public. See also letter j), below.

j) From f) to i)

With respect to proceedings related to the unlawful acquiring, using or disclosing of trade secrets referred to article 98 of the Italian IPC, the rules of the proceeding are contained in article 121-*ter* of the Italian IPC

which states that:

- (paragraphs 1 and 2), on request from a party, the judge can prohibit the use or the disclosure or the trade secrets involved in the proceedings to the parties, to their representatives, to their consultants, to their lawyers, to the administrative personnel, to the witnesses and to the other subjects which could have access to the decision, to the acts and the documents contained in the file of the judge. The prohibition order remains in force after the conclusion of the proceeding during which it was issued and loses its effectiveness in case a final decision states that the trade secret does not fulfil the requirements under article 98 or become generally known or easily accessible by the experts and the operators of the relevant field;
- (paragraph 3), on request from a party, the judge can adopt the measures which, according to the principles of the due process, seem to be more adequate to protect the confidentiality of the trade secrets involved in the proceeding, particularly:
  - (a) limiting to a restricted number of subjects the access to the hearings and to the acts and documents included in the file of the court;
  - (b) disposing, in the decision defining the proceeding which are available also to subjects other than the parties, the redaction or the omission of the parts containing the trade secrets;
- (paragraph 4), to the purpose under letter b), above, the judge with the decision: *i*) indicates the parts that the clerk has to redact or to omit when gives a copy of the decisions to subjects other than the parties; and *ii*) orders that the clerk, when the judgement is published, has to add a note from which it results the prohibition for the parties to publish the decision in the complete version.

k) Potential for future misuse of trade secret information gained from claimant or defendant during the proceeding

No general rules are provided by the Italian CPC or IP law.

2) Under your Group's current law, is there a requirement:

a) for specificity in the pleadings (e.g., the trade secret allegedly misappropriated is required in written documents provided to the court); and/or

b) that knowledge of the trade secret details be known by more than defendant's outside counsel (e.g., General Counsel, Managing Director, or other types of representatives),
so that a defendant can properly defend against a charge of misappropriation of a trade secret?

Please see above under 1).

Actually, it is not necessary to allege the trade secret, but certainly it is mandatory to give sufficient info on the alleged violated trade secret in order to allow the defendant defense.
In our law there aren't the different kinds and grades of confidentiality obligations typical of protective orders with respect to documents arising from discovery.
Thus, according to our law and even if there aren't the specific requirements mentioned under this point 2), a defendant can properly defend against a charge of misappropriation of a trade secret.

3) Under your Group's current law, do any remedies exist for the holder of the trade secret to "re-establish" or "re-gain" the status of a trade secret exposed during a Disclosure action, or more generally during civil proceedings? That is, can a trade secret exposed during a civil proceeding effectively be made or held "secret" so as to still be considered a trade secret?

Nothing of this kind exists in our jurisdiction.

II. Policy considerations and proposals for improvements of your Group's current law

4) Could your Group's current law or practice relating to the protection of trade secret(s) during civil proceedings be improved? Please explain.

Yes. See point 5), below.

5) In order to limit disclosure of a trade secret, should there be more specific requirements regarding access by a party to a trade secret during a civil proceeding? Please explain.

Yes, our system could be improved introducing a protection of trade secrets in civil proceedings other than the ones concerning the unlawful acquisition, use or disclosure of trade secrets. A possibility could be to add in our Civil Procedure Code rules similar to the ones that can be found in the ELI/UNIDROIT Model Rules for Civil Procedures, that were approved by the ELI Council and Membership in summer 2020, as well by the UNIDROIT Governing Council at the second meeting of its 99th session on 23-25 September 2020. According to such Model Rules, proceedings may be held in private in order to protect trade secrets and special measures, almost identical to the ones as *per* article 121 *ter* of the Italian IPC, can be ordered to protect confidential information to properly balancing the competing interests of accessibility and confidentiality in a practical and effective manner.

6) Should remedies to re-establish or regain a trade secret be available to the trade secret holder:
a) if the disclosure of the trade secret during the proceeding occurred intentionally due to a legal requirement (e.g., a legal requirement to specify the basis of a claim, or in response to a court

order/interrogatories, etc.);
b) if the disclosure of the trade secret occurred intentionally before exhaustion of all available legal protections, (e.g., protection order, redaction of transcripts, etc.);
c) if the disclosure of the trade secret occurred unintentionally before exhaustion of all available legal protections;
d) other, namely....?
Please answer YES or NO for each. Please explain.

Once the trade secret has been disclosed, it can be no longer protected as a secret and no remedy to delete the disclosure and regain the pre-existing secrecy should be available. Nevertheless, on the basis of a case-by-case analysis and without prejudice to the parties' rights of defence, it would be desirable to have a mechanism enabling the judge to take specific measures, in an adversarial hearing between the parties themselves, to confirm the secrecy, provided that this is promptly done prior to its actual disclosure outside the process.

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7) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Particularly in *ex parte* provisional measures, but also in the evidence gathering phase (preliminary o instruction phase), in the context of civil proceedings concerning protection of trade secrets, there should be a more intensive protection of trade secrets belonging to the party on which the order is enforced or the evidence is gathered from, but this could be achieved also through a more severe application of the existing rules.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

8) Does your Group believe that there should be harmonisation in relation to the protection of trade secrets during civil proceedings? Please answer YES or NO.

Yes. See below, under 9).

9) Does your Group believe that there should be protection of trade secrets for or during any of the following stages of civil proceedings? Please tick all that apply. Please explain.

☒complaint/pleading/writ of summons initiating a proceeding

☒any other pleadings or submissions filed in the context of a proceeding

☒production of documents during discovery phase or court-orderedproduction of evidence

☒evidence seizure

☒prepared-for-litigation technical description/declaration or any other exhibits

☒oral hearing

☒hearing transcripts

☒witness statements made out of court and on the record for use inlitigation (*e.g.*, deposition)

☒court decision

☒potential for future misuse of trade secret information gained fromclaimant or defendant during the proceeding

☐other, namely ……

Our Group believes that, once the protection of trade secrets has been recognised as legitimate, the secrecy protection measures must apply at any stage of the procedure and after its conclusion.

10) During a proceeding, what limits and/or restrictions should there be on Disclosure actions and/or procedures (such as a *saisie contrefacon* or other seizure) to limit the unnecessary production of trade secrets, thereby reducing the risk of unnecessary disclosure to those involved in the proceeding and leakage into the public domain? For example:

a) should a court bailiff conducting seizure of evidence identify and separate and keep separate documents relating to trade secrets solely by virtue of the document being labelled a trade secret and/or confidential:

If the court bailiff identifies documents relating to trade secrets, he must collect and keep them separate from the others if they are labelled as trade secret and/or as confidential, or, in absence of such indications, if they are listed as confidential by the seized party;

b) should a witness testifying about a trade secret do so only in a private/closed hearing with the judge, with the judge and outside counsels, or similar limited-audience proceeding:

Yes, this should be the general rule, with the limit that it should not prejudice the parties' right of defence;

c) should a document (whether or not marked as, e.g., "confidential" and/or "trade secret,") containing a trade secret that is accidentally disclosed during a proceeding be retractable and not considered a public disclosure:

Yes, but strictly on the basis of a case-by-case analysis and without prejudice to the parties' rights of defence. It would be desirable to have a mechanism enabling the judge to take specific measures, in an adversarial process between the parties themselves, to confirm the secrecy, provided that this is done promptly and in case prior to the possible disclosure outside the proceeding;

e) should a broad injunction prohibiting use of a disclosed trade secret accompany a Disclosure action and/or

Yes.

f) other, namely ....?

11) Should a trade secret be able to "re-gain" its trade secret status after a disclosure action during a civil proceeding? What conditions should there be to allow the recovery, *e.g.*, trade secret was appropriately marked as "confidential," and/or "trade secret"?

See above, point 10, c).

12) Which, if any, of the following should be required or encouraged in any civil litigation in order to maintain a balance between protecting the allegedly misappropriated trade secret and allowing a defendant to defend against a misappropriation charge? Please tick all that apply. Please explain.

☒ limit access to the trade secret details to defendant's outside counsels only;

☐ limit access to the trade secret details to a limited number and type of defendant's inhouse representatives (e.g., General Counsel, Managing Director, Chief Technology Officer, etc.) and outside counsel;

☒limit access to the trade secret details to hired third party expert(s) to view and provide directed findings regarding the trade secret details (e.g., court-ordered expert or defendant's hired expert and plaintiff's hired expert meet separate from the parties to compare the plaintiff's trade secret details with the defendant's information); and/or,

As a general rule, the access to the trade secrets' details should be limited to outside counsels and to independent experts only. Nevertheless, it should be provided that, depending on the specific case and always respecting the right of the parties to be heard, the judge may decide otherwise by allowing access also to persons other than the outside counsels and independent experts.

☒ allow the defendant to challenge the confidentiality or trade secret status of a document/material during the proceeding

Yes, it should be always allowed as a fundamental means of defense, by bearing the relative burden of proof of course.

☐ other, namely….?

13) Should there be a requirement in trade secret misappropriation cases such that in response to a first identification of a trade secret, there is an immediate redaction of all specific trade secret details from the hearing transcripts, court decisions, or other written document before publication?

Yes, of course.

14) How can one, since injunctions naturally are limited in geographical scope, adequately protect trade secrets obtained during the course of a proceeding against misuse in a different jurisdiction?

This aim could be achieved by adopting a general rule providing for an obligation of confidentiality on a personal basis binding all the people having access to trade secrets during a proceeding, without any geographical limitation/scope, and that this obligation will be considered as infringed wherever in the world the information has been disclosed.

15) Should evidence involving trade secrets be preserved by the court after the proceeding has concluded? Please explain.

Once the trial is over (once the decision has become definitive or the proceeding has been abandoned) and there is no longer any need to preserve evidence by the court, the parties should be allowed to have returned the evidences filed with and preserved in the court file.

16) Please comment on any additional issues concerning the protection of trade secrets in civil proceedings that you consider relevant to this Study Question.

17) Please indicate which industry/cultural sector views provided by in-house counsel are included in your Group's answers to Part III.

Pharmaceutical sector views from in-house counsel are included in answers to Part III.