THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES
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### ABBREVIATIONS LIST

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<th>Description</th>
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<tr>
<td>AAPI (Poland)</td>
<td>Act on Access to Public Information</td>
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<td>ACCP (Poland)</td>
<td>Act on Consumers and Competition Protection</td>
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<tr>
<td>ACM</td>
<td>Netherlands Authority for Consumers and Markets</td>
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<td>AGCM</td>
<td>Italian Competition Authority</td>
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<td>AIPPI</td>
<td>International Association for the Protection of Intellectual Property</td>
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<td>AMO</td>
<td>Anti-Monopoly Office of the Slovak Republic</td>
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<td>ArbVG (Austria)</td>
<td>Labour Constitutional Act</td>
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<tr>
<td>ARC (Germany)</td>
<td>Act against Restraints of Competition</td>
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<td>ATVP (Slovenia)</td>
<td>Securities Market Agency</td>
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<td>BCA</td>
<td>Belgian Competition Authority</td>
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<td>BGB</td>
<td>German Civil Code</td>
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<td>BLPC</td>
<td>Bulgarian Law on the Protection of Competition</td>
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<td>BOD</td>
<td>Board of Directors</td>
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<td>CAP (Poland)</td>
<td>Code of Administrative Proceedings</td>
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<td>CC (Czech Republic, Poland)</td>
<td>Civil Code</td>
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<td>CC (Slovakia)</td>
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<td>Commission for Protection of Competition</td>
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<td>Industrial Property Code</td>
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<td>CUCA (Poland)</td>
<td>Combating Unfair Competition Act</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>DCA</td>
<td>Dutch Competition Act</td>
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<td>Dutch Code of Civil Procedure</td>
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<td>Estonian Competition Authority</td>
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<td>ET (Spain)</td>
<td>Worker’s Statute</td>
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<td>FCCA</td>
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<td>FCO (Germany)</td>
<td>Federal Cartel Office</td>
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<td>Federal Cartel Prosecutor</td>
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<td>GCCP</td>
<td>Greek Code of Criminal Procedure</td>
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<td>Act on the Constitution of Courts</td>
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<td>IPR</td>
<td>Intellectual Property Right</td>
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<td>KartG (Austria)</td>
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<td>LC (Czech Republic, Portugal)</td>
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<td>LTD</td>
<td>Limited Liability Company</td>
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<td>MCA</td>
<td>Maltese Competition Authority</td>
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<td>MPAC (Poland)</td>
<td>Marketing Practices Act</td>
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<td>MS</td>
<td>Member State</td>
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<td>MDA</td>
<td>Non-Disclosure Agreement</td>
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<td>OFT (UK)</td>
<td>Office of Fair Trading</td>
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<td>PBAC (Poland)</td>
<td>Law on Proceedings Before the Administrative Court</td>
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<td>PCA</td>
<td>Portuguese Competition Authority</td>
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<td>PCC</td>
<td>Portuguese Criminal Code</td>
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<td>PCCP (Poland)</td>
<td>Office for the Protection of Consumers and Competition</td>
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<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>PCD (Spain)</td>
<td>Provincial Court Decision</td>
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<td>PCL</td>
<td>Portuguese Competition Law</td>
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<td>PPL (Poland)</td>
<td>Public Procurement Law</td>
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<td>QBD (United Kingdom)</td>
<td>Queen’s Bench Division</td>
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<td>SCA (Spain)</td>
<td>Spanish Competition Act</td>
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<td>Swedish Competition Authority</td>
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<td>SCC (Spain)</td>
<td>Spanish Criminal Code</td>
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<td>SCC (Slovakia)</td>
<td>Slovak Commercial Code</td>
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<td>SCD (Spain)</td>
<td>Supreme Court Decision</td>
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<td>SME</td>
<td>Small-Medium Enterprise</td>
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<td>SPA</td>
<td>Spanish Patent Act</td>
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<td>SOLJ</td>
<td>Spanish Organic Law on the Judiciary</td>
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<td>StGB (Austria)</td>
<td>Penal Code</td>
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<td>StPO (Austria)</td>
<td>Criminal Procedure Code</td>
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<td>SUCA</td>
<td>Spanish Unfair Competition Act</td>
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<td>TAR Lazio (Italy)</td>
<td>Regional Administrative Court of the Lazio Region</td>
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<td>TFEU</td>
<td>Treaty on the Functioning of the European Union</td>
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<td>TRIPS</td>
<td>The Agreement on Trade Related Aspects of Intellectual Property Rights</td>
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<td>UCA (Romania)</td>
<td>Unfair Competition Act</td>
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<td>UOHS</td>
<td>Office for the Protection of Competition</td>
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<td>UWG (Germany)</td>
<td>German Act on Unfair Competition</td>
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<td>Act against Unfair Competition</td>
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<td>VbVG (Austria)</td>
<td>Act on Corporate Criminal Liability</td>
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<td>WettbG (Austria)</td>
<td>Competition Act</td>
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<td>WOB</td>
<td>Dutch Act on Public Access to Government Information</td>
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<td>WRC (Ireland)</td>
<td>Workplace Relations Commission</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>ZPO (Germany)</td>
<td>Code of Civil Procedure</td>
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<td>ZVOP (Slovenia)</td>
<td>Personal Data Protection Act</td>
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I. EXECUTIVE SUMMARY

Trade secrets and confidential business information are critically important to the growth, competitiveness and innovative performance of European businesses. In the current globalised market, characterised by increasingly pressing and extensive competition, intangible assets are capable of providing a competitive advantage to all sorts of companies and business sectors. Where innovation does not fulfil the requirements of patentability, trade secrets become a pivotal tool for companies to protect their business knowledge. The same can be said for companies that, even though developing patentable inventions, prefer not to make public their innovations, or for start-ups that have not the financial resources to recur to patent registrations.

When dealing with trade secrets, the main purpose of the Member States’ (MSs) legislators has been to protect business secrets, but also to address other interests, such as openness and freedom of information. The balance between these interests relies on the one hand in providing the protection that companies need to be able to continue their research and development without the risk of misappropriation of valuable innovative knowledge, and on the other hand in securing interest in a transparent society with a great exchange of information.

This report constitutes ‘The Baseline of Trade Secrets Litigation in the EU’, commissioned by the EUIPO’s European Observatory on Infringements of Intellectual Property Rights (the Observatory) to set a benchmark for the ‘initial report on the litigation trends regarding the unlawful acquisition, use or disclosure of trade secrets pursuant to the application of the Directive (EU) 2016/943’. The Observatory will draft such report by 9 June 2021 in accordance with Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 (the Directive) 1.

The main objective of the study is to analyse trade secrets litigation in the different EU MSs, as well as the profile of parties involved and courts dealing with trade secrets matters, through the mapping of the national legal systems, competent courts and procedures in place, including remedies against the unlawful acquisition, use or disclosure of trade secrets.

To this end, the report provides for a description of all 28 EU MS legal systems for the protection of trade secrets, considering the status quo and potential issues to solve. Furthermore, a cross-MS analysis in terms of a comparative overview of national case-law is provided in a dedicated section.

The present study has highlighted a high degree of heterogeneity between single MS legislation on the protection against the unlawful acquisition, use or disclosure of trade secrets. The main differences that emerged from the study attain to elements such as the presence/absence of a national definition of trade secrets, the scope of protection and the sources of law. Also, the availability of case-law on trade secrets considerably diverges across the EU, thus mirroring the differences in how effective the existing means of protection and the remedies available are perceived in the different MS.

The first difference among the national legal systems refers to the lack of a precise definition of ‘trade secret’, which has made it difficult for companies to prove that certain information and/or data qualifies as a ‘trade secret’ and, thus, may obtain the connected remedies in the event of illicit conduct.

In several MSs, legislation does not provide for a specific definition of ‘trade secret’, which has thus been developed by the relevant case-law. This is the case in Denmark, Belgium, Germany, Ireland, Spain, France, Cyprus, Luxembourg, Austria, the United Kingdom and Greece\(^2\), where national courts have often been guided by the definition as set forth in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)\(^3\), which determines what kind of information and under what conditions a trade secret should be classified. Indeed, the TRIPS is not self executing (even though binding for each member of the World Trade Organization (WTO)\(^4\)) and the provided definition of ‘trade secret’ is applicable in MSs only where national law adopted such definition and/or case-law makes explicit reference to such definition. In these countries some courts have also cited the definition as provided for by the Directive, even if not in force yet, since it develops and incorporates into the European legal system the trade secret concept provided for by the WTO\(^5\).

The only two countries where a definition of ‘trade secret’ is set forth by the Industrial Property Code are Italy and Portugal. However, there are a number of MSs where the definition of ‘trade secret’ is provided in one or more legislative acts.

In Bulgaria, for example, the definition is set out in the Supplementary Provisions to the Bulgarian Law on Protection of Competition (BLPC) as well as in the Bulgarian Access to Public Information Act.

Similarly, there is no formal and unique definition of ‘trade secret’ under Dutch law: both the Dutch Civil Code (in particular its labour provisions) and the Dutch Penal Code contain indirectly a definition of ‘secret’ or ‘confidential’ information. Czech, Lithuanian and Hungarian legislation provides for a definition of ‘trade secret’ in the Civil Code, while in Croatia the definition and scope of protection of a trade secret are set forth in the Data Secrecy Protection Law. In Finland the definition of ‘business secret’, provided by the Finnish Criminal Code, is generally applied to trade secrets but such definition is to some extent broader than the definition of ‘trade secret’, since it includes the concept of ‘professional secret’. Latvian law does not provide for a specific legal definition of ‘trade secret’, but the Commercial Law and Freedom of Information Law of the Republic of Latvia state that the status of a trade secret is attributed by a merchant to information that corresponds to specific criteria. In Romania and Poland the respective unfair competition laws provide for a definition of ‘trade secret’\(^6\).

In Estonia and Slovenia the definition is regulated by the rules regulating competition, but has also been developed through case-law\(^7\). Although references to ‘trade secrets’ are included in Maltese legislation, trade secrets per se are not regulated, but it is possible to refer to the concept of fiduciary obligations provided by the Maltese Civil Code. In Slovakia, a definition is set forth in the Slovak Commercial Code.

The only MS that already has a sui generis law on trade secrets is Sweden\(^8\). The Swedish Act on the Protection of Trade Secrets (the Act) lays down the definition of ‘trade secret’ in its first section. According to the Swedish preparatory works to the Act, the effective protection of trade secrets is fundamental since competitiveness depends to a large extent on the overall knowledge within

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\(^2\) In Greece, an indicative definition, only for industrial secrets, is however given by the Greek Industrial Property Law.
\(^3\) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS); source: [https://www.wto.org/english/docs_e/legal_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf)
\(^4\) All MSs and the EU are members of the WTO and have ratified TRIPS.
\(^5\) See, for example, the judgment of the Provincial Court of A Coruña No 241/2016 of 1 July 2016 and the Austrian Supreme Court Decision No 4 Ob 165/16.
\(^6\) In the Polish legal system there is not a uniform definition of ‘trade secret’, and confidential information is protected by several acts of law; among them, the main legislative act which provides for a definition of ‘trade secret’, the Act on Countering Unfair Competition.
\(^7\) In Slovenia, a definition of ‘trade secret’ is provided by different legislative acts (e.g. the Slovenian Companies Act and the Prevention of Restriction of Competition Act).
companies. In particular, the knowledge within companies is more important in comparison to other production factors for the ability to compete in the market and the protection of strategic know-how is often as important as the protection of material assets and (other) intellectual property rights (IPRs).

Notwithstanding the existing Act, a special investigation committee was appointed in Sweden to identify and propose the necessary legislative changes due to the implementation of the Directive with the result that the current Act will be replaced by a new law.

The scope of trade secrets protection varies across MSs. Even if not being provided with an ad hoc legislation, Italy and Portugal expressly include trade secrets in their industrial property codes, classifying them as IPRs and thus applying to trade secrets the remedies planned by the EC Enforcement Directive 2004/48. The remedies of the Enforcement Directive 2004/48 are also applicable in Finland, where trade secrets are considered as IPRs even though no express provision has been enacted in this respect. In France, on the other hand, the Intellectual Property Code addresses a specific protection, but only for manufacturing secrets (‘secrets de fabrique’), punishing the disclosure of manufacturing secrets committed by an employee of a company’s director. The scope of protection is thus quite restricted since it does not include protection for commercial secrets and it refers only to employees and directors. In the remaining MSs general legislation applies. In particular, most MSs, that is, Austria, Bulgaria, the Czech Republic, Germany, Denmark, Estonia, Greece, Spain, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia rely on unfair competition law when dealing with trade secrets misappropriation. The common law countries Ireland and the United Kingdom have based trade secrets protection on case-law’s interpretation of the breach of confidence tort. Trade secrets are addressed also through tort law in Belgium, France, Luxembourg and the Netherlands. Malta relies exclusively on contract law, while the legal system in Cyprus provides for criminal remedies and civil liability only for breach of contract.

Even though the scope of legal protection may diverge throughout Europe, it has to be said that protection against the disclosure of trade secrets by employees is provided for in all countries, at least in the form of a general confidentiality duty for the employee during an existing employment relationship. The enforceability of non-compete provisions, which are applicable after the termination of employment, may vary substantially among jurisdictions, in accordance with national practices.

Since providing evidence for the existence of a trade secret and of its misappropriation thereof is rather difficult, the study has shown that rights holders adopt a wide range of precautionary practical measures to protect trade secrets, mainly consisting of non-disclosure agreements (NDAs) and non-use agreements, licence and know-how agreements for the commercial transfer and lawful exploitation of technology, as well as non-competing clauses in employment and consultancy agreements and technical security measures for protecting the unlawful acquisition of confidential business information.

Such preventive instruments are crucial for the enforcement of trade secrets since MS courts often require, to grant protection and to issue the requested remedies, that practical steps have been taken by the owner to keep the relevant information secret; that is, that the intention of the owner to keep the information confidential can be proven. Reasonable measures to maintain secrecy could, for example, be achieved by the owner informing third parties about the secrecy of certain information, qualifying it as confidential, as well as by the adoption of the aforementioned preventive measures to avoid unlawful disclosure.

12 Article L621(1) of the French IPC, referring to Article L1227(1) of the Labour Code.
13 That is, liability for non-contractual responsibility.
As emerged from the gathered case-law, trade secrets are considered by owners as a piece of a holistic approach and as being part of an overall strategy of protecting and exploiting their innovations and IPRs. The interdependence of such rights (i.e. their use together with other IPRs) can assist rights holders in obtaining effective protection, especially in countries with a low level of specific protection of trade secrets. The fact that the enforcement of trade secrets protection requires pro-active steps to protect them from disclosure implies that trade secrets owners with an established organisational structure, equipped with identified internal procedures and protocols as to the treatment of data, and a higher level of cybersecurity infrastructure, have an increased chance of protecting and enforcing their trade secrets before the competent courts.

Due to the abovementioned differences of legal protection afforded by individual MSs, the current protection of trade secrets against misappropriation at cross-border level is perceived as weak as reported by national experts consulted for this study. Indeed, trade secrets holders' perception of the available legal systems of protection resulted as being satisfactory overall only in six MSs (Bulgaria, Italy, Lithuania, Ireland, the United Kingdom, Sweden), where critical areas were also identified. On the contrary, in the other MSs, the legal protection afforded to trade secrets has not been perceived as adequate.

From the information retrieved, undertakings are reluctant to start litigation proceedings on trade secrets violation, mainly because of the following reasons:

- burden of proof to demonstrate that the misused information qualifies as a trade secret;
- protection scattered among different sources of law with unclear or insufficient regulation;
- difficulty to secure evidence and high costs related thereto;
- absence of appropriate procedural measures to guarantee confidentiality during litigation proceedings;
- difficulties related to the quantification of damages;
- absence, in certain MSs, of specialised courts to handle trade secrets cases.

While most IPR holders, professional associations and experts welcome the future implementation of the Directive, some concerns have emerged from a general point of view, since the implementation of the Directive into national legislation may give rise to dissimilarities among MSs in the transposition of the protection rules. In fact, although the Directive will go some way to harmonise the legislation of trade secrets in Europe, national implementing legislations might lead to different interpretations of the Directive that will ultimately have to be clarified by the European Court of Justice.

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14 For further details on the national experts, please see Section 3 – Methodology.
15 Trade secrets holders’ perception is reported by the national experts consulted for this study.
As businesses continue to globalise and develop, the effective protection of trade secrets in the EU seems to be required. There is a great and general interest that competition operates in a healthy, resourceful and efficient manner. Legal practice has shown the importance that IP protection has provided, in a way that fosters innovation and creativity rather than compromises it. The current case-law of various MSs confirms that relationships and knowledge exchanges between companies operating at EU and international levels are hindered by legal uncertainties connected to the different thresholds of trade secrets protection. The harmonisation expected by the Directive should play an important role in removing obstacles that currently deter trade secrets rights holders from enforcing their rights, also through litigation.
II. GENERAL BACKGROUND

In the current business landscape, companies and research organisations invest in generating and acquiring intellectual capital to obtain a competitive advantage and foster their innovation-related performances. In this regard, the value of know-how and information has become increasingly relevant and consequently, businesses recur to different measures to protect their knowledge such as IPRs (e.g. patents, design rights and copyright). Likewise, businesses look to protect their trade secrets, that is, undisclosed know-how and business information that is meant to remain confidential.

To address this issue international efforts have been made with special regard to the TRIPS including, inter alia, provisions for protection against the unlawful acquisition, use and disclosure of trade secrets. The EU and all of its MSs are bound to implement the TRIPS pursuant to Council Decision 94/800/EC.

Nevertheless, across EU MSs there are still relevant differences in legislation and measures for trade secrets protection that imply fragmentation of the internal market and weaken the deterring effect of the general rules.

With the objective of enhancing and harmonising the level of protection granted against the unlawful acquisition, use and disclosure of trade secrets throughout the EU, on 5 July 2016 the Directive came into force with the due date for its implementation by MSs being 9 June 2018. Thus, the EU has introduced a significant legal means to establish a harmonised regulatory framework aiming to guarantee the protection of trade secrets across its MSs and to foster sensitivity to trade secrets protection among EU businesses and institutions.

In general terms, the Directive states that while all companies, irrespective of their size, consider trade secrets as valuable as patents and other kind of IPRs, small and medium-sized enterprises (SMEs) are particularly aware of the value of trade secrets. The importance of increasing the sensitivity for trade secrets protection is highlighted by the Directive also in consideration of two main issues:

- trade secrets, by protecting such a wide range of know-how and relevant information (in addition to or as substitution for IPRs), are particularly important to guarantee business competitiveness as well as for research and development and innovation-related performance;
- the lack of a consistent set of protection rules at EU level deters businesses from engaging in innovation-related cross-border initiatives, due to risks linked to main global trends such as globalisation, increased outsourcing, longer and more complex supply chains and the increased use of information and communication technology. Thus, the potential of trade secrets as drivers of economic growth and jobs remains unexploited.

The Directive establishes that the unauthorised acquisition, use and disclosure of trade secrets are prohibited. ‘Trade secret’ is specifically defined within Chapter I of the Directive (Article 2(1)), which refers

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17 Section ‘Whereas’ (para. 2) of Directive (EU) 2016/943.
18 Section ‘Whereas’ (para. 2) of Directive (EU) 2016/943.
19 Section ‘Whereas’ (para. 5) of Directive (EU) 2016/943.
to the subject matter and scope. In detail, information is classified as a trade secret if it meets the following set of criteria:\textsuperscript{20}:

a) it is a secret in the sense that the information 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 a 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.

Chapter II of the Directive regulates the acquisition, use and disclosure of trade secrets identifying lawful and unlawful actions and exceptions where measures for the protection of trade secrets do not apply.

Lawful actions include, among others, independent discovery or creation and reverse engineering, that is the ‘observation, study, disassembly or testing of a product or object that has been made available to the public or is lawfully in the possession of the acquirer of the information’\textsuperscript{21}.

Among the exceptions is ‘whistleblowing’, that is, the revelation of misconduct, wrongdoing or illegal activities. If the whistle-blower acted to protect the general public’s interest, the measures, procedures and remedies provided for by the Directive will be dismissed\textsuperscript{22}.

Chapters III and IV of the Directive refer to measures, procedures and remedies and to sanctions and reporting. The Directive envisages a reporting role for the EUIPO through the Observatory. In this regard, the EUIPO and DG GROW have deemed it appropriate to commission a baseline study on trade secrets litigation in the EU and gather relevant information before the implementation of the Directive by the MSs, due by 9 June 2018.

The results of the study are intended to measure the impact of the Directive and to draft the initial report as required for by Article 18(1) of the Directive. A number of external studies on behalf of the Commission have been conducted in the past by, for example, Hogan Lovells and Baker McKenzie\textsuperscript{23}. Furthermore, a number of reports on the protection of trade secrets were carried out in 2010 by the International Association for the Protection of Intellectual Property (AIPPI)\textsuperscript{24}. Such studies and reports included a mapping of the legal system to a certain extent. The present report aims to provide an updated overview of legal protection available across the EU with a drill-down per country, going beyond specific aspects of regulation and including details of legal references. To this end, single reports per MS have been drafted covering all 28 EU MSs.

In addition to the above, it is worth mentioning that the contents of this study have been drawn up in consideration of existing case-law. To this regard, the study includes a selection of cases identified on the basis of their importance towards the protection of trade secrets in the MSs (Annex I — Selection of cases).

\textsuperscript{20} Article 1 of the Directive (EU) 2016/943.
\textsuperscript{21} Article 3(1) of the Directive (EU) 2016/943.
\textsuperscript{22} Article 5(b) of the Directive (EU) 2016/943.
\textsuperscript{24} The AIPPI study published in 2010 focused on the protection of trade secrets through IPR and unfair competition law (covering 18 EU MSs and several non-EU countries), see: http://aippi.org/committee/protection-of-trade-secrets-through-ipr-and-unfair-competition-law/
III. METHODOLOGY

The methodology applied to this study is structured in two main phases:

1. Data collection: information has been collected from key sources (national experts from, for example, IP associations, law firms and the public sector, who are familiar with the subject matter);
2. Data preparation: all collected information has been included and drawn up in this report.

With regard to phase 1, consistent information to provide a comprehensive overview of the status quo of trade secrets litigation has been collected for all 28 EU MSs by means of desk and field research (questionnaire and follow-ups with national experts).

Preliminary desk research was carried out to obtain a first set of evidence on the current landscape of trade secrets litigation across EU MSs. The collected information was used to draft the questionnaire.

The questionnaire was designed to acquire both qualitative and quantitative data on trade secrets litigation for a 10-year period, that is, from January 2006 to December 2016 (Annex II — Data gathering questionnaire template). The questionnaire was submitted to national experts, being subject matter experts by virtue of their knowledge and ability to provide insights on trade secrets matters within single MSs. Several respondents for each MS were selected to ensure the reliability and cross-validation of information, reducing the error margin of the answers received.

Approximately 200 national experts were contacted, obtaining an overall response rate of about 35% (68 questionnaires returned). In detail, the received questionnaires refer to MSs as follows:

- 1 questionnaire for 5 MSs: Belgium, Estonia, Cyprus, Luxembourg, Austria;
- 2 questionnaires for 11 MSs: Bulgaria, the Czech Republic, Denmark, Germany, Ireland, Greece, Malta, Portugal, Romania, Slovakia, Sweden;
- 3 questionnaires for 7 MSs: France, Latvia, Lithuania, Hungary, the Netherlands, Slovenia, the United Kingdom;
- 4 questionnaires for 5 MSs: Spain, Croatia, Italy, Poland, Finland.

With regard to phase 2, the collected data was analysed against pre-identified criteria (i.e. completeness, validity, accuracy) to assess the degree of information coverage. Upon detection of information gaps, different methods were implemented to collect additional information. As the quality of received information varied (especially in terms of completeness and accuracy), supplementary desk and field research was carried out to gather additional data.

Desk research was conducted by consulting multiple sources of information on IP and legal literature, case-law databases, specialised articles and previous reports on the same topic. Especially, previous studies and reports, such as the Baker McKenzie and AIPPI studies and reports, were taken into account. Official sources (e.g. governmental and intergovernmental authorities’ websites) were used to collect English translations of national legislative acts and case-law. If no English translation was available from institutional sources, unofficial translations were used (e.g. questionnaires). In the event of legal quotes, the source of information was included in footnotes, specifying the nature of the translation if unofficial.

As regards field research, the national experts (i.e. respondents to the questionnaire) were contacted to collect additional information on national legislative systems.
The collected information was drawn up within this report to provide an overview of protection accorded to trade secrets within MSs in terms of national legal systems and case-law. To enhance the study’s readability, a set of selected information has been summarised into tables (Annex III — Tables).

The overall coverage achieved and the level of detail of information reported varies according to the availability of sources of data, the information and data provided by national contributors, as well as to the structure and maturity of the national legal system for the protection of trade secrets. The variability of information refers mainly to the effectiveness of national legal systems, trade secrets’ holder perceptions and the average duration of proceedings. In addition, in the event of national legal systems lack of dedicated procedural rules to protect trade secrets during litigation, the general provisions on confidentiality protection during litigation (applicable to trade secrets protection under specific circumstances) have been described.

All opinions and perceptions included within the study, as well as estimations of the average duration of litigation, are subjective information as they reflect the national experts’ points of view.
IV. THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES

The present section includes results and insights on the baseline of trade secrets litigation in the individual MSs. For each MS, the contents are presented according to the table below.

The average duration of litigation for a single MS is reported in Annex IV — Average time to obtain a decision/closure in a proceeding related to trade secrets.

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The Baseline of Trade Secrets Litigation in the EU Member States

BELGIUM
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

There is no definition of ‘trade secret’ in the current codified Belgian law. The current draft bill on trade secrets, which will transpose the Directive into Belgian legislation, adopts the definition provided in the Directive.

A definition was initially given by the Court of Cassation (Hof van Cassatie/Cour de Cassation) in its ruling in criminal law of 23 September 1943, according to which a trade secret is: "a technical data that contributes to the realisation of the processes used in a factory to manufacture a certain product and that is of such a nature so as to grant a technical advantage to the manufacturer and to guarantee that manufacturer a superiority vis-à-vis the competition of such a nature that he has an economic advantage that the data is not known to the competitors".

A broader definition of ‘trade secret’ has been applied in commercial law cases where the courts are requested to rule on whether the misappropriation and use of confidential information of a competitor constitutes unfair trade practice in the sense of Article VI.104 of the Code of Economic Law. Such broader definition includes, for instance, customer lists, confidential email, price lists.

Under labour law, the definition covers a large spectrum of scenarios, as the provision refers not only to confidential information on the business, finance and technology of the company (trade secrets) but also, for instance, to the relations between members of the staff, incidents inside the company, bonuses, confidential restructuring plans and hiring and firing, if the information has not been made publicly available.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Know-how and trade secrets are not protected as such by statutory Belgian law, but various legislative acts provide for a certain type of protection against the misappropriation of (specific) know-how or trade secrets.

In particular, protection is sought through unfair market practices law (Article VI.104 of the Code of Economic Law, i.e. the former Article 95 of the Act on Market Practices and Consumer Protection), tort law (Article 1382 of the Belgian Civil Code), criminal law (Article 309 of the Belgian Criminal Code), labour law (Article 17 of the Act on Employment Contracts) and competition law (Book IV of the Code of Economic Law).

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27 Belgian Civil Code, Act of 21 March 1804; source: unofficial translation.
28 Belgian Criminal Code, Act of 8 June 1867, as amended.
of Economic Law, that is, the former Belgian Act on the Protection of Economic Competition, Act of 15 September 2006\textsuperscript{30}.

\textbf{a) Unfair Market Practices Law (Article VI.104 of the Code of Economic Law, that is, the former Article 95 of the Act on Market Practices and Consumer Protection)}

Article VI.104 of the Code of Economic Law provides for a general duty of care for companies by prohibiting ‘\textit{any act that is contrary to fair market practices through which a company harms or may harm the professional interests of one or several other companies}’.

This provision establishes a general rule but does not specify the practices which are considered as unfair.

Case-law points out the circumstances in which the freedom to copy may be prohibited. Only certain types of behaviour are considered as unfair (misleading by parasitic copying, third party complicity in breach of a contractual obligation). Mere exploitation of personal knowledge will not, in principle, constitute unfair market practice.

\textbf{b) Tort Law (Article 1382 of the Belgian Civil Code)}

Article 1382 of the Belgian Civil Code is the basis for liability in tort and stipulates that any person who commits a fault that causes prejudice to another person must compensate the prejudice caused.

To establish this claim, the person will have to prove the existence of an unlawful act, a prejudice and a causal link between the unlawful act and the prejudice. If it is proved, the court may condemn the infringer to pay damages to the harmed party.

\textbf{c) Criminal Law (Article 309 of the Belgian Criminal Code)}

Article 309 of the Belgian Criminal Code penalises the act of disclosing to a third party, with a malicious intent, manufacturing secrets by an individual who has previously worked at a factory. Five cumulative conditions must be met for this provision to be applied:

- the information communicated must be a ‘manufacturing secret’;
- only its communication is penalised (not its use);
- the information must have been communicated to a third party;
- the communication must have been made by a person who is or was employed in a factory;
- the author of the communication must have acted with a malicious or fraudulent intent.

\textbf{d) Labour Law (Article 17 of the Act on Employment Contracts)}

Article 17, paragraph 3 of the Act on Employment Contracts provides that ‘\textit{the worker has the obligation to refrain, during the contract and after its termination, from divulging the manufacturing secrets or trade secrets, as well as any secret relating to matters of a personal or confidential nature of which he became aware during the exercise of his or her professional activity}’.

e) Competition Law (Book IV of the Code of Economic Law, that is, the former Belgian Act on the Protection of Economic Competition, Act of 15 September 2006)

Although Book IV of the Code of Economic Law on the protection of the competition does not deal with trade secrets directly, it contains general provisions that can be applied to trade secrets.

In particular, if the disclosure or unauthorised use of trade secrets causes a practice prohibited by Book IV of the Code of Economic Law (i.e. abuse of dominant position\(^{31}\) or agreement with the effect of distorting, preventing or restricting competition\(^{32}\)) or is included in a similar practice, it is possible to apply the provisions and remedies thereof.

### 1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The abovementioned laws define the scope of available protection. The effectiveness of the instruments provided for under the Belgian legislative system is limited as protection applies to the specific misappropriation of know-how or trade secrets and is dependant on the competence of various jurisdictions.

First, as the rule is freedom of trade under Belgian law\(^{33}\), a competitor’s behaviour is not easily considered as unfair market practice. These proceedings tend to not always be effective when protecting trade secrets, especially because the harmed party will have to prove and, thereby, reveal its trade secrets. However, once established, as the order will be sanctioned by a penalty in the event of a violation, it might be effective or at least dissuasive.

Second, in the context of know-how and its protection under tort law, Article 1382 of the Belgian Civil Code may be considered a catch-all provision that allows the owner to claim compensation if the misappropriation of know-how has caused him or her prejudice. This ground is effective to claim damages.

Third, the scope of Article 309 of the Criminal Code is very limited as the five cumulative conditions must be present to be applied (see paragraph 1.2 above). The public authorities have, however, broader investigation powers and it might be an efficient way to gather and obtain evidence.

Fourth, Article 17, paragraph 3 of the Act on Employment Contracts covers a large spectrum of scenarios, but merely prohibits the divulgence. Nevertheless, it is considered an effective way to stop a former worker from using the know-how of the former company he or she was working for.

Lastly, the path of action as regards competition law is rather limited as it can only be used when there are serious competition issues involved.

According to the national experts of the study, a specific act on trade secrets is more than welcome.

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31 Article IV.2 of the Code of Economic Law.
32 Article IV.2 of the Code of Economic Law.
33 Article II.2-3 of the Code of Economic Law.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

A priori, it does not appear possible to protect trade secrets from disclosure during proceedings before court (see paragraph 1.3 above). Indeed, the Belgian court system does not always seem accustomed to preserve the secrecy of confidential information adequately during and/or after litigation as debates have to be contradictory. However, some rules allow a certain protection from time to time and for specific situations.

Civil proceedings
The court can order that the hearing is not public. Indeed, in accordance with Article 148 of the Belgian Constitution 34: ‘Court hearings are public, unless such public access endangers morals or the peace; if such is the case, the court so declares in a judgment. In cases of political or press offences, proceedings can only be conducted in camera on the basis of a unanimous vote’. This principle can also be found in the European Convention on Human Rights 35 (Article 6.1).

As hearings should be public, any third party can in principle attend the hearing. The court can, however, order the hearing to be held behind closed doors if public access endangers morals or peace.

While it is not excluded that the protection of a trade secret might justify a trial behind closed doors, this is in practice very uncommon. In a very exceptional case, the 18th Chamber of the Brussels Court of Appeal ordered a hearing in camera to determine if the party’s alleged trade secrets deserved protection in the course of the proceeding. Only one of the parties (and his or her counsellors) could participate in the hearing 36.

In any case, the parties can always ask the court to treat certain information as confidential during proceedings. The decision is at the discretion of the court, on a case-by-case basis.

Some provisions also grant protection to trade secrets by restricting access to documents/evidence. Pursuant to Article 736 of the Belgian Judicial Code 37, a party has to communicate to the other party/parties the documents that are intended for use in court. In addition, Article 877 of the Belgian Judicial Code provides that ‘If there are precise, serious and strong presumptions that a party has in its possession a document containing the proof of a relevant fact, the judge can force a party to disclose the said document’. Therefore, the disclosure of evidence is the rule.

This rule could possibly harm the parties’ interests when trade secrets are at stake. It is, therefore, possible that two fundamental principles collide: on the one hand, the party’s right to protect its trade


37 Belgian Judicial Code, 10 October 1967, as amended; source: unofficial translation.
secrets and, on the other hand, the right to a fair trial. The solution usually applied in court when fundamental rights collide is the balance of interests at stake.

In this sense, in a decision of 2 November 2012\textsuperscript{38}, the Court of Cassation acknowledged that the right to privacy, including the right to protection of trade secrets, can in some cases justify that the right to a fair trial is subject to certain limits. The Court found that it is up to the judge to appreciate the need for such a limitation after having balanced the interests at stake.

As there are no legal provisions on how the judge should perform this balance of interests, guidance should be found in case-law. This issue is, however, very case based and the precise criteria might vary from one case to the other. It is, however, commonly accepted that the court can only restrict the right to a fair trial when it is absolutely necessary and if no alternative, or one less invasive, may apply. In addition, if the right to protection of the trade secret prevails, the court will have to take additional measures to compensate the limitations to the other fundamental right and provide sufficient guarantees to the fairness of the proceedings. When possible, parties should be able to consult a non-confidential version of the documents/evidence.

Parties may also come to a mutual agreement on the disclosure of evidence, for example, by identifying the persons to whom confidential information may or may not be disclosed, as well as the specific use that the receiving party may make of the information that is communicated in the course of proceedings.

The protection of trade secrets can also be addressed via other rules such as, for instance, the professional secrecy applicable to some regulated professions, such as lawyers or doctors.

\textit{Criminal proceedings}

The abovementioned provisions on restricted access to hearings and professional secrecy apply also to criminal proceedings.

\textit{Administrative proceedings}

Procedural rules to protect trade secrets in administrative proceedings are as follows:

- during the investigation: the auditor has the obligation to act carefully as regards trade secrets. At the end of his or her investigation he or she must also forward a draft decision to the parties after having deleted the passages that could offend the trade secrets of any of the parties\textsuperscript{39};
- during the decision-making of the Belgian Competition Authority (BCA): the President making the decision has to take into account the legitimate interest of the companies so that their trade secrets and other confidential information are not being disclosed\textsuperscript{40};
- publication of the decision in the Belgian Gazette: before the publication and communication of the decision to third parties, the Competition College of the BCA\textsuperscript{41} takes into account the legitimate interest of the companies so that their trade secrets and other confidential information are not being disclosed\textsuperscript{42}.

The abovementioned provisions on professional secrecy apply also to administrative proceedings.

\textsuperscript{38} Court of Cassation, 2 November 2012, JT, 2013, p. 176.
\textsuperscript{39} Article IV.58, para. 5 of the Code of Economic Law.
\textsuperscript{40} Article IV.65 of the Code of Economic Law.
\textsuperscript{41} According to the BCA’s website: ‘The BCA comprises an Investigation Service (the Investigation and Prosecution Service) and a decision-making body (Competition College). The decision-making body is the Competition College for all infringement cases that are not settled or closed by the Investigation and Prosecution Service, as well as all non-simplified merger control procedures.’ Source: \url{https://www.belgiancompetition.be/en/about-us#collegeEN}
\textsuperscript{42} Article IV.66 of the Code of Economic Law.
3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, undertakings are usually reluctant to enter into proceedings on the basis of several issues, such as:

- lack of clarity, due to the lack of a uniform definition of ‘trade secret’;
- burden of proof (and difficulty in collecting evidence), due to the fact that the specific Belgian procedure on the pre-trial collection of evidence does not apply to trade secrets since they are not considered IPRs. This is demonstrated by the reduced number of published cases available to date. Indeed, only 30 cases on trade secrets infringement were published during the last decade. These cases included criminal, commercial, and labour litigation;
- refusal of some courts to grant cease-and-desist orders as trade secrets are not limited in time;
- lack of specialised judges on trade secrets matters;
- difficulties in ensuring confidentiality during trial (going to trial implies a great risk that the secret character of a trade secret is lost).

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Trade secrets holders tend to adopt specific measures to protect secrecy, for example:

- NDAs;
- confidentiality clauses in agreements;
- non-competing clauses and other post-contractual obligations provided for in agreements;
- technical and organisational measures to prevent breach (e.g. internal policy, various and separate security measures to access confidential information, slip thereof depending on the value of the information).

5. REMEDIES

The Belgian legislative system provides for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

The harmed company may obtain a cease-and-desist injunction from the President of the commercial court. It can, for instance, prohibit the other company from using its misappropriated know-how or from contacting its customers or suppliers subject to a financial penalty for non-compliance.
Rights holders can submit the request of preliminary relief in summary proceedings, if the following conditions are met:\(^43\):

1. urgency of the matter;
2. the claimant’s rights appear to be valuable;
3. the preliminary measure sought does not affect the merits of the case.

Interim relief injunctions within an ordinary merit proceeding may also be sought\(^44\).

Pursuant to Article 877 of the Belgian Judicial Code, ‘If there are precise, serious and strong presumptions that a party has in its possession a document containing the proof of a relevant fact, the judge — at the request of a party or ex officio — can force a party to disclose the said document.’

In trade secrets cases where an IPR is also involved\(^45\), Article 1369bis/1 of the Belgian Judicial Code also provides for a specific procedure for IPRs (the so-called description-seizure injunction). The purpose of this procedure is to obtain evidence of the reality and the extent of the infringement of an IPR. This procedure is initiated before the President of a commercial court by a unilateral request (to maintain the effect of surprise). The President of a commercial court will then appoint an expert who would be entitled to enter a shop and/or an office of the supposed infringer.

Two conditions must be met to obtain an order for a ‘description-seizure’:

1. the applicant must have an apparently valid IPR;
2. there must be a serious suspicion of the infringement or threat of infringement to the IPRs at stake.

In this type of action, a caution will be asked of the claimant to guarantee compensation for any damage suffered by the defendant (e.g. on lost know-how or breach to trade secrets), in particular if a seizure of the counterfeiting items is also sought.

In the context of this procedure, if one of the parties invokes the risk of breach of his or her trade secrets, the judge may have the parties sign a confidentiality clause, may define in detail the expert’s mission and submit the presence of some people on special terms and conditions during the seizure. In addition, Article 1369bis/7 of the Belgian Judicial Code provides for the confidentiality of the expert’s report and its annexes and the obligation not to use them outside of the judicial proceedings.

After ordering a ‘description-seizure’ and when the report of the expert has been delivered, the claimant is obliged to act on the merits of the case within the time limit prescribed in the order or within a maximum period of 31 days. This type of seizure also occurs at the risk of the seizing party, who may be ordered to pay damages and interest to the seized party if it subsequently appears that there is no infringement of the intellectual right.

Finally, the owner may seek redress by claiming for damages. There are no specific criteria and the general criteria of extra-contractual liability, that is, accruing damages and loss of profits (\textit{damnum emergens} and \textit{lucrum cessans}) apply. A party seeking compensation for the prejudice it has incurred will have to establish said damages. If the damages incurred cannot be determined, the court will have to apply an \textit{ex aequo et bono} calculation of damages.

\(^{43}\) Article 548 of the Belgian Judicial Code.
\(^{44}\) Article 19 of the Belgian Judicial Code.
\(^{45}\) In Belgium, trade secrets do not qualify as IPRs.
Belgian civil law does not provide for punitive damages. In addition, *ex parte* search orders are only available for IPR holders and are, thus, not obtainable for searching premises and computer systems for misappropriated data.

### 5.2 CRIMINAL ACTION

Another effective way to protect trade secrets is to follow the penal route. The violation of trade secrets is prosecuted by the public prosecutor *ex officio* or upon the filing of a complaint by the injured person.

Article 309 of the Belgian Criminal Code states that who, working or having worked in a factory, discloses to a third party, with a malicious intent, the manufacturing secrets of such factory, may be punished with imprisonment between three months and three years and a fine of between EUR 400 and EUR 16 000.

Manufacturing secrets are defined by the Court of Cassation 46 as being ‘*a technical act, contributing to the realisation of the operations put in place in a factory to obtain a specific product, which is of such a nature that it provides the manufacturer with technical advantages and ensure a competitive superiority of the manufacturer vis-à-vis its competitors and that the manufacturer has an economical benefit to keep this act secret from his competitors*’.

Criminal sanctions are only provided for against persons working or having worked in a factory.

Belgian law provides for the criminal liability of legal entities 47. In particular, companies can be condemned to economic fines, seizure of goods, cessation orders and closure of the company 48.

Differently from civil proceedings, the examining judge can issue all the necessary measures including orders to search premises and computer systems and order precautionary seizures.

### 5.3 ADMINISTRATIVE ACTION

An administrative proceeding or investigation can be initiated *ex officio* by the BCA or following an application or an order of the Minister of Finances, a request of the Minister of the Middle Classes, a public body or another specific public institution or following a complaint of a natural or legal person demonstrating a direct and current interest in the event of an infringement to various competition issues (e.g. agreements or concerted practice whose object or effect are to restrict competition, abuse of dominant position, prohibited concentrations etc.) or in the event of non-compliance to a decision of the BCA 49.

During its investigation, the BCA can carry out inspections, search premises and/or computer systems and collect documents and information 50.

The Competition College of the BCA can issue provisional suspension orders in relation to a restrictive practice 51. Moreover, the Competition College can impose administrative fines and penalties in the event of non-compliance with its decisions 52.

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46 Court of Cassation, 27 September 1943, Pas., 1943, I, p. 358.
47 Article 5 of the Belgian Criminal Code.
48 Article 7bis of the Belgian Criminal Code.
49 Article IV.41 of the Code of Economic Law.
50 Article IV.41 of the Code of Economic Law.
51 Article IV.64 of the Code of Economic Law.
52 Article IV.70 of the Code of Economic Law.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
The parties can file a request asking the court to treat certain information pertaining to the litigation procedure as confidential. If the court agrees to such request, the judgment will be published without the confidential information.

Regarding the injunction to publish the judgment ordered by the court, Article XVII.4 of the Economic Law Code provides that ‘publicity measures may only be permitted if they contribute to the termination of the offending act or its effects’. However, it is usually advisable to require the publication of an extract or declaration instead of the entire judgment.

6.2 COMPETENT COURTS
Civil cases on trade secrets matters can be brought before civil courts (not directly specialised in trade secrets matters) or before commercial courts (specialised in commercial matters). The courts of appeal (with sections specialised in commercial matters) are competent in the second instance.

Criminal courts (not specialised) are competent if criminal sanctions are sought.

On an administrative level, contestations on trade secrets matters are resolved by the Competition College of the BCA. The decisions of the Competition College and its President can be appealed before the Court of Appeal of Brussels. These bodies are specialised in competition matters and are used to handle sensitive trade secrets as some specific protection measures do apply for trade secrets protection (e.g. the Competition College, before publishing its decision, asks the parties for the elements of trade secrets and what should not be published, see paragraph 2 above, administrative proceedings). However, these measures are limited and these bodies are not specialised in trade secrets matters.

53 Article IV.79 of the Code of Economic Law.
The Baseline of Trade Secrets Litigation in the EU Member States

BULGARIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

The most relevant definition of ‘trade secret’ is laid down in paragraph 1(9) of the Supplementary Provisions to the Bulgarian Law on Protection of Competition (BLPC), as follows: ‘Production or trade secret shall mean facts, information, decisions and data related to the economic activities, the preservation of confidentiality of which is in the interest of the rightful holders thereof, and for which the latter have undertaken appropriate measures.

According to the rules approved by the Bulgarian Commission for Protection of Competition (CPC), the definition of ‘trade secret’ includes, for example, technical and/or financial information, know-how, methods of assessing costs, production processes, supply sources, quantities produced and sold, market shares, customer and distributor lists, marketing plans, cost and price structures and sales strategies.

Another definition of ‘trade secret’ is set out in the Bulgarian Access to Public Information Act: ‘Any facts, information, decisions and data related to economic activity, whose non-disclosure is in the interest of the holders but there is an overriding public interest in the disclosure thereof, may not constitute an ‘industrial or trade secret’.

Even if the law refers only to ‘facts, information, decisions and data’, the notion is broad enough to include also information contained in contractual offers, marked as a trade secret, as well as manufacturing or technological information, the disclosure of which may cause damage.

In general, a trade secret must meet the following requirements to be treated as such and enjoy legal protection:

a) secrecy;
b) connection between the secret and the company;
c) will of the owner of the secret to declare it as such;
d) economic interest of the company to preserve the secrecy;
e) use of secrecy measures.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Provisions for the protection of trade secrets can be found in various legislative acts covering a wide range of fields of law. The main provisions are the following: the Bulgarian Law on Protection of Competition (BLPC), State Gazette No 102/2008, as amended; source: http://www.wipo.int/wipolex/en/text.jsp?file_id=238274#LinkTarget_327. The BLPC includes the Supplementary Provisions.

Article 1(9) of the Supplementary Provisions to the Bulgarian Law on Protection of Competition (BLPC).

Article 8(2) of the Rules on the Access, Use and Storage of Documents that Constitute Production, Trade or other Secrets Protected by Law.


Article 1(5) of the Supplementary Provisions to the Bulgarian Access to Public Information Act.
Competition (BLPC), the Bulgarian Commerce Act\(^{59}\), the Bulgarian Criminal Code\(^{60}\), the Bulgarian Labour Code\(^{61}\), the Topology of the Integrated Circuits Act\(^{62}\), the Bulgarian Public Procurement Act\(^{63}\) and the Bulgarian Access to Public Information Act.

**a) Bulgarian Law on Protection of Competition (BLPC)**

The BLPC provides that ‘(1) Discovering, using or disclosing manufacturing or trade secrets that is contrary to good faith commercial practices, shall be prohibited. (2) Using or disclosing manufacturing or trade secrets shall be prohibited, where they have been discovered or disclosed under the condition that they shall not be further used or disclosed’\(^{64}\).

In particular:

- the first paragraph applies if an individual, committing the infringement, has acquired the information illegally;
- the second paragraph applies if the information has been acquired lawfully but there was a prohibition for the information to become public.

The trade secrets holder is entitled to file a complaint before the CPC in the event of any disclosure of information specified as production, trade or other protected secret, in violation of the good faith commercial practice.

The CPC is entitled to carry out investigations and to impose fines or pecuniary sanctions.

**b) Bulgarian Commerce Act**

The Bulgarian Commerce Act provides that: ‘In carrying on their activities a procurator, an agent, a shop assistant, a sales representative and a broker must protect the trade secrets of the persons which have commissioned them to perform certain acts, as well as their good name as merchants’\(^{65}\). This provision imposes a statutory obligation to commercial agents and procurators to protect the trade secrets of the persons that they represent.

**c) Bulgarian Criminal Code**

Although the Bulgarian Criminal Code does not deal with trade secrets directly, it contains general offences which can be applied to their protection.

On cybercrimes, the Bulgarian Criminal Code punishes the unauthorised access to computer data, computer systems, passwords or codes that result in disclosure of information protected by law.

In particular, any person who acting with direct intention, copies, uses or obtains access to computer


\(^{64}\) Article 37 of the BLPC.

\(^{65}\) Article 52 of the Bulgarian Commerce Act.
data in a computer system without permission, where such permission is required, is punished. In such case, a fine not exceeding BGN 3 000 (approximately EUR 1 538) may be imposed and imprisonment of one to three years if the conduct relates to information qualified as a state secret or as another person’s/entity’s secret protected by law, such as trade secrets.

In addition, any person who discloses passwords or codes to access computer system(s) or computer data and, as a result, discloses personal data or information (which can be qualified as a state secret or secret of another entity that is protected by the law) is punished. In this case, imprisonment for a term not exceeding one year may be imposed. If a person acts to obtain benefit or cause damage, the term of imprisonment will not exceed three years.

Another provision related to trade secrets concerns the disclosure of ‘service/office secrets’ by officials. The definition of ‘official’ is broad enough to include any person in charge of the management of a legal entity possessing trade secrets but, in practice, this provision mostly applies to public officials.

The same provision provides for the criminal liability of non-officials that commit the abovementioned conduct.

The infringement of trade secrets may constitute the offence of a business bribe, if trade secrets are disclosed in exchange for various forms of compensation.

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66 Article 319(a) of the Bulgarian Criminal Code: ‘Anyone who copies, uses or obtains access to computer data in a computer system without permission, where such is required, shall be punished by a fine up to BGN three thousand.

(2) Where the act under par. 1 has been committed by two or more people, who have previously agreed so to do, the punishment shall be deprivation of liberty of up to one year or a fine of up to BGN three thousand. (3) (Amended, SG No. 39/2007) Where the act under par. 1 is repeated or is with regard to data for creation of an electronic signature, the punishment shall be deprivation of liberty of up three years or a fine of up to BGN five thousand.

(4) Where acts under paragraphs 1-3 have been committed with regard to information that qualifies as a secret of the State or to another information protected by the law, the punishment shall be deprivation of liberty from one to three years, unless severer punishment has been envisaged (5) Where grave consequences have occurred as a result of the acts under par. 4, punishment shall be of one to eight years’.

67 Article 319(e) of the Bulgarian Criminal Code: ‘Anyone who discloses passwords or codes for access to a computer system or to computer data, and personal data or information which qualifies as secret of the State or another secret protected by the law are thus revealed, shall be punished by deprivation of liberty of up to one year.

(2) With regard to an act under par. 1, committed with a venal goal in mind, or where it has caused considerable damage or other grave consequences have occurred, punishment shall be deprivation of liberty of up to three years’.

68 Article 284 of the Bulgarian Criminal Code: ‘(1) An official who, to the detriment of the state, of an enterprise, an organisation or private person, informs another or publishes information which has been entrusted or accessible to him officially and of which he knows it constitutes an official secret, shall be punished by deprivation of liberty for up to two years or by probation. (2) The punishment for an act under paragraph 1 shall be also imposed on a person who is not an official, who works in a state institution, enterprise or public organisation, to the knowledge of who information has come, in connection with his work, constituting an official secret. (3) If the act under paragraph (1) has been committed by an expert witness, translator or interpreter with respect to information which has become known to him in connection with a task assigned thereto, and which such a person has been obliged to keep in secret, the punishment shall be deprivation liberty for up to two years or probation’.

69 Article 225(c) of the Bulgarian Criminal Code: ‘(1) The individual performing a job for a legal entity or a sole trader under the Commercial Act, who requests or accepts a gift or any benefit, that appears undue, or accepts an offer or a promise for a gift or benefit in order to perform an act, or fail so to do, in breach of his/her obligations with regard to commercial activities, shall be punished by deprivation of liberty of up to five years or by a fine of up to BGN twenty thousand. (2) The individual performing commercial activities, who offers, promises or provides a gift or any benefit to a person performing a job with a legal entity or a sole trader, in order to perform an act, or fail so to do, in breach of his/her obligations, shall be punished by deprivation of liberty of up to three years or by a fine of up to BGN fifteen thousand. (3) Punishments under the preceding paragraphs shall also be imposed, where the gift or benefit have been offered, promised or given to another upon consent of the individual under par. 1. (4) The individual who acts as intermediary with regard to some acts under the preceding paragraphs, where his conduct
THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES

**d) Bulgarian Labour Code**

Employees are bound by an obligation of loyalty to the employer and they are subject to statutory obligations not to abuse the employer’s trust and not to disclose any confidential information of the employer. Breach of these obligations may lead to the imposition of disciplinary measures against the employee, including disciplinary dismissal. The employer is also entitled to claim compensation for damage caused by the employee.

Bulgarian law provides for limited pecuniary liability of employees (the maximum amount is up to three months of gross salary), unless damage has been caused intentionally, committing a crime or not in the course of or in connection with their work performance. In the latter case employees are responsible for all damages.

**e) Topology of the Integrated Circuits Act**

According to the Topology of the Integrated Circuits Act, the Bulgarian Patent Office is forbidden to provide access to materials designated by the holder as a trade secret to the public unless such disclosure has been ordered by the court.

**f) Bulgarian Public Procurement Act**

The Bulgarian Public Procurement Act provides that ‘where a public procurement, having as its subject matter research and development services, is awarded by an open or restricted procedure or by a negotiated procedure with publication of a contract notice, contracting authorities need not indicate nature and quantity in the information on a contract concluded in case such publication would breach a commercial secret. In such case, the information shall contain any information contained in the notice’.

Under the same Act, ‘no evidence collected in the proceeding may be disclosed, if it constitutes an industrial, trade or other secret protected by law. Where any such evidence contains data constituting classified information, the procedure established by the Classified Information Protection Act shall apply’.

Such provisions show the intent to protect trade secrets even within public procurement procedures.

**g) Bulgarian Access to Public Information Act**

Under the Bulgarian Access to Public Information Act ‘any information referred to in Paragraph (1), which constitutes a trade secret and the disclosure or dissemination whereof would lead to unfair...’

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70 Article 126, Item 9 of the Bulgarian Labour Code: ‘In doing the work he has agreed to perform, the employee shall: […] uphold the good name of the enterprise, not betray the employer's trust, as well as not divulge confidential data on the employer’.

71 Damages can arise from a crime or another type of infringement (e.g. civil).

72 Article 6(4) of the Law on Topology of the Integrated Circuits: ‘The Patent Office shall not make available to the public the material identifying the topography or these parts of it which have been qualified by its owner as a trade secret except upon a court order to persons involved in a litigation concerning validity of the registration or infringement of the exclusive rights’.

73 Article 118(a)(1) of the Bulgarian Public Procurement Act.

74 Article 122(a)(6) of the Bulgarian Public Procurement Act.

75 Article 17(1) of the Bulgarian Access to Public Information Act: ‘Access to any public information, which is created, received or stored in connection with the activities of the entities obligated under Article 3 herein, shall be unrestricted’.
competition among merchants, shall not be subject to disclosure except in the cases of an overriding public interest.\footnote{Article 17(2) of the Bulgarian Access to Public Information Act.}

**1.3 Scope of the available protection and related effectiveness**

Bulgarian legislation seems to offer a broad scope of protection, which includes both civil and criminal remedies as well as administrative remedies (e.g. by the CPC aiming to protect free competition).

For example, the trade secrets holder is entitled to file a claim before civil courts for damages caused by any unlawful disclosure of confidential information. The ground for filing a claim could be either non-performance of contractual obligations (e.g. obligation for confidentiality in a contract, separate NDA) or violation of the general obligation of neminem laedere (i.e. tort).

Trade secrets are protected without the fulfilment of any requirement of registration and they may also be protected without limitation in time (as is the case for patents and copyrights).

According to Bulgarian case-law, the threshold for establishing a trade secrets breach is high. Problems appear to be mostly related to proving violations and qualifying the information as a trade secret. In addition, the lack of a precise definition of ‘trade secret’ in Bulgarian legislation and case-law makes it difficult to determine whether information may be qualified as a trade secret. As a result, many claims for breach of confidentiality obligations have been rejected.

**2. Procedural rules before national courts on the protection of trade secrets during legal proceedings**

The protection of trade secrets from disclosure during legal proceedings applies to civil, criminal and administrative litigation.

*Civil proceedings*

Court proceedings in Bulgaria are held in public. However, the court, either *ex officio* or upon request of any of the parties, may order that all or some of the hearings will be held in camera when ‘a commercial, manufacturing, inventive or tax-related secret is involved and the public disclosure whereof would cause damages to the party’s legitimate interests’.\footnote{Article 136(1), Item 3 of the Bulgarian Code of Civil Procedure, State Gazette No 59/2007, as amended; source: unofficial translation.}

Such restricted access to court hearings is a mechanism for preserving trade secrets from disclosure during legal proceedings. This provision applies in cases related to trade, production, inventive or tax secrets, the public disclosure of which would damage protected interests. In such cases, hearings are available only to the parties, their representatives, experts, witnesses and other individuals admitted by the court. According to the Bulgarian Code of Civil Procedure, the content of the hearings held in camera
is not disclosed to the public.\textsuperscript{78}

The disclosure of evidence only to the opponent’s representatives, but not to the opponent himself or herself, is not explicitly established by the law.

\textit{Criminal proceedings}

Criminal proceedings are also held in public and, thus, it is difficult to preserve the confidentiality of documents that might contain trade secrets. However, the Bulgarian Penal Procedure Code\textsuperscript{79} contains provisions on the restricted access to hearings. In particular, third parties are not admitted to court hearings when the disclosure of secrets protected by the law would threaten a party’s interest.

\textit{Administrative proceedings}

The Bulgarian Administrative Procedure Code\textsuperscript{80} states that the parties are entitled to confidentiality during administrative proceedings. In particular, the right is granted to not have their secrets disclosed (including those affecting their private lives, production and professional secrets), except in cases established by the law.\textsuperscript{81} Indeed, as regards administrative proceedings before the CPC, the right is ensured to the parties and to third parties interested in the proceedings to access all evidence collected in the course of the investigation, except for that including production, trade or other secrets protected by law.\textsuperscript{82}

Parties can request protection of their secrets subject to the submission of sufficient evidence. Specifically, any person submitting information to the CPC in the course of proceedings has the right to indicate whether the related materials contain production, trade or other secrets protected by the law.

Such materials should be treated by the CPC as confidential. Moreover, in cases involving trade secrets, an obligation of confidentiality will be charged on the experts appointed in the administrative proceeding.

The parties have to submit such materials in a version in which all data considered confidential have been deleted. It relies on the CPC’s assessment to determine whether the submitted information constitutes a trade secret or other secret protected by law.

The CPC will issue a decision to inform the party if the claimed information is found not to be confidential. The party is entitled to file an appeal against the CPC’s decision.\textsuperscript{83}

The above rules do not apply in the event that such confidential materials represent essential evidence proving the alleged infringement or if they are necessary to ensure the right of defence of the other party. Therefore, in such cases, the CPC will be entitled to disclose these materials to the other party.\textsuperscript{84}

\section*{3. TRADE SECRETS HOLDERS’ PERCEPTION}

\begin{flushleft}
\textsuperscript{78} Article 138 of the Bulgarian Code of Civil Procedure.
\textsuperscript{79} Bulgarian Penal Procedure Code, State Gazette No 83/18.10.2005.
\textsuperscript{80} Bulgarian Administrative Procedure Code, State Gazette No 30/11.04.2006.
\textsuperscript{81} Article 38 of the Bulgarian Administrative Procedure Code.
\textsuperscript{82} Article 55(1) of the BLPC.
\textsuperscript{83} Article 55(2) of the BLPC.
\textsuperscript{84} Article 55(3) of the BLPC.
\end{flushleft}
According to the national experts of the study, the Bulgarian legal system does not effectively support trade secrets holders in seeking legal protection.

As previously mentioned, critical aspects relate to the lack of a precise definition of ‘trade secret’ and to difficulties in proving trade secrets violations. Additionally, trade secrets holders face difficulties in demonstrating damages and in obtaining injunctions. Finally, the amount of damages awarded by courts is considered insufficient.

The Directive is expected to be transposed into Bulgarian legislation by 2018. In this regard, the CPC, in a recent decision, held that trade secrets will be subject to a separate specific law.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, the owners thereof tend to use several measures such as adopting special NDAs, including specific terms of confidentiality within employment/business cooperation agreements, signing licence agreements and know-how contracts, adopting other legal methods for the commercial transfer and acquisition of technology and using technical security measures.

During the course of employment, employees are statutorily bound by a confidentiality duty to protect the business’ trade secrets and confidential information. Such duty arises from the general duty of loyalty towards employers provided under Bulgarian law. Breach of this obligation leads employers to take disciplinary measures against employees, including disciplinary dismissal. On the contrary, the Bulgarian Labour Code does not provide for a duty of confidentiality upon employees after the termination of the employment relationship.

To determine the content and extent of the confidentiality duty precisely, employers include confidentiality clauses within employment agreements or conclude specific confidentiality agreements. Such legal measures might be in force for a certain period of time even after the termination of the employment and usually include penalty clauses applying in the event of breach of confidentiality obligations.

These clauses and agreements are perceived to improve the minimum standards of protection ensured under the Labour Code. As there is no legal definition of ‘confidential information’, the employer can establish the exact scope of protection within the agreement (e.g. definition and identification of confidential information).

Besides confidentiality clauses, employment contracts might include non-competition clauses. Such clauses, which are in force during the employment agreement as well as after the termination of the contractual relationship, are in principle legal means of protection unless they impose excessive and disproportional obligations towards employees.

Significantly, the Bulgarian Labour Code does not prevent employees from using the knowledge acquired in the course of an earlier employment in a new job as long as such use does not represent an

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85 Article 126, Item 9 of the Bulgarian Labour Code.
86 Article 190(1), Item 4 of the Bulgarian Labour Code.
infringement under the BLPC or a breach of confidentiality or other agreements concluded with the previous employer.

Business-to-business cooperation agreements (e.g. franchising agreements, agency and sale agreements) will, and usually, contain confidentiality as well as non-use and non-disclosure clauses. Said agreements tend to impose conditions on how and under what circumstances the confidential information can be used. To this regard, it is necessary to stipulate contractual obligations in an explicit and unambiguous manner.

Licence agreements, know-how contracts or other legal methods for the commercial transfer and acquisition of technology are also considered important means of trade secrets protection within the relationship between a company and its business partners.

Finally, technical security measures tend also to be adopted by companies. A formal act of the undertaking’s managing body will specify which information is secret, identify the facts and data to be under a restrictive regime and indicate who can access such information. The formal act will be brought to the knowledge of the interested persons (for example, employees). Furthermore, businesses are required to indicate the measures specifically adopted for the protection of the abovementioned information.

5. REMEDIES

The Bulgarian legislative system provides for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

If trade secrets holders are aware of an infringement of contractual obligations, they are entitled to claim for compensation of damages before civil courts.

Trade secrets misappropriation can qualify as a tort under the Bulgarian Obligations and Contracts Act.7 However, the trade secrets owner will prove that the disclosing party had acted culpably.

In particular, the following elements are necessary:

- the unlawful activity/inactivity of the defendant;
- the causal link between damage and illicit conduct;
- the damages incurred;
- the defendant’s fault.

The first three elements have to be proven by the claimant, while fault is presumed. To obtain compensation for damages, the trade secrets owner must provide evidence for pecuniary losses that are a direct and immediate consequence of the infringement. Non-pecuniary losses are compensated on an equitable basis, assessed by the court case by case.

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7 Article 45 of the Bulgarian Obligations and Contracts Act, SG No 12/1993, as amended.
The defendant that has acted in bad faith will be considered liable for all direct and immediate losses but civil liability does not apply to parties acting in good faith and to persons who developed the information held to be a trade secret independently.

Further remedies are available under contract law and include compensation of damages and termination of contract. Damages awarded under contract law are limited to material losses that are direct and immediate consequences of the infringement and that could have been envisaged at the time of entering into the contractual obligations.

Bulgarian law does not provide for punitive damages.

Cease-and-desist actions are not available under Bulgarian law. However, the injunction for interim relief, available under the Bulgarian Code of Civil Procedure, may produce the same effect of a cease-and-desist action (e.g. prohibiting the defendant from carrying on the unlawful activity further). To obtain an interim relief injunction, the applicant will demonstrate to the court that the enforcement of the favourable court's decision would be impossible or significantly difficult to achieve without such measure. Bulgarian courts grant interim relief subject to the payment of a security deposit by the applicant.

Seizure measures are available only for securing evidence when there is a risk that evidence may be destroyed or hindered in the future. In instances of danger, the interested parties may ask for a collection of evidence in advance, even before the filing of the claim.

5.2 CRIMINAL ACTION
The injured party can follow the penal route to enforce his or her rights.

On cybercrimes, the Criminal Code punishes the unauthorised access to computer data, computer systems, passwords or codes that results in the disclosure of information protected by the law. In particular, the Criminal Code punishes the conduct of those who copy, use or obtain access to computer data in a computer system without permission, where such permission is required. Such misconduct is punished by means of fines or imprisonment.

Criminal law also punishes any person who, with direct intention and with the purpose of obtaining some benefit, discloses passwords or codes to access computer system(s) or computer data and, as a result, discloses personal data or information (which can be qualified as a state secret or secret of another entity that is protected by law). This crime is punished by means of a fine or imprisonment.

Another provision related to trade secrets concerns the disclosure of ‘service/office secrets’ by officials who, to the detriment of the state, of a company, of an organisation or private person, inform another or publish information, which has been entrusted or is accessible to them officially and which they knew to constitute an official secret. Imprisonment for up to two years or probation is imposed for such conduct. In accordance with Article 93(1) of the Bulgarian Criminal Code: “Official’ shall be construed as any person assigned to carry out against remuneration or without pay, temporarily or permanently: a) the duties of an office in a state institution, with the exception of persons who carry out activities relevant solely to material production; b) management work and work related to safeguarding or managing property belonging to others in a state enterprise, cooperative, public organisation, another legal person

88 Article 79(1) of the Bulgarian Obligations and Contracts Act.
89 Articles 207 and 208 of the Bulgarian Code of Civil Procedure.
90 Article 319(a) of the Bulgarian Criminal Code.
91 Article 319(e) of the Bulgarian Criminal Code.
92 Article 284 of the Bulgarian Criminal Code.
or sole proprietor, as well as notary and assistant-notary, private enforcement agent and assistant private enforcement agent’.

Such provision applies also to non-officials that commit the abovementioned conduct.

Trade secrets infringement may also amount to the offence of business bribes where a trade secret is disclosed in exchange for various forms of compensation. In this case, penalties are imprisonment or fines.

Under the Bulgarian Code on Criminal Procedure, criminal offences may be prosecuted upon the public prosecutor’s initiative or upon the filing of a complaint of the interested person.

Investigation will be initiated if there is sufficient data that a crime has been committed as well as in the presence of one of the following statutory causes:

- a notification to the investigation authorities for a committed crime;
- information for a committed crime received from mass media;
- confession of the offender before the investigation authorities;
- immediate discovery of evidence of a committed crime.

Evidence is collected by the investigation authorities and the courts either ex officio or at the request of the parties. To this regard, the competent authority can, upon the judge’s approval, search premises and computer systems and seize documents, movables and computer data. In addition, it can perform inspections. The evidence to be collected is only that provided for in the Bulgarian Code of Criminal Procedure.

In Bulgaria, as a general rule, the burden of proof is on the public prosecutor in all cases started upon its own initiative.

It should be stressed that Bulgarian law does not provide for criminal liability of legal entities. Criminal liability, accordingly, is possible only for natural persons.

**5.3 ADMINISTRATIVE ACTION**

The BLPC prohibits the learning, usage or disclosure of a manufacturing or commercial secret contrary to good commercial practice. Such usage or disclosure is prohibited where they have been discovered or disclosed under the condition that they will not be further used or disclosed. The infringement of the said prohibition constitutes a violation of the rules for protection of competition and could lead to administrative liability.

In particular, a complaint for unfair competition violations may be filed with the CPC. However, the two parties (claimant and defendant) must be competitors in the same relevant market.

In the event of infringement, the CPC may activate inspection and sanctionary powers (fines, periodic penalty payments).

During inspections, the CPC can:

- enter premises, means of transport and other locations used by the alleged infringer(s);

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93 Article 225(c) of the Bulgarian Criminal Code.
94 Article 37 of the BLPC.
• examine the necessary documentation;
• seize and obtain documents and data in paper, digital or electronic form;
• access all information media (e.g. servers);
• take the necessary oral statements of an undertaking’s or association of undertakings’ representative(s), member(s) of the management or staff;
• seal documents, premises, means of transport and other locations used by the alleged infringer.

During a pending investigation, in the event of emergency due to the risk of serious and irreparable harm to competition, the CPC, upon its own initiative or at the request of any party whose interests are harmed or threatened by an alleged infringement, may also order the immediate termination of the infringing practice or impose interim measures. In taking such measures, the CPC will specify their type, scope and exact purposes thereof.

Interim measures may not last more than three months. However, this term may be renewed if necessary and extended until the final CPC’s decision on the merits is issued.

The CPC’s decisions may be appealed before the Supreme Administrative Court.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

According to the Judiciary System Act, court orders and decisions are published immediately after their enactment, subject to the limitations provided for in the Protection of the Personal Data Act and the Protection of the Classified Information Act (the personal data of natural persons should not be disclosed).

As mentioned above, the only exception regarding the disclosure of decisions can be found in the BLPC. Specifically, the CPC’s acts should not include production, trade or other secrets protected by law. Such information is deleted and designated with the sign ‘(.......)*’.

6.2 COMPETENT COURTS

There is no specialised court dealing with trade secrets matters in Bulgaria.

Cases concerning trade secrets matters are brought before the general civil, criminal or administrative courts.

If civil proceedings are concerned, the district courts are the main courts for examining cases in the first instance. Their decisions are subject to appeal before the relevant provincial courts. The provincial courts act as courts of first and second instance. As courts of first instance, they examine a precisely defined category of cases involving significant sums or substantial societal interest. When acting as a second (appellate) instance, they re-examine decisions taken by the district courts.

95 Article 64 of the Judiciary System Act, State Gazette No 64/7.08.2007.
The Specialised Criminal Court in Sofia is equivalent to a provincial court. It has jurisdiction over criminal offences, essentially those committed by or for organised criminal groups, which are listed exhaustively in Article 411a of the Criminal Procedure Code. The Specialised Criminal Court of Appeal considers appeals and objections lodged against decisions handed down by the Specialised Criminal Court.

The Supreme Court of Cassation is the supreme judicial instance in criminal and civil cases. Its jurisdiction covers the entire territory of the Republic of Bulgaria. It exercises supreme judicial review over the proper and uniform application of laws by all courts. It has its seat in Sofia 96.

On an administrative level, contestations on trade secrets matters under the BLPC are decided by the CPC and the CPC’s decision might be appealed by the Supreme Administrative Court.

96 Source: https://e-justice.europa.eu/content_judicial_systems_in_member_states-16-bg-en.do?member=1
The Baseline of Trade Secrets Litigation in the EU Member States

CZECH REPUBLIC
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
Czech legislation provides for a definition of ‘trade secret’ in Article 504 of the Civil Code, as follows: ‘Business secrets involve competitively significant, identifiable, valuable and in relevant business circles normally unavailable facts related to the enterprise, whose confidentiality is ensured by the owner in his own interest’.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION
The main provisions for the protection of trade secrets can be found in the following legislative acts: the Labour Code, the Civil Code and the Criminal Code.

a) Labour Code (LC)
In the labour area, the protection of the trade secrets is based on the LC. Skills and knowledge acquired during employment might be the object of a non-competition clause aimed to protect employers against disclosure or use of knowledge of a specific nature attained by the former employees. The employee undertakes, after termination of the employment relationship and for a period not exceeding one year, to refrain from performing gainful activity that would be identical to the employer’s business activity or that would be of a competitive nature in respect to the employer’s business activity. To this regard, the employer must undertake in the clause to provide adequate monetary compensation, at least one half of the employee’s average monthly earnings for each month when the said obligation is fulfilled.

The LC does not expressly impose the duty of confidence on employees. However, it sets forth that employees are obliged not to act contrary to the legitimate interests of the employer, thus providing for an indirect protection of businesses’ trade secrets.

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100 Article 310(1) of the LC: ‘Where in a non-competition clause (also referred to as ‘non-compete clause’ or ‘non-competition agreement’; in Czech ‘konkurenční doložka’), agreed by an employee and his employer, the employee undertakes, after termination of the employment relationship for a certain period not exceeding one year, to refrain from performance of gainful activity that would be identical with the employer's business activity or that would be of a competitive nature to the employer’s business activity, the employer must undertake in the clause to provide adequate monetary compensation, at least in the amount of one half of the employee's average monthly earnings for each month when the said obligation is fulfilled. The monetary consideration shall be payable backward on a monthly basis unless some other maturity date is agreed’.

101 Article 301(d) of the LC: ‘Employees are obliged: to properly use (manage) the resources (means) entrusted to them by the employer, to secure and protect the employer's property against damage, loss, destruction and misuse, and not to act contrary to legitimate interests of the employer’.
b) Civil Code (CC)

As already pointed out trade secrets are subject to civil law protection under the CC\textsuperscript{102}.

In accordance with Section 2985 of the CC: ‘Breach of business secrets occurs whereby a person unlawfully discloses or makes available to another person, or uses for himself or for another person, business secrets which can be used in competition and of which the person learned:

a) as a result of having been entrusted with the secrets or as a result of the secrets having been made available to him otherwise under his employment relationship with a competitor, or under another relationship with the competitor, or, where applicable, in the discharge of the office to which he was selected by a court or another body; or

b) by the person’s own act or the act of another which is in breach of a statute.’

During litigation, the claimant must prove:

- the existence of the trade secret as complying with the requirements under Article 504 of the CC;
- the breach of a business secret unlawfully disclosed, as per Article 2985.

c) Criminal Code

The Criminal Code protects trade secrets by virtue of Article 248(1)\textsuperscript{103}, which states that whoever breaches legal regulations on unfair competition by infringing business secrets, and thus causing in larger extent detriment to other competitors or consumers, or gains for himself or herself or for another in larger extent unjustified gains, may be punished with up to three years of imprisonment, an activity ban or the sequestration of a thing or other value asset.

The Czech Republic is the MS where the heaviest fines apply with regard to criminal punishment: under Czech law, the infringer may be punished with a fine of up to EUR 1.5 million.

### 1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Czech legislation offers a scope of protection that includes both civil and criminal remedies. In addition, the disclosure of a business secret is prohibited by different laws and regulations, even those not directly related to IP and commercial matters (e.g. the LC). As mentioned, the infringement of business secrets under the CC represents an act of unfair competition.

The effectiveness of trade secrets protection is based strictly on the effectiveness of maintaining the confidentiality of such information. Without proving that concrete steps have been carried out to keep the information confidential, it is difficult to protect trade secrets properly.

\textsuperscript{102} Article 2985 of the CC.

\textsuperscript{103} Article 248(1) of the Criminal Code: ‘Breach of Regulations on Rules of Economic Competition. Whoever breaches another legal regulation on unfair competition by committing: a) false advertising, b) false labelling of goods and services, c) causing threat of confusion, d) Exploiting reputation of enterprise, products or services of another competitor, e) bribery, f) demeaning, g) comparative advertising, h) breach of business secret, or i) endangering the health of consumers and environment, during participation in economic competition and thus causing in larger extent detriment to other competitors consumers or gaining for him-/herself or for another in larger extent unjustified advantages, shall be sentenced to imprisonment for up to three years, to prohibition of activity or confiscation of a thing or other asset value’.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets during litigation may apply to civil, criminal and administrative proceedings.

Civil proceedings
Court proceedings in the Czech Republic are held in public. However, there are provisions aimed at preserving confidentiality by excluding the public from the whole hearing: "The public may be excluded either from the whole meeting or from a part thereof only if public hearing the case jeopardizes secrecy of secret facts protected by a special act, a commercial secret, an important interest of the participants".

If the public has been excluded, the court may allow certain individuals to be present at the meeting or at a part thereof. At the same time, the court instructs them that they have to maintain confidentiality of what they learn at the meeting concerning secret facts, commercial secrets or the interests of the participants.

However, the abovementioned provisions only apply to third parties. Any information must always be disclosed to the court and to the parties involved to guarantee their right to a fair trial.

Criminal proceedings
Although the Czech Criminal Procedure Code does not include specific provisions related to the protection of trade secrets in criminal proceedings, general provisions may apply.

In detail, in accordance with Section 2 of the Criminal Procedure Code, hearings before the court are public so that the public can attend the hearing. However, Section 240 of the same Code allows the court to decide in closed session only in cases established by the law. At the time of this study, no legislative act provides for the protection of trade secrets during court hearings.

With regard to accessing documents, Section 65 of the Criminal Procedure Code establishes that the parties and their representatives have the rights to inspect, make extracts and copies of all files of the proceedings but voting protocols and witnesses' personal data. During pre-trials, the public prosecutor or the police might deny access to files due to serious reasons.

Administrative proceedings
To protect trade secrets from disclosure during administrative proceedings, access to information containing trade secrets included within the file of the case is excluded. However, a non-confidential version of the documents containing trade secrets is included in the administrative file and access is granted only to such documents.

105 Article 116(1) of the Civil Procedure Code: ‘The meeting shall be public except for a meeting carried out by notaries being judicial commissioners’.
Moreover, the Office for the Protection of Competition (UOHS)\textsuperscript{106} has the power to exclude parties not entitled to have access to trade secrets from hearings or parts thereof, if there is a risk of trade secrets disclosure.

Finally, UOHS employees are bound by a duty of confidentiality and, therefore, they are obliged to keep confidential the trade secrets acquired in the course of their duties.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, it appears that the existing legal system deters trade secrets holders from bringing action before courts mainly due to the lack of protection of confidentiality during litigation and to the difficulty in proving damages.

In particular, the main difficulties that may arise within trade secrets disputes are:

- lack of protection of confidentiality by the trade secrets owner;
- lack of appropriate remedies;
- difficulties to evidence that the misused information is qualified as a trade secret, without necessarily having such secret disclosed;
- difficulties in damages quantification.

The protection available appears to be effective during employment while its effectiveness after leaving the employer is from moderate to low, especially in the digital era, where it is extremely difficult to prevent copying and transfer of information. In this respect, the adoption of appropriate technical measures is perceived as an essential part of the solution.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

From the case-law analysis, it can be outlined that the precautionary measures adopted by trade secrets owners are no different from those adopted in other jurisdictions.

To protect trade secrets, owners may conclude special NDAs or include specific terms of confidentiality in employment/business cooperation agreements.

Moreover, they may adopt:

\textsuperscript{106} The UOHS (Office for the Protection of Competition) was established on 1 November 1996 by Act No 273/1996 Coll. that constitutes its scope as a central body of state administration of the Czech Republic. Source: http://www.uohs.cz/en/homepage.html
• restriction of circulation of confidential information in the company;
• limited access to protected information;
• specific limitations to particular staff.

The Czech Commercial Code\textsuperscript{107} sets forth that if the parties mutually exchange confidential information during negotiations, the receiving party may not disclose such information to third parties or use it contrary to their purpose, irrespective of whether the agreement is concluded or not. A party that breaches the duty of observing confidentiality is liable for the damage caused.

5. REMEDIES

In the Czech Republic, civil, criminal and administrative remedies are available.

5.1 CIVIL ACTION

Owners, whose rights have been infringed according to the provisions contained in the CC, may demand that the infringer refrain from such conduct and provide a remedy. They may also demand appropriate compensation (that may be granted also in cash), indemnities and the surrender of any unjustified benefits.

If any delay in judiciary proceedings causes a hardly reclaimable financial or non-financial injury, the rights holder may ask the court to impose preliminary injunctions in accordance with the Code of Civil Procedure.

Unfair competition is defined as any competitive conduct that is contrary to good faith and that is able to cause damage to other competitors or consumers. To this regard, civil remedies may include claims to obtain:

• cessation of the illicit conduct and elimination of the effects of such conduct;
• damage compensation, including restitution of unjust enrichment;
• publication of the ruling.

The above remedies are cumulative.

Within Czech civil proceedings, \textit{ex parte} search orders of premises or computer systems of the defendant are not available. In addition, punitive damages are not recognised.

5.2 CRIMINAL ACTION

Trade secrets violations may result in a ‘Breach of Regulations of Rules of Economic Competition’\textsuperscript{108}.

In detail, it is expressly mentioned that whoever breaches a business secret during participation in economic competition and thus causes to a larger extent detriment to other competitors, consumers or

\textsuperscript{107} Obligation of non-disclosure, Section 271 of the Czech Commercial Code, Law No 513/1991 Coll.
\textsuperscript{108} Section 248 of the Criminal Code.
gains for himself or herself or for another to a larger extent unjustified advantages, will be charged with imprisonment for up to three years.

As the relevant offence is defined as an act of unfair competition, the offender must be a competitor or someone participating in the competitive process. Case-law has construed such requisite very broadly, including even indirect or potential competitors.

If a person repetitively commits the abovementioned act as an affiliate member of an organised group, causes significant damages, gains profits for himself or herself or for a third party, the offender will be punished with imprisonment (from six months up to five years), fine or confiscation. In the event of extensive damage and extensive profit or bankruptcy of another subject, the penalty is imprisonment from two to eight years.

Within such criminal proceedings, it is possible to seek monetary compensation of damages and/or immaterial harm caused by the criminal offence to the same extent that would be available in a civil action.

Only individuals may be found liable for this criminal offence. If the criminal offence is committed by a legal entity, then liability could be attributed to a person responsible for such legal entity (e.g. statutory representative) depending on the circumstances of the particular case.

The Criminal Code also includes the ‘Abuse of Information and Status in Business Relations’ and punishes whoever uses, without authorisation and with the aim of obtaining advantage or profit for himself or herself or for another, information not available to the public acquired due to his or her occupation or profession, when the disclosure of such information may significantly affect business relations.

In principle, the claimant has no right to request a search order from the court. However, he or she can present a petition to supplement evidence acquired in civil proceedings that includes a proposal of search of premises or computer systems of the defendant. In criminal proceedings, the court has the power then to decide whether to carry out such searches or not.

The injured party may bring a claim for damages in criminal proceedings unless the civil court has already decided its claim in the civil proceedings and the decision is final and effective.

5.3 ADMINISTRATIVE ACTION

Czech competition law does not contain trade secrets related provisions. However, provisions on concerted practices and the abuse of dominant positions may involve disclosure and exchange thereof (e.g. ‘essential facilities doctrine’).

In such cases, the UOHS may start an investigation on its own initiative or upon a complaint filed by any interested third party. Moreover, undertakings involved in a restrictive agreement or concerted practice may submit a leniency application for an investigation to be initiated by the UOHS.

If a breach of unfair competition law is detected, the UOHS may order:

a) the end of the misconduct;

b) administrative fines up to 10 % of the turnover of the undertaking involved;

Section 255 of the Criminal Code.
c) interim measures;
d) the undertaking or third parties to enforce determinate actions or to refrain from determinate conduct;
e) to secure potential evidence or potential enforceable goods.

Alternatively, the UOHS may accept and render binding commitment submitted by the parties.

During investigations, the UOHS may carry out inspections at the offices of the alleged undertakings or of the third parties during which it may:

a) search premises;
b) access and copy documents and files;
c) request that the parties submit oral clarifications about suspected findings.

Moreover, the UOHS has the power to ask the alleged undertakings or third parties to submit all the necessary documents or information and to request technical opinions of the experts.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

One remedy for trade secrets violation is the publication of the ruling. From publication, the decision is obligatory and enforceable.

6.2 COMPETENT COURTS

The competent courts that decide on the criminal offences for trade secrets violations are the general district and regional courts.

There is no specialised court for civil matters, unless patents and/or other IPRs are involved.

If IPRs are implicated, pursuant to the Enforcement Act No 221/2006 Coll on the enforcement of industrial property rights, implementing Directive 2004/48/EC, the Municipal Court in Prague is the competent court in the first instance. Proceedings are conducted and decided in specialised panels composed of a presiding judge and two judges. All appeals must be submitted to a second specialised court, the Prague High Court, which also decides matters with a panel of three judges.

At the time of this study, know-how and trade secrets are not defined as IPRs by Czech law and, as such, are not determined as being subject to IP specific provisions on jurisdiction.
The Baseline of Trade Secrets Litigation in the EU Member States

DENMARK
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
Danish legislation does not provide for a specific definition of ‘trade secret’. However, Danish legal theory and jurisprudence have developed the legal concept of a trade secret.

According to the most generally acknowledged definition and current case-law, trade secrets have been defined to be either commercial secrets (i.e. lists of customers, prices) or technical/operational secrets (technical know-how), which represent commercial value to the owner. Case-law also takes into consideration the requirements established by Article 39 of the TRIPS, to identify information that may be considered a trade secret.

A prerequisite often used to qualify a trade secret is that the owner has kept the information secret and used reasonable efforts/measures to keep such information secret (e.g. NDAs, technical restraints within the company).

On the contrary, any information commonly known in the specific field of business or acquired by way of reverse engineering is not considered a trade secret. In addition, the concept of trade secret is bound by general technical or commercial skills/experience acquired by employees in the course of their employment, although the distinction is not always clear in case-law. Necessarily, defining and qualifying information as a trade secret will depend on a case-by-case basis.

In general, within the abovementioned scenario, a ‘trade secret’ is information:

a) on a business’ internal affairs, which has significant value for the business’ market position;
b) held hidden from the public and typically only available for a restricted group of people;
c) on specific, technical or commercial matters;
d) protected by suitable safety measures.

To implement the Directive, a new Danish law called ‘lov om forretningshemmeligheder’ (i.e. ‘Act on trade secrets’) is planned to come into force in June 2018. This new Danish law (published for consultation on 6 October 2017) contains a definition of ‘trade secret’, which complies with the abovementioned definition given by the current case-law.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION
The most significant provisions that aim to protect trade secrets are the Danish Marketing Practices Act (MPA)\textsuperscript{110}, the Danish Criminal Code\textsuperscript{111} and the Danish Competition Act\textsuperscript{112}.

\textsuperscript{110} Danish Marketing Practices Act, Act No 426 published on 3 May 2017 and entered into force on 1 July 2017; source: \url{https://www.en.kfst.dk/media/46758/mfl.pdf}

\textsuperscript{111} Danish Criminal Code, Consolidated Act No 1052 of 4 July 2016; source: unofficial translation.

\textsuperscript{112} Danish Competition Act, Consolidated Act No 31 of 16 January 2018; source: \url{https://www.en.kfst.dk/media/49866/20180116-en-dcca-act-nr-31.pdf}
a) Danish Marketing Practices Act (MPA)
The MPA provides for the protection of trade secrets and prohibits the persons with authorised access to the company from the acquisition (or the attempting thereof) of trade secrets in an improper manner.

Moreover, it forbids anyone who has legitimately gained knowledge or possession of trade secrets from passing on, disclosing or making use of such trade secrets. This prohibition will apply for three years after the conclusion of the contract or work.

It also provides that anyone who, in the course of employment or otherwise in the course of trade, has been entrusted with technical drawings, descriptions, recipes, models and others, cannot use such materials or enable others to use such information without the owner’s consent.

Additionally, the MPA prohibits commercial companies from making use of trade secrets obtained by violating the abovementioned provisions, even though the commercial company itself did not obtain the trade secret directly.

In the event of any violation of such law, the injured person can request an order/injunction to cease the unauthorised use, compensation of damages or file a criminal complaint. In the latter case, the infringer can be sentenced to imprisonment for a term not exceeding 18 months or pay a financial fine. If the infringement constitutes a grave offence, imprisonment for a term not exceeding six years is enforced.

b) Danish Criminal Code
Several provisions of the Danish Criminal Code regulate the unauthorised use or acquisition of trade secrets.

In particular, the Danish Criminal Code sets forth that any person who, to obtain a company’s business secret or to make another aware thereof, accesses or unjustifiably obtains access to letters, information or communications of another will be punished with a fine or imprisonment for a term not exceeding six years.

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113 Section 23 of the MPA: ‘(1) An individual who is under contract of service to or working in cooperation with a trader or is carrying out an assignment on his behalf must not obtain knowledge of or access to the trade secrets of the trader in an improper manner. (2) If the individual concerned has obtained knowledge of or access to the trade secrets of the trader in a lawful manner, he must not (unless authorised) pass on or make use of such secrets. This prohibition applies for three years after the end of the contract, cooperation or assignment. (3) Subsections (1) and (2) apply correspondingly to other persons who have lawful access to the trader’s business. (4) A person who in the course of work or for other commercial purpose has been entrusted with technical drawings, specifications, formulae, models or the like may not make use of such material or put others in a position to do so without authorisation. (5) Traders may not make use of information or drawings or the like if knowledge of or access to this information or these drawings or the like has been obtained in conflict with subsections (1)–(4).’

114 Section 24 of the MPA: ‘(1) Actions in conflict with this Act may be prohibited by judgments. Concurrently with this or subsequently, such orders may be imposed by judgments as may be considered necessary to ensure (i) compliance with the prohibition, including through provision that agreements entered into in conflict with a prohibition are invalid; and (ii) 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. (2) Actions in conflict with this Act give rise to liability to pay damages under the general rules of Danish law. (3) Any person who intentionally or negligently infringes or exploits unwarrantably the rights of another person in conflict with this Act shall pay reasonable compensation. (4) If infringement or exploitation of rights in conflict with the Act has taken place neither intentionally nor through negligence, the offender shall pay compensation in accordance with subsection (3) to the extent deemed reasonable.’

115 Section 37(5) of the MPA: ‘[...] (5) Infringement of section 23 is punishable by a fine or imprisonment of up to eighteen months, unless a more severe penalty is prescribed under section 299a of the Danish Penal Code. Prosecution will take place only at the request of the injured party [...]’.  

116 Section 299(a) of the Danish Criminal Code.
years.\textsuperscript{117} Additionally, any person who sells, discloses or procures any other codes or means of access to a non-public information system will be liable to a fine or imprisonment for a term not exceeding 18 months (or up to six years in the event of aggravating circumstances).\textsuperscript{118}

Finally, if someone unjustifiably accesses another’s house or another's inaccessible place to obtain information or document(s) related to business, or to make another aware thereof, will be liable to a fine or imprisonment for a term not exceeding six years.\textsuperscript{119}

c) Danish Competition Act

Although the Danish Competition Act does not deal directly with trade secrets, it contains general provisions that can be applied.

In particular, if the disclosure or unauthorised use of trade secrets causes a practice prohibited by the Danish Competition Act (i.e. abuse of dominant position\textsuperscript{120} or agreement with the effect of distorting,

\textsuperscript{117} Section 263(3) of the Danish Criminal Code: ‘(1) Any person who unjustifiably 1) deprives someone of, or opens, his letter, telegram or other sealed communication or note, or acquaints himself with its contents; or 2) obtains access to the places where other persons keep their personal things; or 3) with the aid of equipment, secretly listens to or records statements made in private, telephone conversations, or other conversations between others or negotiations in a closed meeting in which he is not himself taking part or to which he has unjustifiably obtained access; shall be liable to a fine or to imprisonment for a term not exceeding six months. (2) Any person who unjustifiably obtains access to another person’s information or programs designated for use in connection with an information system, shall be liable to a fine or to imprisonment for a term not exceeding one year and six months. (3) If the acts mentioned in subsections (1) and (2) above are committed with the intention to procure or make oneself acquainted with the business secrets of an undertaking, or in other particularly aggravating circumstances, the penalty may be increased to imprisonment for a term not exceeding six years. The acts mentioned in subsection (2) shall be subject to the same punishment if involving violations of a more systematic or organized nature’.

\textsuperscript{118} Section 263a of the Danish Criminal Code: ‘(1) Any person who unjustifiably sells for commercial purposes or to a wide circle a code or other means of access to a not publicly accessible information system to which access is protected by code or any other special restricted admission shall be liable to a fine or imprisonment for a term not exceeding one year and six months. (2) Any person who unjustifiably discloses a large number of codes or other means of access as mentioned in subsection (1) shall be subject to the same punishment. (3) Any person who unjustifiably procures or discloses a code or any other means of access as mentioned in subsection (1) to 1) an information system of importance to the community, cf. section 193, or 2) an information system processing sensitive information comprised by section 7 (1) or section 8 (1) in the Act on Processing of Personal Data about private data of several persons. (4) If the disclosure etc. described in subsections (1) - (3) takes place under aggravating circumstances, the punishment shall be imprisonment for a term not exceeding six years. Circumstances where disclosure etc. is particularly extensive or implies a special risk of considerable damage shall be considered aggravating circumstances’.

\textsuperscript{119} Section 264 of the Danish Criminal Code: ‘(1) Any person who unjustifiably 1) obtains access to another person's house or any other place not freely accessible or 2) fails to leave another person's land, having been requested to do so (1) shall be liable to a fine or to imprisonment for any term not exceeding six months. (2) Where an act of the kind described in para. 1 of subsection (1) above is committed with the intention to procure or make oneself acquainted with information about conditions of business or manufacture, documents or records, the penalty may be increased to imprisonment for a term not exceeding six years’.

\textsuperscript{120} Section 11 of the Danish Competition Act: ‘(1) Any abuse by one or more undertakings etc. of a dominant position is prohibited. (2) The Competition and Consumer Authority must declare, upon request, whether one or more undertakings hold a dominant position, cf., however, subsection (7). If the Competition and Consumer Authority declares that an undertaking does not hold a dominant position, this declaration shall be binding until revoked by the Competition and Consumer Authority. (3) Abuse as set out in subsection (1) may, for example, consist of i) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; ii) limiting production, sales or technical development to the prejudice of consumers; iii) applying dissimilar conditions to equivalent transactions with trading partners, thereby placing them at a competitive disadvantage, or iv) making the conclusion of contracts subject to acceptance by the other contracting party of supplementary obligations which,
preventing or restricting competition) or is included in a similar practice, it is possible to apply the provisions and remedies thereof.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Danish legislation offers a broad scope of protection, which includes civil and criminal remedies as well as administrative remedies (e.g. by the Competition Council aiming to protect free competition).

In principle, trade secrets appear to be well protected under Danish law according to the current definition laid out by courts. In practice, however, it seems that trade secrets holders face difficulties in enforcing their rights.

First, it appears difficult to determine (and prove) whether a trade secrets infringement has occurred.

Second, the distinction between trade secrets and common knowledge might be difficult to determine and the available protection is strictly limited to secret information. In several cases, Danish courts have found that the information (e.g. customer compendiums or service agreements) was commonly available on the market. For example, a non-published tender was held to be non-confidential due to the intention of publishing the tender in the future.

Overall, it seems that Danish courts are reluctant to protect trade secrets and that judgments are often in favour of the defendant. This attitude might reduce the effectiveness of the protective provisions.

by their nature or according to commercial usage, have no connection with the subject of such contracts. (4) The Competition and Consumer Authority may issue orders to put an end to infringements of subsection (1), cf. Section 16. Acting upon any concerns it may have in relation to subsection (1), the Competition and Consumer Authority may, furthermore, decide that commitments made by an undertaking shall be binding, cf. Section 16a (1). (5) The Competition and Consumer Authority may declare, upon notification from one or more undertakings, that based on the facts in its possession, a certain form of conduct shall not fall under the prohibition in subsection (1) and that, accordingly, it has no grounds for issuing an order under subsection (4). (6) The Competition and Consumer Authority may lay down specific rules on the material that has to be submitted for a decision under subsection (2) or (5), including the submission of a non-confidential version of a request or a notification. (7) The Competition and Consumer Authority may refrain from making a decision under subsection (2) or (5), in case such a decision may have implications for whether one or more undertakings abuse a dominant position in the common market or an essential part thereof, and trade between the Member States of the European Union may be appreciably affected thereby'.

121 Section 6 of the Danish Competition Act: ‘(1) It shall be prohibited for undertakings etc. to enter into agreements that have restriction of competition as their direct or indirect object or effect. (2) Agreements covered by subsection (1) may, in particular, be agreements made to i) fix purchase or selling prices or other trading conditions; ii) limit or control production, sales, technical development or investments; iii) share markets or sources of supply iv) apply dissimilar conditions to equivalent transactions with trading partners, thereby placing them at a competitive disadvantage; v) make the conclusion of contracts subject to acceptance by the other contracting party of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts; vi) coordinate the competitive practices of two or more undertakings through the establishment of a joint venture; or v or) determine binding resale prices or in other ways seek to induce one or more trading partners not to deviate from recommended resale prices. (3) Subsection (1) shall furthermore apply to decisions made by an association of undertakings and to concerted practices between undertakings. (4) The Competition and Consumer Authority may issue orders to put an end to infringements of subsection (1), cf. Section 16. Acting upon any concerns it may have in relation to subsection (1), the Competition and Consumer Authority may, furthermore, decide that commitments made by an undertaking shall be binding, cf. Section 16a (1). (5) Agreements and decisions that are prohibited under subsections (1) – (3) shall be void, unless otherwise excepted under Section 7, exempted under Section 8 or Section 10, or comprised by a declaration under Section 9’.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets during litigation apply to civil, criminal and administrative proceedings.

**Civil proceedings**
In Denmark, court proceedings are held in public. However, in cases on trade secrets, the proceedings may be treated as confidential and the court may decide to perform the hearings behind closed doors if a public hearing may expose someone to an unnecessary violation, including the disclosure of trade secrets.122

This implies that the case is not public and there will not be a public record of the case. Only specific persons related to the case are allowed in the courtroom.

It is also possible to request from the court a restriction in the access to documents containing trade secrets to prevent the disclosure of information or of the identity of the owner thereof to third parties.123

**Criminal proceedings**
The abovementioned provisions apply also to criminal proceedings.

**Administrative proceedings**
In accordance with Section 13 of the Danish Competition Act, the documents published by the Competition Council (e.g. decisions, orders) will not include information on technical matters if the information is financially important to the holder. Information of technical matters might include information on production methods, research, products and business secrets.

3. TRADE SECRETS HOLDERS’ PERCEPTION

It seems that the existing legal system deters trade secrets holders from bringing action before court mainly for the difficulty in proving damages and for the low amount of damages awarded.

Currently, measures relating to the preservation of evidence do not apply to civil cases of suspected infringement of trade secrets. Search orders are also not available in Denmark. Therefore, it might be difficult to prove trade secrets misappropriation and exploitation.

122 Section 29, p. 1(3) of the Danish Administration of Justice Act, Consolidated Act No 1257 of 13 October 2016, as amended.
123 Sections 41d(5) and 41e(4) of the Danish Administration of Justice Act.
4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, owners thereof tend to conclude special NDAs or include specific terms of confidentiality in employment/business cooperation agreements.

Technical measures limiting access and logging users who access information might also be used by trade secrets owners.

Where employment relationships are concerned, non-competition covenants can be used pursuant to the conditions laid out by the Act on Restrictive Covenants. According to this Act, the employee’s position must be of particular trust in relation to the employer and it is necessary to specify the reasons bringing to stipulate the covenant and to compensate the employee for the duration of the contract. Furthermore, such covenants cannot last beyond the 12 months starting from termination of the employment.

During the employment, the employee has an implied duty of fairness with respect to his or her employer. Significantly, despite the broader scope of duty that applies during the employment, it continues to exist for a period of time after termination of the employment.

5. REMEDIES

Danish legislation provides for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

If trade secrets holders are aware that a misuse of trade secrets or an offence takes place, an application for a provisional court order and/or for interim measures might be submitted to the court.

In particular, the injured party has to prove that the misused information constitutes a trade secret and that he or she is the trade secrets holder (or an authorised person). Additionally, to obtain an interim measure the trade secrets holder must prove that the alleged infringer is misusing the information and that with an ordinary proceeding he or she will lose the opportunity to have an actual benefit.

An interim measure has to be confirmed by an ordinary proceeding and may be requested to obtain that the offender ceases the trade secrets violation and/or obtains measures restoring the situation existing before the illicit behaviour (e.g. destruction or recall of products or correction of information).

Furthermore, it is possible to request compensation for suffered damages.

124 Act on Restrictive Covenants, adopted in December 2015 and entered into force on 1 January 2016.
As regards the method for the calculation of damages, the amount is based on the actual loss suffered by the injured party and the court awards damages on a discretionary basis. In particular, if the violation took place ‘neither intentionally nor through negligence, the offender shall pay compensation […] to the extent deemed reasonable’. The recognised amounts are usually lower than the amount requested by the claimants and are typically in the low end.

In Denmark, search orders and other measures to preserve evidence are not available in the event of trade secrets violations.

Any type of evidence can be used including, for instance, emails, oral statements, expert testimonies and private detective reports.

The above remedies are cumulative. Punitive damages are not provided for by Danish laws.

5.2 CRIMINAL ACTION

Another effective way to protect trade secrets is to follow the penal route. In principle, the violation of trade secrets is prosecuted upon the filing of a complaint by the aggrieved person. On the other hand, if the infringement constitutes a serious offence under Section 299(a) of the Criminal Code, it can be prosecuted ex officio, even if in practice a complaint is often filed.

In particular, if the unauthorised acquisition, misuse or disclosure of trade secrets constitutes a violation of the MPA, the injured person can request an order/injunction to cease the unauthorised use, the compensation of damages or file a criminal complaint. In this case, the infringer can be condemned to imprisonment for a term not exceeding 18 months or pay a fine. If the case constitutes a serious offence, the law provides for imprisonment for a term not exceeding six years.

If accessing letters, information or communications of another to obtain a business secret of a company or to make another aware thereof, the infringer will be punished with a fine or imprisonment for a term not exceeding six years.

As regards the disclosure or misuse of codes or other means of access to a non-public information system, the infringer can be sentenced to a fine or imprisonment for a term not exceeding 18 months (or up to six years in the event of aggravating circumstances).

Finally, in the event of accessing another person’s house or inaccessible property to obtain information or document(s) related to business or to make another aware thereof, the infringer can be sentenced to a fine or imprisonment for a term not exceeding six years.

During criminal investigations, police officers can search premises and/or computer systems. It is also possible to proceed with seizures.

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125 Section 24(4) of the MPA.
126 Section 23 of the MPA.
127 Section 24 of the MPA.
128 Section 37(5) of the MPA.
129 Section 299(a) of the Danish Criminal Code.
130 Section 263(3) of the Danish Criminal Code.
131 Section 263a of the Danish Criminal Code.
132 Section 264 of the Danish Criminal Code.
133 Chapter 73 of the Danish Administration of Justice Act.
134 Chapter 74 of the Danish Administration of Justice Act.
An injured person can also obtain an interim measure against the unauthorised use of a trade secret, proving that the infringer is violating a trade secret and that with an ordinary proceeding he or she will have lost the opportunity of an actual benefit. An interim measure must be confirmed by ordinary proceedings.

Danish law provides for criminal liability of legal entities according to the specific rules of the Danish Criminal Code. In particular, companies can be condemned only to economic penalties.

5.3 ADMINISTRATIVE ACTION

An administrative proceeding or investigation can be initiated ex officio by the Competition Council of the Danish Competition and Consumer Authority or following a complaint.

During its investigation, the Danish Competition and Consumer Authority can carry out inspections and search premises and/or computer systems.

The Competition Council can issue cease orders or (if the conduct is not punished as a crime by the Danish Criminal Code) administrative fines.

Moreover, the Danish Competition and Consumer Authority may issue a sort of preliminary order if, after a preliminary evaluation, ‘it is deemed that there is the risk of serious restriction of competition, unless quick action is taken’ Such order will be affirmed by the Competition Appeal Tribunal and will be in effect from such confirmation until the decision of the Authority on the presumed infringement.

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135 Section 37(7) of the MPA.
136 Chapter 5 of the Danish Criminal Code.
137 Section 25 of the Danish Criminal Code.
138 Section 18 of the Danish Competition Act.
139 Section 23 of the Danish Competition Act.
140 Section 18b of the Danish Competition Act: ‘(1) If, according to a preliminary assessment, an agreement or conduct is deemed to be in breach of Section 6(1), Section 11(1), or Art. 101(1) or Art. 102(1) TFEU, and it is deemed that there is the risk of serious restriction of competition, unless quick action is taken, the Competition and Consumer Authority may issue an order, cf. Section 16, with a view to terminate the restricting effects of the agreement or conduct. (2) No later than 10 working days after having issued an order in accordance with subsection (1) the Competition and Consumer Authority shall bring the order before the Competition Appeals Tribunal in order to have it affirmed, subject to subsection (3). If it is not submitted before the time limit, the decision shall be repealed. (3) An order under subsection (1) shall apply from the time of the Competition Appeals Tribunal’s affirmation until the Competition and Consumer Authority has made a decision as to whether there is an infringement of the law, or until the Competition and Consumer Authority has made binding the commitments offered by the undertakings, cf. Section 16a(1). If, before the expiry of the time limit in subsection (2), a party waives the demand to have the Competition and Consumer Authority’s decision brought before the Competition Appeals Tribunal, the order shall be applicable from the time the Authority receives that party’s waiver’.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
Judgments of the Maritime and Commercial High Court as well as those of the Supreme Court are normally published.

Judgments of the lower courts are not public, but third parties with an interest in the judgment can request access from the court. In these cases, parties are asked to give their comments and confidential sections of the judgment may be omitted.

It is also possible to omit from the publication of the judgment those parties that contain information on business or trade secrets.

As regards the Competition Council’s decision, they do not include information on business and trade secrets if this information is economically important to the company or to the interested person.”141“.

6.2 COMPETENT COURTS
Civil cases concerning trade secrets matters can be brought before local courts (not specialised) or before specialised civil courts. In particular, the Maritime and Commercial High Court is a specialised court that deals with matters of IP law, commercial law and maritime law.

Criminal cases are handled by ordinary criminal courts (not specialised).

On an administrative level, contestations on trade secrets matters are resolved by the Competition Council and, afterwards, the Competition Appeal Tribunal. The decision of the Competition Appeal Tribunal can be appealed before the civil courts.

141Section 13 of the Danish Competition Act.
The Baseline of Trade Secrets Litigation in the EU Member States

GERMANY
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

German law does not set out a statutory definition of ‘trade secret’ or ‘know-how’.

According to the prevailing case-law of the Federal Court of Justice\(^{142}\), a business or trade secret is any fact that is in connection with a business operation, that is not obvious but known only to a limited circle of persons, in whose secrecy the company owner has a justified economic interest and which, according to his or her expressed or nevertheless recognisable will, should also remain secret.

Consequently, manufacturing processes, research and development, customer lists, business strategies, construction drawings\(^{143}\), contracts and other commercial know-how that is significant for the economic activities of the company may be qualified as trade and business secrets under German law.

In addition, the Regional Labour Court of Rhineland-Palatinate\(^{144}\) defined ‘trade secrets’ as technicalities in the broadest sense including, for instance, financial information (e.g. turnover), internal books, customer lists, supply sources, market strategies, documentation on creditworthiness, calculation documents, patent applications and other development and research projects having a significant impact on a company’s business.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

While there is no specific legislation on trade and business secrets, German law grants statutory protection for trade secrets by different laws and regulations. Among them, the German Act on Unfair Competition\(^{145}\) (UWG), the German Criminal Code\(^{146}\), the German Fiscal Code\(^{147}\), the German Civil Code (BGB)\(^{148}\), the German Stock Corporations Act\(^{149}\) and the German Act against Restraints of Competition\(^{150}\) (ARC).

\(^{142}\) Among the decisions of the Federal Court of Justice (Bundesgerichtshof); Decision of 26 February 2009, the Federal Court of Justice BGH, I ZR 28/06, published in GRUR 2009, (603), para. 13, and among the Decision of 14 March 2006, German Constitutional Court, 1 BvR 2087/03.

\(^{143}\) Decision of 13 December 2007, Schweißmodulargenerator, Case No I ZR 71/05.

\(^{144}\) Decision of 22 February 2008, LAG Rhineland-Palatinate, 6 SA 626/07.


\(^{149}\) German Stock Corporation Act (Aktiengesetz) promulgated on 6 September 1965, Federal Law Gazette I, p. 1089, as amended.

\(^{150}\) Act against Restraints of Competition (ARC), published on 26 June 2013, Federal Law Gazette I, 2013, p. 1750, 3245, as amended.
a) German Act on Unfair Competition (UWG)

The UWG contains the relevant statutory provisions in Sections 17, 18 and 19, which focus on the protection of trade secrets against specific acts of misappropriation. In detail:

- **Section 17 of the UWG** does not only prohibit the unlawful disclosure of trade secrets to third parties by employees but also industrial espionage, that is, trade secrets misappropriation through the application of technical means, whether by an employee or by third persons. Moreover, it establishes criminal liability for trade secrets violations. Under this section the infringer has to act with specific purposes (i.e. competition purpose, personal benefit, a third party’s benefit, intent to damage the trade secrets holder);
- **Section 18 of the UWG** deals with the unauthorised use of models or instructions of a technical nature, particularly drawings, prototypes, patterns, segments or formulas, irrespective of whether they are actually considered as trade secrets;
- **Section 19 of the UWG** refers to cases in which a person procures or asks another person to commit a criminal offence or agrees to commit an infringement included in Sections 17 and 18.

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151 Section 17 (Disclosure of trade and industrial secrets) of the UWG: ‘(1) Whoever as the employee of a business communicates, without authorisation, a trade or industrial secret with which he was entrusted, or to which he had access, during the course of the employment relationship to another person for the purposes of competition, for personal gain, for the benefit of a third party, or with the intent of causing damage to the owner of the business shall be liable to imprisonment not exceeding three years or to a fine. (2) Whoever for the purposes of competition, for personal gain, for the benefit of a third party, or with the intent of causing damage to the owner of the business acquires or secures, without authorisation, a trade or industrial secret:

1. a trade or industrial secret:
   a) by using technical means;
   b) by creating an embodied communication of the secret; or
   c) by removing an item in which the secret is embodied;

or

2. without authorisation, uses or communicates to anyone a trade secret which he acquired through one of the communications referred to in subsection (1), or through an act of his own or of a third party pursuant to number 1, or which he has otherwise acquired or secured without authorization shall incur the same liability.

(3) An attempt shall incur criminal liability. (4) In particularly serious cases the sentence shall consist in imprisonment not exceeding five years or a fine. A particularly serious case shall usually exist in circumstances where the perpetrator:

1. acts on a commercial basis;
2. knows at the time of the communication that the secret is to be used abroad; or
3. himself effects a use pursuant to subsection (2), number 2, abroad.

(5) The offence shall be prosecuted upon application only, unless the criminal prosecution authority considers that it is necessary to take ex officio action on account of the particular public interest in the criminal prosecution. (6) Section 5, number 7, of the Criminal Code shall apply mutatis mutandis’.

152 Section 18 (Use of models) of the UWG: ‘(1) Whoever, acting without authorisation, uses or communicates to another person models or instructions of a technical nature, particularly drawings, prototypes, patterns, segments or formulas, entrusted to him for the purposes of competition for personal gain shall be liable to imprisonment not exceeding two years or to a fine.

(2) An attempt shall incur criminal liability. (3) The offence shall be prosecuted upon application only, unless the criminal prosecution authority considers that it is necessary to take ex officio action on account of the particular public interest in the criminal prosecution. (4) Section 5, number 7, of the Criminal Code shall apply mutatis mutandis’.

153 Section 19 (Suborning and offering disclosure) of the UWG: ‘(1) Whoever for the purposes of competition or for personal gain attempts to procure another person to commit a criminal offence pursuant to section 17 or section 18 or to incite the commission of such an offence shall be liable to imprisonment not exceeding two years or to a fine.

(2) Whoever for the purposes of competition for personal gain offers, or accepts the offer of another person, or conspires with another person, to commit, or to incite the commission of, a criminal offence pursuant to section 17 or section 18 shall incur the same liability. (3) Section 31 of the Criminal Code shall apply mutatis mutandis. (4) The offence shall be prosecuted upon application only, unless the criminal prosecution authority considers that it is necessary to take ex officio action on account of the particular public interest in the criminal prosecution. (5) Section 5, number 7, of the Criminal Code shall apply mutatis mutandis’.
b) German Criminal Code

The German Criminal Code provides for the protection of trade secrets under Sections 203, 204, 202(a) and 355(1), which respectively regulate the violation of private secrets, the exploitation of another’s secrets, data espionage and the violation of tax secrets.

Section 203 provides for a penalty of imprisonment up to one year, or a fine, for whoever unlawfully discloses another’s business secret or trade secret, which was confided to or otherwise made known to him or her in his or her capacity as a professional (e.g. a physician, dentist, psychologist, attorney or patent attorney).

Section 204 provides for penalties for whoever unlawfully exploits another’s secret, in particular a business or trade secret, which he or she is obliged to keep secret in accordance with Section 203.

In accordance with Section 202a (data espionage) it is a criminal offence to obtain, without authorisation, data that was protected against unauthorised access and that was stored in such a way that it was not directly perceivable or was being transmitted. This can include secret trade and business data. The established penalty is imprisonment of up to three years or a fine.

Section 355 (1, No 2) provides penalties for public officials unlawfully disclosing or using trade or business secrets. The offender will be subject to imprisonment up to two years or a fine.

c) German Fiscal Code

Section 30 \(^{154}\) of the German Fiscal Code regulates tax secrecy. In detail, public officials are in breach of tax secrecy if they disclose or make use of, without authorisation, a trade or business secret that has...

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\(^{154}\) Section 30 of the Fiscal Code of Germany: ‘(1) Public officials shall be obliged to observe tax secrecy.

(2) Public officials shall be in breach of tax secrecy if they 1. disclose or make use of, without authorisation, circumstances of a third person which have become known to them a) in an administrative procedure, an auditing procedure or in judicial proceedings in tax matters, b) in criminal proceedings for tax crimes or in administrative fine proceedings for tax-related administrative offences, c) for other reasons from notification by a revenue authority or from the statutory submission of a tax assessment notice or a certification of findings made in the course of taxation, or 2. disclose or make use of, without authorisation, a corporate or commercial secret which has become known to them in procedures/proceedings as designated under number 1 above, or 3. electronically retrieve, without authorisation, data protected pursuant to number 1 or 2 above which have been stored in a file for procedures/proceedings as designated under number 1 above.

(3) The following shall be deemed to be of equivalent status to public officials:

1. persons under special obligations to the civil service (section 11(1) number 4 of the Criminal Code), 1a. the persons designated in section 193(2) of the Act on the Constitution of Courts, 2. officially consulted experts, 3. holders of offices of the churches and other religious communities being public-law entities.

(4) Disclosure of information obtained pursuant to subsection (2) above shall be permissible, insofar as 1. it serves the implementation of procedures/proceedings within the meaning of subsection (2) number 1(a) and (b) above, 2. it is expressly permitted by law, 3. the persons concerned give their consent, 4. it serves the implementation of criminal proceedings for a crime other than a tax crime, and such information a) was obtained in the course of proceedings for tax crimes or tax-related administrative offences; however, this shall not apply in relation to facts which a taxpayer has disclosed while unaware of the instigation of the criminal proceedings or the administrative fine proceedings or which have already become known in the course of taxation before the instigation of such proceedings, or b) was obtained in the absence of any tax liability or by waiver of a right to withhold information, 5. there is a compelling public interest in such disclosure; such compelling public interest shall be deemed to exist in particular where a) crimes and wilful serious offences against life and limb or against the State and its institutions are being or are to be prosecuted, b) economic crimes are being or are to be prosecuted, and which in view of the method of their perpetration or the extent of the damage caused by them are likely to substantially disrupt the economic order or to substantially undermine general confidence in the integrity of business dealings or the orderly
become known to them in the course of their official duties (administrative or auditing proceedings or in a judicial tax matter).

d) German Civil Code (BGB)

Employees are obliged to keep the employer’s trade and business secrets confidential pursuant to the general good faith performance clause in Section 242 of the BGB: ‘An obligor has a duty to perform according to the requirements of good faith, taking customary practice into consideration’.

Companies negotiating a potential cooperation often share confidential information that might contain trade secrets. In this respect, the BGB provides under Sections 311 and 241(2) that the parties are, as soon as they start negotiations, obliged to preserve the other party’s rights and legal interests. In other words, each party is prohibited from making any use of the other party’s trade and business secrets. A party disclosing another party’s trade or business secrets will be liable for damages.

e) German Stock Corporations Act

Pursuant to Section 93(1) of the German Stock Corporations Act, board members of corporations or public limited companies are prohibited from disclosing ‘confidential information and secrets of the corporation’.

f) German Act against Restraints of Competition (ARC)

The ARC does not specifically regulate trade secrets but its provisions apply to trade secrets protection in the event of infringements related to the restriction of competition. Otherwise stated, the ARC applies in the event that a trade secrets infringement results in a case involving a restraint of competition.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

German law provides a certain legal framework to protect the trade secrets of companies doing business in Germany, even though the practical circumstances where trade secrets enjoy protection are quite narrow.

(functioning of authorities and public institutions, or c) disclosure is necessary to correct publicly disseminated incorrect facts which are likely to substantially undermine confidence in the administration; such decision shall be taken by the highest revenue authority responsible in mutual agreement with Federal Ministry of Finance; the taxpayer is to be consulted before correction of the facts.

(5) Wilfully false statements by the person concerned may be disclosed to the law enforcement authorities.

(6) The electronic retrieval of data which have been stored for procedures/proceedings as designated under subsection (2) number 1 above shall be permissible only insofar as it serves the implementation of procedures/proceedings within the meaning of subsection (2) number 1(a) and (b) above or the permissible transmission of data. To protect tax secrecy, the Federal Ministry of Finance may stipulate, by way of ordinance and subject to the consent of the Bundesrat, which technical and organisational measures are to be adopted to preclude the unauthorised retrieval of data. In particular, it may set out detailed rules on the type of data, the retrieval of which is permissible, and on the group of public officials entitled to retrieve such data. Ordinances shall not require the consent of the Bundesrat where they concern motor vehicle tax, aviation tax, insurance tax, import and export duties, and excise duties with the exception of beer duty.

(7) In the event that data subject to tax secrecy are transmitted in accordance with section 87a(4) by a public official or persons of equivalent status under subsection (3) above using DE-Mail services within the meaning of section 1 of the DE-Mail Act, no unauthorised disclosure or use and no unauthorised retrieval of data subject to tax secrecy shall be deemed to have occurred if during transmission a temporary automated decryption is performed by an accredited service provider for the purpose of checking for malware and for the purpose of forwarding the data to the addressee of the DE-Mail message."

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Legal provisions on trade secrets also show a certain connection with labour and privacy issues. For instance, Section 17(1) of the UWG states that an employee can commit a trade secrets violation as long as he or she is employed. Once the employment has ended, according to the Federal Labour Court’s case-law regulating the post-contractual duty of loyalty, an employee may freely exploit his or her experience but must keep trade secrets confidential. This means that a court will have to carefully distinguish which part of the information belongs to the employees’ experience and which part is the companies’ know-how or even a trade secret. In such cases, courts usually proceed to a comprehensive balancing of interests. As regards the jurisprudence of the Federal Court of Justice in applying unfair competition rules, the knowledge acquired by an employee might be used in future employment if such information has been obtained lawfully and ‘honestly’, that is, not by the illicit technical means described in Section 17 UWG.

Another example is contained within the Federal Data Protection Act\(^\text{155}\), which states that, to prevent data misuse, every employee will maintain secrecy on data. This means that an employee of a company when passing on or divulging relevant personal data obtained in the course of their work must keep it secret even after the termination of the work/contract. Employees can only transfer this secret data after a professional instruction of the employer.

The scope of available protection includes civil, criminal and administrative remedies. As regards infringements, the infringed party may for instance claim damages and its rights to information. Claims for reduction, removal and omission are also available under Section 8 of the UWG.

Significantly, the territorial scope of listed provisions varies from law to law. Usually, criminal law provisions apply, if the offender acted in Germany or if the business whose trade and business secrets were violated is physically located in Germany. Considering the German tort law, the application is possible if damages occurred in Germany.

According to respondents to the questionnaire, the legal framework to protect trade secrets appears to not always be effective. The execution of remedies is rather quick. It is possible to achieve an injunctive relief rapidly by way of preliminary injunctions, usually granted within a few working days and \textit{ex parte}. Despite this, some practical problems in enforcing claims do exist. For instance, a claimant has to prove that the other party disclosed the trade secrets unlawfully. Furthermore, the carrying on of a litigation procedure entails the risk to disclose the trade secret during the legal proceeding.

\section*{2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS}

When pursuing a legal action for trade secrets infringements, there is the risk that trade secrets disclosure is necessary during the litigation proceedings. Procedural rules that can be applied with the aim to protect trade secrets during proceedings are provided by the German Code of Civil Procedure.

\footnote{\textsuperscript{155} Federal Data Protection Act (\textit{Bundesdatenschutzgesetz}) promulgated on 14 August 2009, Federal Law Gazette I p. 2814, as amended.}
Civil proceedings

Under the GVG the claimant may request that the court exclude the public from the oral hearing or from parts thereof if an important business secret will be mentioned in the course of the hearing and its public discussion would violate the trade secrets holders’ overriding interests. However, the exclusion only concerns third parties, while the counterparty cannot be excluded from the oral hearing or any part of it, as this would violate the right to a fair trial. This implies that the counterparty cannot be hindered from gaining knowledge of the trade secret in question and from, eventually, using it. The granting of the exclusion of third parties is a decision of the court, which can be challenged only together with the final decision, if unlawful.

The trade secrets owner may supplement this measure by asking for a confidentiality order, which prevents the opposing party from disclosing any knowledge obtained during the proceeding to third parties (Section 174, para. 3 of the GVG).

An order not to disclose information obtained during litigation to unwarranted third parties can at the earliest be issued in the oral hearing, whereas the necessity to disclose the relevant confidential information will, as a general rule, already occur when instituting the proceeding. Legal experts have therefore advocated that the claimant should be entitled to apply for a confidentiality order already with the statement of claim, before the latter is served on the defendant.

Infringements of trade secrets require both a subjective element, namely the unfair acquisition of the secret, and an objective element, represented by the use of the secret. In specific circumstances, the substantiation of claims might be carried out with the securing of evidence by means of the so-called Düsseldorf proceedings. In particular, the trade secrets holder may claim to inspect premises, devices or processes that allegedly infringe his or her rights, and any corresponding documentation, by means of a search order. If the claim is well founded, the court may grant an access order and appoint an expert to secure the evidence, with the assistance of the claimant’s representatives which are bound by confidentiality also towards its own client. The defendant might be requested to collaborate. Such application may, for example, allow the claimant to seize evidence from the premises of the alleged infringer, carried out by an authorised expert under attendance of the claimant’s representatives under obligation of strict confidentiality. In substance, such procedure creates a temporary restriction of access to evidence in favour of the defendant. Subsequently, if according to the court an infringement is likely to have taken place, the evidence will be disclosed to all parties.

The limitation of such procedure is that only the defendants’ trade secrets might be protected from disclosure. The implementation of a closed session procedure within German civil procedural law, which would protect also the claimant’s trade secrets from disclosure, has been broadly discussed with the aim to protect also the disclosure of the claimant’s trade secrets. The implementation of the Directive will be a chance to improve the rules on secrecy during court proceedings.

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157 Act on the Constitution of Courts (GVG) (Gerichtsverfassungsgesetz).
158 Section 172 No 2 of the GVG.
159 The violation of such obligation is subject to criminal prosecution with imprisonment up to one year or the payment of a fine. Section 353, No 2 of the Criminal Code.
160 This legal procedure to enforce claim for evidence preservation was developed by the Düsseldorf Patent Courts.
Criminal proceedings
The abovementioned provisions apply also to criminal proceedings.

Administrative proceedings
The German Federal Cartel Office (FCO) has specific powers to protect trade secrets from disclosure during proceedings.

First, the FCO can exclude the public form hearings. Second, the ARC limits the FCO’s powers in forwarding trade secrets to foreign competition authorities or national authorities only to cases in which the receiving authority keeps such information as confidential and only sends it to third parties upon the FCO’s approval.

Furthermore, the FCO can limit the disclosure of trade secrets in the event of minor infringements (administrative proceedings) and order interim measures *ex officio* in the event of serious risk of damage to competition.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, there is a need for EU harmonisation and the existing means of protection are insufficient.

It appears that the lack of secrecy protection during court proceeding deters rights holders from bringing actions whereby they have to disclose documents containing trade secrets. Indeed, it is difficult demonstrating the existence of a trade secret as well as proving the damages related to its violation, without revealing the trade secret itself.

Given the discretion of courts in dealing with confidential information and in accepting closed hearings, trade secrets holders often opt for finding amicable settlements.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Since the enforcement of trade secrets is not always effective, companies include specific contractual provisions on confidentiality (including contractual penalties in the event of infringement) in their agreements with the employees, development partners, customers, suppliers and others. NDAs and technical security measures are also common tools in German practice.

With regard to employees’ non-disclosure obligations, these apply both during and after the end of the employment relationship.
Non-disclosure obligations during employment

A general obligation of confidentiality on employees exists due to the employment contract itself. Employees are obligated to maintain the confidentiality of trade secrets, regardless of a specific contractual obligation. This derives from the general principle of good faith.

However, special agreements on the protection of trade secrets are frequently included in written employment contracts. Confidentiality clauses will include specific references to information which is considered to be confidential or a trade secret. Pursuant to the BGB, excessive contractual obligations for employees, which are not justified by special company interests, are invalid (statutory prohibition, in violation of moral principles).¹⁶¹

In the event of breaches of confidentiality obligations during employment, employers may dismiss employees without notice and claim damages. The communication of trade secrets, as well as the suspicion that secrets have been betrayed, constitute a good cause for termination without notice under Section 626(1) of the BGB.¹⁶²

Non-disclosure obligations after the end of the employment

After termination of the employment, according to case-law of the Federal Labour Court, employees are obligated to maintain confidentiality on trade secrets even without any special agreement. An employee is bound by fiduciary obligations or by secondary obligations arising from the employment relationship,¹⁶³ but is free to use the knowledge acquired during the employment. The labour courts draw, thus, a distinction between trade secrets and knowledge acquired by the employer. In this respect, other courts, like the Federal Court of Justice, have doubted that such distinction can be made, since the general knowledge acquired may contain also trade secrets.

Moreover, labour contracts usually contain confidentiality and non-competition clauses, whereby the employee undertakes to refrain from any competition with the former employer for a certain time after the contractual relationship ended. However, the German Commercial Code states that confidentiality and non-competition clauses are only valid if the (ex-) employee receives a certain compensation for the agreed non-competition.¹⁶⁵ The statutory limit for non-competition clauses is two years.

¹⁶¹ Sections 134 and 138 of the BGB.
¹⁶⁵ Section 74(2) of the German Commercial Code: '(2) The non-competition clause shall be binding only if the principal undertakes to pay for the period of prohibition a compensation that for each year of the prohibition amounts to at least half of the most recent contractual remuneration received by the commercial employee'. Section 90a(1) of the German Commercial Code: '(1) An agreement restricting the business activities of a commercial agent following termination of the agency contract (restraint of trade clause) shall be in writing, and a document signed by the principal and containing the agreed provisions shall be handed over to the commercial agent. The agreement can be concluded for not more than two years starting from termination of the agency contract; such agreement shall cover only the district or group of customers assigned to the commercial agent and only the items in respect of which the commercial agent was required to employ his efforts in order to negotiate or conclude transactions for the principal. The principal shall be obliged to pay the commercial agent a reasonable compensation for the period of the restraint on trade.'
5. REMEDIES

The enforcement of trade secrets protection is left to economic operators as there is no public body or authority per se in charge of protecting trade secrets.

Trade secrets holders can apply for civil or criminal enforcement measures. However, they usually prefer civil actions seeking injunctive relief and/or requesting damages. Civil courts are often more specialised to deal with claims on trade secrets infringements.

Either way, a pre-requisite to start legal proceedings is to prove that the trade secret at stake is confidential, that is, that it is not of public knowledge and that there is the owner’s interest and will to maintain its confidentiality.

5.1 CIVIL ACTION

Under German law several remedies are available to trade secrets holders in the event of infringement, such as, claims for injunctive relief (cease-and-desist orders and injunctions), damages, claims to return or destroy protected information, claims to provide information on profits to calculate damages, search orders and orders to provide specific documents. Cease-and-desist orders and injunctions are also interim relief.

Claims to cease-and-desist and claims to elimination are regulated under Section 8 of the UWG and do not require culpable (i.e. negligent or intentional) behaviour (as always under German law).

The abovementioned remedies cannot be enforced against a person who independently developed a trade secret.

Under labour laws, employees may risk the termination of the employment contract without prior notice if they have contributed to the disclosure of a trade secret outside the employers’ company or risk a warning, relocation or dismissal due to an internal publication. Pursuant to the general rules of German civil law, damages will be awarded to put the suffering party in the same position as if the damaging act never happened. Such principle is set forth in Section 249 of the BGB: ‘A person who is liable in damages must restore the position that would exist if the circumstance obliging him to pay damages had not occurred’. In this respect there is no difference as to whether the act has been committed intentionally or by negligence since no punitive damages are planned for in German law. The trade secrets owner will, nevertheless, demonstrate that he or she suffered damage arising from the violation of his or her trade secret.

With specific regard to the compensation for damages, the following calculation methods apply:

- compensation for the loss of profits suffered;
- a request for handing over the profits made by the infringer;\(^\text{166}\);
- payment of the royalties which would have been due if the infringer had requested authorisation to use the right.

\(^{166}\) Decision of 19 March 2008, Federal Court of Justice, I ZR 225/06.
5.2 CRIMINAL ACTION

In the event of violations of Sections 17, 18 and 19 of the UWG, the offence will be prosecuted upon application only, unless the criminal prosecution authority considers that it is necessary to take *ex officio* action on account of the particular public interest in the criminal prosecution.

During investigations the public prosecutor has the power to order searches, seize documents and examine accused persons.

The UWG establishes specific penalties in the event of infringements following under Sections 17, 18 and 19. Specifically:

- Section 17 of the UWG: imprisonment not exceeding three years or a fine in the event of disclosure of trade and industrial secrets. In particularly serious cases the penalty implies imprisonment not exceeding five years or a fine;
- Section 18 of the UWG: imprisonment not exceeding two years or a fine in the event of illicit use of models (i.e. models or instructions of a technical nature, particularly drawings, prototypes, patterns, segments or formulas);
- Section 19 of the UWG: imprisonment not exceeding three years or a fine in the event of suborning and offering disclosure.

As outlined in the previous sections, penalties are also provided within the German Criminal Code as follows:

- Section 203: imprisonment not exceeding one year or a fine for whoever unlawfully discloses another’s business secret or trade secret, which was confided to or otherwise made known to him or her in his or her capacity as a professional;
- Section 204: imprisonment not exceeding two years or a fine for unlawfully exploiting another’s secret cover by secrecy;
- Section 202(a): imprisonment not exceeding three years or a fine in the event of data espionage;
- Section 355(1, No 2): imprisonment not exceeding two years or a fine for public officials’ unlawfully disclosing or using trade or business secrets.

In Germany, criminal liability does not apply to legal entities.

5.3 ADMINISTRATIVE ACTION

Administrative action is enforced in the event of trade secrets related infringements leading to restrictive practices or abuse of dominant positions. In detail, it is the FCO that commences the proceeding *ex officio* or upon complaint.

Administrative actions include administrative and fine proceedings, respectively attaining to minor violations and more serious infringements of the ARC. Administrative proceedings are regulated under the ARC and the Administrative Procedure Act\(^{167}\), while fine proceedings are governed by the German Act on Regulatory Offences\(^{168}\) and the Code on Criminal Procedure\(^{169}\).

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\(^{168}\) German Act on Regulatory Offences (*Ordnungswidrigkeitengesetz*), promulgated on 13 May 2015, Federal Law Gazette I 706, as amended.

\(^{169}\) Code on Criminal Procedure (*Strafprozeßordnung*) promulgated on 7 April 1987 (Federal Law Gazette [Bundesgesetzblatt]) Part I p. 1074, as amended.
For both proceedings the FCO has the power to collect all necessary documentation from the infringer(s) and carry out inspections at the business’ premises and computer systems.

In administrative proceedings, the FCO may order to end an infringement, impose all necessary measures to effectively end an infringement (proportionate to the established violation), issue prohibition decisions, order remedies, declare the commitments of undertakings, withdraw exemption or skim off benefits.

In fine proceedings, the FCO may impose monetary fines as follows:

- in cases of serious infringements, up to EUR 1 million for individuals and, for undertakings, up to 10% of their last total turnover;
- in cases of minor infringements, a fine of EUR 100,000.

### 6. ADDITIONAL INFORMATION

#### 6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Under German law, there is no explicit provision allowing a court to omit relevant but confidential information from a judgment. Furthermore, the principle of procedural certainty and the requirement of substantiation under the applicable law compel the precise formulation of the injunction, that is, the forbidden conduct. It follows that secret information should be described, even if only providing the necessary details for enforcing the injunction. Therefore, despite the aim to balance the requirements of determination and a claimant’s interests of confidentiality, a certain risk of trade secrets disclosure exists.

Some confidentiality measures apply for the names of the involved parties, which are usually blackened when judgments are published (e.g. in legal publications, databases).

According to the UWG\(^{170}\), it is generally possible for trade secrets holders to request the court to order a decision on injunctive relief (not on damages) to be published at the expense of the losing party. The exact means of publication (e.g. printed publications, television) and the exact extent of the publication (the whole decision or only parts of it) are defined by the judge.

#### 6.2 COMPETENT COURTS

In Germany there are no specific courts for handling trade secrets or business secrets matters.

For civil cases, both civil courts (regional courts, higher regional courts and the Federal Court of Justice) and labour courts (local labour courts, labour courts of appeal and the Federal Labour Court) may be called to rule on cases regarding trade secrets.

\(^{170}\) Section 12(3) (Enforcement of claims, authorisation to publish, reduction of the pecuniary value of the dispute) of the UWG: ‘[…] (3) Where by virtue of this Act a court action has been brought for cessation and desistance, the court can authorise the prevailing party to publicise the judgment at the expense of the losing party if the prevailing party demonstrates a legitimate interest therein. The nature and extent of publication shall be determined in the judgment. The authorisation shall expire if it is not used within three months after entry into final and binding force. The declaration pursuant to the first sentence shall not be provisionally enforceable’. 
The general criminal courts are competent for criminal proceedings involving trade secrets.

The Federal Court of Justice represents the highest German court in ordinary jurisdiction and final instance in all criminal and civil proceedings. It deals also with trade secrets cases.

With specific regard to unfair competition issues, a trade secrets holder can appeal FCO decisions to the Higher Regional Court of Düsseldorf and thereafter to the Federal Court of Justice.
The Baseline of Trade Secrets Litigation in the EU Member States

ESTONIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

The most relevant trade secret related provision is set out in Article 63 of the Estonian Competition Act, which indicates the requirements of a business secret as: ‘Information concerning the business activities of an undertaking the communication of which to other persons is likely to harm the interests of such undertaking, 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, expenditure and price structures and sales strategy are deemed to be business secrets […]’.

Such provision shows a non-exhaustive list of examples of what may constitute a trade secret. The Supreme Court ruled that even if the cited Article has been designated for officials of the Estonian Competition Authority (ECA) who, as a rule, have no right to publish trade secrets obtained while performing their duties, such provision offers a general overview of what potentially may be considered to be a trade secret.

The definition of ‘trade secret’ has been furthermore developed through Estonian case-law. Based on Supreme Court decisions, a trade secret can be interpreted as commercial valuable information related to a company that is deliberately kept secret to the public.

The Supreme Court also ruled that the definition provided for by Article 39 of the TRIPS might apply.

‘Both the ECA and the Estonian Courts take into account the practice of the European Commission and of the European Court of Justice in their decisions’, as well as the analogous laws and practices of the other European Countries as a material reference in identifying the scope of protection of trade secrets under Estonian law.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Estonia does not have a special legislation on the protection of trade secrets. However, the most significant provisions that aim to protect trade secrets are the Estonian Competition Act, the Estonian Commercial Code, the Estonian Employment Contracts Act, the Law of Obligations Act, the

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172 Article 63(1) of the Estonian Competition Act.

173 Supreme Court Decision of 9 December 2008, No 3-2-1-103-08.


178 Law of Obligations Act RT I 2001, 81, 487, as amended; source:

a) Estonian Competition Act
The Estonian Competition Act includes the most relevant provision on trade secrets as it offers a minimum indication on how to identify them. According to said Act, trade secrets may be considered as ‘information that restricts competition’ that competitors are obliged not to exchange to preserve fair competition practices.

b) Estonian Commercial Code
The Estonian Commercial Code does not provide for a definition of trade secrets. However, it explicitly establishes a duty of confidentiality on members of the management or supervisory boards of private or public limited companies, who are required to preserve the business secrets of the company.

Nevertheless, private or public limited companies will not claim compensation for any damages caused by violation of the above reported confidentiality obligation, if the members of the management or supervisory board acted in accordance with a lawful resolution of the meeting of shareholders or of the supervisory board or of the general meeting.

c) Estonian Employment Contracts Act
Under the Estonian Employment Contracts Act, special confidentiality clauses are entered into employment contracts, allowing the employer to determine the information to be kept confidential by the employees.


182 Article 4 of the Estonian Competition Act: (1) ‘The following are prohibited: agreements between undertakings, concerted practices, and decisions by associations of undertakings (hereinafter agreements, practices and decisions) which have as their object or effect the restriction of competition, including those which: […] (4) exchange information which restricts competition’.
183 Article 186(1) of the Estonian Commercial Code: ‘The members of the management board shall preserve the business secrets of the private limited company’.
Article 313(1) of the Estonian Commercial Code: ‘The members of the management board shall preserve the business secrets of the public limited company’.
Article 325(1) if the Estonian Commercial Code: ‘The members of the supervisory board shall preserve the business secrets of the public limited company’.
184 Article 186(2) of the Estonian Commercial Code: ‘The private limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection (1) of this section if the members of the management board acted in accordance with a lawful resolution of the meeting of shareholders or of the supervisory board’.
Article 313(2) of the Estonian Commercial Code: ‘The public limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection (1) of this section if the members of the management board acted in accordance with a lawful resolution of the general meeting or of the supervisory board’ and Article 325(2) of the Estonian Commercial Code: ‘The public limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection (1) of this section if the members of the supervisory board acted in accordance with a lawful resolution of the general meeting’.
185 Article 22 of the Estonian Employment Contracts Act: ‘(1) According to what is provided for in section 625 of the Law of Obligations Act and taking into account the notification obligation provided for in subsection 6(3) of this Act, the employer may determine which information an employee is obligated to keep as a production or business
Restraint of trade clauses may also be included into employment agreements under the fulfilment of specific requirements.\(^{186}\)

d) Law of Obligations Act

According to the Law of Obligations Act, an authorised representative has a duty of confidentiality on all the facts, including business secrets, which become his or her knowledge in the course of its mandate and for which its client has a legitimate interest to be kept confidential. This rule does not apply if the client has granted the authorised representative permission to disclose such facts or if the authorised representative’s duty to disclose arises from the law.

The duty to preserve the client’s business secrets will continue after the expiry of the authorisation agreement for as long as it is needed to protect the latter’s legitimate interests.\(^{187}\)

e) Estonian Civil Procedure Code

The protection of business secrets during civil litigation proceedings may be achieved through in camera hearings. However, according to the Estonian Civil Procedure Code, in some cases, the interest of the public proceeding may outbalance the interest of protecting the secret and, thus, the hearings will be held in public.\(^{188}\) Such provision applies also to administrative court proceedings.

f) Estonian Code of Criminal Procedure

According to the Estonian Code of Criminal Procedure, the court may declare that criminal proceedings or parts thereof will be held in camera to preserve a business secret.\(^{189}\)

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Article 23 of the Estonian Employment Contracts Act: ‘(1) Under an agreement on a restraint of trade clause an employee assumes the obligation not to work for the employer’s competitor or not to engage in the same economic or professional activity as the employer. (2) An agreement on a restraint of trade clause may be entered into if it is necessary for protecting the employer’s special economic interest, in maintenance of confidentiality of which the employer has a legitimate interest, especially if the employment relationship allows an employee to become acquainted with the employer’s clients or access the employer’s production and business secret, and the use of this knowledge may harm the employer considerably. (3) A restraint of trade clause shall be delimit ed reasonably and recognizably for the employee in terms of space, time and objects. (4) An agreement entered into in breach of the requirements provided for in this section is void’.\(^{186}\)

Article 625(1) of the Law of Obligations Act: ‘During the performance of a mandate, the mandatory shall maintain the confidentiality of facts which become known thereto in connection with the mandate and which the mandator has a legitimate interest in keeping confidential, above all by maintaining the mandator’s production and business secrets. A mandator is not required to maintain confidentiality if the mandator has granted the mandatory permission to disclose facts or if the mandatory’s duty to disclose arises from law. (2) A mandatory’s duty specified in subsection (1) of this section shall continue after the expiry of the authorization agreement to the extent needed to protect the legitimate interests of the mandator’.\(^{187}\)

Article 38(1) of the Estonian Civil Procedure Code: ‘The court declares a proceeding or a part thereof closed at the initiative of the court or based on a petition of a participant in the proceeding if this is clearly necessary: […] (6) to protect a business secret or other similar secret unless the interest of public proceeding exceeds the interest of protection of the secret; 7) for hearing a person obligated by law to protect the secrecy of private life of persons or business secrets if the person is entitled by law to disclose such secrets in the course of a proceeding’.\(^{188}\)

Article 12 of the Estonian Code of Criminal Procedure: ‘A court may declare that a session or a part thereof be held in camera: 1) in order to protect a state or business secret or classified information of foreign states […] (2) A court shall adjudicate restrictions on public access to a court session on the basis provided for in subsection (1) of this section by a ruling made on its own initiative or at the request of a party to the court proceeding […].’\(^{189}\)
**g) Estonian Penal Code**

The unauthorised disclosure or misuse of a trade secret constitutes a criminal offence under the Estonian Penal Code\(^\text{190}\). If the relevant conduct is committed by a legal person, a pecuniary punishment will be imposed. Such penalties will not apply if the described conduct also meets the criteria of more serious offences subject to more severe penalties.

To apply penalties, the infringer must act with the direct intention of achieving commercial purposes or of causing damage. Sole negligence is insufficient.

It follows that it is not necessary for the infringer to have actually caused any damages, as long as he or she acted with a deliberate intent regarding commercial purposes or the aim to cause damage, whereas the mere risk of disclosure does not give rise to criminal liability.

### 1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Estonian legislation offers a broad scope of protection, which includes civil and criminal as well as administrative proceedings (e.g. by the ECA aiming to protect free competition).

Trade secrets are protected without the fulfilment of any requirement of registration and they may also be protected without limitation in time (unlike patents and copyrights).

The lack of unified legislation for the protection of trade secrets as well as the lack of a precise definition of ‘trade secret’ has been perceived by the national experts of the study to reduce the effectiveness of existing legal measures. The terms ‘trade secret’, ‘business secret’ and ‘confidential information’ tend to be used interchangeably in Estonian legislation and in the existing, limited case-law\(^\text{191}\). The concept is still a matter of interpretation and it is mostly assessed on a case-by-case basis. Indeed, trade secrets under Estonian law do not enjoy absolute and exclusive protection.

Additionally, there exists legal uncertainty on whether trade secrets can be qualified as IPRs and protected accordingly.

### 2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Protection of trade secrets from disclosure might be granted during civil, criminal and administrative proceedings.

\(^{190}\) Article 377 of the Estonian Penal Code: ‘(1) Disclosure or use of a business secret of which the person became aware in connection with his or her professional or official duties without the permission of the relevant undertaking, if such act was committed for commercial purposes or with the aim to cause damage, is punishable by a pecuniary punishment or up to one year's imprisonment. (2) The same act, if committed by a legal person, is punishable by a pecuniary punishment.’

Civil proceedings

Court proceedings in Estonia are held in public. However, the court may declare, on its own motion or on request of a party, proceedings or parts thereof closed to the public if this is clearly necessary to protect a business secret or other similar secret unless the interest of the public proceeding exceeds the interest of protection of the secret 192.

In addition, when a person obligated by law to preserve a business secret is heard in the course of a proceeding, the latter may be treated as confidential on the court's initiative or at a participant's request 193. Nevertheless, where the interest of the public proceeding outweighs the interest of protecting a business secret, the hearing will be held in public.

In closed court sessions, a duty of confidentiality is established for the participants of the proceeding and on any other persons who are present in the courtroom. In particular, the contents of the in camera hearing as well as the documents examined in it must not be disclosed to the extent necessary to protect the right or the specific interest preservation of which is achieved through the closed hearing 194.

The court may also order a specific person, who is present to the closed hearing, to maintain the confidentiality of a fact of which he or she became aware of in the course of the session or from a document examined in it 195.

Finally, a certified excerpt of a part of a document containing information deemed to be a business secret might be submitted when the court finds that the submission of the document in its entirety would be not reasonable, considering the danger of the document being lost or damaged. The court may also order that the examination of the document is conducted in a separate place 196.

Criminal proceedings

Criminal proceedings are also held in public. However, the court, on its own initiative or at the party's request, may order that a session or parts thereof are held in camera when a business secret is involved 197.

If a court session is held in camera, the court will warn the parties to the court proceeding and other persons in the courtroom that disclosure of the information on the proceeding is prohibited 198. A fine may

192 Article 38(1)(6) of the Estonian Civil Procedure Code.
193 Article 38(1)(7) of the Estonian Civil Procedure Code.
194 Article 41(1) of the Estonian Civil Procedure Code: 'In a closed court session, the court cautions the participants in the proceeding and other persons present in the courtroom that the contents of the hearing held and the documents examined in a closed session must not be disclosed to the extent necessary for the protection of a right or interest specified in § 38 of this Code'.
195 Article 41(2) of the Estonian Civil Procedure Code: 'In addition [...] the court may caution, by a ruling, a person who is present in a closed court session to maintain the confidentiality of a fact which has become known to him or her in the session or from a document relevant to the matter if this is necessary to protect a right or interest specified in § 38 of this Code'.
196 Article 275 of the Estonian Civil Procedure Code: '(1) If a document is highly voluminous and mainly includes facts not relevant to the proceeding or if a document contains information deemed to be state or business secret or classified information of foreign states, and the court finds that for such reason or other similar reason, submission of the document in its entirety is not reasonable considering the danger of the document being lost or damaged, a certified excerpt of a part of a document may be submitted or the place where the court and the participants in the proceeding may examine the document may be indicated. The court may demand the submission of the document in its entirety. (2) In the case specified in subsection (1) of this section, the court may inspect and examine a document at the place of its storage or assign such duty to a court acting on the basis of a letter of request or a judge acting on the basis of an order'.
197 Article 12(1) of the Estonian Code of Criminal Procedure.
198 Article 12(4) of the Estonian Code of Criminal Procedure.
be imposed in the event of violation of such obligation of confidentiality. 

Lastly, where pre-trial proceedings are concerned, disclosure of information is permitted in the interests of criminal proceedings, of the public or of the data subject as long as it does not harm a business secret. 

**Administrative proceedings**

Administrative court proceedings follow the rules provided under the Estonian Civil Procedure Code with regard to publicity, confidentiality and in camera hearings.

In occasion of in camera proceedings, a participant to the proceeding may be removed from procedural acts, including a court session or a part thereof, to preserve a business secret, know-how or other similar secret, when the aim to safeguard the secrecy clearly overrides the right of a participant to the proceeding to be present when the procedural act is performed. The participant to the proceeding will be removed from a procedural act to the smallest extent possible. When the prerequisites of removal are no longer present, the content of the entire procedural act is disclosed to the participant. An appeal against the court’s decision of removal may be filed by the removed participant. Pending the appeal proceeding, the court does not disclose any information to the removed participant.

The ECA is not entitled to communicate to other persons or disclose to the public, without the

199 Article 12(5) of the Estonian Code of Criminal Procedure: '[...] (5) In the event of violation of the prohibition on disclosure of information concerning proceedings at a court session held in camera, the court may impose a fine on a party to the court proceedings and person present in the courtroom on the basis of a court ruling. The accused shall not be fined'.

200 Article 214(2) of the Estonian Code of Criminal Procedure: '[...] (2) Disclosure of information concerning pre-trial proceedings is permitted in the interests of criminal proceedings, the public or the data subject if this, in avoidance of excess: [...] 3) does not endanger a business secret or violate the activities of a legal person; [...]'.

201 Article 77(1) of the Code of Administrative Court Procedure RT I, 23.02.2011, 3, as amended: ' (1) The publicity of administrative court proceedings, the order for proceedings in an administrative matter to be conducted as in camera proceedings, the broadcasting and recording of court sessions is subject to sections 37–42 of the Code of Civil Procedure. [...]'; source: https://www.riigiteataja.ee/en/eli/527012014001/consolid

202 Article 79 of the Code of Administrative Court Procedure: ' (1) In the case of proceedings which have been declared in camera proceedings, a participant of the proceedings may by removed from any procedural act, including a court session or a part of such session:

1) in order to ensure national security or public policy, in particular to maintain in a state secret or foreign intelligence classified as secret or to protect information which has been declared for internal use only;
2) in order to protect the life, health or liberty of a participant of the proceedings, of a witness or other person;
3) in order to protect the privacy of a participant of the proceedings, of a witness or other person;
4) in order to maintain the confidentiality of an adoption;
5) in order to keep a business secret, know-how or other similar secret.

2) Removal of a participant of the proceedings on a ground specified in subsection 1 of this section is possible only in the case that the interest to maintain the secret clearly overrides the right of a participant of the proceedings to be present when the procedural act is performed.

3) Removal of a participant of the proceedings is decided by the court without the participation of the participant to be removed, after hearing the participant in whose interest the other participant is to be removed.

4) A participant of the proceedings is removed from a procedural act to the smallest extent possible. The court discloses the content of the procedural act to the participant to the maximum extent which is possible without prejudicing the purpose of the removal. When the prerequisites of removal are no longer present, the content of the entire procedural act is disclosed to the participant.

5) Removal of a participant of the proceedings is decided in a court ruling. An appeal may be lodged against the ruling, and the ruling entered by the circuit court in respect of the appeal may be further appealed to the Supreme Court. Until the ruling becomes final, the court does not disclose any information to the participant.

6) Where necessary, the court determines the question of removal of a representative or adviser of a participant of proceedings on the grounds and in accordance with the procedure provided in this section.'
undertaking’s consent, business secrets acquired in performing its official duties. Undertakings will indicate any information considered a business secret. Upon the ECA’s request, undertakings provide reasons for classifying information as a business secret. The ECA may also request the undertakings to provide a non-confidential version of the document not including business secrets.

The ECA may disclose and use the undertakings’ business secrets if it is necessary for establishing an offence related to competition or a violation of Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). The ECA may submit documents containing a business secret only to a court for preparation of the hearing of a criminal, civil, administrative matter or for the hearing of or making a court decision in such matter. For the purpose of applying Articles 101 and 102 of the TFEU, the ECA may exchange with the European Commission and the Competition Authorities of the MSs, and to use as evidence, business secrets of undertakings and other confidential information, pursuant to the conditions specified in Article 12 of Council Regulation 1/2003/EC203.

Moreover, the ECA will exclude business secrets and other confidential information from the texts of decisions and precepts subject to disclosure204.

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system may deter trade secrets holders from bringing an action before courts for the difficulty in precisely defining trade secrets, ensuring the protection of confidentiality during disputes as well as in proving damages. Often, awarded damages are perceived as not being sufficient.

The existing system seems discouraging for the lack of a precise definition of ‘trade secret’ and for the vagueness of the related legislative framework, making it difficult for undertakings to prove the trade secret nature of facts and data, which are subject to the proceedings as well as the infringement thereof.

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204 Article 63(2-5) of the Estonian Competition Act: ‘(2) Unless otherwise provided by this Act, an official of the Competition Authority does not have the right without the consent of the undertaking to communicate to other persons or disclose to the public the business secrets, including information subject to banking secrecy, of the undertaking which have become known to the Competition Authority in the course of performance of its official duties. An undertaking shall determine and indicate any such information which the undertaking considers, with good reason, to be a business secret of the undertaking. If the Competition Authority so requests, an undertaking is required to indicate information which is considered to be a business secret and provide reason for classifying information as a business secret. Other information is not deemed to be a business secret except for information which, pursuant to legislation, is not subject to disclosure. If the Competition Authority so requests, an undertaking is required to prepare a review of a document which does not include business secrets. (3) An official of the Competition Authority may disclose and use a business secret of an undertaking if this is necessary for establishing an offence related to competition, or a violation of this Act or Article 101 or Article 102 of the Treaty on the Functioning of the European Union. An official of the Competition Authority may submit documents containing a business secret only to a court for preparation of the hearing of a criminal, civil, administrative or misdemeanor matter, or for the hearing of or making a court decision in such matter. (4) For the purpose of applying Articles 101 and 102 of the Treaty on the Functioning of the European Union, the Competition Authority shall have the right to exchange with the European Commission and the competition authorities of the Member States, and to use in evidence, any matter of fact or of law, including business secrets of undertakings and other confidential information, pursuant to the conditions specified in Article 12 of Council Regulation 1/2003/EC. (5) The Competition Authority shall exclude business secrets and other confidential information from the texts of decisions and precepts subject to disclosure’. 
The Supreme Court held that: ‘In order to establish unauthorised disclosure and use of trade secrets, it is necessary to define it as precisely as possible. Otherwise, free competition may be hindered’.

The legal uncertainty arising from the Estonian legislative landscape leads courts and the ECA to look at the other MSs courts’ and Competition Authorities’ practice as a guideline to determine the scope of trade secrets protection under Estonian law.

In addition, whether trade secrets are IPRs is still debated. Recognition as an IPR would imply the application to trade secrets infringements of further measures related to obtaining evidence or methods of damages evaluation.

As proving evidence of infringement in litigation appears rather difficult, the main practical solutions adopted by companies to protect trade secrets consist of licence agreements, contract to transfer/use of know-how, non-disclosure and non-use agreements (see paragraph 4, below).

During the public consultation on trade secrets, Estonia has underlined that trade secrets are highly important for R&D, exploitation of innovation, innovative and competitive performance of both SMEs and large companies. The current protection of trade secrets against misappropriation at cross-border level in the EU is perceived as weak.

The Directive is expected to be transposed into Estonian legislation by June 2018.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, the owners thereof tend to conclude NDAs, licence agreements, know-how contracts or other legal methods for the commercial transfer and acquisition of technology and to sign confidentiality clauses.

Business agreements (e.g. franchising agreements, agency and sale agreements) usually include confidentiality, non-use and non-disclosure clauses. These solutions are generally enforceable in Estonia under contract law and employment law. Damages are awarded in the event of breach of said obligations.

Where employment relationships are concerned, employers may qualify any information as trade secret and bind employees with a specific confidentiality obligation by notifying the employees with the content of the information deemed to be a trade secret. In lack of such notification, it might be opposed during proceedings that employees are not expressly bound by a duty of confidence. On the

205 Supreme Court Decision of December 9, 2008 in civil Case No 3-2-1-103-08.
206 Article 22(1) of the Estonian Employment Contracts Act.
207 Article 6(3) of the Estonian Employment Contracts Act: ‘[…] (3) If an employer and employee agree on the application of the restraint of trade clause or the employer has determined confidential information, the employer shall, in addition to what has been specified in section 5 of this Act, notify the employee of the content of the agreement on the restraint of trade clause or of the content of the confidential information’.
contrary, a general duty of loyalty towards the employer provided under Estonian employment law\(^{208}\) entails an obligation of confidence, but the scope of the express confidentiality clause included in employment agreements is broader. The employer can specifically determine the content of confidential information whereas the duty of loyalty would exclusively cover information that objectively may harm the employer’s interest. Contractual penalties and compensation of damages may apply in the event of breach of confidentiality clauses\(^{209}\).

Likewise, a duty of confidentiality is established on the members of the management or supervisory boards of public and private limited companies who are required to preserve business secrets. However, such private or public limited companies will not claim compensation for any damage caused by violation of the above confidentiality obligation, if the members of the management or supervisory boards acted in accordance with a lawful resolution of the meeting of shareholders or of the supervisory board or of the general meeting\(^{210}\).

Under Estonian legislation, the employees will preserve the employer’s business secrets even after the termination of the employment relationship, as long as the employer’s legitimate interest in keeping the specific information secret persists\(^{211}\).

Employees may also be bound by specific restraint of trade clauses. Such clauses are usually entered into employment contracts when the employer has a legitimate interest in maintaining confidentiality, especially if the employee is likely to become aware of the employer’s production and business secrets in performing his or her duties and the use of such knowledge may considerably harm the employer. A restraint of trade clauses has to be defined for the employee in terms of space, time and objects\(^{212}\).

In general, restraint of trade clauses are time-limited and fair restitution is paid to the party undertaking the obligation not to work for a competitor, for a certain period after the termination of his or her employment contract\(^{213}\). Compensation of damages to the extent not covered by the contractual penalty may apply in the event of breach of restraint of trade clauses\(^{214}\). Trade secret enforcement actions might

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\(^{208}\) Article 15(1) of the Estonian Employment Contracts Act: ‘An employee shall perform his or her obligations before the employer loyally’.

\(^{209}\) Articles 22(2) and (3) of the Estonian Employment Contracts Act.

\(^{210}\) Articles 186(1), 313(1) and 325(1) of the Estonian Commercial Code.

\(^{211}\) Article 625(2) of the Law of Obligations Act.

\(^{212}\) Article 23 of the Estonian Employment Contracts Act: ‘(1) Under an agreement on a restraint of trade clause an employee assumes the obligation not to work for the employer’s competitor or not to engage in the same economic or professional activity as the employer.

(2) An agreement on a restraint of trade clause may be entered into if it is necessary for protecting the employer’s special economic interest, in maintenance of confidentiality of which the employer has a legitimate interest, especially if the employment relationship allows an employee to become acquainted with the employer’s clients or access the employer’s production and business secret, and the use of this knowledge may harm the employer considerably.

(3) A restraint of trade clause shall be delimited reasonably and recognisably for the employee in terms of space, time and objects.

(4) An agreement entered into in breach of the requirements provided for in this section is void’.

\(^{213}\) Article 24 of the Estonian Employment Contracts Act: ‘(1) An agreement on a restraint of trade clause applicable after the expiry of an employment contract is valid only if:

1) it complies with the conditions provided for in subsections 23(2) and (3) of this Act;
2) it has been made in writing;
3) compensation is paid for it in accordance with subsection (3) of this section;
4) it has been made for up to one year starting from the expiry of the employment contract. […]

(3) An employer shall pay the employee reasonable monthly compensation for adherence to the agreement on the restraint of trade clause after the expiry of the employment contract’.

\(^{214}\) Article 26 of the Estonian Employment Contracts Act: ‘(1) An employer and employee may agree on a contractual penalty for a breach of the restraint of trade clause. (2) The provisions of this section do not preclude claim for
raise some concerns as they would risk causing, in some cases, the same effect as the restraint of trade clauses.

Considering the crucial nature of restraint of trade clauses, the latter will be explicitly included in a specific agreement and the content thereof must be notified to the employee.215

5. REMEDIES

Estonian legislation provides for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

To protect trade secrets holders’ interests, cumulative remedies under tort law and contract law are available.

Civil remedies under tort law include:

a) compensatory damages;
b) injunctions.

Civil remedies under contract law include:

a) claims to obtain performance of the obligation or withhold performance of the obligation;
b) claims for compensation of damages;
c) termination of the contract;
d) payment of liquidated damages if provided in the contract.

Furthermore, trade secrets holders aware that an infringement of contractual obligations or an action of tort has taken place, may file an application for a provisional court order and/or for interim relief measures in the event of emergency and/or imminent danger.

Interim relief measures include:

a) interim injunctions;
b) pre-trial taking of evidence (e.g. inspections, expert assessments, witness statements);
c) taking of evidence.

Interim injunctions are issued ex parte. In general, including trade secrets cases, pre-trial taking of evidence orders are issued by the court at the party’s request during the course of the proceeding or even before proceedings are initiated where evidence could be lost or a later use thereof could involve difficulties. In IPR cases, the court may also initiate ex officio pre-trial taking of evidence where emergency reasons occur, including seizure of infringing goods, raw materials, equipment and related documents.216

215 Article 6(3) of the Estonian Employment Contracts Act.
216 Article 244(1)(2) of the Estonian Civil Procedure Code: ‘(1) Pre-trial taking of evidence may be organized by a court ruling during court proceedings at the request of a party or, if good reason exists therefor, also before
In general, the assessment of damages follows the rules stated in the Law of Obligations Act. Patrimonial damages to be compensated include direct patrimonial damage and loss of profit. Punitive damages are not recognised by Estonian law.

Under tort law, to obtain damages, the claimant must prove a trade secrets violation, the causal link between the defendant’s misuse of trade secrets and the damages suffered. An evaluation of the damages may also be conducted under the restitution of unjust enrichment criteria.

Under contract law, only the anticipated damages (or damages that should have been envisaged as the potential outcome of non-performance at the time the contract was concluded) may be compensated, unless intention or gross negligence is established. However, it remains for courts to determine the damages on an equitable basis.

As already mentioned, in Estonia it is still not clear whether trade secrets are considered as IPRs. A positive answer to this question would lead to apply other procedures of evaluation of damages in trade secrets cases, such as compensation as a fixed amount based, inter alia, on the payment the violator should have paid if he or she had permission to use the IPR. Further remedies would also become available to trade secrets holders, such as measures to prohibit and eliminate further violations of the right, including destruction, recall and definitive removal of the infringing goods and materials.

A person’s good faith may, but not necessarily, affect the enforceability of remedies. In other words, the decision to enforce remedies towards a person who acted in good faith is on a case-by-case basis. On the contrary, remedies do not apply towards a person who autonomously developed the same information or if such information is part of his or her professional knowledge.

proceedings are initiated if the opposing party agrees to this or if it can be presumed that evidence could be lost or using the evidence afterwards could involve difficulties. The court also initiates pre-trial taking of evidence in order to safeguard evidence if a person substantiates that the copyright and related rights, or industrial property rights thereof have been infringed, or that a danger of infringement exists. (2) Inspections may be organized, witnesses may be heard, and expert assessments and other procedural acts may be conducted in the course of pre-trial taking of evidence. If pre-trial taking of evidence is initiated in order to safeguard evidence due to an infringement or danger of infringement of copyright and related rights or industrial property rights, the court may, among other, organize an inspection of samples and recording of a detailed description of samples with or without storing the samples, or seize the infringing goods, or the raw materials, equipment and related documents necessary for the production or marketing of the goods pursuant to the procedure for securing actions.

217 Article 128(2) of the Law of Obligations Act: ‘(2) Patrimonial damage includes, primarily, direct patrimonial damage and loss of profit […]’.

218 Article 127(6) of the Law of Obligations Act: ‘(6) […] If compensation for damage is claimed due to violation of copyright or related rights or violation of industrial property right, the court may, if this is reasonable, determine compensation for the damage as a fixed amount, taking account, inter alia, the amount of fee the violator should have paid if he or she had obtained authorization for the use of the relevant right’.

219 Article 1055(3) of the Law of Obligations Act: ‘(3) If unlawful damage is caused by violation of copyright or related rights or violation of industrial property right, the person whose rights are violated may request that:
1) the violator and the person whose services a third party used for the purpose of violation of the right be refrain from further violation;
2) in order to eliminate the violation, reasonable measures be applied with regard to the infringing goods and the materials and implements principally used in the manufacture or creation of those goods, including destruction, recall and definitive removal thereof from the channels of commerce’.
5.2 CRIMINAL ACTION

The unauthorised disclosure or misuse of a trade secret is also punished under Estonian criminal law.\(^{220}\)

A fine up to a maximum of one-year imprisonment is enforced in the event of disclosure or use of a business secret of which a person became aware during his or her professional or official activities without the consent of the relevant undertaking, if such act was committed for commercial aims or with the scope of causing damage. If the same act is committed by a legal person, that is, on its behalf or for its benefit by its body, a member thereof or by its representative, a pecuniary punishment applies.\(^{221}\)

Thus, the conduct will not amount to the above offence whether committed through negligence. Causing effective damages is not a requirement of such offence. At the same time, the mere risk of disclosure or misuse does not give rise to criminal liability.

More severe penalties may apply if the infringer’s conduct also falls under more serious offence provisions.

The injured party may file a criminal complaint with the police to allow it to start any and all acts necessary for taking evidence of the illegal action and to track down the offender. If the collected evidence proves the infringement, the prosecutor may charge the offender and a criminal proceeding may be initiated. The burden of proving the substantial and objective elements of the offence rests with the prosecutor.

Trade secrets holders may file a claim for damages in the course of criminal proceedings. Significantly, the criminal court will not admit the claim if the claim for damages has been already filed in the course of pending civil proceedings.

5.3 ADMINISTRATIVE ACTION

In general, unfair competition infringements are handled under criminal law.

However, if the disclosure or unauthorised use of trade secrets causes a practice prohibited by the Competition Act (i.e. restrictive agreement or concerted practices, including the exchange of information which restricts competition), the trade secrets holders may file a complaint with the ECA. The ECA may also start an investigation ex officio.

Whenever the ECA finds proof of an agreement or a practice which restricts competition, a criminal proceeding will be initiated in cooperation with the prosecutor.

The ECA has the power to carry out inspections without previous warnings. During inspections, it can examine and obtain copies of all relevant documentation, material, data, databases and request explanations to the undertaking.

At the end of its investigation, the ECA has the power to issue injunctions to prevent the infringer from carrying out the breaching activities. If the infringer does not comply with the cited injunction, a penalty may be imposed by the ECA.

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\(^{220}\) Article 377 of the Estonian Penal Code.

\(^{221}\) Such amount may range from EUR 3,200 up to EUR 16,000,000 and is determined by the court in accordance with the nature and extent of the violation and the financial standing of the corporation.

\(^{222}\) Article 4 of the Estonian Competition Act.
In the event of abuse of dominant position, the ECA may impose a fine to the company of up to EUR 32 000 and enforce the physical person with a pecuniary penalty or detention.

In the event of cartels, the pecuniary punishment amounts to up to 5 % to 10 % of the company’s annual group turnover but cannot exceed EUR 16 000 000. The physical person may be condemned to pay a pecuniary punishment or imprisoned for up to three years.

The ECA’s decisions may be appealed before administrative courts.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Estonian court judgments and court rulings that have entered into force and which terminate proceedings will be published in the computer network of the competent courts.

However, in civil proceedings, the court may publish on its own initiative or at the request of a party of the proceeding only the conclusion of the judgment, or parts thereof, if the judgment contains sensitive, personal or confidential data. The court adjudicates the request by a ruling\(^{223}\). The same provision is established in the Criminal Procedure Code\(^{224}\).

The ECA will omit trade secrets and other secret information from the decisions and precepts to be published.

6.2 COMPETENT COURTS

There are no specialised courts handling trade secrets cases in Estonia.

Civil and criminal cases concerning trade secrets are brought, respectively, before civil courts and criminal courts. Whenever employment relationships are involved, the labour courts are the competent courts.

The ECA’s decisions can be appealed before administrative courts, whose decisions can be in turn brought before the Circuit Court. The latter’s decisions can be further appealed to the Supreme Court.

\(^{223}\) Article 462 of the Estonian Civil Procedure Code.
\(^{224}\) Article 408 of the Estonian Criminal Procedure Code.
The Baseline of Trade Secrets Litigation in the EU Member States

IRELAND
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Since Irish legislation does not provide for a specific definition of ‘trade secret’, Irish courts have defined the requirements needed for information to be deemed as a trade secret, mainly following the English courts’ practices.

In AIB Plc & Ors v Diamond & Ors\(^{225}\) the Irish High Court agreed on the conclusions reached in the English leading case Faccenda Chicken v Fowler\(^{226}\), in which the English court drew a distinction between three categories of information that an employee may come into contact with during the course of employment and the respective obligations thereby arising in terms of confidentiality:

a) ‘[…] information which, because of its trivial character or its easy accessibility, from public sources of information, cannot be regarded by reasonable persons or by the law as confidential at all. The servant is at liberty to impart it during his service or afterwards to anyone he pleases, even his master's competitor […] This class of information, however, must not be extended too readily [...]’;

b) ‘Information which the employee must treat as confidential (either because he is expressly told it is so or from its character is obviously confidential) but which once learned necessarily remained in the employees' head and became part of his own skill and knowledge applied in the course of his employer's business [...]’;

c) ‘[…] specific trade secrets so confidential that, even though they may necessarily have been learned by heart, and even thought the servant may have left the service, they cannot lawfully be used for anyone's benefit but the master's [...]’\(^{227}\).

With regard to information that can be considered confidential ((b) and (c)), the court outlined the difference between what is intended to be part of the employee's knowledge and skills (b) and what is intended to be a trade secret (c). In principle, confidential information under (b) may be used and disclosed by an employee once the employment relationship is terminated, whereas trade secrets (c), information that goes beyond general skill and knowledge\(^{228}\), belong to the employer and will not be used in any future employment by the employee.

When confidential information falls within the proper knowledge of the employee or, to the contrary, is considered a trade secret, the English Court of Appeal sets the following criteria to be taken into account:

a) the nature of the employment;

b) the nature of the information;

c) how the employer impressed the information’s confidentiality upon the employee;

d) whether or not it was easy to isolate the relevant information from the other ones that the ex-employee was free to use\(^{229}\).

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\(^{225}\) AIB Plc & Ors v Diamond & Ors [2011] IEHC 505.


\(^{228}\) AIB Plc & Ors v Diamond & Ors [2011] IEHC 505.

Recently, a definition of trade secret has been provided within the legislative literature: ‘Information concerning commercial, manufacturing or production processes of a firm where the disclosure of such information would be a breach of confidence or a breach of contract’.

Examples of information held to be trade secret in case-law are: chemical formulae, designs and special methods of construction, design prototypes.

Finally, whether or not trade secrets are to be considered as IPRs is still a matter of interpretation. According to the most prevailing opinion, trade secrets should not be considered as IPRs under Irish law.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In Ireland there is no dedicated legislation providing protection for trade secrets. However, trade secrets may be secured through a variety of sources including contract law, Common Law on Breach of Confidence, the Competition Act, the Competition and Consumer Protection Act, the Data Protection Act and criminal law provisions.

a) Contract law

According to contract law provisions, an obligation of confidentiality may arise from a contract by entering confidentiality clauses into agreements concluded between business partners as well as into employment agreements.

b) Common Law on Breach of Confidence

Under the breach of confidence principle, a person will not misuse or improperly benefit of an information received under an obligation of confidence without the consent of the owner whose interests may be consequently harmed.

Therefore, obligations of confidentiality, when not imposed by a contract, may be implied due to particular relationships between the parties or because of the circumstances in which the holder has disclosed the information to third parties.

Where special relationships are concerned, employees are bound by a duty of confidentiality regarding the information learned in the course of their employment even in the absence of an express confidentiality agreement. In such a case, violations of obligations of confidentiality are handled under the common law on confidentiality and breach of confidence.

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231 Amber Size & Chemical Co v Menzel [1913] 2 Ch. 239.
232 Reid and Signist Ltd v Moss and Mechanism Ltd [1932] 49 R.P.C. 461.
Once the employment contract is terminated, in the absence of an express confidentiality agreement, the employee is free to use the information acquired in the course of the previous employment. Such information amounts to general knowledge and skills in a new employment. To the contrary, employees are prevented from using and disclosing information that goes beyond general skills and knowledge and, therefore, constitute a trade secret both during the course of the employment and afterwards.

c) **Competition Act**

There are no specific unfair competition provisions related to trade secrets within the Competition Act. However, some general provisions on the prohibition of agreements between undertakings, decisions by associations of undertakings and concerted practices, which aim to prevent the restriction or distortion of competition in trade, may include the use and disclosure of trade secrets. The ownership of trade secrets might, for example, lead to the exercise of an abuse of dominant market position.

d) **Competition and Consumer Protection Act**

According to the Competition and Consumer Protection Act, the Competition and Consumer Protection Commission (CCPC) has replaced the former Competition Authority.

The unauthorised disclosure of confidential information acquired by a member/staff/official/engaged person of the CCPC in his or her capacity or in performing his or her duty is prohibited, considering as confidential information ‘proposals of a commercial nature or tenders submitted to the Commission by contractors, consultants or any other person’.

Confidential information has been also considered ‘commercially sensitive nature made by any other person [...] which could reasonably be expected to:

(a) substantially and materially prejudice the commercial or industrial interests of:

V. the person who made the submission,

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239 Article 4(1) of the Competition Act: ‘(1) Subject to the provisions of this section, all agreements between undertakings, decisions by associations of undertakings and concerted practices which have as their object or effect the prevention, restriction or distortion of competition in trade in any goods or services in the State or in any part of the State are prohibited and void [...]’.

240 Article 25 of the Competition and Consumer Protection Act: ‘(1) A person shall not, unless authorised by the Commission or by a member of the staff of the Commission duly authorised in that behalf so to do, or required by law, disclose confidential information obtained by him or her in his or her capacity, or while performing duties as—

(a) a member of the Commission, (b) a member of the staff of the Commission, (c) an authorised officer, or (d) a person engaged by the Commission in any other capacity. (2) Subsection (1) shall not apply to—

(a) a communication made by a member of the Commission, a member of the staff of the Commission, or an authorised officer, in the performance of any of his or her functions under this Act, being a communication the making of which was necessary for the performance by the member, member of the staff of the Commission or authorised officer of any such function, or (b) the disclosure by a member of the Commission, a member of the staff of the Commission or an authorised officer to any person or body mentioned in paragraphs (a) to (q) of section 24(1) of information which, in the opinion of the member, member of the staff of the Commission, or authorised officer, may relate to the commission of an offence (whether an offence under this Act or not). 26 [2014.] Competition and Consumer Protection Act 2014. [No. 29.] PT.2 S.25 (3) A person who contravenes subsection (1) commits an offence and shall be liable, on summary conviction, to a class A fine or imprisonment for a term not exceeding 6 months or both. (4) Nothing in subsection (1) shall prevent the disclosure of information by means of a report made—

(a) to the Commission, or (b) by or on behalf of the Commission to the Minister. (5) In this section ‘confidential information’ includes—

(a) information that is expressed by the Commission to be confidential either as regards particular information or as regards information of a particular class or description, and (b) proposals of a commercial nature or tenders submitted to the Commission by contractors, consultants or any other person’.
VI. the person to whom the submission relates, or
VII. a class of persons in which a person referred to in subparagraph (i) or (ii) falls;
(b) substantially prejudice the competitive position of a person in the conduct of the person’s business, profession or occupation;
(c) substantially prejudice the financial position of the State or a public body. 241.

e) Data Protection Act

The obligation on a data controller (who decides how and why data are processed) to inform a data subject (the individual whom the data are about) in certain circumstances, upon request, of the logic involved in processing data by automatic means does not apply if this disclosure would adversely affect trade secrets. 242.

f) Criminal law provisions

Generally speaking, no criminal liability is envisaged for trade secrets violations. However, ancillary offences may arise in connection with trade secrets infringements (see paragraph 5.2, below).

241 Article 28N of the Competition and Consumer Protection Act: ‘(1) A person shall not disclose confidential information obtained by him or her while performing functions as— (a) a member, an officer, or a member of the staff of, or an adviser or consultant to, the Broadcasting Authority of Ireland, or a member of the staff of such adviser or consultant, or (b) a member of an advisory panel established under section 28F, unless he or she is duly authorised by the Broadcasting Authority of Ireland to so do.
(2) Subsection (1) shall not operate to prohibit the disclosure of confidential information by a person referred to in that subsection to the Broadcasting Authority of Ireland, the advisory panel or to the Minister for Communications, Energy and Natural Resources in the circumstances referred to in subsection (3). (3) The Minister for Communications, Energy and Natural Resources, the Broadcasting Authority of Ireland or an advisory panel established under section 28F may share information or documents with each other if satisfied that the information or documents are required by each other for the performance of functions under this Part.
(4) A person who contravenes subsection (1) shall be guilty of an offence and shall be liable, on summary conviction, to a class A fine or imprisonment for a term not exceeding 6 months or both.
(5) In this section ‘confidential information’ includes (a) information that is expressed by the undertakings involved in the merger or acquisition to be confidential either as regards particular information or as regards information of a particular class or description, and (b) submissions of a commercially sensitive nature made by any other person; […]

‘submissions of a commercially sensitive nature’ means submissions the disclosure of which could reasonably be expected to (a) substantially and materially prejudice the commercial or industrial interests of—
(i) the person who made the submission,
(ii) the person to whom the submission relates, or
(iii) a class of persons in which a person referred to in subparagraph (i) or (ii) falls,
(b) substantially prejudice the competitive position of a person in the conduct of the person’s business, profession or occupation, or (c) substantially prejudice the financial position of the State or a public body’. 242

242 Article 4(12) of the Data Protection Act: ‘(12) Subsection (1) (a)(iv) of this section is not to be regarded as requiring the provision of information as to the logic involved in the taking of a decision if and to the extent only that such provision would adversely affect trade secrets or intellectual property (in particular any copyright protecting computer software)’. 243

243 Article 55(5) of the Air-Raid Precautions Act No 21 of 1939, as amended: ‘(5) If any person who in compliance with the provisions of this section or of a warrant issued thereunder is admitted into a factory, workshop or workplace discloses to any person any information obtained by him in the factory, workshop or workplace with regard to any manufacturing process or trade secret, he shall, unless such disclosure was made in the performance of his duty, be guilty of an offence under this section and shall be liable on summary conviction thereof to a fine not exceeding five hundred pounds or at the discretion of the court to imprisonment for a term not exceeding twelve months”; source: http://www.irishstatutebook.ie/eli/1939/act/21/enacted/en/html
1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

To date, trade secrets as such can only be protected contractually (for example, by way of NDAs) or under the common law principles of the law on confidentiality.

According to the national experts of the study, the current regime is perceived to work reasonably well.

However, cases of abuse in taking actions for breach of confidence have occurred. Trade secrets enforcement appears to fail when restraining fair competition practices. Ireland does not provide for a competition system that has been intended to protect trade secrets as such. Thus, only a limited protection is provided in very specific circumstances.

Additionally, trade secrets enforcement tends to be expensive as courts require trade secrets holders to submit clear evidence to prove the infringement as well as to provide details of the information sought to be protected.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Ireland, only limited protection is granted to trade secrets during legal proceedings.

Civil proceedings

In Ireland, court proceedings are held in public. However, in cases involving the disclosure of trade secrets, the proceedings may be treated as confidential.

During court proceedings, a duty of confidentiality is implied on the parties to the proceeding with regard to the content of the information and documents disclosed wherein.

In the context of the discovery process, if the material is relevant to the case, then, the opponent is entitled to see it\(^244\). Confidentiality is not a bar to that material being disclosed. However, there is some legal authority in Ireland which supports limited disclosure where the relevant material is highly sensitive (for example, a trade secret). In such an instance, disclosure of that material could be limited to a small number of people in the opponent's team (e.g. legal advisers)\(^245\), requiring such persons to observe confidentiality, or ordering documents containing trade secrets to be submitted in a confidential version\(^246\).

The court may issue an order for inspection of documents only when it is deemed necessary for the

\(^{244}\) Order 31, Rule 14 of the Rules of the Superior Courts: ‘The Court may at any time during the pendency of any cause or matter, order the production by any party thereto, upon oath, of such of the documents in his possession or power, relating to any matter in question in such cause or matter, as the Court shall think right; and the Court may deal with such documents, when produced, in such manner as shall appear just’; source: http://www.courts.ie/rules.nsf/8652fb610b0b37a980256db700399507?OpenDocument


case. An order for inspection may be refused or limited on the grounds that the material in question is deemed to be confidential. It should be stressed that the abovementioned measures are taken by courts only in exceptional and limited cases. Nevertheless, such measures represent a useful tool to mitigate loss of confidentiality during discovery, in addition to the implied general duty to keep as confidential information and documents disclosed during court proceedings.

**Criminal proceedings**

In a criminal case, the prosecution must disclose to the defence all relevant evidence that it has gathered in its investigations. This includes everything that the prosecution intends to rely on in the trial as well as all material that it has decided not to use but which may be of use to the defence. The purpose of the prosecution duty of disclosure is to ensure that the accused party receives a fair trial.

Accused persons have often applied for access to certain material held by a third party. Irish law does not provide for granting a specific order requiring a third party to provide the accused party with access to certain documents. The scope of the prosecution's duty of disclosure does not extend so far as to provide the accused party with relevant material in the possession of third parties.

That being said, there are no specific provisions to prevent trade secrets disclosure.

**Administrative proceedings**

There is no provision for automatic confidentiality in competition proceedings. Members, employees and authorised officers of the CCPC are subject to a general duty of confidentiality under Section 25 of the Competition and Consumer Protection Act.

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system does not deter trade secrets holders from bringing an action before courts.

Issues mainly attain to the difficulties in obtaining court orders to ensure the confidentiality of secret information and the amount of evidence required. Moreover, acquiring information may be expensive as well as proving the details of the infringement.

As proving evidence of infringement in litigation cases is rather difficult and expensive, companies tend to adopt practical solutions such as licence agreements, contracts to transfer/use of know-how, non-disclosure and non-use agreements.

The Directive has not been transposed into Irish legislation yet.

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247 Order 31, Rule 18(2) of the Rules of the Superior Courts: ‘(2) An order shall not be made under this rule if and so far as the Court shall be of opinion that it is not necessary either for disposing fairly of the cause or matter or for saving costs’.


249 McKevitt v Director of Public Prosecutions, Supreme Court, 18 March 2003.

250 Articles 38(1) and 40(3) of the Constitution of Ireland, entered into force on 29 December 1937, as amended. Article 38(1) guarantees the right to a trial in due course of the law and Article 40(3) includes a right to fair procedures.

251 The People (DPP) v Sweeney, Supreme Court, 2001, 4 IR 102.
4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Trade secrets holders tend to adopt several precautionary measures, such as confidentiality clauses, non-competition clauses, confidentiality agreements, non-competition agreements, NDAs, business-to-business cooperation agreements, licence agreements, know-how contracts and technical security measures.

During employment, employees are implicitly bound by a confidentiality duty. That is, as consequence of the general duty of fidelity towards the employer, they have to guarantee confidentiality of the employer’s trade secret even in the absence of an express confidentiality agreement. Despite the above, employers may still include confidentiality clauses within employment contracts.

The implicit confidentiality duty does not apply after termination of the employment and, in the absence of express confidentiality clauses/agreements, the employee is free to use the information acquired in the course of the previous employment as it amounts to general knowledge and skills in a new employment. Thus, the protection of information after the termination of the employment requires specific clauses/agreements to be stipulated. In the absence of an express confidentiality agreement between employers and employees, the latter will be only prevented from using information deemed to be a trade secret in future employment.

The Irish courts ruled in this regard: ‘Therefore in summary, the law is clear. In the absence of an express term in a contract of employment the only enduring obligation on the part of an employee after his employment has ceased is one which precludes the employee from disclosing a trade secret’. A duty of non-disclosure in respect of trade secrets will last without limitation of time as long as it will be necessary to protect the employer’s interest in keeping information secret.

Significantly, such agreements cannot result in a limitation of fair competition practices. Irish courts are inclined to enforce only what is considered reasonable in relation to non-compete clauses and restrictive covenants (e.g. time periods or geographical range), and perhaps to favour the former employee rather than the employer. Such confidentiality clauses are more likely to be concluded within the employment contracts of senior business executives as well as technical and scientific experts.

Non-competition clauses are also usually included within employment agreements and as ancillary clauses in the context of mergers and acquisitions operations. With specific regard to employment agreements, such clauses apply during the employment as well as after the termination of the contractual relationship. They are, in principle, acceptable legal measures unless they impose excessive and disproportional obligations towards the employees, which are contrary to the moral practices and the constitutional right of freedom to work. Accordingly, non-competition clauses should be limited in time and include a fair compensation towards the party bound by the obligation not to work for a competitor.

Business-to-business cooperation agreements as, for instance, franchising agreements, agency and sale agreements will and usually do include confidentiality as well as non-use and non-disclosure clauses. Said agreements tend to specify how and under what circumstances confidential information can be used.

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5. REMEDIES

Irish law provides for civil, criminal and administrative remedies to trade secrets holders.

5.1 CIVIL ACTION

In Ireland trade secrets protection may be sought under the common law principles of confidence or under contract law²⁵³.

Trade secrets holders who are willing to take an action for breach of confidence must prove:

a) the existence of an obligation of confidence between the parties;

b) the disclosure of confidential information;

c) the causation between disclosure and damage.

A claim for breach of a contractual obligation of confidentiality is treated as a standard breach of contract claim.

Following the relevant English case-law, Irish courts decide on a case-by-case basis whether or not the information:

a) has the necessary 'quality of confidence';

b) is imparted in circumstances implying an obligation of confidentiality²⁵⁴.

Interim measures, such as injunctions to restrain the breach of confidential information and/or to destroy unlawfully obtained information, are also available. When granting an interim injunction, the court will require the claimant to undertake that it will redress any damages if the claim is subsequently proven not to be founded.

The court may grant an Anton Piller Order whenever a serious damage would otherwise be caused or evidence would otherwise be lost. When granting such orders, the court requires the claimant to provide safeguards, such as the presence of a supervising solicitor to execute the order, as well as an undertaking to the court to pay damages in the event that the order was wrongly obtained.

The Anton Piller Order may include pre-action measures, such as a warrant to search the premises or seizure of evidence without prior warning to prevent the loss thereof before the trial starts.

The evidence collected by virtue of such order can only be used for the purposes of the proceeding and the content thereof is kept confidential.

Awarded damages are available in the event of breach of confidence under Irish law²⁵⁵. Damages are calculated on the claimant's loss or on the royalty that the defendant would have paid if the information had been fully licensed. Alternatively, unjust enrichment is also available.

In the event of breach of contractual obligations of confidentiality, a calculation of damages is made according to royalties which would have been paid if the contract had been duly performed.

²⁵³ House of Spring Gardens v Point Blank Ltd [1984] 1 IR 611.
²⁵⁴ Coco v AN Clark [1968] FSR 415.
²⁵⁵ House of Spring Gardens v Point Blank Ltd [1984] 1 IR 611.
Restitutionary damages are available under exceptional circumstances where an unjust enrichment or profit has been made by the defendant from a breach of confidence.

Furthermore, trade secrets violations may be involved in unfair competition cases. In such cases, the aggrieved persons have the right to bring a claim for relief before the Circuit Court or the High Court. The courts may grant injunctions or damages.

### 5.2 CRIMINAL ACTION

There is no criminal liability for trade secrets violations in Ireland, both for natural and for legal persons.

However, ancillary offences may arise in respect to trade secrets violations as follows:

a) unauthorised disclosure of personal data;
b) unauthorised access of data;
c) unlawful use of a computer;
d) theft.

In such cases, the Irish Police can request ex parte orders, such as search warrants and seizures.

Moreover, in case (a) the court may order the relevant data material to be seized, destroyed or erase.

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256 Restitutionary damages are concerned with the reversal of benefits that have been earned unjustly by the defendant, at the expense of the claimant. In effect, the claimant is awarded relief measured, not by reference to his or her material financial loss, but the benefit gained by the defendant.

257 Article 14(1)(3) of the Competition Act: ‘Any person who is aggrieved in consequence of any agreement, decision, concerted practice or abuse which is prohibited under section 4 or 5, or by Article 101 or 102 of the Treaty on the Functioning of the European Union, shall have a right of action under this subsection for relief against either or both of the following, namely (a) any undertaking which is or has at any material time been a party to such an agreement, decision or concerted practice or has done any act that constituted such an abuse, (b) any director, manager or other officer of such an undertaking, or a person who purported to act in any such capacity, who authorised or consented to, as the case may be, the entry by the undertaking into, or the implementation by it of, the agreement or decision, the engaging by it in the concerted practice or the doing by it of the act that constituted the abuse. (3) Subject to subsection (4), an action under subsection (1) may be brought in the Circuit Court or in the High Court.

258 Article 22 of the Data Protection Acts 1988: ‘(1) A person who: (a) obtains access to personal data, or obtains any information constituting such data, without the prior authority of the data controller or data processor by whom the data are kept, and (b) discloses the data or information to another person, shall be guilty of an offence.

(2) Subsection (1) of this section does not apply to a person who is an employee or agent of the data controller or data processor concerned.

259 Section 5 of the Criminal Damage Act 1991, as amended: ‘(1) A person who without lawful excuse operates a computer (a) within the State with intent to access any data kept within or outside the State, or (b) outside the State with intent to access any data kept within the State, shall, whether or not he accesses any data, be guilty of an offence and shall be liable on summary conviction to a fine not exceeding £500 or imprisonment for a term not exceeding 3 months or both’; source: https://www.unodc.org/res/cld/document/irl/2011/criminal-damage-act-1991_html/Ireland_Criminal_Damage_Act_1991.pdf

260 Article 9 of the Criminal Justice (Theft and Fraud Offences) Act 2001, as amended: ‘(1) A person who dishonestly, whether within or outside the State, operates or causes to be operated a computer within the State with the intention of making a gain for himself or herself or another, or of causing loss to another, is guilty of an offence. (2) A person guilty of an offence under this section is liable on conviction on indictment to a fine not exceeding £10,000 or imprisonment for a term not exceeding 10 years or both’; source: http://revisedacts.lawreform.ie/eli/2001/act/50/revised/en/html#SEC9, Unofficial.

261 Article 4(1) of the Criminal Justice (Theft and Fraud Offences) Act: ‘(1) Subject to section 5, a person is guilty of theft if he or she dishonestly appropriates property without the consent of its owner and with the intention of depriving its owner of it.'
5.3 ADMINISTRATIVE ACTION

The Competition Act does not expressly protect trade secrets.

The CCPC may initiate summary proceedings in relation to the offences provided under Section 26 of the Competition Act.\(^{262}\)

The CCPC has several powers for obtaining any information necessary for the performance of its functions under the Competition Act: authorised officers may search premises, seize and retain any books, documents and records on the suspected infringement, as well as inspect and take copies of or extracts from any such documents. The CCPC may also summon witnesses before it and examine the witnesses under oath.

To carry out inspections, the CCPC must obtain a warrant from a District Court.

Unlike the European Commission and other MSs’ competition authorities, the CCPC does not have the power to issue decisions or orders that are binding on an undertaking or person. It has neither the power to impose administrative fines. If a party under investigation is charged with anti-competitive conduct and does not agree to change such conduct following a CCPC investigation, the CCPC must go to court to establish an infringement.

In sum, the CCPC investigates alleged breaches of the Competition Act and, after its investigations, can bring summary criminal proceedings in the District Court and civil proceedings in the Circuit Court or High Court.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Judgments do not observe confidentiality. They are often read out in public by the presiding judge. It is up to the presiding judge to provide written judgments to the Court Services. Once provided to the Court Service, the written judgment is available for access by the public.

6.2 COMPETENT COURTS

Civil cases concerning trade secrets matters are brought before special divisions of the High Court, specialised on commercial law issues, where the value of the claim is EUR 1 million or more. In the remaining cases, with the exception of labour law cases, the other civil courts are competent.

As per labour law cases, the Workplace Relations Commission (WRC) is also competent.

There are no specialised courts for criminal proceedings concerning trade secrets.

\(^{262}\) Article 26(8) of the Competition Act: ‘(8) Summary proceedings in relation to an offence under this section may be brought by the Authority’.
The Baseline of Trade Secrets Litigation in the EU Member States

GREECE
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Greek legislation does not provide for a definition of ‘trade secret’. However, Greek legal theory and jurisprudence have developed the legal concept of a trade secret. According to the most generally acknowledged definition, any information that relates to a specific business, which is known only to a specified number of persons bound by confidentiality, and which, according to the will of the owner must remain secret, is considered a trade secret.

According to the theory of ‘will’, the most crucial element to qualify as a trade secret is the will of the owner for a certain fact to remain secret. However, according to the theory of ‘interest’, the most crucial element is the existence of an economic interest for preserving confidentiality. The prevailing theory is, however, the ‘combination’ one: it requires both elements, that is, the subjective element of the will of the owner as well as the objective element of the economic interest to qualify as a trade secret.

In general, a trade secret must meet the following requirements to be treated as such and enjoy legal protection:

a) secrecy;
b) result of work;
c) connection between the secret and the company;
d) will of the owner to keep secrecy;
e) economic interest of the company to preserve the secrecy.

The term ‘trade secret’ is broad enough to include any commercial secret, confidential information, industrial secret and know-how (commercial know-how and industrial know-how). It may indicatively include the following: instructions, models, lists of customers and/or suppliers and/or distributors, price lists, business balance sheets (before their publication), information on sales and special business tactics such as specific discounts, bids for undertaking tenders (before their filing) technological methods, marketing methods, methods for the production of new products, recipes for chemical or cosmetic preparations, designs and drawings, technical types, standards, construction computations, plans for the expansion of business in the future, codes, ways of bookkeeping, business methods, correspondence, quotations to customers and know-how.

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

In addition, an indicative definition, only for industrial secrets, is given by the Greek Industrial Property Law263, which states that industrial secrets are mainly technical information, data or knowledge related to processes, expertise or skills, that impact on the production of goods and the rendering of services and which are not widely known264.

264 Article 21 of the Greek Industrial Property Law: ‘1. By the contract on technology transfer the supplier of technology undertakes to supply technology to the recipient of technology and the recipient undertakes to pay the value agreed upon. In particular, the following are conceived within the meaning of this article as technology supply:’
1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The provisions for the protection of trade secrets can be found in various legislative acts covering a wide range of fields of law. For instance, provisions are included in the Greek Unfair Competition Law (Law No 146/1914), in Law No 3959/2011 on the Protection of Free Competition, in Law No 2290/1995 by which the TRIPS was transposed into national law, in Law No 2190/1920 on Greek Sociétés Anonymes (company limited by shares), in Law No 4072/2012 on the Corporate Form of Private Companies, in the Greek Civil Code, in the Greek Penal Code, in Law No 1767/1988 on Work Councils of Enterprise and in Law No 1264/1982 on Democratization of the Trade Union Movement.

a) Greek Unfair Competition Law (Law No 146/1914)

Under the Greek Unfair Competition Law, the concept of unfair competition is broad and includes any type of business conduct, which is objectively considered to be contrary to good business ethics. Forms of IPRs for which there is no specific legislation are, therefore, protected under the law of unfair competition (e.g. trade secrets, business methods, non-patentable know-how).

Article 16 of such law provides that a punishment of imprisonment for a term not exceeding six months and a fine (not exceeding GRD 3,000, approximately EUR 8,80), or either of these penalties, will be imposed upon any employee, worker or trainee of a commercial or industrial company, who during the term of his or her employment, without authorisation, communicates to a third party secrets of the company that have been disclosed to him or her by virtue of the employment relationship, or have otherwise come to his or her knowledge, disclosing such secret information for purposes of competition or with the intention of damaging the proprietor of the company.

Furthermore, under the same provision, ‘the same punishment shall be imposed also upon anyone who makes unauthorized use of or communicates to a third party, for purposes of competition, such secrets, if his or her knowledge of them has been gained through one of the communications designated in the preceding paragraph or through his or her own acts in violation of the law or the moral principles’.

It is also provided that such punishment will be imposed upon anyone who makes unauthorised use of, or communicates to third parties, the models or technical standards such as drawings, prototypes, patterns, samples or instructions, that have been disclosed to him or her in the course of business

a. the license for exploitation of patents and utility model certificates;
b. the assignment of patents and of utility model certificates;
c. the supplying of technical constructing instructions, drawings or services;
d. the supplying of organizational and management services, as well as of specialized consulting services or services for follow-up and control;
e. the disclosure of industrial secrets with drawings, diagrams, specimens, models, instructions, proportions, conditions, processes, prescriptions and methods of production of products referring to the productive exploitation. Such industrial secrets are mainly technical information, data or knowledge which relate to processes, expertise or skills, that have practical application particularly to the production of goods and the rendering of services, provided that they have not become widely known;
f. the joint research and development of new technology, demonstrative or experimental programs or works;
g. providing technical assistance in the form of briefing, instruction and formation of personnel […]’.

266 Law No 4072/2012 on the Corporate Form of Private Companies; source: unofficial translation.
267 Greek Civil Code; source: unofficial translation.
268 Law No 1767/1988 on Work Councils of Enterprise; source: unofficial translation.
269 In Decision No 1717/2013 the Supreme Court has established that ‘[a] commercial trade secrets under the provisions mentioned above [Art. 16,17 L. 146/1914] are considered the secrets of commercial and organizational nature of the company, such as clients lists, suppliers lists, cost lists, calculations of the prices etc.’; source: unofficial translation.
270 Article 16, para. 2 of the Unfair Competition Law.
activities\textsuperscript{271}.

The Supreme Court has recently confirmed that Article 16, paragraph 1 is applicable during the employment agreement, whereas Article 16, paragraph 2 is applicable after the employment agreement is terminated and, in particular, when a confidentiality agreement has been concluded. The Court also clarified that the protected person is the holder of the trade secret and that the protection afforded under the unfair competition provisions is both civil and criminal\textsuperscript{272}.

\textbf{b) Law No 3959/2011 on the Protection of Free Competition}

Although Law No 3959/2011 on the Protection of Free Competition does not give a definition of trade secrets and does not directly protect them, the main provisions of such Law\textsuperscript{273}, which repeats

\textsuperscript{271} Article 17 of the Unfair Competition Law.
\textsuperscript{272} Decision No 1717/2013 of the Supreme Court.
\textsuperscript{273} Article 1 of Law No 3959/2011 on the Protection of Free Competition (repeating Article 101 of the TFEU):

'1. Subject to paragraph 3, the following are prohibited: all agreements and concerted practices between undertakings and all decisions of associations of undertakings which have as their object or effect the prevention, restriction or distortion of competition in the Greek territory and in particular those which:

a) directly or indirectly fix purchase or selling prices or any other trading conditions;
b) limit or control production, markets, technical development or investments;
c) share markets or sources of supply;
d) apply dissimilar conditions to equivalent transactions with other trading parties, in particular unjustified refusal of sale, purchase or other transaction, in an anticompetitive manner;
e) make the conclusion of contracts subject to the acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

2. Agreements and decisions of associations of undertakings of paragraph 1 and to which paragraph 3 does not apply are automatically void.

3. Agreements, decisions and concerted practices which fall under paragraph 1 are not prohibited, if all the following conditions are met:

a) they contribute to improving the production or distribution of goods or to promoting technical or economic progress, and;
b) they allow consumers a fair share of the resulting benefit, and;
c) they do not impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives, and;
d) they do not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the market in question.

4. Regulations of the European Union on the application of paragraph 3 of article 101 of the TFEU in certain categories of agreements, decisions of associations of undertakings or concerted practices (Block Exemption Regulations) apply in analogy, for the application of paragraph 3 to agreements, decisions and concerted practices that cannot affect trade between Member States in the sense of paragraph 1 of article 101 of the TFEU.'

Additionally, according to Article 3(2) of the same law:

'Agreements, decisions and concerted practices falling under paragraph 1 of article 1 and meeting conditions of paragraph 3 of article 1 are not prohibited, without the requirement of a former decision confirming that.'

Article 2 (repeating Article 102 of the TFEU):

'1. Any abuse by one or more undertakings of a dominant position within the market of the Greek Territory or a part of it is prohibited.

2. Such abuse may in particular consist in:

a) directly or indirectly imposing unfair purchase or sale prices or other unfair trading conditions;
b) limiting production, markets or technical development to the prejudice of consumers;
c) applying dissimilar conditions to equivalent transactions, in particular unjustified refusal of sale, purchase or other transaction, thereby placing certain undertakings at a competitive disadvantage;
d) making the conclusion of contracts subject to the acceptance by the other parties of supplementary obligations
Articles 101 and 102 of the TFEU aiming to protect free competition, prohibit all agreements between companies, trade unions and any merger practice of businesses, which prevent, restrict or distort competition.

In this respect, the Hellenic Competition Commission\(^274\) (HCC) can examine if the exchange of sensitive business information, wholesale or retail price lists, which are considered as trade secrets, are prohibited practice\(^275\) and impose sanctions if necessary. The HCC also examines whether agreements (e.g. franchising agreements) and relevant clauses are necessary for the protection of trade secrets (e.g. know-how) or disproportionate and thus non-enforceable.

c) **Law No 2290/1995**

Law No 2290 transposed into national legislation Article 39 of the TRIPS, referring to the protection of ‘undisclosed information’, which must not be disclosed to, acquired by, or used by third parties\(^276\).

d) **Law No 2190/1920 on Sociétés Anonymes (Companies Limited by Shares)**

Law No 2190 used to impose on the members of the Board of Directors (BOD) of Greek companies limited by shares (Sociétés Anonymes)\(^277\) the obligation not to disclose the secrets of the company that they became aware of because of their position\(^278\). Even though such provision was deleted by Law No 4156/2013, the duty of confidentiality of CEOs, members of the BODs, administrators or associates of any kind of company should be still considered as an existing obligation deriving from the general civil law duty of trust and fiduciary.

In any case, Law No 2190/1920 provides that any civil servant, who supervises companies limited by shares and does not keep absolute confidentiality of any and all things he or she observed/noted during the operation of the company, will be punished by imprisonment\(^279\).

The crime designated in this provision is a misdemeanour and the potential penalty for the offender is imprisonment for a term ranging from 10 days up to five years.

Furthermore, any auditor of companies limited by shares who does not keep absolute confidentiality of any and all information he or she acquired during the operation of the company, will be punished by imprisonment of a maximum of three months\(^280\). More precisely, the crime designated is a misdemeanour and the penalty for the offender is imprisonment for a term ranging from 10 days up to three months.

\(^{274}\) The HCC is the Greek National Competition Authority within the meaning of Regulation (EC) 1/2003, participating on behalf of Greece in the European Competition Network (the ‘ECN’).

\(^{275}\) Article 1 of Law No 3959/2011.

\(^{276}\) Article 39 of the TRIPS: ‘(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 and; (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret’.

\(^{277}\) A Greek Société Anonyme operates under the provisions of codified statute 2190/1920 and the provisions of the company’s Articles of Association.

\(^{278}\) Article 22a(3) of Law No 2190/1920 on Sociétés Anonymes.

\(^{279}\) Article 63(1)(a) of Law No 2190/1920.

\(^{280}\) Article 63C(2) of Law No 2190/1920.
e) Law No 4072/2012 on the Corporate Form of Private Companies

Law No 4072 provides for an explicit duty of confidentiality for the administrators of private companies.

f) Civil Law Provisions

The provisions of the Greek Civil Code concerning torts may also apply if the following conditions are met:

- ‘Any person harming someone else in breach of law and by negligence or intention is obliged to indemnify such other person’;
- ‘Any person intentionally harming someone else in a manner contrary to the principles of morality must indemnify such other person’.

In addition, according to the Greek Civil Code, the good faith principle is the binding guideline as to the interpretation of contracts, since it specifically states that every contractual obligation has to be executed following the demands of good faith and moral practices.

g) Criminal Law Provisions

The Greek Penal Code sets forth that any person who, acting in an unfair manner, copies, imprints, uses, discloses to a third party, or in any other way violates data or computer programs, which constitute state, scientific or professional secrets or secrets of a company of the public or private sector, is punished by imprisonment for a term of at least three months. Any information that its legal owner, on a reasonable basis, treats as confidential, is also considered a trade secret, especially when the owner has taken measures to prevent third parties to acquire knowledge thereof.

If the offender has a business relationship with the owner of the data, and if the secrets are of great financial significance, imprisonment of at least one year will be imposed. Such conduct is prosecuted further to the filing of a complaint.

h) Labour Law Provisions

During the period where the employee is still employed, unfair competition provisions (as mentioned above) are applicable if all the conditions are met (e.g. purpose of competition or intention of damaging the proprietor of the company). In this case, Articles 652 (duty of diligence) and 288 (principle of good faith) of the Greek Civil Code are also applicable.

After the termination of the employment agreement, it is acknowledged that unfair competition provisions still apply, but it is disputed whether the Civil Code principles are also applicable.

As concerns confidentiality obligation of workers’ representatives, the Law on Works Councils of Enterprises provides the following:

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281 Article 65 of Law No 4072/2012 on the Corporate Form of Private Companies: ‘1. The administrator has duty of trust towards the company. He is particularly supposed: […] (d) to keep confidential the affairs of the company.’

282 A new corporate form has been introduced into Greek law by Law No 4072/2012, with the goal to facilitate business activity through a corporate form which ensures both the limited liability of its partners and at the same time is flexible and easy to set up.

283 Article 914 of the Greek Civil Code.

284 Article 919 of the Greek Civil Code.

285 Article 288 of the Greek Civil Code.

286 Article 370B of the Greek Penal Code. The crime designated in this provision is a misdemeanor, while the potential penalty for the offender is: for the crime of paragraph 1, imprisonment for a term ranging from three months up to five years; for the crime of paragraph 2, imprisonment for a term ranging from one year to five years.
• Article 13(4): ‘The employer is not obliged to provide the Works Councils with information related to issues that are considered to be covered by secrecy according to the current legislation, such as bank secrecy, legal professional privilege, issues of national security or patents’;
• Article 13(5): ‘The members of the Works Councils are obliged not to communicate to third parties, without the employer's authorization, information related to the issues designated in the previous paragraph, or information of high importance for the enterprise, the disclosure of which would cause harmful consequences for the competitiveness of the enterprise’;
• Article 13(6): ‘The members of the Works Councils along with the employer decide each time upon the issues discussed at their meetings and the information that can be disclosed to third parties’;
• Article 17(3): ‘The provision of article 16 of L. 146/1914 shall also apply to the members of the Works Councils, for a term of 5 years after the termination of their employment, in case they violate their duty of confidentiality, provided in art. 13 par. 5 of this law’.

The crime designated in these provisions is a misdemeanour and the potential penalty for the offender is imprisonment for a term ranging from 10 days up to six months and/or a fine not exceeding GRD 3 000 (approximately EUR 8.80).

The abovementioned provisions are also applicable to the members of trade unions while bargaining the conclusion of a collective agreement287. In general, elected members cannot be dismissed by their employer for a specific period of time, provided by law. However, termination of the employment relationship of the trade unions members will be permitted if the worker has disclosed industrial or commercial secrets, requesting or receiving unlawful advantages288.


Under Greek law trade secrets, per se, are not considered as IP, even though in certain cases, a trade secret can enjoy protection under copyright law. Accordingly, the law implementing the Enforcement Directive is not generally applicable to the protection of trade secrets.

The Law on Copyright, Related Rights and Cultural Matters289 refers to the specific case of ‘decompilation’ of a computer program, explicitly providing (paragraph 1) as follows: ‘The person having the right to use a copy of the computer program shall be entitled to carry out the acts referred to in Article 42 (1) (2) of said Law (i.e. the reproduction of a program) without the authorization of the author and without the payment of a fee when such acts are indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs, provided that the information necessary to achieve interoperability has not previously been easily and readily available to the person having the right to use the computer program and provided these acts are confined to parts of the original program, which are necessary to achieve said interoperability’290.

In accordance with the second paragraph of the same Article, the provision will not permit the information obtained through its application:

a) to be used for goals other than to achieve the interoperability of the independently created computer program;
b) to be given to others, except when necessary for the interoperability of the independently created computer program; or

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287 Article 4(4) of Law No 1876/1990 on free collective bargaining.
288 Law No 1264/1982 on democratisation of the trade union movement.
290 Article 43 of Law No 2121/1993 on copyright, related rights and cultural matters.
c) to be used for the development, production or marketing of a computer program substantially similar in its expression to the initial program, or for any other act that infringes copyright.

Such copyright law provision confirms the assumption that trade/technology secrets are regarded by Greek law as intangible assets worthy of protection 291.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Greek legislation offers a broad scope of protection, including both civil and criminal remedies and, in certain cases, administrative remedies (e.g. by the HCC aiming to protect free competition).

Trade secrets are protected without the fulfilment of any requirement of registration (unlike other IPR such as, for example, trade marks) and they may also be protected without limitation in time.

However, according to the national experts of the study, the lack of a uniform Greek legislation for the protection of trade secrets, the lack of secrecy protection during litigation procedures, as well as the fact that the protection by the laws mentioned above is always ‘post-factum’, reduce the effectiveness of the protective provisions.

Moreover, civil protection is not considered sufficient and effective due to various factors: first of all because it is normally difficult to acquire the necessary evidence to prove an infringement, and secondly because the law requires the two parties of an unfair competition dispute to be in a competition relationship, which is not always the case. If, however, the infringer is an employee, the efficiency of the law is improved.

It has also to be stressed that, according to Greek laws, precautionary measures can be issued in connection to trade secrets cases, which may enhance the effectiveness of the protection by deterring potential infringers and provide evidence if litigation commences.

If there is a matter of urgency, an interim relief petition may be filed aiming to offer temporary legal protection. More specifically, upon filing a relevant application, the court may issue a ‘provisional order’ and/or a preliminary injunction decision. Such decision may order the ‘cease’ and ‘desist’ from such infringement in the future and threaten a pecuniary penalty for each and every violation of injunction order. Apart from the general provisions for interim measures contained in the Greek Civil Procedural Code, the Unfair Competition Law 292 provides the right to demand the cease-and-desist from any act of infringement of said Law.

Finally, in cases of urgency due to the risk of serious and irreparable damage to public interest, the HCC has the exclusive competence to order interim measures either ex officio or following an application submitted by the competent Minister 293.

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291 Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division).
292 Article 20 of Law No 146/1914.
293 Article 25, para. 5 of Law No 3959/2011.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Protection of trade secrets from disclosure during legal proceedings might apply to civil, criminal and administrative proceedings.

Civil proceedings
According to general rules, court proceedings in Greece are held in public. However, where such publicity would be detrimental to the public order or to moral values, the proceedings may be treated as confidential on the court's initiative or at the claimant's request. In practice, such provision has not been applied in trade secrets cases.

In the course of civil proceedings, the parties, for substantiating their claims, have to submit all relevant documents/evidence (including documents that refer to trade secrets) in the file maintained in the court. Such documents may be disclosed only to the parties and their attorneys and not to third parties. It is not possible to disclose documents only to attorneys excluding the parties.

Since it might be difficult to preserve confidentiality in trade secrets cases in the course of civil proceedings, the parties may prefer to reach an extrajudicial settlement. This explains why there is a rather limited jurisprudence on the subject. Due to the confidentiality of the subject matter, there are no official volumes of extrajudicial settlements.

Criminal proceedings
Criminal proceedings are constituted by two stages: 1) pre-trial proceedings (preliminary inquiry, main investigation of crimes, process of indictment), which are written, non-public and non-adversarial, and 2) trial proceedings, which are public, oral and moderately adversarial. Therefore, it might be difficult to preserve the confidentiality of documents that contain trade secrets.

In accordance with Article 93 of the Greek Constitution and Article 329 of the Greek Code of Criminal Procedure (GCCP) all trials have to be held in public and all court decisions are pronounced in public. The public character of the trial can be hindered only to protect public morals or the personal or family life of the parties.

Regarding the witness's obligation to testify before a court, Article 209 of the GCCP provides that ‘if someone is legally called to testify as a witness on a case, he cannot refuse to do so, unless he falls within one of the exceptions expressly provided in this Code’. The exceptions provided in the GCCP do not include the protection of trade secrets. Thus, an employee, for instance, does not have the right to refuse to testify in criminal proceedings regarding trade secrets.

Administrative proceedings
The HCC must keep information confidential in performing its duties. This obligation refers to both

294 Article 114 of the Greek Civil Procedural Code.
295 Article 241 of the Greek Code of Criminal Procedure (GCCP); source: unofficial translation.
296 Article 14(2)(h) of Law No 3959/2011.
HCC officials and any external expert under a confidentiality agreement. Furthermore, the duty of secrecy applies also to public authorities, experts and legal entities providing information and assisting the HCC\(^{297}\).

Information collected in application of the Protection of Free Competition Law may be used only for the purposes intended with the request for information, the inspection or the examination of witnesses.

In cases of filing or collecting information under competition law, the legal or natural person who submits or from whom such information is collected, determines by a reasoned request to the Directorate-General of the HCC, which information or documents are confidential and provides a separate non-confidential version thereof. If no application is filed or no separate non-confidential version is submitted, such information or documents are considered as non-confidential. In the event of disagreement on the confidential nature of information, the President of the HCC decides on the nature of the information or the document.

The companies against whom a complaint for violation of Articles 1 and 2 of Law No 3959/2011 and Articles 101 and 102 of the TFEU is filed, can access non-confidential information. Should access to the documentation, including confidential information, be required by the defence, upon request, the President of the HCC may grant access to all or part of the documents, but only to the undertaking alleged of the infringement. Persons who filed a complaint have access to non-confidential information of the file of the administration, whereas third parties are not entitled to such access.

If the rapporteur of the case evaluates that the use of confidential documents is required for the preparation of his or her opinion, the President of the HCC rules on the information to report in the opinion. Once included, the information is no longer considered confidential. Documents referring to the violation are accessible only for their content and not for the identity of person(s) who replied or testified.

Internal documents and correspondence of national competition authorities are confidential.

Hearings before the HCC are not held in public\(^{298}\). Third parties can request to participate at the hearing, but the HCC might allow their participation only to part of the hearing and only if it considers that their presence is important for the examination of the case. More precisely, after third parties have replied to the HCC’s questions, they leave the hearing room.

If the HCC’s decisions are appealed, confidential information is submitted to the court in a separate confidential file. In these cases, the parties are not allowed to access such documentation, unless a court has issued a different ruling upon a written request.

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system deters trade secrets holders from bringing an action before the court, mainly because of the lack of confidentiality protection during disputes (with the exception of proceedings before the HCC), but also for the difficulty in proving damages and for the long-lasting proceedings.

In the experience of stakeholders, trade secrets cases do not come before the courts very often,

\(^{297}\) Article 38(2) of Law No 3959/2011.
\(^{298}\) Article 5, para. 3 of the HCC’s Regulation.
especially because of the very inefficient and slow operation of Greek courts. The existing system appears rather discouraging also because the judges are poorly informed about trade secrets and the information and evidence acquisition is not facilitated by the system. Litigation involving trade secrets is also expensive since in some cases it is not easy to obtain details of the infringement and a public prosecutor intervention is required.

Upon completion of this study, the Directive has not been transposed to Greek legislation.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

As proving evidence of infringement in litigation cases might be rather difficult, practical solutions adopted by companies to avoid future conflicts involving trade secrets consist of licence agreements, transfer/use of know-how agreements, non-use agreements, NDAs, and confidentiality clauses in employment/business cooperation agreements.

Licence agreements, know-how contracts or other legal methods for the commercial transfer and acquisition of technology are important means of protecting trade secrets within the relationship between a company and its business partners. Said agreements usually impose conditions on how and under what circumstances the confidential information may be used or transferred. In this context, it is important to stipulate contractual obligations in an explicit and unambiguous manner.

To protect business’ trade secrets, business-to-business cooperation agreements (e.g. franchising agreements, agency and sale agreements) will, and usually, contain confidentiality as well as non-use and non-disclosure clauses.

Where employment relationships are concerned, employees are bound by a confidentiality duty to protect business’ trade secrets and confidential information during the course of the employment. Such obligation arises from a general fiduciary duty towards employers, imposed by the principles of good faith provided for under Article 288 of the Greek Civil Code in combination with the duty of diligence principle contained in Article 652 of the Greek Civil Code. In practice, to determine precisely the actual content and extent of the employees’ confidentiality duty, confidentiality agreements/clauses tend to be included in employees’ contracts. In this way, employers improve the protection of business information since they are facilitated in proving evidence of claims during civil proceedings. Usually, confidentiality clauses are included within employment contracts of senior business executives and of experts.

Case-law differs on whether employees are bound by a confidentiality duty deriving from the Civil Code principle of good faith after the termination of the employment. Thus, in practice, it is strongly advisable to include confidentiality clauses within employment agreements, which might be in force for a certain period of time even after the termination of the employment.

However, Greek courts have determined that the following types of confidential clauses are abusive and, therefore, are not binding for employees:

- clauses being rather vague (either lengthy or concise), that is, which do not define the actual extent and content of the confidentiality duty;
• clauses that refer to the unauthorised use of any and all business’ information (regardless of whether this is actually confidential or not);
• clauses that do not specify the cycle of persons to which the information should remain confidential;
• clauses that serve exclusively the interests of the employers and are contrary to the purposes recognised by law.

To enforce such clauses, Greek courts have to determine whether they are actually void and, for this purpose, examine all relevant issues, such as whether the information in question constitutes general information which does not fall under the protective provisions for business/trade secrets.

Employees are usually bound by non-competition clauses, included within employment agreements. Such clauses, which are in force during the employment as well as after the termination of the contractual relationship, are valid unless they impose excessive and disproportional obligations towards employees (contrary to moral practices and the constitutional right of freedom to work\(^\text{299}\)). According to case-law, to be valid, non-competition clauses will protect the employer’s legitimate business interests (if the interests of the employer would otherwise be harmed through, for example, disclosure of trade secrets), be limited in duration and geographical scope, and provide for a fair compensation to the party who undertakes the non-competition obligation. Indeed, Greek courts are likely to be conservative in applying restrictions on employees after the contractual/employment relationship is over, unless such obligation has been undertaken against a fair compensation of the employee\(^\text{300}\).

### 5. REMEDIES

Greek legislation provides for civil, criminal and administrative remedies.

#### 5.1 CIVIL ACTION

Where trade secrets holders are aware that an infringement of contractual obligations or an action of tort or/and an offence take(s) place, an application for interim measures might be submitted in cases of emergency and/or imminent danger.

A decision of interim measures usually orders the ‘cease’ and ‘desist’ from the infringement in the future and the court may also threaten a pecuniary penalty for each and every violation of the order. Injunction orders and decisions are of a temporary nature and do not affect the outcome of the ordinary proceedings. The claimant should then submit an action to ordinary proceedings.

In ordinary civil proceedings, available remedies are:

a) a request to cease violation and desist from such action in the future;
b) a request for compensation for damages (actual and moral) suffered by the injured party.

The above remedies are cumulative and might be applied for by means of a lawsuit brought before civil courts.

\(^{299}\) Articles 178, 189 and 281 of the Greek Civil Code and Article 22, paras 1 and 5 of the Greek Constitution.

\(^{300}\) See, inter alia, Decision No 6956/2015 of the Multi-Member Court of First Instance of Thessaloniki, Decision No 473/2014 of the Court of Appeal of Piraeus, Decision No 969/2011 of the Court of Appeal of Athens and Decision No 1499/2007 of the Court of Appeal of Athens.
Such remedies are not enforceable against a person acting unintentionally or who has autonomously developed the same information since in these cases no violation occurs.

Damages are calculated on the basis of the ‘principle of discrepancy’ which aims to compare the trade secrets holder’s economic situation before and after the violation \(^{301}\). In practice, proving damages might be difficult \(^{302}\). For demonstrating suffered damages, rights holders often refer to the ‘value’ of trade secrets in commercial practices and to the royalties which would have been paid in the event of lawful licensing.

Greek laws do not recognise punitive damages.

### 5.2 CRIMINAL ACTION

The injured party can also seek for criminal remedies. Violation of trade secrets is, in principle, prosecuted upon the filing of a complaint of the aggrieved person. In the event of death of the trade secrets owner, the right to file a criminal complaint passes to the heirs. However, with regard to the acts described under Sections 252 and 390 of the Greek Penal Code and Sections 63(1)(a) and 63C of Law No 2190/1920, they are prosecuted *ex officio*.

The claimant may file a criminal claim to request that the police officers visit the defendant’s residence/premises to carry out the acts necessary for acquiring evidence of the unlawful action and to track down the infringer. In this context, police officers can confiscate all the necessary documents to demonstrate the infringement. According to the Greek Code of Penal Procedure, inquiry actions usually need a prior written order of the district attorney. However, an *ex parte* action is possible if the obtaining of the district attorney’s authorisation would delay the action and, consequently, important evidence could be lost, removed or altered and the ascertainment of the violation might become more difficult.

The Greek Penal Code punishes the following conduct:

- breach of business trade secrets \(^{303}\);
- breach of trust: imprisonment from three months up to 10 years \(^{304}\);
- violation of official secrecy, referring mainly to state and non-business secrets): imprisonment for at least three months or, if the infringement has been committed with the intent of gaining benefit or produce benefit for someone else, imprisonment for at least one year and fines from EUR 100 000 to EUR 500 000 \(^{305}\);
- violation of professional confidentiality, referring to secrets violated by attorneys-at-laws, doctors, notaries and so on entrusted to them due to the nature of their job: fines from EUR 150 to EUR 15 000 or imprisonment from 10 days up to one year \(^{306}\).

Criminal liability does not apply to legal entities but attains only to natural persons. Natural persons refer to individuals acting on their own and of course legal representatives of companies.

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\(^{301}\) Decision No 1717/2013 of the Supreme Court and Decision No 1210/2016 of the Multi-Member Court of First Instance of Thessaloniki.

\(^{302}\) Decision No 3122/2014 of the Single-Member Court of First Instance of Thessaloniki and Decision No 564/2007 of the Supreme Court.

\(^{303}\) Section 370B of the Greek Penal Code.

\(^{304}\) Section 390 of the Greek Penal Code.

\(^{305}\) Section 252 of the Greek Penal Code.

\(^{306}\) Section 371 of the Greek Penal Code.
5.3 ADMINISTRATIVE ACTION

As already outlined, Greek Law No 3959/2011 on the Protection of Free Competition does not contain any specific provision on trade secrets, but it can nevertheless apply when cases of abuse of dominant position or cases of concerted practices, having as their object or effect the prevention, restriction or distortion of competition, involve trade secrets. Furthermore, Article 21 of Law No 1733/1987 ‘on technology transfer, innovations and technological innovation’ applies to technology transfer agreements. This Law, even though not belonging systematically to competition law, regulates technology transfer agreements, which is a form of protection of trade secrets recognised by free competition law. It should be stressed, however, that the mission of the HCC is the protection of public interest to safeguard free competition in the Greek territory and not to provide legal protection to private interests.

HCC officials have the powers of a tax auditor and are entitled to proceed to certain actions in the framework of an investigation for infringements of Articles 1 and 2 of Law No 3959/2011 and Articles 101 and 102 TFEU (Article 39 of Law No 3959/2011). Such actions entail:

- inspect the infringer(s)’ books, records and other documentation as well as the electronic business correspondence;
- enter and perform inspections of infringer(s)’ offices, premises and means of transport;
- confiscate documentations, books and electronic means to store and transfer data;
- collect the necessary information and data from devices, terminal and servers;
- seal premises, books and records;
- carry out investigations at the residences of the infringer(s)’ personnel, officers, managing director(s);
- take statements and ask explanations from the infringer(s)’ officers or personnel.

Administrative remedies are imposed by the HCC in the event of violations affecting free competition and include:

- binding recommendations;
- cease-and-desist orders;
- behavioural or structural remedies;
- fines to undertakings or associations of undertakings not exceeding 10 % of the total turnover;
- fines or periodic penalty or both in the event of continuation or repetition of the infringement or failure to comply with the HCC’s decision;
- fines to natural persons responsible for compliance with Articles 1 and 2 of Law No 3959/2011 and Articles 101 and 102 TFEU ranging from EUR 200 000 to EUR 2 000 000.

In addition, the HCC can issue interim measures and provisional orders.

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307 Case-law on trade secrets protection by means of Greek competition law is rather poor. The HCC issued some decisions upon notifications of agreements on or including transfers of know-how and abuse of dominant position where non-disclosure of trade secrets was involved. See, for example, Decision of the HCC No 25/1985; Decision of the HCC, No 207/III/2002 and Decision of the HCC, Section B, No 244/III/2003.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

A decision of the court of first instance is not immediately enforceable\textsuperscript{308}. However, upon request of the claimant, the court may declare the decision provisionally (partially or in whole) enforceable. On the contrary, the decision of the Court of Appeal is always immediately enforceable and if the defendant does not comply with it, the claimant can order a bailiff to proceed with seizure actions. The defendant has also the right to file a further appeal (appeal to the highest instance) in front of the Supreme Court.

However, to avoid the enforceability of the decision of the Court of Appeal, the defendant must file an additional application for this purpose.

The chances of its grant are relatively low unless the Supreme Court is of the opinion that the decision of the Court of Appeal will most likely be set aside.

On criminal decisions, the decisions of the Court of First Instance are not, in principle, immediately enforceable. However, in some exceptional cases, a first grade court decision may be immediately enforceable:

i) if it has been declared as such by the Court of First Instance, following a request filed by the claimant and if the conditions provided by law are met; and

ii) in cases where the first grade court decisions are not challenged by an appeal within the relevant deadline. In this case the decision of the Court of First Instance becomes automatically ‘final’ and can be enforced against the losing party.

Second grade decisions (issued by the Court of Appeal, following an appeal filed by one of the parties) are enforceable against the losing party.

6.2 COMPETENT COURTS

Civil cases concerning trade secrets matters are brought before special divisions of civil courts, specialised on commercial law issues.

However, if IP issues are also raised, cases are brought before IP specialised courts and if the dispute is between employers and employees, cases are brought before labour law specialised courts.

There are no criminal courts specialised in trade secrets matters. The general criminal courts are competent if criminal protection is sought.

Finally, on an administrative level, contestations regarding trade secrets matters are resolved by the HCC. The HCC’s decisions are appealed before the Administrative Court of Appeal and the latter’s decisions in front of the Supreme Administrative Court (\textit{Conseil d’Etat}).

\textsuperscript{308} After the issuance of the first instance decision, the losing party has 30 days from the service of the first instance decision to file an appeal before the second instance court. If an appeal has not been filed within these 30 days, the decision of the Court of First Instance becomes enforceable. If an appeal is filed the winning party should wait until the issuance of the decision of the Court of Appeal.
The Baseline of Trade Secrets Litigation in the EU Member States

SPAIN
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Spanish legislation does not provide for a definition of ‘trade secret’. However, Spanish courts have adopted the definition set forth in Article 39(2) of the TRIPS.

According to Spanish case-law, trade secrets are all data, knowledge, techniques and strategies that are not generally known outside the particular business circle and in respect of which there is a will of the owner to keep them secret in reason of their economic (competitive) value. To this regard, several definitions have been developed in unfair competition cases as, for instance:

- the Madrid Court of Appeal has defined a trade secret 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’;
- the Barcelona Court of Appeal has referred to a trade secret as, ‘knowledge or information that is not noticeable, that has for the company an 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 acting in a way that only employees that need to manage the information may know or use it, always keeping the information under a duty of confidentiality’;
- the Spanish Supreme Court has defined a trade secret very broadly as, ‘any information which, in case of disclosure, will affect the competitiveness of the company in the market’. The Spanish Supreme Court established that the concept of trade secrets includes technical-industrial secrets, commercial secrets as well as purely organisational secrets. The information needs to be:
  - solely owned by the company;
  - confidential;
  - economically valuable for the business activities.

310 Article 39(2) of the TRIPS: ‘(2) 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.’
311 Barcelona Court of Appeal ruling dated 18 March 2015 [AC 2015, 724], Madrid Court of Appeal ruling dated 15 October 2010 [JUR 2011, 371559], among others.
312 Madrid Court of Appeal ruling dated 15 October 2010 [JUR 2011, 371559]; source: unofficial translation.
313 Barcelona Court of Appeal dated 12 June 2009; source: Baker McKenzie study on trade secrets and confidential business information in the internal market.
However, the Spanish Supreme Court has also stated that, as a general rule, employees’ and managers’ skills and knowledge do not qualify as trade secrets and, therefore, their use in another employment does not entail trade secrets misappropriation.\textsuperscript{315}

\textbf{1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION}

Protection of trade secrets is granted under several legislative acts covering a wide range of fields of law. The main provisions are provided for in the Spanish Unfair Competition Act\textsuperscript{316} (\textit{Ley de Competencia Desleal} — SUCA), the Royal Decree\textsuperscript{201/2010}\textsuperscript{318}, the Spanish Patent Act\textsuperscript{319} (\textit{Ley de Patentes} — SPA), the Spanish Criminal Code\textsuperscript{320} (\textit{Código Penal} — SCC) and the Spanish Competition Act\textsuperscript{321} (\textit{Ley de Defensa de la Competencia} — SCA).

\textit{a) Spanish Unfair Competition Act (SUCA)}

The SUCA grants protection to confidential information and trade secrets by prohibiting the illegal acquisition of trade or business secrets, together with an obligation to respect the duty of confidentiality.

More precisely, Article 13 of the SUCA refers to trade secrets misappropriation, misuse, unauthorised disclosure,\textsuperscript{322} and Article 14 to the inducement of workers, suppliers, clients or other contractually bound parties to infringe the basic contractual duties that they have assumed for the benefit of the infringer or a third party.\textsuperscript{323} The prosecution of such violations requires that the infringement has been committed intentionally, with the aim of gaining personal or third-party advantage or harming the trade secrets holder.

\textit{b) Worker’s Statute (ET)}

In the labour area, the protection of trade secrets is based on Articles 5 and 20 of the ET. These provisions recognise the principle of good faith, which includes an obligation not to disclose an employer’s secret information.

\textsuperscript{315} Supreme Court Decision (SCD) dated 25 February 2009 [RJ 2009, 1512].

\textsuperscript{316} Spanish Unfair Competition Act (\textit{Ley de Competencia Desleal} — SUCA), Law No 3/1991, as amended; source: unofficial translation.

\textsuperscript{317} Worker’s Statute (\textit{Estatuto de los Trabajadores} — ET), Royal Decree, 2/2015 of October 23 as amended.

\textsuperscript{318} Royal Decree 201/2010 of 26 February (Official Journal 63, 13 March 2010), as amended.

\textsuperscript{319} Spanish Patent Act (\textit{Ley de Patentes} — SPA), Law No 24/2015, as amended.


\textsuperscript{321} Spanish Competition Act (\textit{Ley de Defensa de la Competencia} — SCA), Law No 15/2007; as amended; source: \url{https://www.cnmc.es/file/64176/download}. Unofficial Translation.

\textsuperscript{322} Article 13 of the SUCA: ‘1. The disclosure or exploitation, without the right holder’s permission, of trade or any other kind of business secret to which one has had legitimate access but with a duty of reserve, shall be considered unfair, as shall the disclosure or exploitation of such information obtained illegally as the result of any of the actions described in the following section on in art 14.

2. The acquisition of secrets by means of espionage or any other similar process shall also be considered unfair.

3. It is not necessary for the requirements set out in article 2 to be met in order to prosecute the violations of trade secrets provided for in the foregoing sections. However, it shall be necessary for the violation to have been committed with the intention of obtaining advantage for oneself or for a third party, or with the intention of harming the holder of the trade secret.’

\textsuperscript{323} Article 14 of the SUCA: ‘1. Inducing workers, suppliers, clients or other contractually bound parties to infringe the basic contractual duties that they have assumed with competitor shall be considered unfair.

2. Inducing a worker to request the regular termination of his/her contract, or taking advantage of a contractual infringement by a third party for one’s own benefit or that of a third party shall only be considered unfair when it is intended for the purpose of disclosing or exploiting a trade or business secret or involves circumstances such as deceit, the intention to remove a competitor from the market place or other similar circumstances’.
c) Royal Decree 201/2010

Article 2(1)(b) of Royal Decree 201/2010 states that the franchisor will transfer to the franchisee some technical knowledge or know-how, which can include trade secrets.

d) Spanish Patent Act (SPA)

Article 84 of the SPA provides that, unless otherwise agreed, whoever submits a patent application or a patent or grants a licence is obliged to make available to the recipient or licensee the technical knowledge necessary for the proper exploitation of the invention.

The recipient or licensee to whom the secret knowledge is communicated will be obliged to take the necessary measures to prevent its disclosure.

e) Spanish Criminal Code (SCC)

The SCC protects trade secrets by virtue of Articles 278 to 280, which impose terms of imprisonment and fines in the following cases:

1) imprisonment of two to four years and a fine to be paid over the period of 12 to 24 months for:
   - ‘whoever obtains data, written or electronic documents, computer media or other objects related thereto to discover a company secret or who uses any of the means or instruments stated in part 1 of section 197’;
   - ‘diffusion, disclosure or communication of a company secret perpetrated by whoever has the legal or contractual obligation of confidentiality. Should the secret be used to his or her own advantage, the penalties shall be imposed in their lower half’;

2) imprisonment of three to five years and a fine of 12 to 24 months if the secrets discovered are disclosed, revealed or communicated to third parties;

3) imprisonment of one to three years and a fine of 12 to 24 months for ‘whoever, with knowledge of their unlawful origin, and without having taken part in their discovery, perpetrates any of the actions described in the preceding two Articles’.

f) Spanish Competition Act (SCA)

The SCA does not contain specific provisions on the protection of trade secrets.

However, the general provisions of such Act might apply to protect trade secrets when a restriction of competition occurs. To this regard, Article 3 of the SCA regulates the distortion of free competition by unfair acts such as, inter alia, the breach of a trade secret. Since 2013, the Spanish Competition

324 The SCC adopts a day-fine system for fines, taking into account the income of the offender and the severity of the offence. The day-fine system is based on a two-stage process. In the first stage, the court assesses the severity of the offence and imposes the number of days for which the fine will be paid. The more severe the crime, the higher the number of days (or months). In the second stage, the court estimates the financial state of the offender and sets the daily unit of the fine equal to a certain fraction of the person’s daily income. The total fine imposed on the offender equals the number of days (which is the same for all offenders committing the same crime) multiplied by the daily unit (which differs between offenders).

325 Article 278(1) of the SCC.

326 Article 279 of the SCC.

327 Article 278(2) of the SCC.

328 Article 280 of the SCC.

329 Article 3 of the SCA; ‘The National Competition Commission or the competent bodies of the autonomous Communities shall hear under the terms that this Act establishes for prohibited conduct the acts of unfair competition which affect the public interest by the distortion of free competition’.
Commission (Comisión Nacional de la Competencia) was integrated into the National Commission on Markets and Competition (Comisión Nacional de los Mercados y la Competencia — CNMC). The CNMC\(^{330}\) and the Spanish commercial courts can enforce Articles 101 and 102 of the TFEU\(^{331}\), which may impact on trade secrets.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The abovementioned legislative framework sets the scope of trade secrets protection.

Civil, criminal and administrative remedies are available under Spanish legislation. For instance, the SCC establishes criminal liability for anyone committing one of the criminal offences categorised in Articles 278 to 280 of the SCC. In addition, the SUCA provides for declaratory and injunctive relief, including interim and precautionary measures, and/or compensation for damages, in the event of the unlawful use of trade secrets and any other conduct as listed in Articles 13 and 14 of the SUCA.

Nevertheless, some conduct is not punished under Spanish law. For example, the provisions set forth in the SUCA do not grant protection to trade secrets as regards the so-called unaware third acquirer. This situation refers to someone who does not directly unlawfully acquire the trade secret, but obtains it from a third party who misappropriated it from the trade secrets holder, without being aware that the information received was a trade secret unlawfully disclosed. On the contrary, if the third acquirer is aware of the

\(^{330}\) Source: https://www.cnmc.es/sobre-la-cnmc/que-es-la-cnmc

\(^{331}\) Article 101 of the TFEU: "1. The following shall be prohibited as incompatible with the internal market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and in particular those which:
(a) directly or indirectly fix purchase or selling prices or any other trading conditions;
(b) limit or control production, markets, technical development, or investment;
(c) share markets or sources of supply;
(d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
(e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.
2. Any agreements or decisions prohibited pursuant to this Article shall be automatically void.
3. The provisions of paragraph 1 may, however, be declared inapplicable in the case of:
- any agreement or category of agreements between undertakings,
- any decision or category of decisions by associations of undertakings,
- any concerted practice or category of concerted practices,
which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not:
(a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;
(b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question".

Article 102 of the TFEU:
'Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States. Such abuse may, in particular, consist in:
(a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
(b) limiting production, markets or technical development to the prejudice of consumers;
(c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
(d) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts'.

[113]
unlawful origin of the information, Article 14(2) of the SUCA\textsuperscript{332} will apply.

In addition, judicial practice still raises some doubts on what can be considered a trade secret. For instance, customer or provider lists rarely qualify as trade secrets, mainly due to the failure in complying with the requirement of secrecy\textsuperscript{333}. Likewise, a list easily drafted from an internet directory or a common method of doing business in a particular sector would not be considered a trade secret\textsuperscript{334}. Moreover, Spanish courts have dealt with the problem of skills and knowledge in employment contracts. According to the Supreme Court, trade secrets protection does not extend to knowledge acquired by the employee while performing his or her duties (professional experience)\textsuperscript{335}. In this context it is difficult to distinguish trade secrets from the employee’s knowledge in cases where an employee developed commercial know-how by visiting the same companies for years and acquiring the contact details of these companies\textsuperscript{336}.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets from disclosure during litigation apply in civil, criminal and administrative proceedings.

\textit{Civil proceedings}

The Civil Procedure Act (CPA)\textsuperscript{337} includes certain provisions that can be invoked by the parties to avoid disclosure of trade secrets during litigation.

As a general rule, Article 138 of the CPA\textsuperscript{338} establishes that evidence proceedings will be conducted in a

\begin{footnotesize}
\begin{enumerate}
\item Article 14(2) of SUCA: ‘[…] taking advantage of a contractual infringement by a third party for one’s own benefit or that of a third party shall only be considered unfair when it is intended for the purpose of disclosing or exploiting a trade or business secret […]’.
\item Supreme Court Decision (SCD) 4 January 2011, Provincial Court Decision (PCD) Madrid 21 February 2008.
\item Provincial Court Decision (PCD) Murcia 15 January 2002.
\item Supreme Court Decision (SCD) 8 October 2007, Supreme Court Decision (SCD) 21 February 2012.
\item Provincial Court Decision (PCD) Valencia 27 November 2012.
\item Civil Procedure Act (CPA), Law No 1/2000 of 7 January 2000, on Civil Procedure, as amended; source: unofficial translation.
\item Article 138 of the CPA: ‘Announcement of the oral procedures:
1. The evidence procedures, the hearings and appearances intended to hear the parties before dictating a decision shall be conducted at a public hearing.
2. However, the procedures referred to in the preceding paragraph may be heard in closed session when this is necessary for the protection of public order or national security in a democratic society, or when the interests of minors or the protection the private lives of the parties and other rights and liberties require this or, insofar as the court deems this to be strictly necessary when, due to the occurrence of special circumstances, the publicity might damage the interests of justice.
3. Before agreeing to holding procedures in closed session, the court shall hear the parties who are present at the act. The decision shall adopt the form of a court order and no appeal shall be allowed against this, notwithstanding any protests and giving rise to the question, if admissible in the applicable appeal against the final judgment. The Court Clerks may adopt the same measure in those procedures which must be carried out in matters of their sole
\end{enumerate}
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public hearing. However, a party can ask the court to hold the proceeding in closed session when:

- it is necessary for the protection of public order or national security; or
- it is required to protect the interests of minors or private lives of the parties and other rights and liberties; or
- publicity might damage the interests of justice.

Cases involving trade secrets usually fall under the third circumstance.

Article 140 of the CPA allows access to information about judicial proceedings to any person having a legitimate interest. However, courts may declare total or part of the proceeding to be ‘reserved’ and, thus, limit the disclosure of the information even to a person demonstrating his or her legitimate interest.

Article 328(3) of the CPA states that, in proceedings dealing with an infringement of IPRs committed on a commercial scale, the court may decide to keep the proceeding secret at the request of any of the parties to ensure the protection of confidential data and information. Those provisions provide measures to deny access to third parties but, in general, they do not prevent the parties of the proceeding from having access to said information.

Finally, Article 259 of the CPA refers to preliminary proceedings. The provision states that the parties have a confidentiality obligation with regard to the information obtained by means of certain preliminary proceedings on IPRs. In fact, this provision provides that the information obtained by those means will be used exclusively for the protection during the proceedings of the IPR of the party applying for the measures. Furthermore, the provision states that the court may order that the questioning of a witness will take place behind closed doors to safeguard the confidentiality of information.

On IPRs, Article 124 of the SPA allows patent owners to ask the court for the issuing of measures to obtain evidence of the infringement before the start of the main proceeding. Regarding such measures, the SPA sets some rules to preserve confidential information both at the time of carrying out the measures and afterwards. In particular, for example:

- during the inquiries to substantiate facts, the party that requested the preliminary measure and its representative are not allowed to participate.

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[339] Article 259 of the CPA: ‘1. In the order granting the application, the interested parties shall be given notice and summoned to conduct the proceedings sought and granted at the seat of the Judicial Office or at the place and in the manner considered appropriate within the following ten days.
2. For the examination of the documents and titles referred to in the proceedings indicated in paragraph 1 of article 256, the applicant may present himself at the seat of the Judicial Office advised by an expert in the subject matter, who shall at all times act at the expense of the applicant.
3. In the case of the proceedings of article 256.1.7, in order to safeguard the confidentiality of the information requested, the court may order that the questioning shall take place behind closed doors. This decision shall be adopted in the manner established in article 138.3 and at the request of any party evidencing a legitimate interest.
4. The information obtained by means of the proceedings of numbers 7 and 8 of paragraph 1 of article 256 shall be used exclusively for the jurisdictional protection of the rights of industrial or intellectual property of the party applying for the measures and shall not be disclosed or communicated to third parties. At the request of any interested party, the court may resolve that the procedures shall be of a reserved nature, in order to ensure the protection of the particulars and information of a confidential nature.’

[340] Article 124 of the SPA.
[341] Article 125 of the SPA.
[342] Article 124(3) of the SPA.
• there exists a general obligation on all those who participate in the inquiries to substantiate facts (and particularly on experts assisting the judge) and to keep secret the information to which they have confidential access;
• there exists an obligation on the judge to ensure that the information obtained will not be used as a means to infringe industrial secrets or to engage in acts of unfair competition.\(^{343}\)

Moreover, the ET establishes that companies cannot be obliged to disclose trade secrets or confidential information when disclosure could hinder the operation of the company or cause serious damage to its economic stability.\(^{344}\)

Finally, the Spanish Corporation Act\(^{345}\) states that companies’ directors will not disclose confidential information and/or trade secrets related to the company even after they have left their position.

**Criminal proceedings**

In Spain, no specific procedural rule to protect trade secrets during criminal proceedings exists.

However, criminal inquiries are secret by default until the trial is started\(^{346}\) and, in cases involving rights or liberties that could be damaged due to publicity, courts may limit access to the trial sessions\(^{347}\) and declare the confidentiality of part or all of the court records\(^{348}\). In practice, this possibility is interpreted very restrictively and criminal courts are often reluctant to apply it to cases like those involving trade secrets.

**Administrative proceedings**

Both the CNMC’s employees and the participants to the proceeding have a duty of non-disclosure regarding facts and secret information acquired during proceedings or in the course of their duties.\(^{349}\)

Furthermore, the CNMC may declare information to be confidential on its own initiative or upon a party’s request and, therefore, protect it as such.\(^{350}\) Nevertheless, access to the case file and the right to make copies of all non-confidential information included within the documentation of the case are granted to all interested parties.

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the main difficulties arising in trade secret disputes are the protection of confidentiality, that is, proving that the misused information by a third party qualifies as trade secret without having such secret disclosed, and the high expenses to prove damages compared to the low amount of damages usually awarded.

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\(^{343}\) Article 124(4) of the SPA.
\(^{344}\) Article 65(4) of the ET.
\(^{345}\) Article 228(b) of the Spanish Corporation Act, Royal Legislative Decree 1/2010 of 2 July 2010.
\(^{346}\) Article 301 of the Criminal Procedure Act, approved by Royal Decree of 14 September 1882 and amended up to Organic Law No 13/2015 of 5 October 2015.
\(^{347}\) Article 681 of the Criminal Procedure Act.
\(^{348}\) This is a general provision, that is, Article 232(3) of the Spanish Organic Law on the Judiciary (SOLJ), Organic Law No 6/1985 of 1 July 1985, on the Judiciary, as amended. This law applies to all jurisdictional bodies, including criminal courts.
\(^{349}\) Article 43 of the SCA.
\(^{350}\) Article 42 of the SCA.
In several cases trade secrets holders do not bring legal actions before courts given the difficulties in proving the ‘secret’ character of the information in question. Indeed, they usually do not undertake the appropriate measures to protect the concerned information and, as a consequence, the average number of cases where claimants have been successful is, to date, very low. To this regard, courts have repeatedly stated that it is insufficient to invoke the misuse of a trade secret, but rather it is necessary to provide specific information to prove such status and indicate the reason under which the information constitutes a trade secret.

Asserting rights on trade secrets seems to be a complex probative matter for the owner, but this might be even harder when it comes to labour law, an area in which the Constitutional Court fixed long ago the so-called compensatory principle in favour of the employees (Judgment No 3/1983, 25 January 1983). The burden of proof for the employer is particularly high in trade secret disputes with employees, who are treated as the weaker party of an employment contract.

Finally, the quantification of damages stemming from trade secrets misappropriation might be difficult because there are no objective market parameters (e.g. the licence fees or royalties that the infringer should have paid to make legal use of the trade secret). Therefore, a more complex analysis has to be carried out to prove the economic value of the trade secret and its impact on the claimant’s business outcome.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

According to the national experts of the study, the precautionary measures adopted by trade secrets owners are similar to those adopted in other jurisdictions, that is:

- NDAs and confidentiality clauses included within know-how contracts. Confidentiality agreements are subject to the principle of free will of the parties;
- non-competition agreements, regulated under labour law. In particular, the ET\(^{351}\) recognises the validity of non-competition agreements and restrictive covenants, establishing that they have effect after the termination of the employment if specific conditions are met. In particular, they are valid only if the following conditions are respected:
  - if a limited time frame is set (i.e. from six months to two years, depending on the professional category);
  - the employer has an actual industrial or commercial interest in such restriction; and
  - an adequate compensation is paid to the employee;
- technical measures, which include, for instance, the use of watermarks in documents and the use of passwords to access computer systems in the working place.

\(^{351}\) Article 21 of the ET.
With respect to the aforementioned measures, larger companies or scientific institutions tend to implement internal protocols that set forth the steps to be followed by employees and contractors when dealing with secret assets.

5. REMEDIES

Spanish laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

Spanish civil law provides for interim and ordinary remedies. Interim injunctions can be requested by the rights holders to protect trade secrets during or even before litigation. The available preliminary injunctions that apply to the judicial procedures on trade secrets are the general precautionary measures established in Articles 721 to 729 of the CPA. In particular, Article 727 sets a non-exhaustive list of available interim injunctions.\(^{352}\)

Under Article 32(1) of the SUCA, the available remedies are:

- a declaration of the unfairness of the conduct;
- cessation and prohibition order of carrying on the unfair behaviour;
- removal of the effects produced by the unfair behaviour;
- damage compensation;
- compensation for the unjust enrichment obtained by the defendant;
- total or partial publication of the ruling.

Damages are calculated on the basis of the actual damages and loss of profits. However, punitive damages are not recognised.

\(^{352}\) Article 727 of the SPA. The following injunctions may be ordered, inter alia: (i) The pre-judgment attachment, aimed at ensuring the enforcement of judgments ordering the delivery of money or yields, rents and fungible goods that can be estimated in cash by applying fixed prices. (ii) The intervention or court ordered receivership of productive assets, when a judgment is sought ordering their delivery under the title of owner, usufructuary or any other title involving a legitimate interest in maintaining or improving productivity or when guaranteeing the latter is of paramount importance for the effectiveness of the judgment to be passed in due time. (iii) The deposit of a movable asset, when the claim seeks a conviction to deliver the said asset and the latter is in the possession of the defendant. (iv) The drawing up of inventories of assets in accordance with the conditions to be specified by the Court. (v) The precautionary registry notation of the claim when the latter refers to assets or rights subject to inscription in public Registries. (vi) Other registry notations in cases where registry publication is useful to ensure adequate enforcement. (vii) The court order to provisionally cease an activity, that of temporarily abstaining from performing a certain conduct or the temporary prohibition to suspend or to cease carrying out a performance that was being carried out. (viii) The intervention and deposit of income obtained through an activity considered illicit and whose prohibition or cessation is requested in the claim, as well as the consignment or deposit of the amounts claimed as compensation for the intellectual property. (ix) The temporary deposit of the works or objects allegedly produced contrary to the rules on intellectual and industrial property, as well as the deposit of the material employed for their production. (x) The suspension of contested corporate resolutions when the claimant or claimants represent at least 1 or 5 per cent of the corporate capital, depending on whether or not the defendant company has issued securities that, at the time of the contest, are admitted to negotiation on an official secondary market. (xi) Any other measures expressly established by the laws for the protection of certain rights or deemed necessary to ensure the effectiveness of the judicial protection that may be granted in the affirmative judgment that may be passed at the trial.
As to the time limit to claim for the aforementioned remedies, Article 35 of the SUCA distinguishes two scenarios:

a) one-year time limit, starting from the date on which the damaged party became aware of the unfair behaviour;
b) three-year time limit, starting from the date on which the unfair behaviour ended.

Such remedies are never enforceable against a person who independently developed the same information.

Ex parte search orders can be requested by parties to obtain the information necessary to prepare the claim. These orders are executed by court officials and experts, without the participation of the party.

5.2 CRIMINAL ACTION

The SCC regulates trade secrets related offences as follows:

- Article 278: obtaining data, written or electronic documents, computer media or other means to acquire a trade secret, will be punished with imprisonment from two to four years and a fine to be paid over a period of 12 to 24 months. This will be considered as an aggravated offence if the trade secrets are disclosed to third parties, which will be punished with imprisonment from three to five years;
- Article 279: diffusion, disclosure or communication of a trade secret by a person having a legal or contractual duty of confidentiality will be punished with imprisonment from two to four years and a fine to be paid over a period of 12 to 24 months;
- Article 280: perpetration of the actions described in Articles 278 and 279, with knowledge of the unlawful origin of the trade secrets and without having participated in their acquisition, will be punished with a sentence of imprisonment from one to three years and a fine to be paid over a period of 12 to 24 months.

As regards Article 278, criminal liability arises even in the event of the sole risk of disclosure or dissemination of a trade secret. On the contrary, Articles 279 and 280 require the actual disclosure of a trade secret to make criminal liability arising.

The judge examining the case has the power to secure the body of evidence to preserve the proof of the infringement.

In Spain, legal entities can be criminally liable for the offences regulated under Articles 278, 279 and 280 of the SCC, if such offences are committed by their legal representatives and/or directors. Enforceable penalties are the following:

- fines;
- winding up of the legal entity;
- suspension of the legal entity’s activities for a period not exceeding five years;
- closing of the legal entity’s premises and establishments for a period not exceeding five years;
- prohibition of repeating the same activities which lead to the offence;
- ineligibility for obtaining public subsidies, contracts and social security debates suspension of the legal entity’s activities for a period not exceeding 15 years.

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353 Article 31bis of the SCC.
354 Article 288 of the SCC.
• judicial intervention to safeguard employees’ and creditors’ rights for a period not exceeding five years.

5.3 ADMINISTRATIVE ACTION

The joint application of Article 3 of the SCA and Articles 13 and 14 of the SUCA sets the legal ground for bringing trade secrets violations before the Spanish Competition Authority. Indeed, trade secrets breaches are regulated under Article 3 of the SCA when the misconduct violates fair competition practices.

Administrative proceedings may initiate:

- ex officio, by the CNMC’s Directorate of Competition;
- upon request of the CNMC’s Council;
- upon a complaint filed by individuals or undertakings.

The CNMC may perform inspections at the offices of the alleged undertakings or third parties, during which it may, inter alia, search premises, access and make copies of the necessary documentation and materials and request the parties to submit clarifications.

The CNMC’s Council can issue interim measures to cease an infringement or impose conditions to avoid the harm that an infringement might cause.

Where a breach of unfair competition law is ascertained, the CNMC may:

a) order the misconduct to be ended and/or to remove the effects of the misconduct;
b) impose monetary fines, both on the infringing undertaking(s) and/or their director(s) or legal representative(s);
c) impose interim measures;
d) order the undertaking(s) or the third party concerned to enforce determinate actions or to refrain from determinate conduct;
e) secure potential evidence.

Alternatively, the CNMC may accept and render binding commitments submitted by the infringer(s).

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355 Article 49 of the SCA.
356 Article 27 of Law No 3/2013, of 4 June, creating the CNMC.
6. ADDITIONAL INFORMATION

EFFECTS AND REGULATION OF DECISIONS PUBLICATION

As mentioned above, one of the remedies against the violation of trade secrets set forth in Article 32 of the SUCA is the publication of the ruling. The purpose of this remedy is mainly to restore the competitive balance that had been altered by the unlawful conduct of the infringer. For this reason, claimants usually request the publication of the decision in one of the main newspapers, at a national or regional level, and/or in specialised magazines or publications, depending on the particular case.

Furthermore, the SCC establishes that for offences against intellectual and industrial property, the market and consumers, in the event of a condemnatory sentence, the judge may order the publication of the decision in an official newspaper at the expense of the infringer.

6.1 COMPETENT COURTS

Under Article 86ter (2)(a) and Article 86bis (1) of the Spanish Organic Law on the Judiciary (SOLJ), trade secrets matters are handled by commercial courts. There is at least one commercial court in each province.

In some Spanish cities there are specialised commercial courts dealing with IP related matters. Thus, a trade secrets case might be handled by a commercial court or by a commercial court specialised in IP matters. In general, commercial courts are those having jurisdiction to hear unfair competition in trade secrets cases. The specific court depends on the place where the defendant has its establishment or, failing that, the domicile or place of residence and ultimately, as regards defendants located abroad, the place where the unfair conduct or its effects took place.

As regards criminal proceedings, general criminal courts deal with trade secrets matters.

As far as administrative proceedings are concerned, the CNMC’s decisions may be appealed before the Spanish National High Court (Audiencia Nacional).

Decisions of the competent authority in an autonomous region can be appealed before the regional High Court of Justice (Tribunal Superior de Justicia).

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357 Article 272 of the SCC.
The Baseline of Trade Secrets Litigation in the EU Member States

FRANCE
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

In France, there exists no legislative definition of ‘trade secret’.

Article L621-1 of the Intellectual Property Code (IPC)\(^{358}\) refers to ‘manufacturing secrets’ providing for criminal penalties for any director or employee of a company who has disclosed or attempted to disclose a manufacturing secret. Therefore, manufacturing secrets include different types of information as secrets of production, economic, strategic and financial information, research and innovation.

Due to the absence of a general definition, case-law has developed several interpretations of the notion of trade secrets starting from the application of the abovementioned Article L621-1 of the IPC.

In 1931, the Criminal Division of the French Supreme Court (Cour de Cassation) defined a manufacturing secret (secret de fabrique) as ‘any manufacturing process which, while of practical and commercial interest, implemented by an industrialist and kept secret by him from his competitors who, prior to their learning of it, were unaware of it’\(^{359}\).

In a broader sense, the Court of First Instance\(^{360}\) set out: ‘trade secrets concern information of which not only disclosure to the public but also mere transmission to a person other than the one who provided the information may seriously harm the latter’s interests’.

In sum, the definition that emerged from jurisprudence identified a trade secret with a substantive and formalised set of knowledge, which is not directly accessible and gives a competitive advantage to the holder. This set of knowledge includes, for instance, know-how (commercial or technical), professional secrets and production secrets.

Case-law has referred to the definition of ‘trade secret’ provided by the TRIPS\(^{361}\) and the Commission Regulation (EC) No 772/2004\(^{362}\) as follows:

- secret information having commercial value due to its secrecy and which has been subject to reasonable steps to keep it secret by its owner. The term ‘secret’ stands for ‘non-public’, that is, information unknown and not accessible to persons usually dealing with that type of information\(^{363}\).

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\(^{358}\) Intellectual Property Code (IPC); source: [https://www.legifrance.gouv.fr/content/download/1959/13723/.../3/.../Code_35.pdf](https://www.legifrance.gouv.fr/content/download/1959/13723/.../3/.../Code_35.pdf)

\(^{359}\) Order of 30 December 1931, Criminal Division of the French Supreme Court (Cour de Cassation); source: unofficial translation.

\(^{360}\) Decision of 18 September 1996, Court of First Instance [TPI], Postbank/Commission; source: unofficial translation.

\(^{361}\) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS); source: [https://www.wto.org/english/docs_e/legal_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf)


\(^{363}\) Article 39(2) of the TRIPS: ‘[...] 2. 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
• ‘know-how’, defined as a practical information resulting from experience and testing which complies with the requisite of ‘secrecy’, ‘substantiality’ and ‘identifiability’. ‘Secrecy’ means ‘not generally known or easily accessible’. ‘Substantiality’ stands for ‘an information important and useful for the production of the products’. ‘Identifiability’ means ‘the possibility to verify that the know-how complies with the criteria of secrecy and substantiality’.

French courts have cited such concepts to define trade secrets in civil and criminal proceedings.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The protection of trade secrets is granted under the following laws: the Intellectual Property Code (IPC), the Labour Code, the French Civil Code, the French Criminal Code and the Commercial Code.

a) Intellectual Property Code (IPC) and Labour Code (LC)

The IPC does not fully and explicitly address trade secrets protection, but Article L621(1) of the IPC, referring to Article L1227(1) of the LC, grants specific protection to manufacturing secrets (secrets de fabrique). In detail, it punishes the disclosure or attempt to disclose of manufacturing secrets committed by a company’s director or employee.

The wording of this provision entails that commercial secrets are not protected under the IPC.

b) French Civil Code

The French Civil Code provides for the indirect protection of trade secrets under the concepts of civil (tort) and contractual liability.

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364 Article 1(1)(i) of the Commission Regulation (EC) No 772/2004: ‘1. For the purposes of this Regulation, the following definitions shall apply: […] (i) ‘know-how’ means a package of non-patented practical information, resulting from experience and testing, which is: (i) secret, that is to say, not generally known or easily accessible, (ii) substantial, that is to say, significant and useful for the production of the contract products, and (iii) identified, that is to say, described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality […]’.

365 See, for example, Tribunal De Grande Instance De Montpellier, Decision No 13/05047 of 17 September 2015.

366 French Civil Code (consolidated version of 3 January 2018), as amended; source: unofficial translation.


369 Article L621-1 of the IPC: ‘The penalties for violation of manufacturing secrets are set forth in Article L152-7 of the Labour Code reproduced hereafter:

‘Article L152-7. The fact of revealing or attempting to reveal a manufacturing secret by any director or salaried person of the enterprise in which he is employed shall be punishable by imprisonment of two years and a fine of Euro 30 000.’

‘The Court may also order as an additional penalty for a period of not more than five years the prohibition of civic, civil and family rights provided for by Article 131-26 of the Penal Code’.

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Contractual liability can incur if the breach of a contract includes trade secrets disclosure or refers to an employee acting in violation of confidentiality clauses.

In particular, the Civil Code provides that legally formed agreements act as law to those who have made them and that they must be executed with good faith. Article 1194 of the same Code adds that ‘the obligations require not only to what is expressed in it, but to all the consequences that equity, use, or law give to the obligation according to its nature’.

Judges may refer to such provisions when dealing with trade secrets misappropriation which cannot fall under the abovementioned IPC ‘secrets de fabrique’ protection. For example, in a recent decision of the Court of Appeal of Montpellier, a consultant was found to have breached trade secrets even if there was no written confidentiality agreement among the parties. The Court stated that consultants are hired to work for the claimant on a fiduciary basis and, as such, were bound by a general duty of confidentiality and good faith concerning the information of their clients.

In this case, contrary to the defendant’s assumptions, the Court also affirmed that Article 39 of the TRIPS entails not only the protection of trade secrets in the framework of unfair competition but also with respect to contractual duties.

In judicial practice, civil liability applies when the prejudice is caused by a third party’s unfair behaviour in respect to confidential information. Civil liability might be ascertained if the following three requirements are jointly met:

- damage;
- fault (action carried out in breach of a law/regulation/practice);
- causal relation between fault and damage.

c) French Criminal Code

The French Criminal Code provides for criminal liability in the event of trade secrets infringement. Some criminal offences can serve as the legal basis to punish trade secrets infringements, for example, breach of professional secrecy which applies only to specific professionals, theft, breach of trust.

370 Articles 1104 and 1112 of the French Civil Code.
372 Article 1240 of the French Civil Code: ‘Any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it’.
373 See Court of Appeal of Paris, 27 September 2000, confirmed by Supreme Court, commercial chamber, 25 February 2003: The misappropriation of a secret know-how led to a civil condemnation for unfair competition and the offender was fined of approximately EUR 11.5 million.
374 Article 226-13 of the French Criminal Code: ‘The disclosure of secret information by a person entrusted with such a secret, either because of his position or profession, or because of a temporary function or mission, is punished by one year's imprisonment and a fine of € 15 000 .’
375 Article 311-1 of the French Criminal Code: ‘Theft is the fraudulent appropriation of a thing belonging to another person’.
376 Article 314(1-4) of the French Criminal Code. Article 314-1: ‘Breach of trust is committed when a person, to the prejudice of other persons, misappropriates funds, valuables or any property that were handed over to him and that he accepted subject to the condition of returning, redelivering or using them in a specified way. Breach of trust is punished by three years’ imprisonment and a fine of € 375 000’.

Article 314-2: ‘The penalty is increased to seven years’ imprisonment and to a fine of € 750 000 where the breach of trust was committed: 1°by a person making a public appeal with a view to obtaining the transfer of funds or securities, either in a personal capacity, or as the manager or legally employed or de facto employee of an industrial or commercial enterprise; 2°by any other person who habitually undertakes or assists, even in a minor role, in operations regarding the property of a third party on whose account he recovers funds or securities; 3° to the
receiving of information considered to be a trade secret\(^{377}\), fraudulent access to data automated systems\(^{378}\), supply and collection of secret information to a foreign power\(^{379}\).

d) Commercial Code

The Commercial Code provides indirect protection to trade secrets as its provisions apply in cases where trade secrets infringements prevent free competition. Specifically, agreements on trade secrets and refusal to give access to know-how or refusal to disclose trade secrets could violate competitive practices (e.g. abuse of a dominant position or anti-competitive agreements).

When the Minister of the Economy questions third parties on concentration, its effects and the commitments proposed by the parties, and makes public its decision, it will take into account the legitimate interest of the notifying parties or the persons cited that their business secrets are not disclosed\(^{380}\).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of the available protection depends on the type of information at issue, on the person responsible for the violation and legal responsibilities concerned.

The different legislative acts address different categories of infringers. For instance, Article L621-1 of the IPC only refers to a company’s directors and employees.
Infringers can be liable under civil, contractual and criminal provisions. Civil (tort) liability applies when confidentiality has been violated in the absence of any contractual clause. On the other hand, contractual liability occurs when confidentiality is regulated under specific contractual provisions (non-disclosure clauses).

According to the national experts of the study, the effectiveness of available protection is inhibited by the following factors:

- the concept of manufacturing secrets, as considered under Article L621-1 of the IPC, is not frequently applied; breaches appear to be difficult to prove and the scope of Article L621-1 of the IPC is considered to be restrictive (only referring to employees and directors);
- despite contractual or civil (tort) liabilities, proving a violation is perceived to be challenging;
- as stated in Article 4 of the Directive, a critical situation occurs when non-competition clauses refer to employees’ professional skills. An employee/former employee should not be prevented from practising his or her craft and using the experience he or she acquired during his or her work.

The French LC entitles companies to prolong the confidentiality attached to certain information beyond the term of the employment. However, this can be applied only in specific circumstances as agreed at the signature of the contract and/or under specific collective agreements. A delicate balance seems to exist between the expertise of the employee and a company’s interest to protect trade secrets.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In France, procedural rules to protect trade secrets during litigation apply to civil, criminal and administrative proceedings.

Civil proceedings

In principle, hearings are public and a decision will not be censured in any part so as to guarantee the right to a full answer between the parties. In practice, several measures to preserve confidentiality have been developed in the course of judicial practice.

First, upon request and if both parties agree, or in the event that publicity might adversely affect individual privacy or the proceedings serenity, the judge can decide that the hearings will take place or will continue in the judge’s council chamber.\(^{381}\)

In such cases, the hearing will take place without the presence of the public, while no information might be withheld from the adverse party.

Second, during pre-trial proceedings, courts may restrict access to documents by the defendant (e.g. access allowed only to court experts and the parties’ counsels) and exclude confidential information from written reports. In the latter case, information is not mentioned within the reports or is put into a closed envelope not accessible to the parties.

Third, only involved parties and their counsellors can access and consult the documents of the case (submissions and exhibits). In other words, the documents submitted by parties are not freely accessible by a third party. To prevent the disclosure of confidential information judges have implemented the so-called confidentiality circles, which makes certain information and/or documents only available to a limited number of persons, including the parties and their counsellors.\(^{382}\)

Fourth, in 1968 France adopted the ‘Blocking Statute’\(^{383}\). The Blocking Statute prohibits the communication of economical, technical, financial, industrial or commercial documents and information to foreign authorities (including foreign courts) and sets out six months of imprisonment and a fine of EUR 18 000 in the event of breach. However, this statute is rarely enforced.

An important case in the application of protection measures for the preservation of trade secrets is the Mrs Walthert & France Brevets v Nintendo case\(^{384}\), where the pleadings were exchanged only between the parties' lawyers so as to protect technical and commercial information. Moreover, a hearing was held behind closed doors and the judgment was written in generic terms.

According to French case-law trade secrets will be disclosed during proceedings under certain circumstances. The French Supreme Court (Cour de Cassation)\(^{385}\) held that confidential documents about private information and trade secrets (e.g. pay slips and salary scales) may be disclosed within the scope of Article 145 of the French Code of Civil Procedure if these documents are necessary to protect the rights of one party.

**Criminal proceedings**

The general principle of criminal law is the publicity of the trial\(^{386}\). Some restrictions or exceptions, however, may apply during the inquiry phase before the trial.

A criminal court can order that the hearings will take place in court chambers. This decision is taken on parties’ demand, or directly decided by the judge, in the circumstance provided by the law (i.e. for reasons related to public order, interests of a third party and serenity of the hearings).

**Administrative proceedings**

Protection during administrative proceedings is granted through specific procedural rules, such as excluding parties from hearings or parts thereof as well as removing confidential information from the file of the case and from the decision to be published.

In particular, the President of the French Competition Authority (FCA) can invite one or more parties to leave the room when confidential information is mentioned. Except in cases where the communication or consultation of such documents is necessary for the exercise of the rights of defence of the other party, the general rapporteur of the FCA may refuse the communication or the consultation of documents or part of documents containing trade secrets. In this case, a limited version of the documents and a summary of the confidential parts or elements in question are accessible to the other party.\(^{387}\) The final decision is at the discretion of the FCA, which can deny or accept the disclosure and, in the latter case,

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\(^{382}\) This is a creation of jurisprudence: TGI Paris, 3ème chambre, 13 February 2015, No 15/00 822; TGI Paris, 3ème chambre, 12 December 2014, No 14/60 652.

\(^{383}\) Blocking Statute, No 68-678 of 26 July 1968.

\(^{384}\) Mrs Walthert & France Brevets v Nintendo Case — TGI (CFI) Paris, 26 May 2016.

\(^{385}\) Cour de Cassation, 19 December 2012, Social Chamber.

\(^{386}\) Articles 306 and 400 of the French Criminal Procedure Code (version 2006); source: http://www.legislationline.org/documents/section/criminal-codes/country/30, Unofficial translation.

\(^{387}\) Article L463-4 of the Commercial Code.
rules out for its extent (entire or partial disclosure). The interested party can appeal the decision in front of the Court of Appeal of Paris.

Parties can also file a request to remove confidential information from the decision to be published. The request will be presented within 15 days from the notification of the decision and will contain the list of information not to be displayed.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the current French legal system does not provide for a satisfactory level of protection of trade secrets.

First, there exists neither a formal definition of ‘trade secret’ nor of the legal scope of protection. The available case-law is not perceived to be clear in creating a uniform legal framework.

The national law, which will implement the Directive in France, is not expected to raise controversy as strongly as previously proposed laws on trade secrets, since the legislation now includes concessions and protective rights in favour of journalists, employees and whistle-blowers 388.

Second, under the current legal regime it appears difficult to ensure confidentiality and to prove infringements. While stakeholders have observed that criminal actions are efficient, civil actions may not to be initiated due to a fear of inadequate protection of confidentiality during court proceedings and hearings.

Third, the available remedies seem not always as relevant as expected. Injunctions are not granted frequently, damages appear to be difficult to prove as circumstantial evidence is needed and the amounts awarded might be low.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In France, trade secrets holders tend to adopt contractual obligations such as NDAs, non-compete, confidentiality or non-disclosure clauses.

In accordance with principles provided by Article 1104 of the French Civil Code, an employee owes a duty of loyalty to his or her employer until the expiry of his or her employment contract. Nevertheless, labour contracts include confidentiality clauses or non-disclosure clauses with the aim of protecting secret information and/or preventing industrial espionage during employment. Non-compete clauses might also be adopted within contracts to protect trade secrets for a period after the termination of the

388 Bertrand Warusfel, Law Professor at the University of Lille 2, lawyer at the Paris Bar (FWPA law firm).
employment agreement, even though, as in other MSs, such non-compete clauses have to respect certain requirements to be valid.

In particular, pursuant to three rulings of the French Supreme Court (Cour de Cassation) \(^{389}\) a non-compete clause must comply with the following five cumulative conditions:

1. be limited to a specific time period;
2. be limited to a geographical area;
3. take into account the characteristics of the employee’s job;
4. provide for a financial counterpart;
5. must be essential to protect the employer’s legitimate interests \(^{390}\).

Other precautionary measures are technical security measures as for instance, physical protection of the information (in a vault, disclosure to few persons only), ‘Soleau Envelope’ or data encryption. A ‘Soleau Envelope’ is a sealed envelope serving as proof of priority for inventions, which may be used for keeping evidence that the secret information was known at the date submitted at the French Intellectual Property Office (INPI).

5. REMEDIES

Civil, criminal and administrative remedies apply, depending on the nature of the case.

5.1 CIVIL ACTION

As already pointed out, French law requires a trade secrets holder to demonstrate fault, suffered damage as well as a causal link between fault and damage to initiate civil proceedings. The burden of proof falls on the claimant.

The available remedies vary, depending on the type of liability concerned.

In the event of civil (tort) liability, the trade secrets holder may take action for the payment of damages by the person committing the violation (regardless if the latter was acting in good faith or not) and the prohibition of the continuation of the infringement.

In the event of contractual liability, specific sanctions might be provided for by the applicable law aside from the compensation of damages and/or termination provided for under the contract. With specific regard to employment agreements, an employee liable for disclosing confidential information in breach of the general duty of loyalty can be punished with damages and the termination of the employment contract.

No specific criteria for the calculation of damages caused by trade secrets infringements, contrarily to the infringement of IPRs, are provided by French law.

\(^{389}\) Decisions of 10 July 2002 Nos 2723, 2724, 2725, RJS 10/02 No 1119, Cour de Cassation.

\(^{390}\) Only employees who acquired a specific knowledge, like executives and managers, can be submitted to a non-competition clause in order to protect clientele, specific know-how, trade secrets; Decision of 14 May 1992, No 89-45.300, Godissard c/ Soulhiol, Cour de Cassation.
In the event of civil (tort) liability, the general rule set forth by the French Civil Code is that:

- ‘any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it’[^391].
- ‘one shall be liable not only by reason of one’s acts, but also by reason of one’s imprudence or negligence’[^392].

Damages are calculated as a sum corresponding to the loss suffered by the rights holder as a consequence of the infringement, including loss of profits and moral damages. It is the principle of ‘full reparation for the injury caused’.

With regard to contractual liability, the French Civil Code establishes that the claimant may recover damages only when the latter are directly caused by a breach of contract or by a delay in the performance of a contractual obligation, if the breach or delay is not due to causes which are not under the control of the defendant[^393]. Furthermore, the damages will be a direct consequence of the breach of the contractual obligation[^394]. Generally, the damages awarded will not exceed the proved loss (including loss of profits[^395]).

Punitive damages are not recognised by French law.

The President of the High Court can impose interim relief orders, entailing preliminary interim injunctions or cease-and-desist orders, interim payment orders, suspension of an agreement and orders to provide documents (under penalty). According to the Court of Appeal of Paris, search orders can be issued only in the event of IPR violations. Thus, this is the case for ‘manufacturing secrets’ and for software, which were recognised as IPRs by the software law[^396].

The abovementioned remedies do not apply to third parties in good faith or who developed the confidential information independently.

### 5.2 CRIMINAL ACTION

According to the French Criminal Procedure Code, prosecution can be initiated by judges, public prosecutors, civil servants and, under certain conditions, by the injured party[^397]. To this regard, a person can file a complaint to the investigating judge in the event of damages caused by a felony or misdemeanor[^398].

[^391]: Article 1240 of the French Civil Code.
[^392]: Article 1241 of the French Civil Code.
[^393]: Article 1231-1 of the French Civil Code.
[^394]: Article 1231-4 of the French Civil Code.
[^395]: Article 1231-2 of the French Civil Code states that damages may include lost profit; according to Article 1231-3 of the French Civil Code, the recovery of economic loss shall be limited to the value which was foreseeable when the contract was concluded, but only if the damages were not caused by the defendant’s gross negligence or intentional fault.
[^396]: Law No 94/361 of 10 May 1994, which amended the IPC.
[^397]: Article 1 of the French Criminal Procedure Code: ‘Public prosecution for the imposition of penalties is initiated and exercised by the judges, prosecutors or civil servants to whom it has been entrusted by law. This prosecution may also be initiated by the injured party under the conditions determined by the present Code’.
[^398]: Article 85 of the French Criminal Procedure Code: ‘Any person claiming to have suffered harm from a felony or misdemeanor may petition to become a civil party by filing a complaint with the competent investigating judge in accordance with the provisions of articles 52 and 706-42’.
To ascertain the infringement, the investigating judge (ex officio or upon request of the parties) can impose orders to search premises, require the defendant to provide information, order the seizure of premises and cease the risk of further consequences.\(^{399}\)

The protection of trade secrets under general criminal provisions refers to the offences regulated by the French Criminal Code. As criminal liability applies to both natural and legal persons, such remedies might differ accordingly.

Penalties for natural persons are as follows:

- theft: three years imprisonment and a fine of EUR 45 000;\(^{400}\)
- breach of trust: three years imprisonment and a fine of EUR 375 000. In specific cases, penalties can increase to seven years imprisonment and a fine of EUR 750 000 or to 10 years imprisonment and a fine of EUR 1 500 000;\(^{401}\)
- receiving of trade secrets: five years imprisonment and a fine of EUR 375 000;\(^{402}\)
- fraudulent access to data automated system: three years imprisonment and a fine of EUR 45 000;\(^{403}\)
- supply and collection for supply of secret information to a foreign power: 15 years of criminal detention and a fine of EUR 225 000 (supply) and 10 years imprisonment and a fine of EUR 150 000 (collection for supply).\(^{404}\)

For example, a criminal punishment was imposed on a former employee who tried to cause an attempt of disclosure of a trade secret to one of the competitors of the former employee. The act was qualified as a breach of trust by the court and the employee was sentenced to two years imprisonment, a EUR 5 000 fine and to pay EUR 10 000 in damages.\(^{405}\)

Criminal liability applies to legal persons only if the entity holds legal personality and the infringement has been committed by its organ(s) or representative(s) on its account.

If legislative provisions do not regulate penalties for legal persons differently, the penalties established for natural persons apply to legal entities likewise.

Penalties for legal persons cannot be higher than five times the amount established for natural persons. Where there is no provision for natural persons, the maximum amount is EUR 1 000 000.\(^{406}\)

### 5.3 ADMINISTRATIVE ACTION

According to the Commercial Code, administrative proceedings can be initiated upon a party’s complaint or ex officio by the FCA.\(^{407}\)

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\(^{399}\) Article 83 and Article 82(2) of the French Criminal Procedure Code.

\(^{400}\) Article 311-3 of the French Criminal Code: ‘Theft is punished by three years’ imprisonment and a fine of € 45 000.’

\(^{401}\) Article 314(1-4) of the French Criminal Code.

\(^{402}\) Article 321-1 of the French Criminal Code.

\(^{403}\) Article 323-1 of the French Criminal Code.

\(^{404}\) Article 411(6-8) of the French Criminal Code.

\(^{405}\) Criminal Trial Clermont-Ferrand, 21 June 2010.

\(^{406}\) Articles 131-38 of the French Criminal Code: ‘The maximum amount of a fine applicable to legal persons is five times that which is applicable to natural persons by the law sanctioning the offence. Where this is an offence for which no provision is made for a fine to be paid by natural persons, the fine incurred by legal persons is € 1 000 000.’

\(^{407}\) Article L752-25 and Article L752-26 of the Commercial Code.
To detect violations, the FCA has broad powers entailing the searching of premises, seizing of documents and the performing of any other necessary investigations.

The FCA can issue the following measures:

- interim injunctions (in the event of a serious and immediate impediment to an economic sector or a company, while pending the decision on the merits, such injunctions may order to delete anticompetitive clauses from a contract, to amend statutory provisions or to stop a certain behaviour, etc.);
- injunctions to stop the anti-competitive behaviour;
- financial penalties;
- invalidate contractual clauses;
- penalties for non-compliance with an injunction;
- publishing of the injunction (generally an excerpt from the decision, explaining the grounds of the condemnation).

If an infringement was ascertained, the FCA can enforce fines or penalties up to 10 % of the firms’ annual turnover or up to EUR 3 million, if the infringer is not a company. In addition, injunctions and the publication of the decision can be imposed.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Decisions are integrally and publicly pronounced.

Article 451 of the French Code of Civil Procedure provides that decisions are pronounced in open hearings.

French law does not allow derogations from the requirement of publicity of the pronouncement of the judgment which has a character of public order. The Court of Appeal of Montpellier[^408], however, did consent to the request of the trade secrets holder to indicate the different components of the product which were the object of litigation by means of corresponding secret codes. As such, the counterparty could not ascertain the exact components of the product’s recipe, which was a trade secret of the claimant.

As regards proceedings before the FCA, the parties can request to delete secret information from the decision to be published.

The decisions of the Competition Council are published in the Official Gazette for Competition, Consumer Affairs and the Prevention of Fraud. The decisions may provide for limited publication to take account of the parties’ legitimate interest in not having their business secrets divulged.

[^408]: Decision of 17 September 2015, No 13/05047, SA VESTERGAARD FRANDSEN v COUR D’APPEL DE MONTPELLIER, Tribunal de Grande Instance de Montpellier.
6.2 COMPETENT COURTS

In France, the following courts deal with trade secrets matters:

- labour courts (currently 210 courts all over the country), with jurisdiction on trade secrets infringements connected to employees (i.e. disclosure of ‘manufacturing secrets’ by employees);
- commercial courts (currently 136 courts all over the country), with jurisdiction on confidentiality breaches or unfair competition violations;
- criminal courts (currently 164 courts all over the country);
- courts of first instance for IP matters (currently Bordeaux, Lille, Lyon, Marseille, Nanterre, Nancy, Paris, Rennes, Fort-de-France), with jurisdiction in the event of infringements that might compromise the enforcement of IPRs;
- courts of appeal (currently 36 all over the country);
- French Supreme Court Paris (Cour de Cassation), with jurisdiction on civil (including commercial and labour law) and criminal cases.

The FCA’s decisions can be appealed before the Court of Appeal of Paris\(^\text{409}\) and the latter’s decision before the Supreme Court.

\(^{409}\) Article L464-8 of the Commercial Code.
The Baseline of Trade Secrets Litigation in the EU Member States

CROATIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

The definition and scope of protection of trade secrets are provided under the Data Secrecy Protection Act, according to which trade secrets are information classified as such by law, other internal acts or general acts of a company, institution or other legal person and which constitute production secrets, results of research or construction work or other information which, if communicated to an unauthorised person, could cause damages to the party concerned.

However, the general act of a company cannot state that all information of the company’s business should be considered as confidential. Only information whose disclosure is reasonably contrary to the company’s interests can be considered a trade secret.

Moreover, trade secrets can neither include data that are relevant to a legal entity’s business relationship nor data related to protected technical improvement, revelation or discovery.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Trade secrets protection is regulated under the Data Secrecy Protection Act, which provides for the protection of business information on a general level. In addition, specific matters related to trade secrets are governed by other pieces of legislation such as the Criminal Code, the Labour Act, the Trade Act, the Civil Obligations Act, the Companies Act, the Civil Procedure Act and the Competition Act.

a) Data Secrecy Protection Act

The Data Secrecy Protection Act provides for the protection of confidentiality in relation to business information.

Such Act has been repealed by the New Data Secrecy Act. However, the latter states that the provisions of Titles 8 and 9 of the Data Secrecy Protection Act remain in force. These Titles include...
Articles 19-26 related to trade secrets protection. Indeed, the new Act regards the protection of ‘official’ information and confidential information of public interest 423, providing also a classification of data on the basis of their degree of secrecy (top secret, secret, confidential, restricted).

According to the Data Secrecy Protection Act, a legal person will keep secret the information and data received from other legal entities which constitute confidential business information, results of research or construction work and other information whose disclosure to an unauthorised person could have harmful effects on its economic interests 424.

However, information that can be considered a trade secret, on the basis of a general internal company act 425, can be sent to third parties only by the person(s) authorised by the general company act itself 426. Indeed, the general company act of a legal entity must establish the cases and the methods of protection according to which trade secrets information can be disclosed to authorised persons as well as the persons authorised to make this disclosure 427. The data that are considered as trade secrets should not be disclosed or made accessible to unauthorised persons, unless a special internal act provides differently 428.

b) Criminal Code

The Criminal Code sets forth an offence on the misappropriation of trade secrets. In particular, the disclosure of trade secrets without authorisation and the collection of trade secrets to disclose them without authorisation are punished by imprisonment up to three years or for a term between six months five years if the infringer obtains benefit for himself or another or causes considerable damages 429.

The same provision provides for an exception of the criminal liability, if the offence is committed predominantly in the public interest.


422 Article 34 of the Data Secrecy Act: ‘On the date of entry into force of this Act the provisions of the Act on Data Secrecy Protection (Official Gazette, No 108/96), except the provisions referred to in titles 8 and 9 of the said Act, shall cease to have effect.’

423 Article 1(2) of the Data Secrecy Act: ‘2. This Act applies to state authorities, local and regional self-government bodies, legal persons with public authority and legal and natural persons that, in accordance with this Act, gain access to or handle classified and unclassified data’.

424 Article 19 of the Data Secrecy Protection Act.

425 Generally, a trade secret was found to be valid where the owner had taken measures to classify the data as confidential (through internal regulations). However, case-law is not entirely consistent and in some cases a trade secret was upheld regardless. In favour of a trade secret owner, for example, the Supreme Court of the Republic of Croatia in Case No Revr 88/2008, judgment of 28 August 2008, found that where disclosure of data may damage the economic interests of a party such data should be considered a trade secret regardless of existence of internal regulations classifying it as a trade secret.

426 Article 21(1) of the Data Secrecy Protection Act.

427 Article 21(2) of the Data secrecy Protection Act.

428 Article 22 (1) of the Data secrecy Protection Act.

429 Article 262 of the Criminal Code: ‘(1) Whoever discloses, hands over or otherwise makes available to another without authorisation information representing a business secret, or whoever obtains such information with the aim of delivering them to an unauthorised person shall be punished to imprisonment not exceeding three years. (2) If as a result of the criminal offence referred to in paragraph 1 of this Article the perpetrator acquires a considerable material gain for himself or herself or another or causes considerable damage, the perpetrator shall be punished by imprisonment from six months to five years. (3) There shall be no criminal offence if the offence referred to in paragraph 1 of this Article was for the most part committed in the public interest. (4) The criminal offence referred to in paragraph 1 of this Article shall be prosecuted upon request.’
c) Labour Act
The Labour Act regulates, inter alia, the inventions created at work or in relation to work and the confidentiality of business information.

In particular, a worker will treat all information about such inventions as trade secrets and will not pass it to a third party without prior employer’s approval. To this end, a worker will notify to his or her employer an invention whether created at the workplace or in relation to the employment. The invention is the property of the employer and, as such, it can be disclosed to third parties only upon his or her approval. The worker will be rewarded and the reward is established on the basis of a previously signed agreement (if any) or on the basis of a court’s decision.

An obligation of non-disclosure exists towards members of the works council: they will keep confidential business information obtained during their duties, even after the end of their mandate.

d) Trade Act
The Trade Act prohibits the unlawful acquisition of another business person’s trade secret or unlawful exploitation of a second trader’s business secret, which constitute unfair trading.

e) Civil Obligations Act
The Civil Obligations Act contains provisions related to confidentiality. For example, it provides for keeping secret the object of a licence if it is related to secret know-how or unpatented inventions.

Furthermore, a duty of secrecy is established for the agent in relation to the business information that he has acquired in connection with his or her work, also after the termination of his or her contract.

Finally, it states that confidential information disclosed during negotiations of a contract must be kept secret and the parties can neither disclose to third parties nor use said information. In the event of infringement of this duty, the infringing party will compensate damages to the injured party.

430 Article 98 of the Labour Act: ‘(1) The worker shall be obliged to inform his employer on his invention created at the workplace or in relation to work. (2) The information about the invention referred to in paragraph 1 of this Article shall be covered by the worker’s obligation on business secrecy and he may not disclose it to third parties without the employer’s agreement. (3) Any invention referred to in paragraph 1 of this Article shall be the property of the employer, and the worker shall be entitled to a reward established by collective agreement, employment contract or special agreement. By way of derogation from paragraph 3 of this Article, an invention created by the assigned worker referred to in Article 44, paragraph 2 of this Act shall be the property of the user undertaking, while the assigned worker shall be entitled to a reward established by special agreement. (4) Where the award is not established in a manner referred to in paragraphs 3 and 4 of this Article, the court shall establish an adequate reward.’

431 Article 159 of the Labour Act: ‘(1) A member of the works council shall be obliged to keep confidential business information he became aware of in the course of exercise of his powers under this Act. (2) The confidential business information referred to in paragraph 1 of this Article means information that is defined as trade secret by law, another regulation or a legal act of company, institution or another legal entity, that represents a production secret, results of research or construction work or any other information the disclosure of which to an unauthorised person might endanger the entity’s economic interests. (3) The obligation referred to in paragraph 1 of this Article shall continue to exist even after the expiration of their mandate’.

432 Articles 63 and 64 of the Trade Act.

433 Article 711 of the Civil Obligations Act: ‘Where the subject of licence is an unpatented invention or a secret know-how, the licensee shall be obliged to keep it secret’.

434 Article 814 of the Civil Obligations Act: ‘(1) The agent shall keep business, professional and official secrets of the principal of which he becomes aware in connection with the work he is entrusted with. (2) He shall be liable if he uses them or reveals them even after expiry of the agency contract.’
f) Companies Act
The Companies Act provides for specific duties in relation to a company’s management and supervisory bodies.

g) Civil Procedure Act
The CPA provides for the exclusion of the public from the whole hearing or part(s) thereof to ensure the protection of business secrets.

h) Competition Act
The Croatian Competition Agency (CCA) is a legal body with public authority that was established by the Decision of the Croatian Parliament of 20 September 1995 and became operative in early 1997.

The CCA performs the activities within its scope and powers regulated under the Competition Act and the Act on the Amendments to the Competition Act, which was enacted when Croatia joined the EU.

In particular, the powers of the CCA include:

- establishment of prohibited agreements between undertakings and definition of the commitments necessary for elimination of harmful effects of anti-competitive behaviour;
- establishment of abuse of a dominant position of undertakings and prohibition of any behaviour leading to the abuse as well as definition of the commitments necessary for elimination of harmful effects of such anti-competitive behaviour;
- assessment of compatibility of concentrations between undertakings.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
The scope of available protection relies on the above-mentioned regulations. In particular, provisions contained in the Data Secrecy Protection Act provide for protection on a general level.

Protection covers all data classified as trade secrets by rule of law or internal regulations of a company or another legal entity. However, the identification of trade secrets within a company’s internal regulation will take into account the limitations set out in the Data Secrecy Protection Act, as follows:

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435 Article 251(4)(5) of the Civil Obligations Act: ‘[…] (4) If confidential information is given in the course of negotiations by one party to the other party or if it enabled the other party to obtain such information, the other party, unless otherwise agreed, shall be under a duty not to disclose such information to third parties or use it for its own purposes whether or not a contract is subsequently entered into. (5) A liability for breach of the duty under paragraph 4 above may include a compensation for loss suffered and a restitution of the benefit received by the party causing damage.[…]’

436 Article 307 of the Civil Procedure Act: ‘The court may exclude the public during the whole trial or during one part of the trial if this is required in the interests of morality, public order or state security, or to guard military, official or business secrets or for the protection of the private life of the parties, but only to the extent which in the opinion of the court would be unconditionally necessary in special circumstances in which the public could be harmful to the interests of justice. The court may also exclude the public if the measures for maintenance of order provided for by this Act are not sufficient to ensure an undisturbed course of the trial.

437 Act on the Amendments to the Competition Act, Official Gazette No 80/13, as amended.

438 The amendments essentially refer to three categories of rules: 1) further harmonising Croatian rules with the EU Merger Control Regulation Council Regulation (EC) No 139/2004; 2) harmonising Croatian provisions with Council Regulation (EC) No 1/2003; 3) amendments to the existing procedural solutions.
• the classification cannot merely refer to all business-related data;
• the disclosure of data covered by secrecy must be reasonably contrary to the interests of the legal entity;
• the data classified as trade secrets may not include relevant information on registered technical improvements, as well as confidential discoveries or inventions.

Furthermore, a limitation in trade secrets protection applies where the disclosure of trade secrets:

• follows an authority’s request;
• attains to the fulfilment of specific duties;
• refers to the reporting of a criminal offence or misdemeanour to authorities;
• relates to an employee who makes a request to the authorities in relation to his or her employment (i.e. with the purpose of pursuing his or her labour law-related rights).

According to the national experts of the study, the Croatian legal system provides for measures on which trade secrets holders can rely on. However, the information claimed to be a trade secret has to be classified as such under the local law to be protected. Other stated, protection measures can apply only if trade secrets holders adopt internal regulations/acts classifying confidential information and undertake appropriate measures to maintain secrecy for such information.

In addition, the effectiveness of the legal system is perceived to be not completely coherent with the modern environment. The current system is based on the Data Secrecy Protection Act which, being promulgated in 1996, does not consider the modern environment. Therefore, it appears necessary to adapt the system to better reflect the business reality (especially the fact that technologies have a relatively short span of relevance and companies often need to monetise them quickly).

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

The disclosure of trade secrets during proceedings might pose an important risk for trade secrets holders, as the parties are required to reveal all facts relevant to substantiating their claims. The extent of disclosure and the associated risks vary case by case, depending on the merits of a particular case and on the disputed facts. Therefore, a party claiming a trade secrets violation needs to be cautious when submitting a claim, for example, limiting the scope of disclosure only to information relevant to the case.

Civil proceedings
To ensure the protection of trade secrets during litigation, the Croatian legal system regulates closed hearings. The whole proceedings or parts thereof can be held in camera upon a party’s request or by a court’s ex officio decision.
According to the CPA\textsuperscript{439}, a trade secrets holder might file a specific request to the court to exclude the public from hearings to preserve confidential information. To this end, the applicant might need to prove that the identified information represents a trade secret.

The court determines the extent to which the public is excluded. However, such exclusion does not apply to the parties, their representatives and interveners (if any). Moreover, the court may decide that the litigation will be opened to other specific persons.

In light of the above, the Croatian legal system does not provide for full confidentiality of information pertaining to trade secrets. Nevertheless, it establishes that, in the event of closed hearings, persons who have access to litigation proceedings are obligated to maintain the secrecy of the information therein disclosed.

**Criminal proceedings**

The public can be restricted from the access to criminal proceedings (at trial stage) in accordance with Article 388 of the Criminal Code for the following grounds:

1. the protection of the security and defence of the Republic of Croatia;
2. keeping the confidentiality of information which otherwise would be jeopardised by a public hearing;
3. keeping public order and peace;
4. the protection of the personal or family life of the defendant, the injured person or of another procedural participant;
5. the protection of the interests of a minor.

The parties of the proceeding, the injured person, their representatives or defence counsels can never be excluded from the hearing.

**Administrative proceedings**

As a rule, in the proceedings establishing distortion of competition carried out by the CCA the hearings will be held orally and they will not be public in the legitimate interest of the protection of business secrets and other confidential information\textsuperscript{440}.

Where the data and documentation are covered with the obligation of secrecy, the undertakings and other legal and natural persons who submit it to the CCA will in their writing identify information that has to be considered confidential and will also submit to the CCA a copy of business documentation which does not contain business secrets\textsuperscript{441}.

In cases where the party only indicates the data which it finds to be covered by the obligation of business secrecy and fails to provide a non-confidential version of the text and/or business documentation containing no business secrets, the CCA will send a reminder to the person(s) concerned to submit the documentation concerned freed of business secrets.

\textsuperscript{439} Article 307 of the Civil Procedure Act: ‘The court may exclude the public during the whole trial or during one part of the trial if this is required in the interests of morality, public order or state security, or to guard military, official or business secrets, or for the protection of the private life of the parties, but only to the extent which in the opinion of the court would be unconditionally necessary in special circumstances in which the public could be harmful to the interests of justice. The court may also exclude the public if the measures for maintenance of order provided for by this Act are not sufficient to ensure an undisturbed course of the trial’.

\textsuperscript{440} Article 50 of the Competition Act.

\textsuperscript{441} Article 41 of the Competition Act.
Members of the Council and the employees of the CCA will keep and not disclose the information classified as a trade secret, irrespective of the way they obtained it, whereby the obligation of such secrecy will continue to be in effect five years after the expiry of their engagement with the CCA.\(^4\)

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the Croatian legal system would benefit from modernisation and updates. The fact that multiple pieces of legislation govern the protection of trade secrets causes uncertainties for trade secrets holders.

To this regard, it is envisaged that the adoption of the law implementing the Directive may boost the current legislation on trade secrets and reduce existing uncertainties.

Several factors have been expressed to likely deter trade secrets holders from bringing an action before courts. First, damages awarded tend to be of a low amount as it is difficult to prove loss of profit. Most of the proceedings are labour disputes in which the disclosure of trade secrets is considered a justified reason for the termination of an employment contract.\(^4\) Second, the duration of litigation are rather long and, therefore, might not provide adequate protection for trade secrets holders. Third, it is perceived to be difficult to ensure confidentiality of trade secrets in the course of litigation proceedings.

### 4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

The protection of trade secrets requires the implementation of internal regulations defining the manner of use and retention of data, as well as measures, procedures and other circumstances relevant for keeping their secrecy.

In practice, trade secrets holders tend to adopt internal regulations where they specify the type(s) of classified data, circumstances in which trade secrets may be disclosed, people authorised to disclosure and other issues relevant for maintaining secrecy. Good practices also include the clear labelling of all documents relating to trade secrets as ‘confidential’ and the adoption of other precautionary measures as, for instance, keeping digital copies under password and disclosing them only on a ‘need-to-know basis’.

NDAs, non-competition and confidentiality clauses are also used, especially to safeguard trade secrets in cases where the Data Secrecy Protection Act and related regulations do not apply. Indeed, the Data

\(^4\) Article 53 of the Competition Act.

\(^4\) Case Gž-1206/07, confirmed by the Supreme Court in the Decision VSRH Revr 724/2002-2; Case XI Gžr 378/07-2, confirmed by the Supreme Court in the Decision Revr 88/08-2, Case Gž 3158/08-2, confirmed by the Supreme Court in the Decision Revr 406/09-2.
Secrecy Protection Act states that all employees who become familiar with data classified as trade secrets must keep it confidential. Such law, however, does not contain provisions setting out the obligation to maintain confidentiality after the termination of the employment.

According to the Labour Act, non-competition clauses can only be stipulated for a maximum of two years and have to imply the payment of a monthly compensation for the duration of the applicable period of time.

Confidentiality clauses are sometimes used in combination with technical security measures, depending on factors such as the industry and the specific value of a technology.

5. REMEDIES

If a violation occurs, a trade secrets holder has several remedies available, which may either lead to civil or criminal proceedings. Where the violating party is a competitor, it is possible to report such behaviour to inspection authorities in order to pursue administrative or misdemeanour proceedings.

5.1 CIVIL ACTION

Violations committed by competitors and employees can be addressed in civil proceedings, where actions are commenced by the harmed trade secrets owner.

In the event of violations committed by other traders/competitors, trade secrets holders can rely on the provisions of the Trade Act prohibiting unfair trading. According to Croatian law, the act of unfair trading is defined to include the unlawful obtaining or unlawful exploitation of trade secrets owned by other traders. The trade secrets owners would need to establish that an act of unfair trading was committed and, on that basis, seek damages (actual damages and lost profits).

Disclosure of a trade secret by an employee is generally assessed on a case-by-case basis. As it is considered a serious breach of an employment contract, the disclosure of trade secrets represents a valid ground for the termination of the employment. The employer would have the right to terminate the employment contract without a notice period, within 15 days as of the date of obtaining knowledge of the violation. The employer may also seek compensation for damages in a civil lawsuit. However, an employee is liable only for damages if intent or gross negligence can be proven.

There are no specific rules on injunctions related to trade secrets litigation, that is, general rules on injunctions are applicable. In particular, a claimant may request any injunction that would achieve the purpose of eliminating the risk that the counterparty could hamper or significantly impede fulfilment of the claim or in the event of risk of imminent irreparable damage.

The party claiming a violation may seek the redress of actual damages and lost profits, which are assessed on a case-by-case basis. As regards the calculation method for compensation of damages, the judicial discretion and the orientational criteria developed by the Supreme Court of the Republic of Croatia apply.

444 Article 102(2) of the Labour Act.
445 Article 103(1) of the Labour Act.
446 Civil Obligation Act.
In particular, damages awarded by courts to claimants being a natural person ranges from HRK 1 000 (approximately EUR 130) to HRK 30 000 (approximately EUR 4 000) and for claimants which are legal person that proved loss of profits from HRK 10 000.00 (approximately EUR 1 350) to HRK 100 000 (approximately EUR 13 250)\textsuperscript{447}.

Punitive damages are not recognised.

### 5.2 CRIMINAL ACTION

According to the Criminal Code, the unlawful disclosure, delivery or otherwise making available of a trade secret, as well as the unlawful obtaining of a trade secret with the purpose of delivering it to an unauthorised third party, represent a criminal act\textsuperscript{448}. The State Attorney\textsuperscript{449} cannot initiate proceedings ex officio, but decides to start proceedings after a complaint of the injured party.

Said offences are punished by imprisonment:

- up to three years for minor criminal offences;
- from six months up to five years for serious criminal offences;

For businesses (i.e. legal entities), a monetary fine between HRK 15 000 (approximately EUR 2 000) and HRK 10 000 000 (approximately EUR 1 350 000) applies. Pursuant to the Law on Criminal Liability of Legal Entities\textsuperscript{450}, a legal entity will be punished for the crime of its legal representative if by said crime some duty of the legal entity has been breached or if the legal entity realised or should have realised illegal material gains by the commitment of such crime.

### 5.3 ADMINISTRATIVE ACTION

Administrative remedies apply whenever trade secrets infringements lead to the violation of the Competition Act: if the disclosure or unauthorised use of trade secrets causes a practice prohibited by the Competition Act (i.e. abuse of dominant position or prohibited agreement or prohibited concentration), it is possible to apply the provisions and remedies thereof. In such cases, the CCA defines and imposes fines on undertakings that have been found to infringe the rules at issue, pursuant to the relevant provisions of the Competition Act and the regulation on the method of setting fines.

As of 1 July 2013 when Croatia joined the European Union, the CCA entered for antitrust matters into the system of parallel powers with respect to the direct application of both the national competition rules and the EU competition rules contained in Articles 101 and 102 of the TFEU.

A procedure of determining prohibited agreements and abuses of dominant position is initiated by the CCA ex officio, while in contrast, the procedure for assessing concentrations can also be initiated by the parties to the concentration.

The CCA may initiate the proceedings against an undertaking and make a decision adopting interim measures in cases of urgency due to the risk of serious and irreparable damage to competition and on the basis of a \textit{prima facie} finding of infringement of the provisions of the Competition Act\textsuperscript{451}. In this

\textsuperscript{447} Amounts indicated by the national experts of the study.

\textsuperscript{448} Article 262 of the Criminal Code.

\textsuperscript{449} The State Attorney’s Office is a Croatian independent judicial body which has the power to initiate criminal proceedings.

\textsuperscript{450} Law on Criminal Liability of Legal Entities, Official Gazette No 151/03, as amended.

\textsuperscript{451} Article 51 of the Competition Act.
respect the CCA may request the Administrative Court of the Republic of Croatia to issue a warrant authorising the CCA to carry out dawn raids of business premises, land and means of transport, to examine all records and objects relating to the business, to seal any business premises or records and to seize objects and documents which are subject to a surprise inspection 452.

The CCA is empowered to impose fines for the infringements and not just to establish the infringement of the competition law. For severe infringements of the competition law the CCA can impose fines of up to 10 % of the total turnover realised by the undertaking in the last year’s financial statements, specifically if an undertaking participates in any way in an agreement that resulted in undue distortion of competition, abuse of a dominant position, or does not act in compliance with the decisions of the CCA.

If inspection authorities determine that an act of unfair trading has been committed 453, they may prohibit to the breaching party further businesses in relation to the goods and/or services where breach has been found for at least 30 days.

Furthermore, unfair trading is punishable as a misdemeanour, subject to the following fines 454:

- for a legal entity, between HRK 5 000 (approximately EUR 675) and HRK 300 000 (approximately EUR 40 500);
- for a responsible person of a legal entity or an individual, between HRK 4 000 (approximately EUR 550) and HRK 70 000 (approximately EUR 9 500).

### 6. ADDITIONAL INFORMATION

#### 6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

According to Croatian law, first instance decisions are subject to an appeal, which has a suspensory effect. Only second instance decisions are final judgments.

In Croatia, judgments are generally public, that is, the judge or the President of the Chamber will publicly read the order and briefly announce the reasons for the judgments.

However, if the public was excluded from the trial, the court will decide whether and to what extent the public will be excluded when the reasons for judgment are announced. The operative part of the judgment cannot be covered by confidentiality and will be disclosed.

#### 6.2 COMPETENT COURTS

In Croatia, there are no specialised courts in trade secrets matters and competent courts vary on a case-by-case basis.

As regards civil proceedings, the competent courts are as follows:

- commercial courts, in the first instance for disputes between traders;

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452 Article 58 of the Competition Act.
453 Article 68 of the Trade Act.
454 Articles 70 and 71 of the Trade Act.
- municipal courts (civil departments/specialised civil court in Zagreb and the Specialised Labour Court in Zagreb for cases related to employment), if one of the party is an individual.

The High Commercial Court of the Republic of Croatia decides on appeals against decisions by commercial courts rendered in the first instance. The Supreme Court of the Republic of Croatia in civil proceedings decides on appeals against first instance decisions by municipal courts and the decisions of the High Commercial Court of the Republic of Croatia.

Criminal proceedings are handled in the first instance by municipal courts (criminal departments and the Specialised Criminal Court in Zagreb).

Against the procedural orders adopted by the CCA during the competition proceedings, no appeal is allowed but the injured party may bring a claim before the Administrative Court of the Republic of Croatia.

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455 Article 34c of the Civil Procedure Act.
456 Article 67 of the Competition Act.
The Baseline of Trade Secrets Litigation in the EU Member States

ITALY
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

The definition of ‘trade secret’ in Italy is set forth by Article 98 of the Industrial Property Code (CPI), which complies with the following definition of Article 39(2) of the TRIPS:

‘Protection is granted to business information and technical-industrial data, including commercial information, subject to the legitimate control of the holder as long as such information:

a) is secret, in the sense that it is not, as a whole or in its specific configuration and combination of its components, generally known or easily accessible for experts and operators in the field;

b) it has an economic value because it is secret;

c) is subject by the person lawfully in control of it to measures to be considered reasonably adequate to keep it secret.

2. Protection shall also be granted to data relating to tests or other confidential data the elaboration of which involves a considerable effort and the submission of which is a condition for the authorization to introduce on the market the chemical, pharmaceutical or agricultural products implying the use of new chemical substances.

Trade secrets may only be protected, with the means and remedies provided for by the CPI, if the requirements set out in such provision are met.

Therefore, business information or technical/industrial expertise are protectable if the information is secret (in the sense that information will be neither publicly available nor easily accessible or deductible by an average expert), has economic value due to its being secret, and has been subject to adequate measures to keep it secret.

Italian courts have ruled that all the three requirements set out in Article 98 must be met to qualify information as trade secrets.

However, also valuable confidential information not meeting said prerequisites may be protected through the rules on unfair competition, if such information has been acquired by a third party in a way contrary to fair business practice. The Court of Milan ruled that: ‘[…] the remedy referred to in Articles 98 and 99 CPI and the one provided by the discipline of unfair competition are modulated in a complementary way’.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The most significant legislative instruments that provide for trade secrets protection in Italy are the CPI,

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458 Court of Bologna, 20 March 2008; Court of Turin, 6 July 2012.
459 Court of Bologna, 22 June 2010.
460 Court of Milan, Decision No 2302, 23 February 2017; source: unofficial translation.
the Italian Civil Code\textsuperscript{461}, the Italian Penal Code\textsuperscript{462}, the Italian Competition Law\textsuperscript{463}, the Italian Administrative Procedure Act\textsuperscript{464} and the Public Procurement Act\textsuperscript{465}.

\textit{a) Industrial Property Code (CPI)}

The main source of law for trade secrets protection is the CPI that protects trade secrets meeting the requirements of the definition provide for by Article 98 and recognises trade secrets as IPRs.

The subsequent Article 99 of the CPI defines the scope of protection of trade secrets as follows: ‘\textit{Without prejudice to the principles of unfair competition, the legitimate holder of the business information and data referred to under Article 98, is entitled to prevent non-authorized third parties, to acquire, use or disclose, in an unlawful way, such information and data, except for the case in which they have been independently acquired’}.

Trade secrets meeting the requirements of Article 98 enjoy all the remedies envisaged by the CPI, including protective measures for securing evidence such as description or seizure, injunctions, compensatory damages, removal of the infringing products from the market and destruction of the infringing goods or assignment of them to the rights holder.

\textit{b) Italian Civil Code}

Notwithstanding the specific provisions contained in the CPI, trade secrets might also be protected through unfair competition rules, bearing in mind that they apply only to wrongful acts of competitors.

Article 2598, paragraph 3 of the Italian Civil Code states that anyone that ‘[…] uses directly or indirectly any mean which does not comply with the principles of fair professional conduct and which is capable of harming other undertakings’ performs acts of unfair competition.

It has to be stressed that the unfair competition rules protect also information which is not per se confidential, but only in the presence of behaviour that is deemed unfair or occurred between competing entrepreneurs.

It follows that, if an employee steals a trade secret in the furtherance of a contractual relationship, protection under such provision could not be claimed, except if the theft is committed for a competitor’s advantage. In other words, if the unfair act is committed by the employee, the claimant cannot claim for protection under this provision, save that the final beneficiary is a competitor. To this regard, courts have considered the theft of trade secrets via espionage to be an unfair conduct\textsuperscript{466} in addition to the obtaining of secrets through the hiring of a competitor’s employee. The latter is considered an unfair competition act when the final aim is to acquire, through the employee, the competitor’s technical knowledge to enter the market sooner than how it would be possible only relying on its own studies and research\textsuperscript{467}.

In connection to unfair competition practices, the Supreme Court found that unfair competition may be constituted by a conduct, potentially harmful, aimed at acquiring confidential information related to productive processes and substances used by a competitor for manufacturing a certain product, without

\textsuperscript{461} Italian Civil Code, Royal Decree of 16 March 1942, No 262, as amended; source: unofficial translation.
\textsuperscript{462} Italian Penal Code, Royal Decree of 19 October 1930, No 1398, as amended.
\textsuperscript{463} Italian Competition Act, Law No 287 of 10 October 1990 — Norme per la tutela della concorrenza e del mercato, as amended.
\textsuperscript{464} Italian Administrative Procedure Act, Law No 241 of 7 August 1990.
\textsuperscript{465} Public Procurement Act, Legislative Decree 18 April 2016, No 50.
\textsuperscript{466} Decision No 1413, Supreme Court, 1983.
\textsuperscript{467} Court of Orvieto, 4 July 1996.
the need to ascertain the presence of similar products on the market\textsuperscript{468}.

Furthermore, it is worth underlying that courts in different cases granted the protection according to unfair competition rules, but refused to enforce trade secrets protection according to the CPI, in cases where the claimant was not able to prove all the requirements set forth in Article 98 of the CPI. More specifically, often the claimant is not in the position to prove that the information in question ‘is subject to the person lawfully in control of it to measures to be considered reasonably adequate to keep it secret’.

Should this requirement not be supported by sufficient evidence, the courts evaluate whether to grant protection according to unfair competition rules for not complying with the principles of professional conduct\textsuperscript{469}.

In addition, Article 2105 of the Italian Civil Code provides that all employees owe a duty of loyalty to their employer, and specifically prohibits them from misappropriating and/or disclosing their employers’ secrets: ‘An employee cannot engage in business, either for his own account or for the account of third persons, in competition with his employer nor divulge information pertaining to the organization and methods of production of the enterprise, nor use it in such a manner as may be prejudicial to the enterprise’.

c) Italian Penal Code

Article 621 on disclosure of secret documents and Article 623 on disclosure of trade secrets of the Italian Penal Code punish the unlawful acquisition and use of secret documents, including computer data, information or programs, and the unlawful disclosure of trade secrets committed by a person in reason of his or her status or position. Therefore, to fulfil the requirements of these provisions, it is necessary that the consequence of the disclosure of the secret information is a prejudice to the holder of the secret. A prejudice exists, for example, in cases of disclosure of secret information from one company to a competitor\textsuperscript{470}.

The penalty for such conduct is imprisonment up to three years or a fine from EUR 103 to EUR 1 032, as far as Article 621 is concerned, while the penalty is imprisonment up to two years as far as Article 623 is concerned. In both cases a complaint must be filed, in fact the public prosecutor cannot act ex officio.

Jurisprudence in criminal matters stated that secret information, in accordance with Article 623 of the Italian Penal Code, must be interpreted in light of the definition contained in Article 98 of the CPI.

Furthermore, also Articles 325 and 513 of the Italian Penal Code can involve trade secrets. Article 325 punishes the public officer, who uses, for his or her own advantage or for a third party’s advantage, scientific discoveries or new industrial applications, which are secret and of which he or she has become aware due to his or her services. The penalty is imprisonment from one to five years and the fine may not be less than EUR 516. In such cases the public prosecutor can act ex officio.

\textsuperscript{468} Decision No 1100, Supreme Court, Civil Section, 20 January 2014. In such Decision the Court ascertained the unfair competition conduct based on the following elements: i) the purchase in a short time frame of a great quantity of products; ii) the procurement, from an ex-employee of the competitor, of the list of all raw materials suppliers, as well as the exact quantities of raw materials necessary for the making of the product; iii) the attempt to obtain from the suppliers of the competitor samples of products prepared for the latter as well as information on the types of machinery used for such purpose.

\textsuperscript{469} Court of Milan, 23 February 2017, Court of Bologna, Decision No 2340/2015 of 27 July 2015, Court of Turin, 17 July 2014.

\textsuperscript{470} Supreme Court, 12 May 2014, No 51089.
d) Italian Competition Law

Italian Competition Law does not provide for specific trade secrets related provisions. However, general rules on concerted practices or the abuse of a dominant position may have an impact on trade secrets.

In particular, the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato — AGCM) deals in its decisions with the broader concept of ‘competitively sensitive information’ (i.e. information relevant to a company’s commercial strategy)\(^{471}\) and the general concept of ‘know-how’ that may be both included in the definition of trade secrets provided for by Article 98 of the CPI. In the absence of specific rules it is up to the AGCM to evaluate how to treat trade secrets while ensuring that the freedom of private economic initiatives in accordance with Article 41 of the Constitution\(^{472}\), are protected.

To this extent, the AGCM ruled that the agreements between two tobacco companies aimed at acquiring daily sales data of different tobacco brands, including data of competitors, which can be considered trade secrets, implied an unlawful limitation of the competition in accordance with Article 2, paragraph 2, of the Italian Competition Law\(^{473}\).

Furthermore, the AGCM ruled that a company, which controls the access to harbours, cannot subordinate the access of competitors to the communication of data concerning their clients, which constitutes a trade secret. Such behaviour was considered to entail an abuse of a dominant position in accordance with Article 3, letters b) and c) of the Italian Competition Law\(^{474}\).

e) Italian Administrative Procedure Act

The protection of trade secrets may affect the right of access to administrative documents ensured by the Italian Administrative Procedure Act. In particular, Article 24 of such Act prohibits the access to documents covered by state secret or that must be kept as secret by law. However, the right of access to such documents, without copying them, is granted when the knowledge thereof is necessary to ensure or defend legal interests\(^{475}\).

f) Public Procurement Law

Trade secrets also find protection in accordance with Legislative Decree No 50 of 18 April 2016, which implemented in Italy the Directives 2014/23/UE, 2014/24/UE and 2014/25/UE on public procurements in specific sectors\(^{476}\). In particular, Article 53 provides that the right to access and disclosure can be excluded or limited where trade secrets of the tenderers are at stake. In this respect, Italian case-law stated that a balance must be found between transparency of public procurements and confidentiality\(^{477}\).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The subject matter of protection afforded by Italian law is quite broad since it covers both commercial

\(^{472}\) Italian Constitution, entered into force on 1 January 1948.
\(^{473}\) AGCM, 12 April 2003, Decision No 12092.
\(^{474}\) AGCM, 6 June 1996, Decision No 3953.
\(^{477}\) Decision No 1213/2017 of 17 March 2017, Consiglio di Stato.
information (e.g. client lists) but also more general technical-industrial experiences (e.g. technical knowledge on a product or a manufacturing process).

For a long time, the concept of industrial secrecy remained excluded from the notion of intellectual creations worthy of protection, although there were, especially from the industrial front, strong instances supporting the idea of granting a protection of an absolute nature to an undertakings’ set of knowledge.\textsuperscript{478}

At international level the first form of protection of industrial secrecy was the one introduced by Article 39 of the TRIPS.

Article 39 of the TRIPS was transposed into the former Article 6bis of the Italian Patent Law\textsuperscript{479}, which qualified as an act of unfair competition the disclosure, acquisition or use of ‘business information’ aimed to remain secret, in the presence of the requirements corresponding to those set out in the TRIPS. The additional use of the adjective ‘business’ in Article 6bis reflected the willingness to protect essentially entrepreneurial interests attributable to the discipline of unfair competition, which the same Article 39 recalled referring to the need to ‘ensure an effective protection against unfair competition under Article 10bis of the Paris Convention’.

After the legislative reform in 2005 which has introduced Articles 98 and 99, the CPI finally protects technical information related to procedures and products regardless if they are patentable or not\textsuperscript{480}, as well as trade information such as customers’ lists, sales data, and also administrative information\textsuperscript{481}.

Since trade secrets are recognised as an industrial property right, in Italian jurisdiction the illegitimate disclosure/use of information qualifying as trade secrets and protected under Articles 98 and 99 of the CPI entitles the legitimate holder to all the remedies normally available for IPR infringements, including provisional measures and to claim damages and disgorgement of the infringer’s profits.

These remedies include the availability of preliminary injunctions and seizures, protective measures, orders of withdrawal from the market of the products manufactured by using the trade secrets.

Italian law protects trade secrets not only against the illicit acquisition and exploitation thereof, but also against their further re-elaboration. Particularly broad injunctions have been issued by the Italian courts, enjoining the violators from using the stolen secrets to produce and sell goods ‘which are identical to those manufactured by the petitioner and/or which incorporate the know-how ruled in these proceedings to be secret’\textsuperscript{482} and, thus, also goods which are not identical to those of the trade secret’s holder but whose production entails exploitation of the stolen secrets.

Regarding the criminal offence of revelation of scientific or industrial secrets\textsuperscript{483}, the concept of secret information had also included the fundamental operations for the construction of prototypes of a given plant, operations that constitute the ‘heart’ of the same and that are the result of the cognition and the organisation of the company.

\textsuperscript{478} Mangini e Toni 2015, 125.
\textsuperscript{479} Italian Patent Law, Royal Decree 29 June 1939, No 1127.
\textsuperscript{480} According to the Court of Rome executive designs related to the construction of plants for the production of fibres are protected as secret information (Court of Rome, 31 March 2004).
\textsuperscript{481} With respect to administrative information, courts have stated that documentation related to the UNI, EN, ISO 9001 quality certification is protected as trade secret (Court of Mantua, 12 July 2002).
\textsuperscript{482} Court of Brescia, 22 April 2004.
\textsuperscript{483} Article 623 of the CPI.
Both from a substantive and from a procedural perspective, IP protection of trade secrets is rigorous: preliminary injunctions are often granted and relevant damages are often awarded (e.g. the Court of Brescia awarded EUR 2 million of damages for trade secrets violations\(^{484}\)). Trade secrets may be enforced against all the subjects involved in the illicit activities, including former employees or directors who have stolen confidential information.

In light of the available case-law of the IP specialised courts, the object of most trade secrets litigation seems to be the misappropriation and unlawful use of business and commercial information, followed by the misappropriation and unlawful use of technical drawings and technical information (including software used for business purposes and, to a lesser extent, technical information used in the manufacturing process).

### 2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Italy, procedural rules to protect trade secrets concern civil, criminal and administrative proceedings.

**Civil proceedings**
Currently, the protection of trade secrets during litigation is regulated by the CPI.

The court has to take adequate measures to protect confidential information when issuing orders to the parties to provide documents or other information which are needed for the trial\(^{485}\). Such discovery ‘may or may not be granted at the discretion of the judge. More important, no specific enforcement tool or sanction is established against parties who refuse to comply with the orders, apart from the general negative inferences the court will likely draw in relation to parties not complying with court orders\(^{486}\).

Furthermore, Article 129 of the CPI provides the opportunity to access, in certain cases, precautionary measures whereby the judge by ordering such measures takes steps to protect confidential information. This provision can also be invoked during ordinary court proceedings. Restrictions to the access to trade secrets through specific measures may be ordered by the court on a case-by-case basis but always balancing the need to ensure protection to the confidential information with the right of defence of the parties.

Briefs and documents containing trade secrets can be kept in a safe space to be decided by the judge and can be accessed only by the lawyers of the parties involved. Furthermore, specific documents can be put in a sealed envelope and the adverse party cannot have access to them. If expertise is requested, only the expert appointed by the court can have access to them, usually together with experts appointed by the parties, who have a duty not to disclose confidential data to their clients. Encrypted hard disks containing trade secrets can be filed in sealed envelopes to be kept in a safe space of the court. The final decision, on the other hand, is public.

\(^{484}\) Court of Brescia, 31 January 2013.
\(^{485}\) Article 121(3) of the CPI.
\(^{486}\) Daniela Ampollini, Italy in E-Discovery and Data Privacy: A Practical Guide 132 (Catrien Noorda & Stefan Hanloser, 2010).
Another kind of protection, although weak and scarcely effective, is provided for by the professional ethic code applicable to professionals and experts participating in the legal procedure, such as lawyers, judges and expert witnesses. Subject to an obligation of professional secrecy, they are not allowed to disclose any information acquired during the litigation itself. However, lawyers have the duty to inform their client on the legal proceeding, thus implying that the counterparty will always be notified on information concerning the litigation, including confidential information of the other party.

Criminal proceedings

Criminal proceedings are held in public. However, the court may order at a party’s request that the assumption of evidence will be held in camera when it may jeopardise the confidentiality of witnesses or private parties in relation to facts that are not the subject of imputation. Therefore, a party may request the court to hold the hearing in camera if the disclosure of trade secrets may jeopardise their confidential value.

As to witnesses’ statements, officials and employees of the public sector are not allowed to reveal any fact acquired during the course of their duties that must be kept secret.

Moreover, officials and employees of the public sector, as well as people bound by a duty of keeping professional secrecy, when asked to submit documents by the judicial authority, have to declare, by a written statement, any document containing secret information that will not be submitted unless the judicial authority has reason to doubt the merits of it and could not proceed without their acquisition.

Administrative proceedings

During AGCM’s proceedings, information of a confidential nature must be treated as such and will be used exclusively within the proceeding itself, without disclosing it to third parties or other authorities.

The right of access to documents containing information deemed to be confidential (e.g. trade secrets) may be limited with respect to third parties (claimants, other parties under investigation). In this respect, a reasoned request to the AGCM will be submitted by any interested party.

However, the trade secrets holder’s right to preserve the secrecy of the information must be balanced with the AGCM’s contrary interest in reasoning its ruling as well as with the right of defence of third parties (enforced by participating to the proceedings).

In light of the above, when being essential for defence purposes, the access to confidential information might be granted, wholly or partially, to third parties to the extent strictly necessary to pursue defence finalities, since normally, the disclosure of secret information is not necessary to ensure equality of arms within the proceedings.

488 Article 201 of the Criminal Procedure Code.
489 Article 256(1-2) of the Criminal Procedure Code.
490 Presidential Decree No 217 of 30 April 1998.
491 Article 13 of the Presidential Decree No 217 of 30 April 1998.
492 Decision No 03601/2010, Consiglio di Stato.
3. TRADE SECRETS HOLDERS’ PERCEPTION

The perception of parts of the national experts of the study is that the current legal framework offers an efficient protection of trade secrets. The provision of the CPI dedicated to trade secrets, and the recognition of trade secrets as IPRs, facilitates enforceability.

However, in light of the current case-law, another part of the national experts of the study stresses the difficulties in qualifying, for example, information and know-how as a trade secret, as well as in providing sufficient evidence during trials. These factors might indeed deter trade secrets holders from bringing action before the competent judicial authorities.

While Italy offers criminal protection against trade secrets theft, its scope is limited to employees. Therefore, most trade secrets related claims are brought as civil claims under Articles 98 and 99 of the CPI, given the broader scope of protection granted by those provisions and the wide array of civil remedies available.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, owners may use NDAs, confidentiality clauses in agreements, technical security measures and internal company rules (e.g. multiply password levels) aimed to keep valuable information and know-how secret.

Licence agreements, know-how contracts or other legal methods for the commercial transfer and acquisition of technology are important means of protecting trade secrets within the relationship between a company and its business partners. Said agreements usually impose conditions on how and under what circumstances the confidential information may be used. In this context, it is necessary to stipulate contractual obligations in an explicit and unambiguous manner.

Article 2105 of the Italian Civil Code states that employees have a duty of loyalty towards the employer and, in detail, forbids them to misuse and/or disclose the secrets.

The employee, disclosing or using trade secrets, violates such duty of loyalty applied during the performance of the employment agreement, even if it is not an express contractual obligation. For that reason, the employee can be sued by the employer in labour proceedings.

Furthermore, the violation of this rule implies an abuse that entitles the legitimate holder of the confidential information to start legal actions for violation of trade secrets before the specialised Company Divisions of the civil courts. Therefore, the employee who discloses/misappropriates trade secrets can also be sued in said legal proceedings.

After employment, there might be contractual obligations, such as non-competition clauses, to keep information confidential. To be enforceable, non-competition clauses have to meet the following
requirements.\footnote{Article 2125 of the Italian Civil Code.}:

1. they must be limited in time, five years for executives and three years for other employees;
2. they must be limited in geographic scope;
3. they must cover specific work activities; and
4. they must provide for a compensation not lower than 20 % to 30 % of the monthly salary, including benefits and bonuses.\footnote{Hogan Lovells International LLP, report on Trade Secrets for the European Commission, Appendix 3, 49 (2012).}

The employer may expand the scope of the confidentiality duty, arising from the general duty of loyalty, by means of including express confidentiality clauses into contractual agreements. In this way, the employer is free to determine the information that must be kept secret during and after the employment relationship.

\section{5. REMEDIES}

According to Italian jurisdiction, the trade secrets holder can seek civil, criminal and administrative remedies.

Civil remedies equal those under the enforcement provisions of the TRIPS and of the EC Enforcement Directive 2004/48. Especially, the Italian Civil Procedure Code and the CPI provide for preliminary measures and temporary restraining orders, which include preliminary injunctions and seizures, protective measures, orders to withdraw from the market the products produced by using the trade secrets and recovery of the suffered damages including the disgorgement of the infringer’s profits.

\subsection{5.1 CIVIL ACTION}

As civil actions are concerned, the CPI confers to the trade secret’s legitimate holder the right to prevent any third party from illegally acquiring, disclosing or using that information.

The trade secrets holder may require, under certain conditions, the court to impose precautionary measures until the final decision is issued. Such measures aim to prohibit the production, offering, placing on the market or use resulting from the infringement of trade secrets.

In particular, the owner of an industrial property right may request the description or seizure\footnote{Articles 129 and 131 of the CPI.}, and also the seizure conditional on the description, of some or all of the items constituting an infringement of that right, as well as of the means used for their production and of the elements of proof concerning the reported infringement and its entity. In carrying out such operations, the measures necessary to guarantee the safeguarding of confidential information will be adopted.\footnote{Court of Milan, 23 February 2011.}

The above measures are only applicable in cases of violation of IPRs (as trade secrets) and, to the contrary, may not be issued in cases of violations of unfair competition law.\footnote{Court of Milan, 30 August 2011.}
The court, upon prior consultation of the parties, may authorise the taking of samples of infringing items.

In cases involving special urgency, and in particular when possible delays could cause an irreparable harm to the owner of the rights, or when the convening of the other party could prejudice the carrying out of the order for description or seizure, the court will act on the request issuing a grounded order.

Corrective measures are provided\(^{498}\), according to which the judge may impose inhibitory measures (as above outlined): the destruction of all the goods obtained by the infringement or the allocation of these goods in the property of the trade secrets holder.

The misuse or abuse of a trade secret may also result in an act of unfair competition, in accordance with the illicit conduct described in Article 2598, paragraph 3, of the Italian Civil Code.

Where the infringement of trade secrets is committed by a company's employee or former employee, who uses the trade secret to his or her advantage or the advantage of his or her new employer, then, in addition to the civil and criminal remedies already mentioned, the trade secrets holder may allege the violation of the duty of loyalty of the employee provided under Article 2105 of the Italian Civil Code.

Damages for trade secrets violations are calculated according to the same rules applying to any IP infringement, namely Article 125 of the CPI\(^{499}\). Compensation due to the damaged party will be set according to the provisions of the Italian Civil Code\(^{500}\), taking into account all of the pertinent aspects.

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\(^{498}\) Article 124 of the CPI: corrective measures and civil sanctions. ‘1. By the judgment that determines the infringement of an industrial property right, an injunction may be ordered against the manufacture, sale and use of the items constituting an infringement of the right, and the order to definitively withdraw those items from the market, against the person who is their owner or who has them available. The injunction and order for definitive withdrawal from the market may also be issued against any intermediary who is a party to the proceeding and whose services are used to infringe an industrial property right.

2. In issuing the injunction, the Court may set a sum due for any infringement or instance of non-compliance subsequently determined, and for any delay in carrying out the order.

3. In the judgment that determines the infringement of an industrial property right, the destruction of all of the items constituting the infringement may be ordered, if there are no particular reasons against it, at the expense of the author of the infringement. The destruction of the items shall not be ordered, and the entitled person may only receive compensation for damages, if the destruction of the items would cause harm to the national economy. If the goods constituting infringement of the industrial property rights are susceptible to legitimate use, upon adequate modification, instead of their definitive withdrawal or destruction, the Court may order their temporary withdrawal from the market, with the possibility of reinstatement following the adjustments ordered to ensure compliance with the right.

4. By the judgment that determines the infringement of industrial property rights, it may be ordered that the items produced, imported or sold infringing the right and the specific means that univocally serve to produce them or to carry out the protected method or process, be assigned to the ownership of the owner of the right, without prejudice to the right to compensation for damages.

5. The Court shall also have the authority, on request from the owner of the items or means of production under paragraph 4, taking into account the remaining duration of the title of industrial property or the particular circumstances of the case, to order the seizure at the expense of the author of the infringement of the items and means of production until the extinction of the title. In the latter case, the owner of the industrial property right may request that the seized items be awarded to him at a price that, in the absence of an agreement between the parties, will be set by the Judge presiding over the enforcement, after receiving the opinion of an expert, if necessary.

6. The items that constitute an infringement of the industrial property right shall not be ordered to be removed or destroyed, nor may their use be prohibited, when they belong to a person who makes only a personal or domestic use of them. In applying the sanctions, the judicial authority must take into account the necessary proportion between the seriousness of the infringements and the sanctions, as well as the interests of third parties.

7. Any challenges that arise during the execution of the measures mentioned in this Article, shall be decided by the Judge that issued the judgment containing those measures, by a ruling not subject to appeal, after hearing the opinions of the parties.
Damages are, therefore, quantified taking into consideration different criteria such as actual loss and loss of profits and the unjust enrichment of the infringer and, in given circumstances, the immaterial loss suffered by the owner of the violated trade secret and compensation for other costs (such as the expenses incurred by responding to the infringement) and damage to the claimant’s goodwill.

When ordering the payment of an overall sum, the judge will determine the loss of profit as an amount not lower than the royalties that the owner of the infringed right would have been paid, if the secret information had been fully licensed. Alternatively to the compensation for the loss of profits or in the amount that exceeds that compensation, the owner of the infringed right may request the recovery of the profits obtained by the infringer (i.e. disgorgement of profits).

As to moral damages, they are usually established by the court on an equitable basis.

The owner of the infringed right will demonstrate the fact of the infringement and that the alleged information is to be considered a trade secret eligible for protection under Article 98 of the CPI or under Article 2598, paragraph 3, of the Italian Civil Code.

Circumstantial evidence is considered sufficient to establish the violation as long as it is ‘serious, precise and concordant’.

Punitive damages are not recognised.

5.2 CRIMINAL ACTION

Criminal law protection is provided for under Articles 513, 621 and 623 of the Italian Penal Code. In particular:

- Article 513 protects business activities from being prevented or disturbed through fraud or violence;
- Article 621 punishes the conduct of anyone who, abusively is becoming aware of the secret content of documents or files, divulges or uses it for its own benefit causing damages to the rights holder;
- Article 623 addresses cases of disclosure or use of information intended to remain secret, such as trade secrets, by a party having access to such information by virtue of his or her state or his or her profession.

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499 Article 125 of the CPI: ‘Compensation for damages and restitution of profits of the author of the infringement. 1. Compensation due to the damaged party shall be set according to the provisions of Articles 1223, 1226 and 1227 of the Civil Code, taking into account all of the pertinent aspects, such as the negative economic consequences, including lost income, of the owner of the infringed right, the benefits achieved by the infringer, and in the appropriate cases, non-economic elements, such as the moral damage caused to the owner of the right by the infringement. 2. The judgment that rules on the compensation of damages may establish payment of an overall sum set based on the proceedings in the case and the presumptions that result from them. In this case the loss of profits shall however be determined as an amount not less than the royalties that the author of the infringement would have had to pay, had he obtained a license from the owner of the infringed right’.

500 Articles 1223, 1226 and 1227 of the Italian Civil Code.

501 Article 125(2) of the CPI.

502 Article 125(3) of the CPI.

503 Decision No 2677, Supreme Court of Cassation, 11 March 1998.

504 Article 2727 of the Italian Civil Code.

505 Article 50 of the Criminal Procedure Code.
A specific offence is provided under Article 325 of the Penal Code as regards officials and employees of the public sector who use or disclose a secret regarding scientific discoveries, inventions or industrial applications learned during the course of their duties for their own or for others' advantage.

The injured party may file a criminal complaint with police officers to conduct any and all acts necessary for taking evidence of an illegal action and to track down the offender. If the collected evidence is able to prove an infringement, the prosecutor may charge the offender and criminal proceedings may be initiated. The burden of proving all the substantial and objective elements of the offence relies on the prosecutor.

In this context, it should be noted that in Italy, according to the Code of Criminal Procedure, the office of the public prosecutor is responsible for prosecuting any criminal offences.\(^505\)

It is up to the public prosecutor to ask the judge for seizures or search orders regarding premises, goods and persons when necessary to collect evidence.\(^506\) On the contrary, trade secrets holders are not considered as party to proceedings so they are not entitled to apply for ex parte orders.

The judge may order the seizure of the corpus delicti or the other goods in relation to the crime (correspondence, electronic data, files, and documents).\(^507\)

Every criminal offence requires restitution according to the civil rules of law.

Any criminal offence that causes material or non-material harm obliges the wrongdoer, as well as any person who is responsible for the conduct of the wrongdoer according to civil law, to compensate for that harm.\(^508\) The criminal court will not admit the claim for damages if it has been already filed in the course of pending civil proceedings.

In accordance with Article 27 of the Italian Constitution, in principle the criminal liability is personal, that is, of the natural person who committed the crime. On 8 June 2001, the Italian Government, in compliance with the principles set forth in EU legislation on the prevention of corporate crimes and the assessment of companies' liability, enacted Legislative Decree No 231/01\(^509\) that introduced for the first time into the Italian legal system the direct liability of companies and other legal entities for crimes committed by directors, executives, their subordinates and other subjects acting on behalf of the legal entity (e.g. the agents), when the unlawful conduct has been carried out in the interest of or to the benefit of the company concerned. The abovementioned Decree finds application to specifically mentioned crimes, among which Article 25bis 1 of the Decree mentions Article 513 of the Italian Penal Code.\(^510\)

\(^{505}\) Article 50 of the Criminal Procedure Code.
\(^{506}\) Articles 244 and 321 of the Criminal Procedure Code.
\(^{507}\) Article 253 of the Criminal Procedure Code.
\(^{508}\) Article 185 of the Criminal Procedure Code.
\(^{509}\) Legislative Decree No 231/01, as amended; source: unofficial translation.
\(^{510}\) Article 25bis 1 of the Legislative Decree No 231/01 (Crimes against industry and commerce) '1. Regarding the commission of crimes against industry and commerce contemplated under the criminal code, the following fines are imposed on the legal entities: a) for the crimes as per Articles 513, 515, 516, 517, 517-ter and 517-quater, a fine of up to five hundred quotas; b) for the crimes as per Articles 513-bis and 514, a fine of up to eight hundred quotas. 2. In the event of a conviction for one of the crimes referred to in subparagraph b) of paragraph 1, disqualification as provided for under Article 9, paragraph 2 is imposed.'
5.3 ADMINISTRATIVE ACTION

In the event of suspected violations of competition law, the AGCM may initiate investigations on its own initiative or upon a complaint to be submitted by any interested third party.

If proof of the infringement is found, the AGCM is entitled to:

a) order the misconduct to end;
b) order administrative penalties of up to 10% of the turnover of the infringing undertaking;
c) accept undertakings submitted by the parties.

Interim measures may be issued to prevent irreparable damages.

During investigations, the AGCM may carry out onsite inspections at the offices of the suspected undertakings or third parties during which it may:

a) search premises;
b) access and copy documents and files;
c) request that the parties submit oral clarification about suspected findings.

Moreover, during investigations, the AGCM has the power to ask the suspected undertakings or third parties to submit all the necessary documents or information and to request the experts’ technical opinion.

The AGCM’s decisions may be appealed to the Regional Administrative Court of the Lazio Region (TAR Lazio).

The filing of an appeal with the TAR Lazio does not suspend the enforceability of the AGCM’s decision, unless the appellant claims an interim suspension.

Only undertakings may be found liable by the AGCM.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
In general, the decisions issued by the first and second instance courts are immediately applicable. However, these decisions, in certain cases, may be subject to the final assessment of the Supreme Court.

By considering the seriousness of the circumstances, the judicial authority may order the publishing of the decision, in full or as a summary, in one or more newspapers and at the expense of the losing party of:

- the interim relief order; or
- the judgment, in its entirety, that determines the infringement of the industrial property rights; or
- only of a part of the judgment.

When a decision containing confidential information is granted, usually it is published in a redacted way, upon request of the interested party, to protect the confidential information.

The final decision must be public, but it can be redacted.

6.2 COMPETENT COURTS
Cases concerning trade secrets matters are brought before civil, criminal and administrative courts.

Civil jurisdiction over matters of industrial property rights lies in Italy with special competent sections of the civil courts (both on first and appeal instance) called Sezione Specializzata In Materia Di Impresa511, which are competent also for proceedings on the protection of trade secrets.

Whenever employment relationships are involved, the labour sections of the civil courts are competent.

Criminal courts, both on first instance and on appeal, do not have specialised sections to deal with trade secrets cases.

The Italian Supreme Court (Corte di Cassazione) is the third instance court for both civil and criminal matters.

As administrative proceedings are concerned, the AGCM’s decisions may be appealed before the TAR Lazio. The decisions of the TAR Lazio might be appealed before the Supreme Administrative Court (Consiglio di Stato).

The Baseline of Trade Secrets Litigation in the EU Member States

CYPRUS
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
In Cyprus, there is no formal definition of ‘trade secret’ but the term has been touched upon by the relevant case-law.

Generally speaking, trade secrets are classified as confidential business information of a technical or commercial nature.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION
In Cyprus, there is no legislation on the protection of trade secrets per se. However, several pieces of law might apply under specific circumstances as the Trade Descriptions Law\(^{512}\), the General Product Safety Law\(^{513}\), the Protection of Competition Law\(^{514}\) and the Criminal Code\(^{515}\).

\(\text{a) Trade Descriptions Law}\)
According to the Trade Descriptions Law, if a person discloses information with respect to any manufacturing process or trade secret obtained by entering the premises to enforce this Law\(^{516}\), he or she is guilty of a criminal offence, unless the disclosure was made for the performance of his or her duty.

The persons referred to in this law are those authorised by the Minister of Commerce, Industry and Tourism, that is, government officers of the Consumer Protection Department of the Ministry of Commerce, Industry and Tourism.

\(\text{b) General Product Safety Law}\)
The General Product Safety Law provides for a criminal offence\(^{517}\) for any person who discloses or permits the leak of professional secrets obtained by him or her from another person who performs an obligation in compliance with said law or which consists in a secret information related to manufacturing processes or other trade secrets obtained by him or her due to his or her professional duties.

Such offence will apply only to public officers.

\(^{516}\) Article 26(1)(a) and (b) of Trade Description Law.
\(^{517}\) Article 36 of the General Product Safety Law.
c) Protection of Competition Law
The Protection of Competition Law does not explicitly regulate trade secrets infringements but only contains measures to avoid disclosure of confidential information by public servants. However, its general provisions in relation to abuse of dominant positions or prohibited agreements which restrict competition will apply in cases where the use or violations of trade secrets may inhibit competition.

d) Criminal Code
The Criminal Code punishes public servants who disclose information or documents that they have known due to their position and which they have to keep confidential.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
The scope of the available protection is limited by the abovementioned legislation. Such legislative acts ensure the protection of trade secrets against their use, disclosure or misappropriation in specific circumstances as, for example, breach of confidentiality clauses included within agreements (e.g. R&D agreements), disclosure/publication of trade secrets by public servants and/or bodies, breach of employees’ duties towards employers. With specific regard to the latter, employees have a general implied duty to protect and not to disclose employers’ confidential information. Often, such duty is also included as an express provision in the employment contract.

The disclosure, misappropriation and illicit use of trade secrets might lead to civil, criminal and administrative proceedings (before the Commission for Protection of Competition (CPC) in the event of trade secrets violations that inhibit competition). For example, certain infringements (e.g. making hard copies of confidential documents) might be considered as theft and, therefore, criminal sanctions can be imposed.

Due to the lack of a dedicated legislation for trade secrets protection (especially in business-to-business relationships) and of a statutory definition of trade secrets, the effectiveness of the available measures appears to be limited. According to the national experts of the study, it is only when a proper contractual framework is set up that trade secrets are likely to be protected.

Finally, in Cyprus, trade secrets are not currently considered to be IPRs.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS
There are no specific procedural rules to protect trade secrets during the litigation process.

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518 Section 33 of the Protection of Competition Law.
519 Section 6 of the Protection of Competition Law.
520 Section 3(1) of the Protection of Competition Law.
521 Section 135 of the Criminal Code.
Civil proceedings
In Cyprus, proceedings are held in public. Thus, despite the fact that only the parties involved can access the case materials (official case file of all the evidence), any person participating at the court hearings of the case may become aware of its confidential information/trade secrets.

However, according to general principles and under special circumstances, it is possible to request that the court holds the hearings behind closed doors. In theory, this opportunity could be applied to cases involving trade secrets.

Criminal proceedings
Some general rules provided for criminal proceedings may apply to trade secrets infringements.

Section 30, paragraph 2 of the Constitution of the Republic of Cyprus allows for closed-door hearings, under specific circumstances (national security, public morals, juvenile interests, protection of private life or other serious reasons) and at the court’s discretion on a case-by-case basis.

Document confidentiality is predicted in special cases, such as by Section 7 of the Criminal Procedure Act, even against the accused person, for serious reasons (e.g. life in danger, third-party human rights, national security), at the court’s discretion, on a case-by-case basis.

The abovementioned provisions apply to trade secrets to the extent that, during a proceeding, the trade secrets holder may ask the court to hold a hearing behind closed doors, or to declare the confidentiality of a document, by claiming that the potential disclosure of the trade secret constitutes a ‘serious reason’ as provided by the mentioned provision. The court will decide on a discretionary basis.

Administrative proceedings
As regards trade secrets infringements related to competition violations, the CPC’s public servants have a general obligation of secrecy towards the confidential information they get in contact with in performing their duties.

Such obligation applies also to legal or natural persons obtaining confidential information during proceedings regulated under the Protection of Competition Law.

Finally, once having decided on the case, the CPC communicates to the infringer(s) the documents on which its decision is based. This communication does not disclose the business secrets and confidential information contained within such documents.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the lack of a legislation specifically dedicated to trade secrets protection and the low number of cases have not allowed the development of case-law on the issue.

522 Section 30(2) of the Constitution of the Republic of Cyprus adopted on 6 July 1960, as amended.
523 Section 33(1) of the Protection of Competition Law.
524 Section 33(2) of the Protection of Competition Law.
The protection afforded to trade secrets holders seems insufficient, especially bearing in mind that it might be difficult to achieve confidentiality during proceedings and that proving damages, according to general civil law rules might be difficult.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In Cyprus, it appears to be common practice to sign non-use agreements and NDAs as well as to include confidentiality clauses in employment contracts. These measures are recognised and protected under the national contract law 525.

Company directors usually sign NDAs with their employers to protect the confidential information of the company which they became aware of due to their position. Such NDAs define the scope of possible disclosure.

Confidentiality clauses imply that employees do not disclose any secret and confidential information relating to the activities of their employer during their employment relationship and after its termination.

Undertakings try to protect their innovation through patent protection or other types of IPRs, rather than through trade secrets protection, since the latter is not considered as an IPR and thus, perceived to be a weak right. Trade secrets protection can be circumvented, for example, as soon as an invention is reverse engineered. Furthermore, a trade secret might be patented by a third party that gained access to the confidential information, without committing a violation of the law.

5. REMEDIES

Civil action applies in the event of infringements committed by employees (e.g. breaches of contract or confidentiality clauses), while criminal action applies in the event of violation committed by civil servants. Administrative action can be taken in the event of infringements violating competition laws.

5.1 CIVIL ACTION

Civil action arises in the event of breaches of contractual obligations and is initiated by trade secrets holders.

Available remedies include damages and, under certain circumstances, account of profits. Punitive damages are not recognised by Cypriot legislation.

An employer may also request injunctions (including interim measures) to cease the violation committed by an employee in breach of the contractual obligations.

Damages and injunctions are cumulative remedies.

In addition, the Cypriot legal system provides for measures to secure evidence (*ex parte* search orders for premises and IT systems) and disclosure orders. The latter require the defendant to provide information on the whereabouts of documents.

Finally, where a trade secrets infringement is included in an issue of IP protection arisen by virtue of the import of counterfeit goods the following measures apply:

- suspension of goods importation upon a trade secrets owner’s application;
- *ex officio* investigation by the Customs Department.

### 5.2 CRIMINAL ACTION

In Cyprus, criminal liability applies if the disclosure/misappropriation of trade secrets is committed by a public body during the exercise of his or her investigative powers. There are no limitations to the type of items considered to be trade secrets and protected under criminal law. That is, trade secrets can be in any format (e.g. documents, projects, know-how).

The mere risk of disclosure does not qualify as a criminal offence.

The public prosecutor initiates criminal proceedings, after a complaint has been filed by the rights holder with the police.

Cypriot courts can issue search warrants and, upon the police’s request, injunctions to stop the risk of further disclosure/misuse of trade secrets.

Remedies available for criminal violations are regulated under several legislative acts. These laws provide for fines and/or imprisonment in the event of disclosure of trade secrets by public servants, as follows:

- **Trade Descriptions Law**: imprisonment for a period not exceeding 12 months or a fine not exceeding approximately EUR 1 280 or both\(^{526}\);
- **General Product Safety Law**: imprisonment for a period not exceeding six months or a fine not exceeding approximately EUR 1 700 or both\(^{527}\).

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\(^{526}\) Section 26(5) of the Trade Descriptions Law: ‘… If any person discloses to any person— (a) any information with respect to any manufacturing process or trade secret obtained by him in premises which he has entered by virtue of this section; or (b) any information obtained by him in pursuance of this Law; he shall be guilty of an offence, unless the disclosure was made in or for the purpose of the performance by him or any other person of functions under this Law and shall, on conviction, be liable to imprisonment for a period not exceeding twelve months or to a fine not exceeding seven hundred and fifty pounds or to both such imprisonment and fine.’

\(^{527}\) Section 36 of the General Product Safety Law: ‘Subject to the following provisions of this section, a person shall be guilty of an offence, if he discloses or permits or tolerates the leak of any information covered by professional secrecy which (a) is obtained by him as a result of another person’s compliance to an obligation imposed by Regulations made under this Law, or by any other provision of this Law; or (b) consists in a secret manufacturing process or a trade secret and was obtained by him in the course of his professional duties under the provisions of this Law. (2) Subsection (1) shall not apply to information relating to product safety requirements which must be made public if circumstances so require, in order to protect the health and safety of consumers. (3) Protection of professional secrecy shall not prevent: (a) the transmission to the competent authority of useful information by public or other authorities and vice-versa, for ensuring the effectiveness of market monitoring and surveillance activities: Provided that, the authorities receiving any information covered by professional secrecy shall ensure its protection;
• Protection of Competition Law: imprisonment for a period not exceeding 12 months or a fine not exceeding EUR 3 500) or both;

• Criminal Code: imprisonment for a period not exceeding one year or a fine not exceeding approximately EUR 1 700 or both.

As regards criminal liability of legal entities, the Law Implementing the Treaty of the Council of Europe against Internet Crime, signed in Budapest on 23 November 2001, states that companies and their representatives are jointly liable for the crimes regulated under such law (e.g. unlawful access and use of computer data and systems). Although this law does not mention trade secrets violations explicitly, it can apply also to trade secrets related infringements. In such a case, enforceable penalties entail imprisonment not exceeding five years and/or monetary fines up to EUR 34 000.

A violation prosecuted under criminal law can also be the subject of a civil action.

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(b) the disclosure of information: (i) for the purpose of proof in a criminal case pending before a court; (ii) for the purpose of protecting public health or for other official purpose. (4) Any person who contravenes any provision of this section shall be guilty of an offence and shall be liable to imprisonment not exceeding six months or to a fine not exceeding one thousand pounds or to both such penalties.

Section 33 of the Protection of Competition Law: (1) The Chairman, the other members and the substitute members of the Commission, the persons working under the supervision of the Commission, the staff of the Service and other public officers who by reason of their post or in the performance of their official duties obtain information on business secrets and information of a confidential nature, shall have a duty to secrecy and shall be bound not to communicate and/or publicize such information, except in so far as this proves necessary – (a) to prove an infringement of sections 3 and/or 6 of this Law and/or Articles 81 EC and/or 82 EC of the Treaty; (b) to implement the provisions of this Law. (2) The same duty to secrecy shall be also owed by any other natural or legal person who obtains such information in the application of this Law according to the proceedings provided for in this Law. (3) Without prejudice to section 38, violation of the duty to secrecy under this section shall constitute, in the case of public officers, a serious disciplinary offence punishable in accordance with the relevant disciplinary provisions. (4) Nothing in this Law shall prevent the notification and/or publication of information for the purposes of applying the Community competition law.

Section 38 of the Protection of Competition Law: ‘Any person who contravenes the duty to secrecy imposed on him by section 33, shall commit a criminal offence punishable with imprisonment not exceeding one year or with a fine not exceeding three thousand five hundred euros or with both such penalties’.

Section 135 of the Criminal Code: ‘(1) A public servant who publishes or discloses information or facts which he has been informed or a document which he received due to his official position and which he has a duty to keep confidential except to the person to whom he has a duty to publish or notify this information is guilty of a misdemeanour [minor] crime. (2) A public servant who without lawful authority excludes or copies a document which belongs to his employer is guilty of a misdemeanour and is subject to a fine which does not exceed CYP 1 000 [EUR 1 700] or to imprisonment which does not exceed one year and/or both these penalties. (3) Any person who is not legally authorised for this, who discloses in any manner a state secret is guilty of a misdemeanour. For the purposes of this section, “state secret” includes any document, information or circumstance whose disclosure would harm the security or the economy or generally the interests of the Republic of Cyprus or public order or generally the public interest and the knowledge of which by its nature, must not be extended beyond the limited circle of government bodies, authorities or services. (4) A criminal prosecution for the crime set out in this section is exercised only by the Attorney General of the Republic or with his consent. (5) For the purposes of this section, the term “public servant” has the definition accorded by section 4 of this Law namely ‘a person who serves in the civil service’.


5.3 ADMINISTRATIVE ACTION

Proceedings are commenced by the CPC, *ex officio* or after a trade secrets holder’s complaint.

The Protection of Competition Law provides for imprisonment and for fines in the event that a CPC public servant discloses confidential information acquired within his or her duties (see paragraph 5.2 above). In addition, in the event of infringements committed by undertakings or associations of undertakings, the CPC can:

- impose a fine not exceeding 10% of the total turnover of the undertaking or 10% of the sum of the total turnover of each undertaking that participated in the infringement;
- oblige the undertaking to end the infringement;
- impose terms and measures necessary to bring the infringement to an end;
- impose a fine of EUR 85,000 if the undertaking continues the infringement or does not comply with the CPC’s decisions.

Furthermore, the CPC can impose interim measures.

To ascertain violations, the CPC has the power to search premises and computer systems and to ask for all necessary information and documents from the alleged infringer(s).

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533 Section 24 of the Protection of Competition Law: ‘For every infringement of sections 3 and/or 6 committed by undertakings or associations of undertakings, the Commission may, by its decision, take the following measures:
(a) to impose administrative fines, according to the gravity and duration of the infringement:
(i) not exceeding ten per cent of the total turnover of the undertaking, or
(ii) not exceeding ten per cent of the sum of the total turnover of every undertaking which is a member of the infringing association of undertakings, where the turnover corresponds to the year within which the infringement took place or the immediately preceding year of the infringement.

Provided that the Commission may exempt and/or reduce the amount of the administrative fine which would have been imposed on an undertaking or association of undertakings, according to the criteria and conditions of section 46, if the said undertaking or association of undertakings co-operates and/or gives such assistance or proof which will assist the Commission to prove the infringement; (b) to force the undertakings or associations of undertakings involved to bring to an end within a fixed time limit the infringement ascertained and avoid any repetition of it in the future; in case the infringement is brought to an end before the issuing of the decision of the Commission, the Commission may condemn the infringement by a declaratory decision; (c) to impose any terms and measures whether behavioural and/or corrective, depending on the infringement ascertained, which are necessary for the bringing to an end of the said infringement; (d) in case of continuation of the infringement by the undertakings or associations of undertakings involved, to impose an administrative fine up to eighty-five thousand euros for each day during which the infringement continues;(e) where the Commission intends to issue a decision requiring that an infringement be brought to an end and the undertakings or associations of undertakings involved offer commitments binding on the undertakings or associations of undertakings; the decision of the Commission may be issued for a specified period of time and subject to the condition that the Commission has concluded that there are no longer grounds for further action;(f) in case of refusal or omission by the undertakings or associations of undertakings involved to comply with the measures determined by the Commission pursuant to paragraph (b) or (e), to impose an administrative fine up to eighty-five thousand euros for each day during which the infringement continues’.

Section 25 of the Protection of Competition Law: ‘The Commission may, by its decision, take any of the measures defined in section 24 of this Law, in relation to the undertakings or associations of undertakings which infringe Articles 81 EC and/or 82 EC’.

534 Section 28 of the Protection of Competition Law.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
Both interim and final judgments are effective from their issuance and are publicly available.

6.2 COMPETENT COURTS
As regards civil proceedings, trade secrets disputes are handled by civil courts, which are courts not specialised in trade secrets/IP matters. It is envisaged the creation of a commercial court, with duties related to IP infringements.

As regards criminal proceedings, local criminal district courts are the first instance courts to deal with trade secrets violations. Its decisions can be appealed to the Supreme Court. Both local criminal district courts and the Supreme Court are not specialised courts.

On an administrative level, contestations on trade secrets matters are resolved by the CPC and a trade secrets holder can appeal the CPC’s decision to the Supreme Court.
The Baseline of Trade Secrets Litigation in the EU Member States

LATVIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Latvian law does not provide for a specific legal definition of the term ‘trade secret’, yet it has envisaged what information could be considered a trade secret according to rights holder’s evaluation.

The definition is, therefore, grounded on the active behaviour of a trade secrets owner who considers certain information to contain a trade secret. In detail, the Commercial Law of the Republic of Latvia\(^{535}\) (Commercial Law) and the Freedom of Information Law\(^{536}\) provide that the status of trade secret is attributed by a merchant to information which corresponds to specific criteria (see paragraph 1.2 below).

However, commercial secrets are not strictly limited to information complying with the criteria set out by the commercial law and may encompass other confidential information, which cannot be disclosed pursuant to work order regulations, employment agreements or other documents binding to an employee.

In addition to the abovementioned legislative acts, other sources of law mention and regulate trade secrets. However, they do not provide any definition of such term (see paragraph 1.2 below).

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The protection of trade secrets is regulated under several laws. The main legislative acts include commercial law, freedom of information law, competition law\(^{537}\), labour law\(^{538}\) and criminal law\(^{539}\).

a) Commercial Law — Section 19 — Commercial Secrets

Latvian commercial law sets forth that the status of a commercial secret may be assigned by a merchant for matters of economic, technical or scientific nature to information complying with the following criteria:

1) it is contained in the undertaking of the merchant or is directly related thereto;
2) it is not generally accessible to third parties;
3) it is of an actual or potential financial or non-financial value;
4) its coming at the disposal of another person may cause losses to the merchant;
5) the merchant has taken reasonable measures to preserve secrecy.

The information can be documented in writing or by other means or might not be documented at all.

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536 Freedom of Information Law, effective as of 20 November 1988; source: http://www.google.it/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0ahUKEwj37LDywDXAhXmE5oKHR8KAyAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFggjAQFgg
A merchant has exclusive rights on commercial secrets and can enforce such rights, also by claiming compensation for losses caused by the disclosure or use of trade secrets without his or her consent.

**b) Freedom of Information Law — Section 7 — Information Regarding a Commercial Secret**

The Freedom of Information Law provides for a definition of commercial secrets, detailing the information that can and cannot hold such status and regulating the exchange of confidential information with institutions. For instance, information related to the implementation of state administration functions or tasks cannot be considered to be commercial secrets. If the confidential information is given to institutions, the merchant has to qualify it as ‘secret’. In turn, institutions must verify the status of the information and, if recognised to be a trade secret, keep it confidential.\(^{540}\)

**c) Competition Law — Section 18 — Prohibition of Unfair Competition and Section 19 — Competence of the Court when Examining Cases of Violating the Prohibition of Unfair Competition**

The Competition Law states that the acquisition, utilisation or distribution of trade secrets belonging to other market actors without their consent can be considered as activities of unfair competition if, as a result of such activities, a hindrance, restriction or distortion of competition has been created or could have been created. In addition, it establishes that such infringements are examined by a court.\(^{541}\)

**d) Labour Law — Section 83 — Duty of Non-disclosure of the Labour Law and Section 84 — Restrictions on Competition after Termination of Employment Legal and Section 85 — Relationships and Unilateral Withdrawal from an Agreement to Restrict Competition of the Labour Law**

An employee has a duty not to disclose any information brought to his or her knowledge which is considered to be an employer’s commercial secret. To this regard, the employer has a duty to indicate in writing what information has to be regarded as a commercial secret and the employee, in turn, has a duty to ensure that such information, relating to the performance of his or her work is not directly or indirectly available to third parties.\(^{542}\)

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\(^{540}\) Section 7 of the Freedom of Information Law: ‘(1) Information, which is created by a merchant or belongs to a merchant and the disclosing of which may have a significant adverse impact on the competitiveness of the merchant, shall be regarded to be a commercial secret. (2) Information, which is associated with the implementation of State administration functions or tasks, may not be regarded to be a commercial secret. (3) A merchant, when providing information to an institution, shall indicate whether the information is a commercial secret and what is the legal basis for such a status. (4) If an institution has received a request for the provision of such information which is a commercial secret, it shall prior to providing such information or refusing to provide it, ascertain the viewpoint of the merchant regarding the compliance with the provisions of Paragraph one of this Section. (5) Information regarding commercial secret shall be restricted access information until the merchant has notified an institution regarding termination of commercial secret status or when the information concerned has become generally accessible to third parties’.

\(^{541}\) Section 18 of the Competition Law: ‘(1) Unfair competition is prohibited. (2) Actions, as the result of which laws and regulations or fair commercial practices are infringed and which have created or could create a hindrance, restriction or distortion of competition, shall be deemed to be unfair competition. (3) Unfair competition may also occur in the form of the following activities if as a result of such activities a hindrance, restriction or distortion of competition has been created or could have been created: […] (4) the acquisition, utilisation or distribution of information, which includes the commercial secrets of another market participant, without the consent of such participant […]’.

Section 19 of the Competition Law: ‘The infringements laid down in Section 18 of this Law shall be examined by a court’.

\(^{542}\) Section 83 of the Labour Law.
It is also established that employees may be restrained from accepting employment relationships with new employers carrying out similar activities to previous employers. Such obligation is valid only if arising from a mutually signed agreement and subject to statutory limitations.  

**e) Criminal Law — Section 200 — Disclosure of Non-disclosable Information which is not an Official Secret, Unauthorised Acquisition and Disclosure of Information Containing Commercial Secrets, and Illegal Disclosure of Inside Information of the Financial Markets**

The Criminal Law provides for sanctions in the event of trade secrets infringements. Punishments include the deprivation of liberty (including temporary deprivation), community service and fines.

### 1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The protection of trade secrets applies when merchants and commercial activities are involved. The scope of protection depends on the regulation that can be applied.

In Latvia, trade secrets are generally perceived as IPRs. However, the Latvian Civil Procedure Law does not expressly include trade secrets in its definition of IPRs. Therefore, it is not clear if the specific remedies provided for by the Latvian Civil Procedure Law in relation to IPRs can be applied to trade secrets and their applicability has to be decided by case-law (see paragraph 5.1 below). However, at the time of this study no case-law on this matter has been retrieved.

Section 18 of the Competition Law treats trade secrets as one of the expressions of unfair competition, being an exclusive right under IP law. Accordingly, the scope of trade secrets protection within unfair competition is identical to other expressions of unfair competition.

Section 19 of the Commercial Law admits that trade secrets confer an exclusive right to a merchant yet the scope of that right is unclear and provides for the protection of trade secrets by regulating the collection of damages.

Section 83 of the Labour Law envisages the duty of employees not to disclose trade secrets, yet only damage collection is provided as a remedy.

The Freedom of Information Law allows natural and legal persons to request protection of information containing trade secrets and submitted to state and municipal institutions.

Overall, the effectiveness of trade secrets protection is perceived to be rather low due to an unclear definition of what trade secrets are, what their scope of protection is, what the available remedies are and

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543 Sections 84-85 of the Labour Law.
544 Section 200 of the Criminal Law: ‘(1) For a person who commits disclosure of non-disclosable information, which is not an official secret, if commission thereof is by a person who not a State official and who in accordance with the law is liable for the storage of information, the applicable punishment is temporary deprivation of liberty or community service, or a fine. (2) For a person who commits unauthorised acquisition of economic, scientific technical, or other information in which there are commercial secrets, for use or disclosure by himself or herself or another person, or commits unauthorised disclosure of such information to another person for the same purpose, as well as commits unauthorised disclosure of inside information of the financial instrument market, the applicable punishment is deprivation of liberty for a term not exceeding one year or temporary deprivation of liberty, or community service, or a fine. (3) For a person who commits stealing of the information indicated in Paragraph one or two of this Section, the applicable punishment is deprivation of liberty for a term not exceeding three years or temporary deprivation of liberty, or community service, or a fine’.
545 Latvian Civil Procedure Law.
the lack of special procedural rules on the disclosure of trade secrets (procedural rules to ensure confidentiality during court proceedings may hardly be considered as satisfactory).

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

There is no special legal regime for the protection of trade secrets during court proceedings. General procedural norms may apply.

Civil proceedings
The Latvian Civil Procedure Law provides that, pursuant to a reasoned request by a party or at the court’s discretion, the court hearing or parts thereof may be declared as closed:

1) if it is necessary to protect official secrets or commercial secrets;
2) if it is necessary to protect the private life of persons and confidentiality of correspondence;
3) in the interests of minors;
4) if it is necessary to examine a person who has not reached 15 years of age; or
5) in the interests of court adjudication.

Yet, differently from state secrets, case participants have access to court case materials and, therefore, they can access information containing trade secrets or make copies of documents containing such information.

Criminal proceedings
In criminal proceedings, the Criminal Procedure Law states that an official involved in the proceeding has a duty to protect the commercial confidentiality (i.e. trade secrets) of a party.

Information regarding such confidentiality will be obtained and used only if such information is necessary to clarify the conditions that are to be proven. A court may also determine a closed court session with a reasoned decision to protect a professional secret or commercial secret. However, also the criminal procedure does not restrict access to court materials for the parties involved in the case.

Administrative proceedings
Differently from civil litigation, the Administrative Procedure Law establishes that a court may restrict access to court case materials containing trade secrets for other case participants. Administrative courts have to warn the parties about the duty to keep state secrets and about the relevant liability.

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546 Section 11(3) of the Latvian Civil Procedure Law.
547 Section 11(3)(1) of the Latvian Civil Procedure Law.
548 Section 12(4) of the Criminal Procedure Law.
549 Section 450(3)(4) of the Criminal Procedure Law.
551 Section 145(4) of the Administrative Procedure Law.
connected to the disclosure thereof.

3. TRADE SECRETS HOLDERS’ PERCEPTION

In Latvia, the existing regulation of trade secrets could deter trade secrets holders from initiating court proceedings. Indeed, protection of trade secrets is scattered among different legal instruments with insufficient and unclear regulation. That is, there is no common sui generis regulation on trade secrets with defined and specific rules on scope of protection (especially on confidentiality issues during proceedings) and available remedies.

In practice, it seems that trade secrets holders face difficulties in proving the identity of the infringer who disclosed the information and the extent of losses resulting from a trade secrets infringement. Consequently, to date there have been very few disputes relating to the disclosure of commercial secrets in the court practice. According to the national experts of the study, in Latvia there have been approximately 20 to 30 court proceedings involving different aspects of trade secrets protection in the period 2006 to 2016. Such cases covered different issues, such as the protection of trade secrets in civil proceedings, restrictions for access to information containing trade secrets to a state or municipal institution and trade secrets aspects in criminal cases.

Moreover, difficulties in proving damages appear to exist and the general value of damages awarded in IPR infringement cases seems to be low.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In Latvia, the most common precautionary measures relate to signing NDAs and to include confidentiality clauses and non-competition clauses into contracts.

The effectiveness of such types of contracts is considered high, especially if they incorporate penalties. Indeed, case-law demonstrates that Latvian courts provide wide protection for rights holders in the event of breaches of these contracts.

Non-competition clauses apply only to labour agreements. An employee may terminate the employment relationship and continue to use the knowledge and experience acquired at work, unless restriction of competition clauses referred to in Section 84 of the Labour Law are in place. The duration of such non-competition obligations may vary according to the employment position and duties carried out.

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552 Section 108(1)(4) of the Administrative Procedure Law.
553 Section 84 of the Labour Law.
Significantly, employees have a general duty of non-disclosure of confidential information and/or trade secrets even if such obligation is not specifically mentioned in the employment agreement. However, in order for this obligation to be effective, the employer has to inform the employee in writing of which information constitutes a trade secret.

5. REMEDIES

Controls on trade secrets are usually the sole responsibility of a trade secrets holder who, in the event of violation, can protect his or her rights through civil, criminal and administrative measures. Indeed, trade secret infringements can involve civil, criminal and administrative liability, which can be jointly found for the same violation.

5.1 CIVIL ACTION

As emerges from case-law, the trade secrets owner has to prove the existence of the trade secret, its illegal use in a commercial activity and the harm arising from such use. In such case, a trade secrets holder has the right to request the court for protection of commercial secrets and for collection of damages caused by the illegal disclosure or use of the commercial secret. According to the Latvian Civil Procedure Law, compensation for damages is available for any violation of private rights.

Referring to the collection of damages, the court assesses the existence and extent of losses in coherence with the procedures provided by the Latvian Civil Procedure Law. The type of damages requested could be loss of profits, unjust enrichment or the value of the investment in the trade secret. The owner should be able to prove the violation (unlawful activity and fault of the defendant), the damages and the link between the damages and illicit activity.

Punitive damages do not apply in Latvia.

The Latvian Civil Procedure Law also establishes rules for issuing seizures in relation to all kinds of claims, thus also including those involving trade secrets. Seizures or other measures to secure evidence are issued in cases where, for example, there is a serious risk that evidence would be destroyed.

Latvian courts may order the defendant to perform certain activities, such as destroy the infringing goods or refrain from using information containing trade secrets. However, the court’s competence to order such activities is not provided expressis verbis (except for IPR as defined in the Chapter 30.2 of the Latvian Civil Procedure Law) for cases relating to trade secrets.

5.2 CRIMINAL ACTION

Criminal liability applies in cases of disclosure, unauthorised acquisition and the stealing of information containing trade secrets.

Available remedies vary depending on the type of violation, as follows:

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554 Section 83 of the Labour Law.
555 Section 19(3) of the Latvian Civil Procedure Law.
556 Section 200 of the Criminal Law.
for a person who commits the disclosure of trade secrets, the temporary deprivation of liberty, or community service or a fine applies;

- for a person who commits unauthorised acquisition of trade secrets for the use or disclosure, the deprivation of liberty for a term up to one year, or temporary deprivation of liberty, or community service or a fine applies;

- for a person committing theft of trade secrets, the deprivation of liberty for a term up to three years, or temporary deprivation of liberty, or community service or a fine applies.

A victim of a criminal offence may request for moral and financial compensation, taking into account the moral injury, physical suffering, and financial loss incurred.

In this respect, a victim has the right to submit an application regarding compensation for a caused harm in any stage of the criminal proceeding up to the commencement of the court investigation in a court of first instance.

If the aggrieved person believes that the entire harm caused by the offence has not been appropriately compensated, he or she has the right to request the compensation thereof in accordance with the procedures specified in the Civil Procedure Law.

A court will determine compensation by taking into account the following elements:

1) the financial losses caused;
2) the seriousness of a criminal offence, and the nature of the committing thereof;
3) the physical suffering caused, permanent mutilation, or loss of ability to work;
4) the depth and publicity of a moral injury;
5) mental trauma.

Precautionary measures are not available within a criminal procedure, but the police or the competent prosecutor may exercise their powers to collect evidence in accordance with the applicable laws.

As concerns the liability of natural persons, criminal law states: ‘A natural person who has committed a criminal offence acting in the interests of a legal person according to private law, for the sake of the person or as a result of insufficient supervision or control thereof, shall be held criminally liable, but the legal person may be applied the coercive measures provided for in this Law’.

The coercive measures applicable to a legal person are provided by Chapter VIII(1) of the Criminal Law, which state the:

- liquidation of the company (i.e. termination of the activities);
- monetary tax (i.e. a sum paid to the State);
- restriction of rights (e.g. prohibition of rights or authorisations or to receive State support);
- confiscation of property (i.e. transfer of the property to the State).

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557 A ‘temporary deprivation of liberty’ is an imprisonment for a term not exceeding three months provided by the criminal law in specific cases.
558 Section 200 of the Criminal Law.
559 Section 22 of the Criminal Law.
560 Section 351(1) of the Criminal Procedure Law, effective as of 01 October 2005.
561 Section 350 of the Criminal Procedure Law.
562 Section 352(1) of the Criminal Procedure Law.
563 Section 12, Part 1 of the Criminal Law.
564 Section 70(2) of the Criminal Law.
5.3 ADMINISTRATIVE ACTION

Regarding trade secrets violations regulated under competition law, the Competition Council can initiate a case on unfair competition based on the acquisition, utilisation or distribution of trade secrets of a market participant without the consent of such participant. Administrative actions can be initiated upon complaint, upon the Competition Council’s initiative or following a report by another institution.

Generally speaking, administrative violation is considered to be an unlawful, blameable (committed with intent or through negligence) action or inaction, which endangers state or public order, property, rights and freedoms of people or management procedures specified and regarding which administrative liability is specified in the Latvian Administrative Violations Code 565.

These administrative violations entail:

- the disclosure of confidential information to a third party, which has been obtained while working in the European Works Council, within special discussion groups or other groups for the information and consultation of employees;
- the disclosure of information containing commercial secrets to a third party as regards the establishment of a European company, which has been obtained while working within a special discussion group, representative committee or within any other procedure for employees’ information, consultation and participation.

The disclosure of such confidential information is subject to administrative liability (fine).

The aforementioned remedy was introduced due to the requirements contained in Council Directive 2003/72/EC 566.

To ascertain violations and based on a court’s decision, the Competition Council can enter non-residential premises to carry out inspections and searches. In addition, it can impose interim measures in the event of potential significant and irreversible harm to competition.

565 Latvian Administrative Violations Code.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Before its publication, a court’s decision is reviewed to assess whether it contains confidential information. In so, the confidential part is not published.

With specific regard to closed court hearings, only the introductory and operative parts of the judgment become public, except in proceedings where these sections have also been heard in camera.

6.2 COMPETENT COURTS

The protection of trade secrets may be handled by any court as there is no specialised court for trade secrets claims.

Civil proceedings are held in the City of Riga Latgale District Court (first instance), the regional administrative courts (second instance) and the Supreme Court (third instance).

There are no special courts adjudicating cases of criminal liability and the competent court is determined according to general rules.

As regards administrative proceedings, a trade secrets holder can appeal against the decisions of the Competition Council before the regional administrative courts.
The Baseline of Trade Secrets Litigation in the EU Member States

LITHUANIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Pursuant to the Civil Code of the Republic of Lithuania (Civil Code), a commercial (trade) secret is defined as follows: ‘Information shall be considered to be a commercial (industrial) secret if a real or potential commercial value thereof manifests itself in what is not known to third persons and cannot be freely accessible because of the reasonable efforts of the owner of such information, or of any other person entrusted with that information by the owner, to preserve its confidentiality. The information that cannot be considered commercial (industrial) secret shall be determined by laws’.

As has been emphasised by the Supreme Court of Lithuania in its case-law, for the information to be regarded as a commercial (trade) secret three factors are jointly relevant:

I. commercial value of the information;
II. secrecy of the information;
III. reasonable efforts of the owner of such information to safeguard its confidentiality.

For example, general work skills such as methods of working acquired by an employee in performing his or her job should not be regarded confidential after the employee leaves the company.

It should be stressed that several terms, such as ‘commercial secret’, ‘industrial secret’, ‘professional secret’, or ‘technology secret’, have been used in different Lithuanian legislative acts to refer to trade secrets.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In Lithuania, no dedicated legislation on the protection of trade secrets exists. A draft law on the Protection of Trade Secrets implementing the Directive was submitted to the Lithuanian Parliament in May 2017.

Currently, the main legislative acts including provisions that may apply to the protection of trade secrets are the Civil Code, the Criminal Code of the Republic of Lithuania, the Labour Code of the Republic of Lithuania, the Law on Competition of the Republic of Lithuania, and the Law on Companies of the Republic of Lithuania.

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568 Article 1.116(1) of the Civil Code.
569 See the Lithuanian Supreme Court, Decision of 4 January 2018, civil Case No e3K-3-16-378/2018.
572 Law on Competition of the Republic of Lithuania (Law on Competition), Law No VIII-1099/1999; source: https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/49e68d00103711e5b0d3e1beb7dd5516?jfwid=q8i88mh0m
a) Civil Code
The Civil Code regulates several aspects of trade secrets protection, such as the definition of a ‘commercial secret’, the obligations of the persons to safeguard commercial secrets, the liability for unlawful disclosure and the usage of commercial secrets.

b) Criminal Code
The Criminal Code regulates the legal measures for commercial espionage and the disclosure of commercial secrets, which imply a violation causing significant material damage.

To consider an offence to be commercial espionage, the intention of illegally acquiring a trade secret or communicating a commercial secret to another person will occur. Infringement also requires the intention to get a financial benefit or to betray others by obtaining or transferring the trade secret.

c) Labour Code
The LC establishes the opportunity to conclude confidentiality agreements with the employee for the protection of confidential information (including commercial secrets). Additionally, it regulates infringements of unlawful disclosure of such information establishing, for example, the termination of the employment contract due to material breach.

d) Law on Competition
The Law on Competition protects commercial secrets referred to as unfair competition. In detail, it prohibits using, transferring and disclosing information representing a commercial secret of another undertaking without its consent, also obtaining such information from the persons having no right to transfer it, to compete, seeking benefit for oneself or inflicting damage on that undertaking.

The Law on Competition also obliges the officials of the Competition Council to protect commercial secrets of companies having submitted such information to the Council.

Moreover, a general term of one year as of the end of the contractual relationship has been established for the obligation of not disclosing commercial secrets gained under contracts (e.g. employment contracts), unless the law or the contract provides for a different term.

574 Article 210 of the Criminal Code: ‘A person who unlawfully acquires the information considered to be a commercial secret or communicates this information to another person shall be punished by deprivation of the right to be employed in a certain position or to engage in a certain type of activities or by restriction of liberty or by arrest or by imprisonment for a term of up to two years’.

575 Article 211 of the Criminal Code: ‘A person who discloses the information considered to be a commercial secret which was entrusted to him or which he accessed through his service or work, where this act incurs major property damage to the victim, shall be punished by deprivation of the right to be employed in a certain position or to engage in a certain type of activities or by a fine or by restriction of liberty or by arrest or by imprisonment for a term of up to two years’.

576 Chapter III, Article 16 of the Law on Competition: ‘1. An undertaking whose legitimate interests are violated by actions of unfair competition shall be entitled to bring a claim before the court seeking: 1) termination of the illegal actions; 2) recovery of the damages; 3) imposition of an obligation to make one or several statements of specific content and form, refuting the previously submitted incorrect information or providing explanations as to the identity of the undertaking or its goods; 4) seizure or destruction of the goods, their packaging or other means directly related to unfair competition, unless the infringements can be eliminated otherwise. 2. Organisations representing the interests of undertakings or consumers shall also enjoy the rights specified in points 1, 3 and 4 of paragraph 1 of this Article. 3. Liability for the use of misleading advertising or unlawful comparative advertising shall be established by the laws of the Republic of Lithuania. 4. The Competition Council shall investigate the acts of unfair competition only in cases where these acts violate the interests of the majority of undertakings or consumers. The Competition Council shall impose sanctions for these acts as established by the laws’. 

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The Law on Competition also regulates legal protection measures in the event of unlawful disclosure and usage of commercial secrets (e.g., termination of illegal actions or compensation of damages). The enforcement of antitrust provisions is feasible only in cases in which the abuse of dominant position is established or a prohibited agreement is signed.

e) Law on Companies
The Law on Companies regulates the duties of certain actors not to disclose commercial secrets of third parties. In detail, it establishes restrictions to stakeholders’ access to a company’s commercial secrets and the obligation of corporate bodies to protect a company’s commercial secrets.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
Despite the lack of a specific law on the protection of commercial (industrial) secrets, the abovementioned legislative acts seem to offer a broad scope of protection, which includes several types of available actions and addresses multiple actors.

Referring to available actions, civil, criminal and administrative remedies apply. These actions can be undertaken against, for example, competitors, current or former employees or licensees.

According to the national experts of the study, the legislative framework appears to offer effective protection to trade secrets holders, as demonstrated by the rising number of trade secrets litigation over the last decade (especially within the last five years). In their opinion, the growth in volume of trade secrets litigation might be due to several reasons, inter alia, the increased awareness of affected persons of their rights to protect trade secrets by claiming damages, a good record of court awards for damages and preventive actions of companies against other employees and business partners.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Lithuania, procedural rules protecting trade secrets during legal proceedings are established under the Code of Civil Procedure, the Code of Criminal Procedure and the Law on Competition.

Civil proceedings
Several measures can be adopted to protect trade secrets during civil proceedings.

Firstly, the Code of Civil Procedure establishes that legal proceedings are public, but the court may pass a motivated ruling to hear a case in camera where the public hearing may disclose a state, professional or commercial secret. At a court session held in camera, the parties of the proceeding and, if

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577 Law on Competition of the Republic of Lithuania.
580 Article 9(1) of the Code of Civil Procedure.
necessary, witnesses, interpreters, translators and experts may participate.\footnote{Article 9(2) of the Code of Civil Procedure.}

In addition, upon passing a judgment or final ruling in a public court session, the court will have the right, at the request of participants in a proceeding or on its own initiative, to define by a motivated ruling that case matters or parts thereof are not public, when there are grounds to deem that a state, office, professional, commercial or other secret protected by laws may be disclosed. Restricted access to documents can also be requested. A separate appeal against court ruling, which denied the request, may be submitted.\footnote{Article 10(2) of the Code of Civil Procedure.}

The newest case-law of the Supreme Court of Lithuania has formulated specific rules for interpreting and applying the abovementioned provisions. In detail, the court receiving a party’s request to hear a case in camera or to ensure security of the information will decide whether the provided information can be considered a trade secret and, in affirmative cases, the extent of non-publicity. The general rule is that only in exceptional cases the court will order to examine specific evidence in camera or to take full proceedings in camera. The decision relies on the nature of the information that should be preserved, the nature of the dispute, its subject matter, specific characteristics of the parties and other significant circumstances when the non-availability of a part of the documents cannot ensure the protection of the right to a fair trial.

\textit{Criminal proceedings}

The Constitution of the Republic of Lithuania\footnote{Constitution of the Republic of Lithuania, approved on 25 October 1992, as amended; source: \url{http://www3.lrs.lt/home/Konstitucija/Constitution.htm}} provides that: ‘\textit{In all courts, the investigation of cases shall be open to the public. Closed court sittings may be held to protect the secrecy of a citizen’s or the citizen’s family’s private life, or to prevent the disclosure of State, professional, or commercial secrets.}’\footnote{Article 117, para. 1 of the Constitution of the Republic of Lithuania.}

Such provision enunciates the principle of public trial but, at the same time, provides that under certain circumstances a closed court sitting may be held.

Article 9 of the Code of Criminal Procedure sets forth the cases when non-public trials are possible, that is, where there is the need to prevent the disclosure of state, service, professional or commercial secrets.

\textit{Administrative proceedings}

Specific rules related to commercial secrets protection during litigation are applicable under the Law on Competition for private antitrust cases\footnote{Private antitrust cases are a way for the victims of anticompetitive behaviour to be compensated for the suffered damages. Any injured person may bring a follow-on private action before the Vilnius Regional Court after the infringement decision is adopted by the Lithuanian Competition Authority or the European Commission.} for damages (those rules implemented the respective provisions of the Damages Directive (2014/104/EU)).

Trade secrets holders can request the Competition Council to limit the disclosure of trade secrets. If the request is approved, the access to information containing trade secrets requires the owner’s approval. To this regard, the Competition Council can request parties to provide extracts of documents that do not contain the secret information.
3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the regulations and case-law on trade secrets protection are well developed, especially compared to private antitrust enforcement. Moreover, available provisions are perceived as being effective both for the legislative provisions on confidentiality and for the available remedies. Overall, the legal system is perceived to offer sufficient protection to trade secrets holders who want to enforce their rights.

Some factors, however, are considered to inhibit trade secrets holders’ from bringing an action before the competent judicial authorities as, for instance:

- difficulties to prove damages related to the unlawful disclosure and usage of commercial secrets;
- costs related to litigation proceedings, especially those referring to damages compensation. Indeed, these costs are significant due to the complexity and duration of such cases.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In Lithuania, trade secrets owners tend to take protective measures such as NDAs, confidentiality clauses in agreements (e.g. employment contracts, commercial agreements as licensee agreements, other business contracts), as well as organisational and technical security measures.

As regards provisions of confidentiality or non-compete clauses included in employment agreements, such obligations can also be regulated by separate non-disclosure and (or) non-compete agreements. In practice, companies usually list in writing commercial secrets, the employees acquainted with such list and the related obligations of non-disclosure. The list of trade secrets is approved by the company owning the trade secret, according to the provisions of the Law on Companies.

Precautionary measures have significant importance in front of courts. Indeed, the courts grant protection for particular information, if the owner has put reasonable efforts in place to protect it. The more valuable the information is, the more efforts to protect it are expected from the owner.
5. REMEDIES

Lithuanian laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

Trade secrets are subject to civil proceedings as protection measures are contained within the Civil Code.

Actions can be brought against anyone who obtained secret information, except against a person who developed the same information autonomously. However, liability may be excluded, or damages reduced, if the infringer proves that he or she was unaware of the secret nature of the information.

Under the civil law, the following remedies may apply:

- orders to secure evidence (searching of premises and seizure of relevant documents), so as to protect relevant documents containing evidence of the infringement;
- orders to provide the necessary documentation, upon a party’s request;
- compensation of damages;
- termination of the employment contract;
- injunctions, to prevent wrongful use and disclosure of the trade secrets.

As regards damages, they can be claimed according to the general provisions on liability (tort or contract liability) under the Civil Code. Persons who unlawfully acquire information considered a commercial (industrial) secret will be bound to compensate for the damages caused. Workers who in breach of the labour contract disclose a commercial (industrial) secret, as well as a party of any other contract who in breach of that contract discloses a commercial secret, will be liable for damages. In this event, the damages suffered by the trade secrets holder include the investment for its creation, development and use, as well as the incomes of which he or she has been deprived. Incomes obtained from unlawful use of a commercial (industrial) secret will be considered unjust enrichment. In sum, claims for damages may alternatively regard:

- losses incurred in the creation and development of trade secrets (direct losses);
- lost income (indirect losses);
- profits made by the defendant from the wrongdoing (unjust enrichment).

If the claimant is not able to quantify the damages, courts can use the *aequo et boni* evaluation method, that is, decide on an equity basis.

As regards injunctions, they are cumulative with the claim for damages. Latvian law does not provide for punitive damages.

5.2 CRIMINAL ACTION

In Lithuania, criminal liability may arise in the event of commercial espionage and disclosure of commercial secrets and applies only to natural persons.
Commercial espionage attains to the case where a person acquires the information considered a commercial secret unlawfully or communicates this information to another person.\(^\text{586}\)

The disclosure of commercial secrets occurs when a person discloses the information considered a commercial secret that was entrusted to him or her or which he or she accessed through his or her service or work, where this act incurs major property damages to the victim.\(^\text{587}\)

Both commercial espionage and disclosure of commercial secrets are punished by deprivation of the right of employment in a certain position, deprivation of the right of carrying out certain type of activities, restriction of liberty, arrest or imprisonment up to two years. As regards the disclosure of commercial secrets, fines also apply.\(^\text{588}\)

In the event of disclosure of commercial secrets, the damages suffered must be determined according to the net profit made by the defendant from the wrongdoing, but not on the basis of the expected profit that the injured party would have possibly gained.

To ascertain infringements, if there are grounds for assuming that there are in some premises or in any other place instruments of a crime, tangible objects and valuables that were obtained or acquired in a criminal way, or certain things or documents which might be relevant to the investigation of the criminal offence, a pre-trial investigation officer or a prosecutor may carry out searches for the purpose of discovering and seizing them.\(^\text{589}\)

### 5.3 ADMINISTRATIVE ACTION

Administrative remedies apply whenever trade secrets infringements lead to the violation of competition laws.

According to the Law on Competition:\(^\text{590}\) ‘undertakings shall be prohibited from performing any actions contrary to fair business practices and good usages if such actions may be detrimental to the competitive potential of another undertaking […].’

Within the abovementioned legislative framework the Competition Council can undertake specific administrative actions, such as:

- upon the court’s permission, order undertakings to adopt the necessary action to avoid damages to other companies or to the public interest (interim measure);
- request the termination of the infringement or restrict trades or economic activities of undertakings;
- impose fines of up to 10% of the infringers’ annual turnover.

To ascertain a violation, the Competition Council can enter and search premises, access computer systems and search for documents.

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\(^{586}\) Article 210 of the Criminal Code.  
\(^{587}\) Article 211 of the Criminal Code.  
\(^{588}\) Articles 210 and 211 of the Criminal Code.  
\(^{589}\) Article 145 of the Code of Criminal Procedure.  
\(^{590}\) Article 15(1) of the Law on Competition.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

According to the Code of Civil Procedure, all the final decisions are publicly available except for case matters heard during a session in camera.

Decisions will be published on publicly available websites and made available for persons absent in the proceeding. Such persons have the right to make copies and extracts of the case matter. However, if cases are heard in camera and (or) some evidence of the case is examined in camera, only the substantive parts of the court judgment are disclosed. This is also evidenced in the Code of Criminal Procedure, where it is established that only the operative parts of all the judgments handed down in a non-public hearing cases are made public.

The publicity of these cases (especially successful damages compensation cases) contributes to the enhancement of similar litigation and prevention of related infringements.

New additional rules on the publication of the court judgments at the expense of the defendant are planned to be introduced by the upcoming law implementing the Directive.

6.2 COMPETENT COURTS

The courts dealing with civil cases on trade secrets protection are the general regional courts (i.e. not specialised courts). Only where claims relate to unlawful disclosure by the state authority (including claims for damages), such claims should be brought to the respective administrative court having sole jurisdiction to hear cases against state authorities.

In detail, in Lithuania there are 49 district courts and 5 regional courts acting as courts of first instance.

The Court of Appeal of Lithuania, located in Vilnius, acts as an appeal court for cases heard in the regional courts in the first instance. The final instance court is the Supreme Court of Lithuania hearing the cases by cassation procedure.
The Baseline of Trade Secrets Litigation in the EU Member States

LUXEMBOURG
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
In Luxembourg, no formal definition of ‘trade secret’ exists.

However, the term has been defined by the case-law and refers to information having the following characteristics:

- is known by a limited number of persons who want to keep it secret;
- concerns a commercial or industrial company;
- disclosure may damage its owner.

This definition is very broad and includes, inter alia, information on production technology, commercial knowledge, pricing and customers.

Moreover, as required by the Competition Act, the Competition Council has issued a note in which trade secrets have been defined as information on a company’s activity, the disclosure of which may harm the company. The Competition Council is an independent administrative authority in charge of ensuring and protecting fair competition via the enforcement of national and European legislation.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION
There exists no specific legislation regulating trade secrets. However, protection is provided under the following legislative acts: the Criminal Code, the Civil Code (in particular, provisions on the general tort law), the Unfair Competition Law and the Competition Act.

a) Criminal Code
The protection of trade secrets is granted by Article 309 of the Criminal Code, which provides for

593 Civil Code, Official Gazette A No 5 of 5 January 1804, as amended.
595 Article 309 of the Criminal Code: ‘Whoever, being or having been employee, worker or apprentice to a commercial or industrial company, with the intent to compete with or harm its employer, or to obtain an improper advantage, uses or discloses during the term of his contract or within two years after its expiration, trade or fabrication secrets of which he has knowledge by reason of its position, shall be punished with imprisonment from three months to three years and a fine of 251 euros to 12 500 euros. The same applies to the one who, having the knowledge of trade or fabrication secrets belonging to a person, being through an employee, apprentice or worker acting in violation of the requirements of the preceding paragraph, or by an act contrary to law or morality, uses or discloses the secret, either for the purpose of competition or with intent to harm the person to whom they belong, or to obtain an improper advantage. Is liable to the same penalty, the one who, for the purpose of competition or with intent to harm the person to whom they belong, or to obtain an improper advantage, uses it without having the right
imprisonment and fines to the following three categories of infringers:

- a commercial or industrial company’s employee, worker or apprentice who uses or discloses, during employment or within two years after the termination of his or her employment contract, secrets known by reason of his or her position within the company;
- a person having knowledge of another’s secret and who uses or discloses it. The secret will have been acquired from an employee, worker or apprentice acting as outlined in the previous paragraph or by personally carrying out an illicit action;
- a person that, without the holder’s consent, uses or communicates to a third person models, designs or patterns given to him or her to perform commercial or industrial orders.

Said offences require that the infringer acts with the intent to either compete with or damage the owner of a trade secret or to get an improper benefit.

b) Civil Code

The Civil Code contains a general provision related to tort law establishing a general obligation towards anyone to repair damages caused by his or her fault. Such obligation applies also to trade secrets infringements.

c) Unfair Competition Law

Trade secrets violations can be also part of an unfair competition practice as regulated by the Unfair Competition Law.

Article 14 of the Unfair Competition Law states that an act of unfair competition occurs whenever an undertaking steals or tries to steal customers from one or more of its competitors or hampers or tries to hamper one or more of its competitors’ competitive capacity by performing his or her job activities with conduct contrary to honest purposes. Job activities may include, for example, commercial, industrial, skilled crafts or self-employed activities.

Thus, protection of trade secrets infringement might be granted under the Unfair Competition Law if trade secrets related offences bring to unfair competition practices (as defined above).

d) Competition Act

The Competition Act does not directly regulate trade secrets.

However, its provisions can be applied to protect trade secrets when an undertaking’s conduct limits competition. In particular, if the disclosure or unauthorised use of trade secrets triggers a practice prohibited under the Competition Act (i.e. abuse of dominant position or agreements restricting competition), the remedies of the Competition Act may apply (see paragraph 5 below).

or communicates to other models, designs or patterns that have been given to him carry out commercial or industrial orders. The courts may order, in case of a conviction, display or publication through newspapers of the decision, at the expense of the person they designate.; source: European Commission ‘Study on Trade Secrets and Confidential Business Information in the Internal Market’, Ref. Ares(2016)165284 — 12 January 2016, Appendix 3, p. 106.

596 Article 1382 of the Civil Code.

597 Article 14 of the Unfair Competition Law.

598 Article 5 of the Competition Act: ‘Any abuse by one or more undertakings of a dominant position within the market shall be prohibited. Such abuse may, in particular, consist in: 1) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; 2) limiting production, markets or technical development to the prejudice of consumers; 3) applying dissimilar conditions to equivalent transactions with other trading parties,
Furthermore, the Competition Act includes provisions to protect trade secrets during proceedings (see paragraph 2 below).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
The scope of the available protection is framed by the abovementioned laws.

Overall, the current legislative system seems to not be effective as general provisions are not adapted to trade secrets. In particular, it appears that there are no adequate measures to protect trade secrets and to prove violations.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Luxembourg, there are no specific provisions to protect trade secrets during civil and criminal proceedings. However, general procedural rules might apply. As regards administrative proceedings, specific rules are provided.

Civil proceedings
There are no ad hoc measures to protect trade secrets during civil litigation.

Nevertheless, some protection is granted under the general provisions of the New Code of Civil Procedure, which states that the court can decide to conduct closed hearings if their publicity may cause scandal or serious inconvenience. The request for closed hearings can be filed by parties, by explaining that the trade secret represents a particularly valuable asset losing value once public. However, the decision to accept or reject the request is at the entire discretion of the court.

In practice, in unfair competition violations expedite actions on the merits are usually held in closed hearings.

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In practice, in unfair competition violations expedite actions on the merits are usually held in closed hearings.

Furthermore, the Competition Act includes provisions to protect trade secrets during proceedings (see paragraph 2 below).
Criminal proceedings

There are no ad hoc measures to protect trade secrets during criminal proceedings and, generally, the hearings are held in public.

Nevertheless, some protection is granted under the general provisions of the Code of Criminal Procedure, which states that the court can decide to conduct closed hearings if their publicity may be dangerous for public order or morals.

Administrative proceedings

According to the Competition Act, the Competition Council can limit the disclosure of information by removing them from the file of the case or omitting references. This applies only if the confidentiality of the information is proved and if its disclosure is not necessary to the proceeding or to protect parties’ rights.

In addition, a general obligation of confidentiality applies to agents, investigators, experts and any person appointed by the Competition Council in respect to information acquired while performing their professional duties.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts involved in the study, the current legal system might be subject to further improvements to effectively protect trade secrets.

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603 Article 190 of the Code of Criminal Procedure.
604 Article 26(2-4) of the Competition Act: ‘ […] (2) Business secrets or confidential information provided by the undertakings or seized during the investigation for which undertakings have requested in writing the non-disclosure by specifically stating the reasons for the request, shall not be revealed when all or part of the documents’ confidentiality is proved, except where their communication or consultation is necessary for the procedure or the exercise of the rights of the parties. The concerned exhibits shall be removed from the file or some particulars shall be overshadowed. (3) It shall be up to undertakings or interested parties to claim to the appointed councillor the secrecy or confidential nature of information they have sent or have been seized. In their request, undertakings or interested parties must specify the nature of information they consider covered by business secrecy or confidentiality as well as the probable damage in case of information disclosure. (4) The appointed councillor decision, which completely or partially refuses to grant the requests for confidentiality presented by the undertakings or interested parties, shall be notified to them by registered letter with a form of acknowledgement of receipt specifying the remedies and periods allowed for appeals against the decision. This decision may grant different access rights in the light of the circumstances of the persons concerned. An internal regulation of the Council shall set out the access to the file procedure so as to guarantee business secrecy as well as the data confidentiality, in accordance with Article 26(2), […]’.
605 Article 27 of the Competition Act: ‘(1) Without prejudice to Article 23 of the Code of criminal procedure, the members, officers and investigators of the Council as well as the appointed experts pursuant to Article 18 or any other person working under the supervision of the Council shall be subject to professional secrecy foreseen in Article 458 of the criminal Code, even after the termination of their duties. (2) The members, officers and investigators of the Council shall be bound to keep the secrecy of deliberations as well as the information acquired while carrying out their duties. (3) The information collected pursuant to this Act shall be used only for the purpose for which it was acquired’.
First, given the lack of a specific legislation, the adoption of a national law implementing the Directive would increase the effectiveness of protection granted to trade secrets holders.

Second, trade secrets are not considered as IPRs in Luxembourg and, thus, they are not protected as such. Either making trade secrets falling under the IPRs legislation or adopting similar provisions would help trade secrets holders to enforce their rights.

Third, it seems that trade secrets owners face difficulties in proving violations and suffered damages.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Trade secrets holders tend to undertake precautionary measures as confidentiality and non-compete clauses, NDAs, i-Dépot (legal means of evidence) and the arbitrage procedure.

Confidentiality clauses appear to be often included into contracts along with penalties to be applied in the event of their breach. As a general provision, the Civil Code states that not respected contractual obligations will be rewarded by damages. The court can reduce the amount fixed by the parties if considered unreasonable.

Despite employees having a general duty of confidentiality (loyalty and non-disclosure) while employed, firms often include non-compete clauses in employment agreements. These contractual obligations will comply with law provisions as, for instance, being limited in time and geography (according to the employer’s activities).

Trade secrets owners might also use the Benelux office service called i-Dépot. i-Dépot is a digital safe-deposit box where trade secrets and know-how can be secured. It allows trade secrets owners to prove the existence of a creation (e.g. a manufacturing method) or of confidential information at a certain date. In detail, the service issues a date stamp that can serve as official proof in relation to the possession of such creation/confidential information on a specific date. In general, i-Dépot documents remain confidential, unless the holder chooses to make it public on a database (in full or in part).

Finally, an arbitration procedure is sometimes predetermined within agreements as a remedy to deal with breaches of confidentiality. Its main advantage is ensuring confidentiality.

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606 Article 1142 of the Civil Code.
607 Article 1152 of the Civil Code.
608 Benelux Office for Intellectual Property; i-Dépot: https://www.boip.int/en/entrepreneurs/ideas/your-idea-in-an-i-depot#i-depot-trade-secret-and-know-how
5. REMEDIES

The legislative framework offers civil, criminal and administrative remedies in the event of trade secrets infringements.

5.1 CIVIL ACTION

To initiate civil proceedings, the claimant has to prove the existence of a trade secret (i.e. that the alleged misused information may be qualified as a trade secret) and that a related violation took place.

Pursuant to the Unfair Competition Law, a trade secret holder can file a request for injunction (cease-and-desist order) before the President of the commercial court\(^\text{609}\). Such law provides for an expedite action on the merits since the President can issue a permanent injunction which does not need to be confirmed in an ordinary proceeding. Non-compliance with a cease-and-desist order constitutes a criminal offence\(^\text{610}\).

However, compensation of damages must be claimed before the District Court on the basis of the Civil Code (i.e. tort law provisions\(^\text{611}\)). Actual damages, which comprise both material and moral damages, have to be proved to be awarded.

Punitive damages do not apply in Luxembourg.

The abovementioned remedies do not apply to third parties acting in good faith or who have independently developed the same information.

5.2 CRIMINAL ACTION

A trade secrets holder can start a criminal action in two ways:

- file a complaint with the public prosecutor, who can accept or reject it;
- file a complaint with the investigating judge, comprehensive of both a criminal claim and a request for compensation of damages. The investigating judge cannot refuse to prosecute such a case.

As in civil proceedings, the complaint has to provide evidence of the existence of a trade secret and of the related violation. The mere risk of trade secrets diffusion or disclosure is not prosecuted. The infringer has to act with the intention to compete with or damage the trade secrets holder or to get an improper benefit\(^\text{612}\).

To ascertain the violation, the public prosecutor and the investigating judge can adopt ex officio search and seizure orders.

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609 Article 23 of the Unfair Competition Law.
610 Article 25 of the Unfair Competition Law.
611 Article 1382 of the Civil Code.
612 Article 309 of the Criminal Code.
If convicted, the infringer is punished with imprisonment of between three months and three years and with a fine of between EUR 251 and EUR 12 500.\footnote{Article 309 of the Criminal Code.}

From 2010\footnote{Law of 3 March 2010, Official Gazette A No 36 of 11 March 2010 introducing in the Criminal Code provisions on the criminal liability of companies.}, criminal liability applies also to companies if the violation was committed in the name and interest of a company by a statutory body or a director thereof.\footnote{Article 34 of the Criminal Code.} Furthermore, if a statutory body or director has instructed the infringer(s) to carry out the crime, the company can be condemned as an accomplice.

Companies could be punished with fines (not exceeding EUR 25 000\footnote{Article 36(3) of the Criminal Code.}), seizure of goods used to or resulting from the violation, exclusion from participation in public procurement, or termination\footnote{Article 35 of the Criminal Code.}.

### 5.3 ADMINISTRATIVE ACTION

Administrative proceedings can be started in the event of violation of the Competition Act and are commenced \textit{ex officio} (by the Competition Council), upon a request filed by a party having a legitimate interest or upon the Minister’s request\footnote{Article 10(1) of the Competition Act: ‘In all matters, the Council may intervene on its own initiative or upon request of any natural or legal person claiming a legitimate interest or upon request of the Minister. […]’.}.

To investigate the infringement, the Competition Council can carry out inspections\footnote{Article 16 of the Competition Act.} during which it is entitled to access the alleged infringer’s facilities, consult the necessary documentation and request that the alleged infringer provide the relevant information\footnote{Article 14 of the Competition Act: ‘1. In order to carry out the duties assigned to it by this Act, the Council may require undertakings and associations of undertakings to provide all necessary information. […]’.}.

Interim measures (such as conservatory measures and orders to suspend the violation) can also be imposed by the Competition Council\footnote{Article 12 of the Competition Act.}.

In the event of ascertained infringement, the Competition Council can enforce the termination of the infringement, any measure needed to achieve that purpose\footnote{Article 11 of the Competition Act: ‘Where the Council, seized according to the provisions of Article 10, finds out that in the framework of a proceeding there is an infringement of Articles 3 to 5 of this Act or of Articles 101 and 102 of the Treaty, it may by decision require the undertakings and associations of undertakings concerned to bring such infringement to an end. For this purpose, it may impose on them any remedy which is proportionate to the infringement held against the undertakings and necessary to bring it effectively to an end’.}, fines and penalties to ensure that the infringer complies with its decision\footnote{Articles 20 and 22 of the Competition Act.}.

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\footnote{Article 309 of the Criminal Code.}
\footnote{Law of 3 March 2010, Official Gazette A No 36 of 11 March 2010 introducing in the Criminal Code provisions on the criminal liability of companies.}
\footnote{Article 34 of the Criminal Code.}
\footnote{Article 36(3) of the Criminal Code.}
\footnote{Article 35 of the Criminal Code.}
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\footnote{Articles 20 and 22 of the Competition Act.}
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
Court decisions are public and there are no legal provisions related to the protection of confidentiality of information within judgments.

According to the Unfair Competition Law, injunctions issued by the President of the commercial court are permanent injunctions, which do not need to be confirmed in ordinary proceedings.

6.2 COMPETENT COURTS
In Luxembourg, there are no specialised courts for the protection of trade secrets.

Cases concerning trade secrets can be brought before the district courts (i.e. Tribunaux d’arrondissement), in particular, the Luxembourg District Court and the Diekirch District Court.

As regards civil proceedings, cases can be brought before the civil or commercial chambers (i.e. commercial court, competent for commercial matters) of the abovementioned district courts.

Criminal proceedings are handled by the criminal chambers of the Luxembourg District Court and the Diekirch District Court.

The specific chambers (civil, commercial or criminal) of the courts of appeal are competent in second instance proceedings. The Court of Cassation is competent in final instance proceedings, but only in matters on the application of law.

As regards administrative proceedings, contestations on trade secrets matters are resolved by the Competition Council. A trade secrets holder can appeal against the Competition Council’s decision before the Administrative Tribunal.
The Baseline of Trade Secrets Litigation in the EU Member States

HUNGARY
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Hungarian legislation provides for a definition of ‘trade secret’ that is laid down in the Hungarian Civil Code 624, as follows:

'Trade secrets include any fact, information and other data, or a compilation thereof, connected to economic activities, which are not publicly known or which are not easily accessible to other operators pursuing the same economic activities, and which, if obtained and/or used by unauthorised persons, or if disclosed to others or published is likely to imperil or jeopardize the rightful financial, economic or commercial interest of the owner of such secrets, and provided the lawful owner acted in a manner as may be expected in the given circumstances to keep such information confidential' 625.

Such definition is almost identical with the one provided by Article 39 of the TRIPS.

Moreover, as to the Hungarian Civil Code: ‘commercial secrecy shall also apply to technical, economic and other practical knowledge of value held in a form enabling identification, including accumulated skills and experience and any combination thereof, if acquired, used, disclosed or published in violation of the principle of good faith and fair dealing’ 626.

Trade secrets protection does not apply when:

a) information has been acquired by means of the proprietor's independent development;
b) information has been acquired by way of testing or analysing a lawfully acquired product or lawfully received service;
c) information has been acquired by third parties in good faith 627.

A breach of commercial secrecy will not be relied on as against a person who has obtained trade secrets or know-how from third parties in good faith in the course of trade 628.

Trade secrets are not considered as IPRs, unless they consist of an (non-patented) invention or secret intellectual work.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The provisions for the protection of trade secrets can be found in various legislative acts covering a wide range of fields of law. Besides the Hungarian Civil Code, the most significant provisions are included in

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625 Article 2:47(1) of the Hungarian Civil Code.
626 Article 2:47(2) of the Hungarian Civil Code.
627 Article 2:47(2) of the Hungarian Civil Code.
628 Article 2:47(3) of the Hungarian Civil Code.
the Hungarian Competition Act,629 the Hungarian Criminal Code,630 the Hungarian Labour Code,631 the Information Act,632 and the Public Procurement Act.633

a) Hungarian Civil Code
The Hungarian Civil Code is the main source for trade secrets protection. Under the Hungarian Civil Code, trade secrets are considered as special personal rights, the violation of which may be punished by imposing specific sanctions to the wrongdoer.

It also includes provisions regulating trade secrets in terms of rights to privacy and the duties of managing directors of legal persons.

b) Hungarian Competition Act
According to the Competition Act,634 it is prohibited to gain access to or use business secrets in an unfair manner and to disclose such secrets to others or to publish them without authorisation. Gaining access to business secrets in an unfair manner includes situations where access to such business secrets has been obtained without the consent of the entitled person through a party in a confidential relationship or business relationship with such person at the time of or before gaining access to the secrets. As to the definition of ‘trade secret’, reference is made to the one provided by the Hungarian Civil Code.635

The Hungarian Competition Act also contains general competition rules applicable to trade secrets cases. In particular, reference is made to restrictive agreements, concerted practices and abuse of dominant position that may apply also to situations relating to the exchange of competitively sensitive information (e.g. trade secrets) between competitors.

In addition, Articles 101 and 102 of the TFEU may also be applicable in all cases where the misuse of trade secrets affects fair competition practices.

The Hungarian Competition Authority (HCA) as well as Hungarian courts look at the practice of the European Commission and the European Court of Justice in interpreting Hungarian competition legislation.

c) Hungarian Criminal Code
The Hungarian Criminal Code provides for specific trade secrets related offences and refers to the

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632 Information Act, Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information.
633 Public Procurement Act, Text No 2015 CXLIII.
634 Article 4(1) of the Hungarian Competition Act.
635 Article 4(3) of the Hungarian Competition Act: ‘For the purposes of this Act: a) 'business secret' shall have the meaning defined in Article 81(2) of the Civil Code; b) 'confidential relationship' shall, in particular, mean employment relationship, other work-related contractual relationship and membership; c) 'business relationship' shall comprise the provision of information, negotiations and making proposals prior to making a deal, whether or not a contract is subsequently concluded’.
636 Article 413 of the Hungarian Criminal Code: Breach of Trade Secrecy ‘(1) Any person who has been committed to confidentiality with respect to bank, securities, fund, insurance or occupational retirement secrets, and who makes available any bank, securities, fund, insurance or occupational retirement secret to an unauthorized person for
definition of ‘trade secret’ as provided by the Hungarian Civil Code.

d) Hungarian Labour Code

The Hungarian LC contains some relevant regulations among the general duties of the employees.

In particular, it provides for an obligation towards employees to keep confidential employers’ business secrets and data acquired during the employment. Thus, such general rule provides protection even in lack of an express confidentiality clause.

The official explanatory note of the Hungarian LC explains that there is no temporal limitation to such duty of confidentiality. However, it is also emphasised that only a disclosure or use that is detrimental to the ex-employer is forbidden and the employee may disclose or use the trade secrets lawfully obtained in his or her new employment relationship if this is not detrimental to the ex-employer. Case-law confirmed such interpretation establishing that the former employer cannot prohibit its former employees from using the knowledge lawfully obtained during their previous employment in a new, similar employment, if...
there is no damage arising from such use.

Therefore, the only way to protect trade secrets after termination of the employment relationship is by stipulation of a non-competition agreement with employees.

\textit{e) Information Act}

A limitation to trade secrets protection is established under the Information Act to the extent that the publicity of information due to common interest overrides the holder’s interest in keeping the secrecy of the information.

\textit{f) Public Procurement Act}

As public procurement is a highly sensitive and specific area of business, the Public Procurement Act contains special regulations on the protection of trade secrets in such proceedings.

\textbf{1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS}

Hungarian legislation offers a broad scope of protection, which includes civil and criminal as well as administrative remedies (before the HCA).

The type of information that may fall into the trade secrets definition is broadly identified under the cited provision of the Hungarian Civil Code. However, under Hungarian law, general skills and knowledge acquired during the course of employment are placed on an equal footing, in principle, with confidential information and trade secrets. Whether general skills and knowledge are deemed to be a trade secret depends on a case-by-case evaluation.

According to the national experts of the study, the effectiveness of legal protection accorded to trade secrets is appropriate. However, general issues concerning the Hungarian judicial system impact also on trade secrets’ protection as, for instance, the cost and time of procedures (see paragraph 3 below).

\textbf{2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS}

Hungarian laws provide for the protection of trade secrets from disclosure during civil, criminal as well as administrative proceedings.

\textit{Civil proceedings}

Based on the provisions of the Civil Procedure Code\textsuperscript{639}, unless otherwise prescribed by law, the court will adjudge civil cases in public hearing. However, where such publicity would be detrimental to the secrecy of the information, the proceedings may be treated as confidential upon the court’s initiative or

\textsuperscript{639} Civil Procedure Code, Act III of 1952 on the Civil Procedure Code. A new act on civil procedure is effective from 1 January 2018. However, the relevant regulation is not changed and, thus, for the sake of this study, legal references refer to the old Civil Procedure Code; source: unofficial translation.
upon the claimant’s request.

The court may declare, in a reasoned statement, the entire hearing or part(s) thereof closed, if it is necessary to protect classified information, trade secrets or any other information considered to be confidential by specific other laws 640.

Giving testimony may be refused by persons bound to keep business secrets if their testimony would lead to breach the obligation of confidentiality. Testimony may not be refused based on the above regulation if:

- the affected party granted an exemption to the person(s) bound to keep business secrets from this obligation; or
- if the subject is not treated as a business secret pursuant to specific other legislation concerning access to information of public interest or public information; or
- the subject matter of the action lies in the decision as to whether the data are recognised as information of public interest 641.

The protection of trade secrets is also granted during the litigation procedures by restricting the access to the file of the case. The parties involved in the proceeding might look into the documents containing trade secrets only if a written declaration (including obligations of confidentiality) is signed. Furthermore, they might exercise their right of access to the file of the case only in accordance with the rules established by the acting judge 642.

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640 Section 5(2) of the Civil Procedure Code.
641 Section 170 of the Civil Procedure Code.
642 Section 119 of the Civil Procedure Code: “(1) The parties, the public prosecutor and other persons participating in the action, and their representatives shall have access to the documents of the case - with the exception of draft resolutions and any dissenting opinion - any time during the litigation without special permission, and shall have the right to make copies (extracts) thereof. However, the court records of any hearing that was held in closed session with a view to protecting classified information, and any document that contains classified information may not be copied and no extracts can be made thereof. In these cases the documents may be reviewed in possession of the authorization granted under the Act on the Protection of Classified Information, subject to the conditions established by the presiding judge in accordance with the rules set out therein. (2) The parties, the public prosecutor and other persons participating in the action, and their representatives may exercise the right to access documents for inspection and to make copies, where such documents contain business secrets, privileged information and other secrets described in specific other legislation, other than those mentioned in Subsection (1) - subject to a confidentiality agreement made out in writing -, according to the rules and under the conditions laid down by the judge hearing the case. If, however, the party entitled to grant an exemption from the obligation of confidentiality made a statement in due time under Subsection (3) of Section 192, in which he refused to allow access to the document containing any business secret or privileged information, apart from the court and the clerk keeping the records (transcriber) no other person shall be allowed to have access to that part of the document containing such secrets, and it may not be copied and no extracts can be made thereof. If the goal of the litigation is to decide whether the document in question is to be treated as public information, during the proceedings this document may not be inspected, and it may be inspected and copied after the final decision is adopted in accordance with the judgment; this provision shall not apply to the court, the clerk keeping the records (transcriber) and to the person who submitted the document. (3) Apart from the persons referred to in Subsections (1) and (2) - with the exception of the information provided under the Act on the Legal Status and Remuneration of Judges – information on the proceedings may only be given to persons with legitimate interest as to the conduct and the outcome of the proceedings. The presiding judge of the court seised - subject to verifying legal interest - shall be authorized to access the documents and to make copies and extracts thereof, and/or to release information. Access to the court records mentioned in Subsection (1), and to the documents referred to in Subsection (1) or (2), and the release of information as to their contents, furthermore, the making of copies and extracts of any document containing the secret specified in Subsection (2) may be permitted only to a person indicated in the clearance for inspection granted by the original classifier or the party entitled to grant an exemption from the obligation of confidentiality. […]”
The protection of trade secrets is granted also in relation to documents obtained from another court, authority, notary public or other body by a judge’s order if the party cannot obtain such documents directly. In these cases, if the judge believes that such documents contain trade secrets, the interested party is requested to allow access to the information within eight days. If the party refuses to grant consent within the deadline, the relevant part of the documents will be not admitted as evidence, otherwise the consent will be considered granted\(^643\).

**Criminal proceedings**

Criminal proceedings are also held in public and, thus, it might be difficult to preserve confidentiality of documents containing trade secrets. However, the investigation of the relevant crimes (taking place before the court hearing) by, for example, prosecutors and police officers is not public.

When dealing with classified information, the court may declare, by means of a motivated statement, that the entire proceeding or part of it will be held in camera on its own initiative or at the prosecutor’s or the party’s request\(^644\). In camera hearings allow the public to be excluded from the entire proceedings or part(s) thereof.

Trade secrets are protected against the witness’s obligation to testify before a court\(^645\).

Finally, access to the documents collected during investigations will be restricted to the defendant and

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643 Section 192 of the Civil Procedure Code: ‘1) The court shall take measures, at the party’s request, to obtain any document from another court, authority, notary public or body, if such document cannot be released to the party directly. Obtaining the original document may be forgone if there is no need to inspect the original document and if the party presents during the hearing a certified or non-certified copy of such document [Subsection (1) of Section 191]. (2) Making a document may be refused only if it contains any classified information; as regards an exemption from the obligation of confidentiality. Section 169 shall apply. (3) If the court of litigation is of the opinion that a document disclosed contains any business secret or privileged information, the court shall contact the party entitled to grant an exemption from the obligation of confidentiality (classifier) for allowing access to the information in question. If the classifier fails to respond within eight days of receipt of the request, the authorization shall be considered granted, of which the classifier must be advised in the request. In other respect Section 170 shall apply. If the classifier refuses to grant consent within the prescribed time limit for access to the business secret or the privileged information, the part of document affected shall not be admitted as evidence. (4) Subsection (3) shall not apply if the information contained in the document is not treated as a business secret pursuant to specific other legislation on access to information of public interest or public information, or if the goal of the litigation is to decide whether the document in question is to be treated as public information. (5) Upon receipt of the documents or the classifier’s statement, or the absence of such the court shall inform the parties accordingly’.

644 Article 237(3) of the Code of Criminal Procedure, Act XIX of 1998 on Criminal Proceedings: ‘(3) The court may, ex officio, or at the motion of the prosecutor, the accused, the defence counsel, the victim or the witness, exclude the public from the entirety or a part of the trial in a decision explaining the reasons therefore (in-camera trial): […] d) to protect classified data’; source: http://www.legislationline.org/documents/section/criminal-codes/country/25.

645 Article 81(1-2) of the Code of Criminal Procedure: ‘(1) The following may not be heard as witnesses: […] d) the state witness on facts, data and circumstances subjected to the obligation of secrecy, and has not been relieved there from by the court, the prosecutor or the investigating authority; (2) Those who have not been relieved from the obligation of secrecy may not be heard as witnesses on classified data’. Article 82(1) of the Code of Criminal Procedure: ‘[…] c) The following may not be heard as witnesses: those – excluding the case of secrecy obligation set forth in 81 (2) – who are bound by secrecy owing to their profession or public office, if their testimony would violate such secrecy obligation, unless they have been relieved by a person authorised pursuant to a separate legal regulation, or unless the person authorised pursuant to a separate legal regulation is obliged to transmit the data subject to secrecy obligation under a separate legal regulation at the request of the court, the prosecutor or the investigating authority’.
his or her legal representative(s) with reference to documents treated as confidential.

**Administrative proceedings**

The HCA will ensure the secrecy of business and confidential information during proceedings. Proceedings are held in public but the HCA can rule on closed hearings to guarantee the confidentiality of trade secrets. Trade secrets will not be disclosed to the public or to any unauthorised person while having access to the case file. In this respect, the interested party might file a request to the HCA to restrict the access to documents containing trade secrets. Along with such request, the interested party might be obliged to submit a non-confidential version of the documents to be examined by the other party.

Lastly, the public version of the HCA’s decision will be cleared from any confidential information to preserve the secrecy of the information.

## 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system appears to work reasonably well, although some critical aspects exist.

For instance, difficulties in proving damages, the high costs of procedures and the general low value of the awarded damages seem to deter trade secrets holders from bringing action before courts. In addition, the Hungarian judicial system is considered long and sometimes ineffective.

Consequently, trade secrets holders tend to engage in arbitration proceedings since the process is faster and the judgment has the same level of enforceability as a court’s decision. As proving an infringement seems rather difficult, trade secrets holders tend also to adopt the practical solutions described in paragraph 4 below.

The Directive has not been transposed into Hungarian legislation yet.

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646 Article 193 of the Code of Criminal Procedure: ‘After the conclusion of the investigation, the prosecutor or (unless the prosecutor provides for otherwise) the investigating authority shall hand over to the suspect and the defence counsel the laced documents of the investigation in a room designated for this purpose. The suspect and the defence counsel shall be enabled to inspect all documents – with the exception of those treated confidentially – that may serve as the basis for pressing charges’.

Article 233 of the Code of Criminal Procedure: ‘[…] (3) Documents handled separately from the files of the case and confidentially may not be disclosed to the substitute private accuser’.
4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, owners tend to adopt practical solutions such as NDAs, licence agreements, contract to transfer/use of know-how, non-use agreements and confidentiality clauses. Technical security measures are also adopted.

As in Hungary the damage caused by trade secrets breaches might be difficult or even impossible to precisely determine, it is very common that business secrets holders enter into unilateral or bilateral non-disclosure (or secrecy) agreements with their contractual partner(s). Within such agreements, they specify what constitutes a trade or business secret and the penalties to be applied in the event of a breach of the agreement.

Licence agreements, know-how contracts or other legal methods for the commercial transfer and acquisition of technology are also important means of protecting trade secrets within business relationships. These agreements usually impose conditions on how and under what circumstances the confidential information may be used. In this context, it is important to define the contractual obligations in an explicit and unambiguous manner.

In addition, business-to-business cooperation agreements (e.g. franchising agreements, agency and sale agreements) usually contain confidentiality, non-use and non-disclosure clauses.

The Hungarian LC contains a specific trade secrets related provision in the context of the employment relationship. Employees are specifically prohibited from disclosing any information acquired in performing their work and deemed to be an employer’s trade secret and any data acquired in the course of the employment relationship that, if revealed, would cause damage to the employer is imposed on the employees.

To specify the actual content and extent of employees’ confidentiality duty, confidentiality agreements/clauses tend to be included within employment contracts (especially for senior executives, technical and scientific experts). Such agreements/clauses strengthen the protection of confidential information by binding employees by means of contractual obligations and, as such, facilitating employers in proving and corroborating claims during civil proceedings.

Furthermore, employees tend also to be bound by non-competition clauses included within employment agreements. Such clauses are valid both during and after the termination of the employment, if they do not impose excessive and disproportional obligations towards employees.

Significantly, trade secrets protection cannot cause a de facto restraint of trade. The usage of a former employee’s general skill and knowledge is not prohibited as it is an expression of the freedom to work. In addition, the requirement of confidentiality does not apply to any information declared by specific legislation to be information of public interest or public information. This information, indeed, is rendered subject to a disclosure requirement.

647 Article 8(4) of the Hungarian Labour Code.
648 Article 8(4) of the Hungarian Labour Code.
649 Article 8(4) of the Hungarian Labour Code.
5. REMEDIES

The Hungarian legislative system provides for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

Civil action is regulated by civil and unfair competition provisions.

Civil provisions

The right to commercial secrecy is a right relating to personality so, in the event of a violation, the following sanctions are available:

- a) a court ruling establishing that there has been an infringement of rights;
- b) to have the infringement discontinued and the perpetrator restrained from further infringement;
- c) that the perpetrator makes appropriate restitution and that the perpetrator makes an appropriate public disclosure for restitution at his or her own expense;
- d) the termination of the injurious situation and the restoration of the previous state, and to have the effects of the infringement nullified or deprived of their unlawful nature;
- e) that the perpetrator or his or her successor surrender the financial advantage acquired by the infringement according to the principle of unjust enrichment.

A new sanction, introduced in 2014 by the Civil Code, allows trade secrets holders to claim non-material damages since trade secrets are considered a personal right. To use this remedy, the claimant is not required to prove the non-material damage but only to demonstrate the fact of the infringement.

The Court shall determine the amount of restitution in one sum, taking into account several factors such as the gravity of the infringement, whether it was committed on one or more occasions, the degree of responsibility, the impact of the infringement upon the aggrieved party and his environment.

Where material damages are concerned, any person who suffers any damage from the violation of his personality rights shall have the right to demand compensation from the infringer in accordance with the provisions on liability for damages resulting from unlawful actions.

In this respect, the claimant will prove the following elements required by the law:

- a) the unlawful activity of the other party;
- b) the suffered damage;
- c) the causation between the infringement and the suffered damage.

650 Article 2:51 of the Hungarian Civil Code.
651 Article 2:52 of the Hungarian Civil Code: '(1 Any person whose rights relating to personality had been violated shall be entitled to restitution for any non-material violation suffered. (2) As regards the conditions for the obligation of payment of restitution - such as the definition of the person liable for the restitution payable and the cases of exemptions - the rules on liability for damages shall apply, with the provision that apart from the fact of the infringement no other harm has to be verified for entitlement to restitution. (3) The court shall determine the amount of restitution in one sum, taking into account the gravity of the infringement, whether it was committed on one or more occasions, the degree of responsibility, the impact of the infringement upon the aggrieved party and his environment.'
652 Article 2:52(3) of the Hungarian Civil Code.
653 Article 2:53 of the Hungarian Civil Code.
Alternatively, the trade secrets owner may apply for unjust enrichment if he or she suffered a pecuniary disadvantage as a consequence of the infringement.

**Unfair competition provisions**

Under the Unfair Competition Law\(^\text{655}\), sanctions are imposed if violations of trade secrets occur. Such sanctions are of a similar nature as to those provided for in the Civil Code.

When claiming a trade secrets violation, the party will prove that:

a) the information is considered a trade secret;

b) all necessary precautionary measures to maintain the secrecy of the information (e.g. concluding confidentiality agreements with all personnel in a ‘position of trust’) have been adopted\(^\text{656}\);

c) the secret information has been acquired unlawfully\(^\text{657}\).

Remedies under the Unfair Competition Law\(^\text{658}\) (e.g. preliminary injunctions, seizures, protective measures) may be requested within six months from the knowledge of the violation and within three years from the violation itself.

The claimant may also ask the court to order the infringer to submit any bank, financial or commercial information and documents to substantiate the application for protective measures.

Seizures and *ex parte* relief may be ordered when the aggrieved party demonstrates that there is a risk of loss of evidence or that endangering consequences may occur from a delay. In cases of extreme urgency, such measures may be ordered without hearing the other party. To secure evidence before the trial starts, the interested party may apply for a preliminary collection of evidence.

Damages are evaluated following the rules of the Hungarian Civil Code, including the actual loss and the loss of profits. Moreover, damages may be claimed and ordered in the form of royalties that the aggrieved person should have been paid if the trade secret had been fully licensed.

Finally, the publication of the decision might be imposed.

### 5.2 CRIMINAL ACTION

The Hungarian Criminal Code provides for offences related to the violation of trade secrets\(^\text{659}\).

Article 413 of the Hungarian Criminal Code contains a specific offence that punishes the conduct of those who, bound by a duty of confidentiality, disclose secret information to unauthorised persons causing financial loss to others. Said provision covers a limited type of commercial information: bank, securities, funds and insurance or occupational retirement secrets. Additionally, the infringer will have acted with the intent of gaining financial benefit or advantages. Imprisonment not exceeding two years will be imposed.

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\(^{654}\) Supreme Court Decision No BH 2009.12.556.

\(^{655}\) Article 4 of the Competition Act.


\(^{657}\) Supreme Court Decision No BH2004.151.

\(^{658}\) Article 86 of the Competition Act.

\(^{659}\) Articles 413, 418 and 422 of the Hungarian Criminal Code.
Article 418 of the Hungarian Criminal Code provides for a more generic offence relating to the whole category of ‘business secrets’. This provision covers the multiple conduct of illegally using, disclosing and acquiring a business secret with the aim of gaining financial benefit and causing pecuniary injury to others. Imprisonment not exceeding three years will be imposed.

Article 422 of the Hungarian Criminal Code lists misconduct leading to the unlawful access to trade secrets.

‘Safe harbour’ clauses are indicated under Article 413 of the Hungarian Criminal Code, according to which the infringer will not be punished when:

a) conveying information in discharge of the statutory obligation prescribed in connection with information of public interest or public information; or

b) conveying information subject to the statutory reporting obligation prescribed by law in connection with the prevention and combating of money laundering and terrorist financing, insider dealing, market manipulation and the fight against terrorism, or who initiates such action, even if the report, which was filed in good faith, has proved to be unfounded.

A criminal action may be initiated ex officio by the public prosecutor or upon a complaint filed by the trade secrets holder. During the procedure, the prosecutor and the police can perform investigations, which can be proposed by the aggrieved party or performed at the prosecutor’s and police’s initiative.

The aggrieved person may choose to file a claim for damages in the course of a criminal proceeding, which will be examined by the criminal court itself, or to file such claim in a separate civil proceeding.

Claiming damages in the course of a criminal proceeding, pending simultaneously a civil one, is not cause for the civil proceeding to be dismissed or suspended. Both civil and criminal courts may influence each other as to the decision on the awarded damages. Failure to establish a trade secrets violation in the criminal proceeding may not prevent the civil court to order a compensation for damages on a civil basis. Indeed, the establishment of a violation of trade secrets under civil law follows different rules than criminal proceedings.

Under Hungarian law, in general only individuals are criminally liable and criminal liability does not arise in the event of the sole risk of disclosure or dissemination of trade secrets.

Companies might be criminally liable only under certain circumstances, that is, the infringement has been committed intentionally by the legal person’s chief executive(s), representative(s), employee(s), procurist of a member of the supervisory board or a person authorised by them, with the purpose of obtaining a material benefit for the legal person or if the violation caused such benefit.

Penalties enforceable against legal persons are as follows:

- termination of the activity;
- restriction in the scope of the legal person’s activity and the application of a fine.

### 5.3 ADMINISTRATIVE ACTION

When trade secrets violations occur in connection with unfair competition practices, proceedings may be initiated before the HCA.

Civil courts dealing with unfair competition cases will notify the HCA. If the HCA informs the relevant court that an investigation has already been started, the civil court will suspend the proceedings until a
final and binding decision by the HCA is reached. HCA decisions are binding the civil court to the extent that the existence of an infringement has been established.

The HCA initiates investigations *ex officio*. The HCA may become aware of the infringement following a party’s complaint or in other ways (from other national or European authorities or by its own investigations).

During investigations, the HCA can access/search all premises of the undertaking(s), copy and seize documents and hard disks held by the undertaking(s), obtain and review business secrets, bank secrets and personal data, search private premises, request oral clarifications, request information and documents to the alleged infringer(s) and/or any third party.

The HCA may order:

a) interim measures;

b) the termination of the infringement;

c) remedies to be imposed;

d) administrative fines;

e) precautionary measures;

f) accept undertakings submitted by the parties.

HCA decisions may be appealed before the Metropolitan Court. The Metropolitan Court’s decision may be further appealed to the Metropolitan Court of Appeal in Budapest. The decision of the Metropolitan Court of Appeal is final and enforceable. Extraordinary judicial review is conducted against the Metropolitan Court of Appeal’s decision by the *Curia* (former Supreme Court of Hungary) in the only case of error in law.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

In Hungary court decisions are public. Decisions are published after anonymisation regarding the names of the parties and other relevant information for the identification of the case, which are erased from the published version.⁶⁶⁰

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⁶⁶⁰ Section 119(7)(8) of the Procedural Civil Code: ‘[…] As regards the judgment of a case, and any ruling adopted in the redress procedure ordering the court of original jurisdiction to reopen the case and to adopt a new resolution, copies which have been rendered anonymous may be provided to any person requesting it, after three months following the final conclusion of the proceedings for a fee of three hundred forints per page payable to the court, but not more than five thousand forints per resolution. Where any reference is made to a natural person in the decision, it shall be consistent with his role in the proceedings, however, if this is not suitable to prevent the identification of the natural person in question, the identification data shall be erased in a manner so as not to prejudice the relevant facts of the case. (8) In the copies referred to in Subsection (7), it is not necessary to erase the following: a) the name and title of any person, unless otherwise provided for by the relevant legislation, performing any State or municipal government function, or performing other public duties, if this person is involved in the proceedings in connection with discharging his public function; b) the name of any legal counsel acting as an authorized representative; c) the name of the representative of any association or foundation; d) information of public interest. […]’.
The trade secrets holder may notify the Court of the existence of a trade secret to request protection from disclosure. The judge, on the basis of the evidence provided on the need to preserve confidentiality, will decide whether to grant such protection also with regard to the anonymisation of the decision.

Moreover, it is not possible to obtain copies of a decision that contains secrets and of a decision relating to proceedings held in closed hearings by order of the court. The public version of the HCA’s decision will be cleared from any confidential information to preserve the secrecy of the information.

### 6.2 COMPETENT COURTS

There are no specialised courts dealing with trade secrets violations. Civil courts are competent to apply civil or unfair competition rules, depending on the circumstances of the violation. Criminal courts might also be competent. Administrative proceedings are handled by the HCA. The HCA’s decisions can be brought in front of the Metropolitan Court of Budapest and the decisions of the Metropolitan Court of Budapest are, in turn, appealed before the Metropolitan Court of Appeal in Budapest.

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661 Section 119(9) of the Procedural Civil Code: ‘[...] (9) Copies may not be granted under Subsection (7) of any resolution that contains the secrets referred to in Subsections (1) and (2), and of any resolution adopted in an action specified in Chapters XV-XVIII, or in an action, or any part thereof, that was held in closed session with the public excluded by order of the court.’
The Baseline of Trade Secrets Litigation in the EU Member States

MALTA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
There is no formal definition of ‘trade secret’ under Maltese law. Although references to trade secrets are included in Maltese legislation, such quotations are purely conceptual and trade secrets per se are not regulated.

However, it is possible to refer to the concept of fiduciary obligations regulated by the Maltese Civil Code, which states that fiduciary obligations arise, inter alia, ‘whenever a person receives information from another person subject to a duty of confidentiality and such person is aware or ought, in the circumstances, reasonably to have been aware, that the use of such information is intended to be restricted’.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION
There is no specific source of law for trade secrets protection. However, the most significant provisions which can be used to protect trade secrets are set forth in the Maltese Civil Code, in the Maltese Criminal Code and in the Maltese Competition Act.

a) Maltese Civil Code
The provisions of the Maltese Civil Code on fiduciary obligations may apply in certain circumstances to protect trade secrets.

In particular, fiduciary obligations may arise by virtue of law, contract, quasi-contract, trusts, assumption of office or behaviour, when a person receives information from another person subject to a duty of confidentiality and he or she is aware, or should have been aware, that the use of such information was meant to be restricted. A fiduciary is obliged by law to carry out his or her obligations with utmost good faith and to act honestly.

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662 Maltese Civil Code, Chapter 30 of the Laws of Malta; source: [link]
663 Article 1124A of the Maltese Civil Code.
664 Maltese Criminal Code, Chapter 9 of the Laws of Malta; source: [link]
665 Maltese Competition Act, Chapter 379 of the Laws of Malta; source: [link]
666 Article 1124A of the Maltese Civil Code: ‘(1) Fiduciary obligations arise in virtue of law, contract, quasi-contract, trusts, assumption of office or behaviour whenever person (the “fiduciary”): […] (c) receives information from another person subject to a duty of confidentiality and such person is aware or ought, in the circumstances, reasonably to have been aware, that the use of such information is intended to be restricted. (2) A person who is delegated any function by a fiduciary and is aware, or should, from the circumstances, be aware, of the fiduciary obligations shall also be treated to be subject to fiduciary obligations. (3) Fiduciary obligations arise from behavior when a person - (a) without being entitled, appropriates or makes use of property or information belonging to another, whether for his benefit or otherwise; or (b) being a third party, acts, being aware, or where he reasonably ought to be aware from the circumstances, of the breach of fiduciary obligations by a fiduciary, and receives or otherwise acquires property or makes other gains from or through the acts of the fiduciary […]’. 
According to the same provision, a fiduciary obligation also arises when someone without authorisation uses another person’s information to gain a benefit for him/herself or for someone else\textsuperscript{667}.

In addition, the general principles of contract law (when confidentiality clauses apply) might be applicable in cases of breach of contract including a trade secrets violation.

b) Maltese Criminal Code

Although the Maltese Criminal Code does not directly deal with trade secrets, it regulates certain general offences which can be applied to trade secrets.

In particular, the general offence related to the disclosure of professional secrets\textsuperscript{668} punishes any person who discloses a secret of another, obtained by reason of its profession or office. In this case, the infringer may be punished with a fine not exceeding EUR 46 587.47 and/or imprisonment of up to two years.

However, the applicability of said provision to trade secrets is not generally recognised due to the strict interpretation of the definition of ‘professional secret’.

Another general provision that could potentially apply to trade secrets concerns the disclosure of secrets by public officers or servants\textsuperscript{669}. According to the Maltese Criminal Code, public officers and servants may be liable to imprisonment of up to one year or to a fine in the event of communication or publication of any document or fact of which they acquired knowledge by reason of his or her office and which was deemed to be held secret.

Moreover, the general offences of ‘misappropriation’\textsuperscript{670} and ‘fraudulent gains’\textsuperscript{671} may apply if the infringer’s behaviour includes unlawful disclosure or use of trade secrets.

\textsuperscript{667} Article 1124A(3)(a) of the Maltese Civil Code.

\textsuperscript{668} Article 257 of the Maltese Criminal Code: ‘If any person, who by reason of his calling, profession or office, becomes the depository of any secret confided in him, shall, except when compelled by law to give information to a public authority, disclose such secret, he shall on conviction be liable to a fine (multa) not exceeding forty-six thousand and five hundred and eighty-seven euro and forty-seven cents (46 587.47) or to imprisonment for a term not exceeding two years or to both such fine and imprisonment. Provided that, notwithstanding the provisions of any other law, it shall be a defence to show that the disclosure was made to a competent public authority in Malta or outside Malta investigating any act or omission committed in Malta and which constitutes, or if committed outside Malta would in corresponding circumstances constitute (a) any of the offences referred to in article 22(2)(a)(1) of the Dangerous Drugs Ordinance; or (b) any of the offences referred to in article 120A(2)(a)(1) of the Medical and Kindred Professions Ordinance; or (c) any offence of money laundering within the meaning of the Prevention of Money Laundering Act. Provided further that the provisions of the first provision of this article shall not apply to a person who is a member of the legal or the medical profession’.

\textsuperscript{669} Article 133 of the Maltese Criminal Code: ‘Any public officer or servant who communicates or publishes any document or fact, entrusted or known to him by reason of his office, and which is to be kept secret, or who in any manner facilitates the knowledge thereof, shall, where the act does not constitute a more serious offence, be liable, on conviction, to imprisonment for a term not exceeding one year or to a fine (multa)’.

\textsuperscript{670} Article 293 of the Maltese Criminal Code: ‘Whosoever misapplies, converting to his own benefit or to the benefit of any other person, anything which has been entrusted or delivered to him under a title which implies an obligation to return such thing or to make use thereof for a specific purpose, shall be liable, on conviction, to imprisonment for a term from three to eighteen months. Provided that no criminal proceedings shall be instituted for such offence, except on the complaint of the injured party’.

\textsuperscript{671} Article 309 of the Maltese Criminal Code: ‘Whosoever shall make, to the prejudice of any other person, any other fraudulent gain not specified in the preceding articles of this sub-title, shall, on conviction, be liable to imprisonment for a term from two months to two years or to a fine (multa)’.
c) Maltese Competition Act

Although the Maltese Competition Act does not deal with trade secrets directly, it also contains general provisions which can potentially be applied to trade secrets.

In particular, if the disclosure or unauthorised use of trade secrets causes a practice prohibited under the Maltese Competition Act (i.e. abuse of dominant position \(^{672}\), or agreement with the effect of distorting, preventing or restricting competition \(^{673}\)) or is included in a similar practice, it is possible to apply the provisions and remedies thereof (see paragraph 5.3 below).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of trade secrets protection derives mainly from the civil provisions on fiduciary obligations (where information is disclosed in confidence) and contract law (where confidentiality clauses apply).

According to the general principles mentioned in the previous paragraph 1.2 (which do not deal with trade secrets directly), it is possible to initiate both civil and criminal proceedings as well as administrative proceedings (e.g. by the Maltese Competition Authority — MCA, aiming to protect free competition).

Based on responses of the national experts of the study, the lack of legal recognition and specific protection of trade secrets seems to reduce considerably the effectiveness of the general provisions enforced for the protection of such rights.

Furthermore, the provisions on fiduciary obligations, being very general and loose in context, do not appear to be a satisfactory tool to regulate the more complex issues usually associated with trade secrets legislation.

Likewise, the general criminal provisions related to ‘professional secrets’ are perceived as unable to protect trade secrets effectively due to the controversial interpretation of the definition of ‘professional secret’.

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\(^{672}\) Article 9 of the Maltese Competition Act: ‘(1) Any abuse by one or more undertakings of a dominant position within Malta or any part of Malta is prohibited. (2) Without prejudice to the generality of the provisions of subarticle (1), one or more undertakings shall be deemed to abuse of a dominant position, where it or they - (a) directly or indirectly impose an excessive or unfair purchase or selling price or other unfair trading conditions; (b) limit production, markets or technical development to the prejudice of consumers; (c) apply dissimilar conditions, including price discrimination to equivalent transactions with different trading parties, thereby placing any or some of the trading parties at a competitive disadvantage; (d) make the conclusion of contracts subject to the acceptance by the other party of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts’.

\(^{673}\) Article 5 of the Maltese Competition Act: ‘(1) Subject to the provisions of this Act, the following is prohibited, that is to say any agreement between undertakings, any decision by an association of undertakings and any concerted practice between undertakings having the object or effect of preventing, restricting or distorting competition within Malta or any part of Malta and in particular, but without prejudice to the generality of this subarticle, any agreement, decision or practice which: (a) directly or indirectly fixes the purchase or selling price or other trading conditions; or (b) limits or controls production, markets, technical development or investment; or (c) shares markets or sources of supply; or (d) imposes the application of dissimilar conditions to equivalent transactions with other parties outside such agreement, thereby placing them at a competitive disadvantage; or (e) makes the conclusion of contracts subject to the acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.[…]’.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets apply to civil, criminal and administrative proceedings.

**Civil proceedings**

Civil proceedings in Malta are generally held in public and consequently all related records and documents are public, including evidence presented to the court. Furthermore, under Maltese law there is no specific provision protecting trade secrets from public disclosure.

According to the ordinary norms of civil procedure, a party may request that the court place under lock and seal any documents or evidence the disclosure of which would otherwise cause damage to the commercial interests of said party, due to their confidential or sensitive nature. The courts have absolute discretion when determining on such a request and, when upheld, the confidential or sensitive information is made available only to the parties and to the court.

Notwithstanding the above, it should be mentioned that if a breach of confidence has occurred in combination with an agreement containing an arbitration clause, the issue may be determined by arbitration, in which case proceedings may be held in closed session.

**Criminal proceedings**

The principle of publicity is also the general rule for criminal proceedings. There are no special rules on the protection of trade secrets. However, there may be cases where the general public and the press, but not the parties or their advocates, might be excluded from the hearings.

In particular, according to the Criminal Code, it is lawful for the court to order the proceedings to be conducted behind closed doors, if it appears that the aims of justice would be prejudiced if the inquiry was conducted in an open court. In such cases, the officials attached to the court and taking part in the relevant inquiry are bound not to disclose the content of the proceedings. Failure to comply with such obligation of confidentiality, officials are liable to the disclosure of professional secrets as provided for in Article 257 of the Criminal Code.

**Administrative proceedings**

Trade secrets may be deemed privileged information during proceedings for alleged breaches of competition law.

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675 In Malta arbitration is mandatory by law for certain types of small disputes. The Malta’s Arbitration Act has given to the Malta Arbitration Centre several powers commonly exercised by national courts, including the power of the Registrar of the Centre to issue orders, to require witnesses to produce evidence or documents in course of the arbitration proceeding. This has unquestionably given arbitration a prominence within Malta and the Malta Arbitration Centre reports an average caseload of approximately 400 cases per year. The large majority of those cases involve a claim for EUR 25 000 or less.
676 Article 409 of the Maltese Criminal Code.
According to the Maltese Competition Act, ‘where undertakings and associations of undertakings submit information which contains business secrets or other confidential information’ the procedural provision regarding protection of confidential information provided by the Malta Competition and Consumer Affairs Act will apply.

In particular, the Malta Competition and Consumer Affairs Authority Act states that any person or company or any other entity which submits information to the Director General of the Authority will indicate which information has to be considered confidential and provide a separate non-confidential version thereof.

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678 Article 12(4) of the Maltese Competition Act.
679 Article 29 of the Malta Competition and Consumer Affairs Authority Act: ‘(1) Any person, undertaking or association of undertakings or any other body which submits information or comments in one of the situations listed hereunder or subsequently submits further information to the Director General in the course of an investigation, shall clearly identify any material which it considers to be confidential, giving reasons therefor, and provide a separate non-confidential version, where applicable by the date set by the Director General for making its submissions known: - a complainant lodging a complaint under the Competition Act or under the Consumer Affairs Act; - a person, undertaking or association of undertakings or any other body complying with a request for the provision of information under the provisions of this Act, the Competition Act, the Consumer Affairs Act and any other Act, or regulations made thereunder; - an addressee of the statement of objections made under article 12A(1) of the Competition Act making known his views on the objection; - a complainant making known his views on the statement of objections under article 12A(2) of the Competition Act; - the addressee of an invitation by the Director General to submit his views under article 12A(3)(b) of the Competition Act; - a complainant making known his views on the letter of the Director General (Competition) informing him of the Office’s intention to reject the complaint made under article 14(2) of the Competition Act; - the addressee of an invitation by the Director General to engage in settlement discussions under article 12B of the Competition Act. (2) Without prejudice to subarticle (1), the Directors General may require persons, undertakings and an association of undertakings or any other body that submit documents or statements pursuant to this Act, the Competition Act, the Consumer Affairs Act and any other Act, or regulations made thereunder to identify the documents or parts of documents which they consider to contain business secrets or other confidential information belonging to them and to identify the undertakings with regard to which such documents are to be considered confidential. (3) In the case of a statement of objections sent by the Director General (Competition) under the Competition Act, in the case of a case summary drawn up pursuant to article 12C(2)(a) and article 12D(2) of the Competition Act and in the case of a decision or an order adopted by the Directors General under the Competition Act or the Consumer Affairs Act or any other Act, or regulations made thereunder, persons, undertakings or association of undertakings may be required to identify any part of a statement of objections, a case summary, a decision or order which in their view contains business secrets or other confidential information. (4) The Directors General may set a time limit within which persons, undertakings or association of undertakings or any other body are to: (a) substantiate their claim for confidentiality with regard to each individual document or part of such document, statement or part of such statement; (b) provide the Director General with a non-confidential version of the documents or statements, in which the confidential passages are deleted; and (c) provide a concise description of each part of the deleted information. (5) In the event that persons, undertakings or an association of undertakings or any other body fail to comply with subarticles (1) to (3), the Director General may deem that the documents or statements concerned do not contain confidential information and may consequently assume that the persons, undertakings or association of undertakings or other body have no objections to the disclosure of the documents or statements concerned in their entirety. (6) Where persons, undertakings or an association of undertakings or any other body meet the conditions set out in subarticles (1) to (3), the Director General shall: (a) either provisionally accept the claims which appear justified; or (b) inform the person or undertaking or association of undertakings or any other body that he does not agree with the confidentiality claim in whole or in part, where it is apparent that the claim is unjustified. (7) The Director General may reverse his provisional acceptance of the confidentiality claim in whole or in part at a later stage. (8) Where the Director General does not agree with the confidentiality claim from the outset or where he takes the view that the provisional acceptance of the confidentiality claim should be reversed, and thus intends to disclose information, the Director General will inform the person or undertaking or association of undertakings or any other body in writing of his intention to disclose information, give his reasons and set a time limit within which such person or undertaking or association of undertakings or any other body may inform him in writing of its views. If, following submission of those
Furthermore, the parties notified with a statement of objections, after the notification thereof, have the right to access the file on their case, without prejudice to the non-disclosure of information or documents identified by the Director-General as containing business secrets or other confidential information.  

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to national experts of the study, the existing legal system appears to deter trade secrets holders from bringing an action before the court due to the lack of legal recognition and protection of trade secrets. Indeed, the secrets holder would be facing an uphill struggle to obtain recognition for his or her rights and for the enforcement thereof.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Given the state of domestic law, trade secrets owners usually conclude special NDAs or include specific terms of confidentiality in employment/business cooperation agreements. Other measures include clauses regulating reproduction in employment or service contracts (with special regard to digital reproduction, via removable storage media, for instance).

Where employment relationships are concerned, it is customary to include a confidentiality clause within employment contracts to protect all the confidential information (including trade secrets) of the employer. This is not required or stipulated by the law, but it is common industrial practice.

Moreover, an employee can be considered as being a fiduciary under the provisions of the Maltese Civil Code. As mentioned above in paragraph 1.2, a person can be considered as being a fiduciary when he or she receives information from another person subject to a duty of confidentiality and such person ought, in the circumstances, reasonably to have been aware, that the use of such information is intended to be restricted. A fiduciary is obliged by law to carry out its obligations with utmost good faith and act honestly, in addition to the more specific obligations listed in Article 1124A(4) of the Maltese Civil Code.

views, a disagreement on the confidentiality claim persists, the Director General shall take a decision thereon. (9) In those cases where the person or undertaking or association of undertakings or any other body does not agree with the decision of the Director General in subarticle (8) the person or undertaking or association of undertakings or any other body may appeal to the Appeals Tribunal within ten days from when the decision of the Director General is notified and the decision of the Appeals Tribunal shall be final. (10) Complainants or undertakings or an association of undertakings or any other body or any person collaborating in an investigation carried out by the Offices shall, should they wish to remain anonymous, make a request to that effect to the Director General. The Director General shall accede to such request for anonymity if he considers the request to be justified. The Director General shall protect anonymity by providing access to a non-confidential version or summary of the documents submitted. Subarticles (6) and (7) shall apply to requests for anonymity. Where the Director General does not consider the request for anonymity to be justified, subarticles (8) and (9) shall apply.  

680 Article 12A(5) of the Maltese Competition Act.
5. REMEDIES

In Malta, civil, criminal and administrative remedies are available.

5.1 CIVIL ACTION

Liability for the disclosure of trade secrets that constitute a breach of confidentiality obligations is limited to tort and/or contract liability (i.e. action for damages).

According to Maltese law, only actual and direct damages may be obtained from the liable party. As a rule, damages must be real and quantifiable. As regards quantification, the calculation methods of damages by Maltese civil courts are the standard methods applicable to tort claims. Indeed, the court is entitled to apply equitable damages in accordance with the concept of ‘arbitrio boni viri’ \(^{681}\). However, even when the court applies this method of calculation, it will justify the awarded sum in the context of real damage caused to the claimant.

As a general rule, moral and punitive damages are not recognised by Maltese courts.

Furthermore, the claimant can request the court for a provisional injunction and/or for interim measures.

Such measures can be requested only after a cease-and-desist letter has been sent to the opposite party. Preliminary measures are known as ‘warrant of prohibitory injunctions’ and consist of temporary measures, which have to be followed by ordinary proceedings, unless the parties have reached an agreement within 10 days from the filing of the preliminary measure \(^{682}\).

Ex parte search orders are not available within civil actions.

The above remedies are cumulative.

5.2 CRIMINAL ACTION

The Maltese Criminal Code regulates general offences, which can be applied to trade secrets.

In particular, in the event of violation of ‘professional secrets’ \(^{683}\) the infringer is punished with a fine not exceeding EUR 46 587.47 and/or with imprisonment up to two years. However, as already mentioned, the applicability of said provisions to trade secrets is not generally recognised due to the strict interpretation of the definition of ‘professional secret’.

In the event of offences committed by public officers or servants \(^{684}\), these actors could be liable to imprisonment of up to one year or to a fine.

\(^{681}\) Such concept makes reference to the cautious appreciation of the person who shall decide upon a matter. In other words, the power of the judge shall be exercised in a reasonable manner.

\(^{682}\) See the European Commission’s Study on Trade Secrets and Confidential Business Information in the Internal Market Final Study April 2013. Ref. Ares (2016)165284 — 12 January 2016, Appendix 1, pages 83-84.

\(^{683}\) Articles 257 and 642 of the Maltese Criminal Code.

\(^{684}\) Article 133 of the Maltese Criminal Code.
In addition to the above, the general offences of ‘misappropriation’\(^{685}\) and ‘fraudulent gains’\(^{686}\) can be applied if the infringer’s conduct includes an unauthorised disclosure or use of trade secrets. In the event of ‘misappropriation’ the infringer may be punished with imprisonment between three and 18 months. As regards the crime of ‘fraudulent gains’, the infringer can be liable to a fine or to imprisonment between two months and two years.\(^{687}\)

These offences are, in principle, prosecuted upon the filing of a complaint by the injured person. However, if the crime of misappropriation is carried out by a person who is entrusted for reasons of ‘profession, trade or business’ the crime can be prosecuted ex officio and the punishment may be imprisonment between seven months and two years.\(^ {687}\).

As regards the availability of search and seizure measures, the police officers that are entrusted with an investigation can enter and search premises and seize relevant documents or data.

Maltese law does not provide for criminal liability of legal entities. Therefore, only natural persons (such as CEOs of a company) can be held liable for criminal offences.

### 5.3 ADMINISTRATIVE ACTION

An administrative proceeding before the MCA can be initiated ex officio by the MCA or following a complaint.

The MCA, by decision of the Director General, can impose administrative fines ‘of up to ten per centum of the total turnover of the undertaking or association of undertakings concerned in the preceding business year’\(^{688}\).

\(^{685}\) Article 293 of the Maltese Criminal Code.

\(^{686}\) Article 309 of the Maltese Criminal Code.

\(^{687}\) Article 294 of the Maltese Criminal Code: ‘Nevertheless where the offence referred to in the last preceding article is committed on things entrusted or delivered to the offender by reason of his profession, trade, business, management, office or service or in consequence of a necessary deposit, criminal proceedings shall be instituted ex officio and the punishment shall be of imprisonment for a term from seven months to two years’.

\(^{688}\) Article 21 of the Maltese Competition Act: ‘(1) Any undertaking or association of undertakings which commits an infringement in terms of articles 12A(6), 12C(3), 17 or 18 may, by decision of the Director General, be held liable to pay an administrative fine of up to ten per centum of the total turnover of the undertaking or association of undertakings concerned in the preceding business year: Provided that where the infringement of an association relates to the activities of its members, the fine shall not exceed ten per centum of the sum of the total turnover of each member active on the market affected by the infringement of the association. (2) (a) Where an administrative fine is imposed upon an association of undertakings, taking account of the annual turnover of its members, and the association is not solvent, the association shall be obliged to call for contributions from its members to cover the amount of the administrative fine due. (b) Where the contributions referred to in paragraph (a) have not been made to the association within a time limit fixed by the Director General, the Director General may require payment of the administrative fine directly by any of the undertakings whose representatives were members of the decision-making bodies of the association. (c) Where the application of paragraph (b) is not sufficient to ensure the full payment of the fine, the Director General may require payment of the balance by any of the members of the association which were active on the market on which the infringement occurred. (d) The Director General shall not require payment under paragraphs (b) and (c) from undertakings which show that they have not implemented the unlawful decision of the association and they were not aware of its existence or had actively distanced themselves from it before the Director General started investigating the case. (e) The financial liability of each undertaking in respect to the payment of the fine shall not exceed ten per centum of its total turnover in the preceding business year. (3) In fixing the amount of the fine, the Director General shall have regard to the gravity and duration of the infringement and to any aggravating or attenuating circumstances: Provided that the Director General may from time to time issue guidelines detailing the manner in which such fines are set. (4) (a) Any undertaking or association of undertakings which fails to comply with a cease-and desist order or a compliance order pursuant to article 13, or fails to comply...
The officials of the MCA have the powers to carry out investigations and to search premises and computers. The Director General during the investigations may also seize relevant documents and data or takes copies thereof.\textsuperscript{689}

\section*{6. ADDITIONAL INFORMATION}

\subsection*{6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION}

The court’s decisions have the effect of an executive title, compelling the person against whom the judgment is issued to put the court order into effect (in this case by paying the appointed damages for breach of confidence).

Judgments may be enforced by a court issued executive act including, by way of example, a warrant for the seizure of movable/immovable property, a judicial auction of seized property, or an executive garnishee order.

\subsection*{6.2 COMPETENT COURTS}

Cases concerning trade secrets matters are brought before civil and criminal courts. Indeed, in Malta there are no specialised judges with regard to specific matters.

On an administrative level, contestations on competition matters involving trade secrets are resolved by the MCA.

with an interim measure pursuant to article 15, or fails to comply with a commitment made binding pursuant to article 12C, or which fails to supply complete and correct information pursuant to a request for information under articles 11A and 12 or fails to submit to an inspection under article 12 may, at the discretion of the Director General, be liable to a daily penalty payment not exceeding five per centum of the average daily turnover of the undertaking or association of undertakings concerned in the preceding business year for each day during which the undertaking fails to comply with its obligations. (b) The daily penalty payment referred to in paragraph (a) shall be calculated from the day determined in the decision of the Director General. (c) Where the undertaking or association of undertakings concerned complies with the obligations mentioned in paragraph (a), the Director General may fix the definitive amount of the daily penalty payment at a figure lower than that which would have arisen in terms of the original decision of the Director General. (d) In the application of this subarticle to an association of undertakings, subarticle (2) shall apply mutatis mutandis. (5) Any person who in the course of any investigation or inquiry conducted under this Act, or in the course of any proceedings before the Appeals Tribunal knowingly or recklessly - (a) gives any false, inaccurate or misleading information; or (b) supplies incomplete information; or (c) prevents or hinders any investigation; or (d) produces or furnishes, or causes or knowingly allows to be produced or furnished, any document or information which he knows to be false in any particular material, shall be liable to the payment of an administrative fine of not less than one thousand euro (€ 1 000) and not more than ten thousand euro (€ 10 000), as imposed by the Director General. (6) Where a person, being a director, manager, secretary or other similar officer of an undertaking or association of undertakings fails, without reasonable cause, to supply information requested within the time given, such person shall be liable to the payment of an administrative fine of up to two thousand and four hundred euro (€ 2 400) for each day in default'.

\textsuperscript{689} Article 12(7) of the Maltese Competition Act.
The Baseline of Trade Secrets Litigation in the EU Member States

NETHERLANDS
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

There is no formal and unique definition of ‘trade secret’ under Dutch law. Despite this, different areas of legislation, that is, the Dutch Civil Code (in particular its labour provisions) and the Dutch Penal Code (DPC), mention the term ‘secret’ or ‘confidential’ referred to information, covering specific areas of law.

According to labour provisions, secrets can refer to ‘characteristics regarding the household or enterprise of the employer’. According to the DPC, a criminal offence is defined as the disclosure of ‘specific information related to a commercial, industrial or service enterprise in which he is or has been employed, which he was obliged to keep secret’.

In general, the TRIPS applies, that is, the Dutch courts are able to grant protection per the TRIPS under the Civil Code. In detail, the TRIPS protects the illicit disclosure of information which is secret (not public or accessible to persons who normally deal with it), commercially valuable and subject to measures to keep it secret.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In the Netherlands, there is no specific law protection on confidential business information. However, several legislative acts apply, including the following: the Dutch Civil Code, the Dutch Penal Code (DPC)

[Further details and sources included as footnotes]
and the Dutch Competition Act (Mededingingswet — DCA)\(^{695}\). Moreover, in some rulings, Dutch courts make explicit reference to the TRIPS.

\(a\) Dutch Civil Code

In the Netherlands, trade secrets are protected through the general rules of tort law\(^{696}\). Such interpretation, previously not covered by Dutch law, emerged after a landmark Supreme Court decision (Lindebaum v Cohen)\(^{697}\) stating to include unfair trading practices and trade secrets in the general rules of tort law.

Moreover, following from Dutch case-law, the general rules of tort law need to be interpreted in conformity with Article 39 of the TRIPS.

In detail, according to the Dutch Civil Code, five main elements need to be fulfilled to establish negligence within the rules of tort law:

- **unlawfulness**: an act or omission is unlawful if it is in breach of a specific right, statutory duty or unwritten but socially accepted norms;
- **culpability**: the act must be attributable to the defendant;
- **loss**;
- **causation**: there must be a causal link between the unlawful act and the suffered loss;
- **relativity**: there must be a relative link between the harm and the right or obligation which has been breached.

The Dutch Civil Code includes also labour law provisions. In particular, it regulates the disclosure of confidential information within employment agreements, stating that the disclosure of secret information can be considered as an urgent reason for the immediate termination of an employment agreement\(^{698}\). The Code also provides for a general duty of fairness for employees\(^{699}\).

\(b\) Dutch Penal Code (DPC)

Criminal protection is provided by the DPC, regulating the intentional disclosure of confidential information by people appointed in certain offices or with certain duties (e.g. attorneys, government inspectors)\(^{700}\) and by employees\(^{701}\).

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\(^{696}\) Book 6, Article 162 of the Dutch Civil Code: ‘1. A person who commits a tortious act (unlawful act) against another person that can be attributed to him, must repair the damage that this other person has suffered as a result thereof. 2. As a tortious act is regarded a violation of someone else’s right (entitlement) and an act or omission in violation of a duty imposed by law or of what according to unwritten law has to be regarded as proper social conduct, always as far as there was no justification for this behaviour. 3. A tortious act can be attributed to the tortfeasor [the person committing the tortious act] if it results from his fault or from a cause for which he is accountable by virtue of law or generally accepted principles (common opinion)’; source: [http://www.dutchcivillaw.com/civilcodebook066.htm](http://www.dutchcivillaw.com/civilcodebook066.htm), Unofficial translation.


\(^{698}\) Book 7, Article 678 of the Dutch Civil Code.

\(^{699}\) Book 7, Article 611 of the Dutch Civil Code: ‘The employer and the employee must behave as befits a reasonable and fair employer and a reasonable and fair employee’.

\(^{700}\) Article 272 of the DPC: ‘1. Any person who intentionally violates any secret which he knows or has reasonable cause to suspect he is obliged to keep by reason of his office, profession or a statutory requirement, or his former office or profession, shall be liable to a term of imprisonment not exceeding one year or a fine of the fourth category. 2. If this serious offence is committed against a particular person, it shall be prosecuted only on complaint of that person’.
As regards employees, the DPC provides for an obligation of non-disclosure referred to:

- secret information related to the company of the employer;
- information acquired by means of a criminal offence from a computer system, if the information was secret and its disclosure may cause damages.

The DPC targets the person disclosing the confidential information or ordering/procuring the commission of the criminal violation, while it does not refer to the use of the secret information by third parties.

c) Dutch Competition Act (DCA)

The DCA does not directly regulate trade secrets but contains general provisions that can be applied to trade secrets matters.

In particular, if the violation, disclosure or unauthorised use of trade secrets causes a practice prohibited by the DCA (illicit agreements/concerted practices and abuse of dominant position), or is included in a similar practice, it is possible to apply the provisions and remedies thereof (see paragraph 5.3 below).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of the available protection in the Dutch legal system includes civil, criminal and administrative remedies.

In general, compensation of damages, fines, imprisonment, surrender or non-use of confidential information orders, freezing of evidence or goods and withdrawal of infringing goods from the market can be imposed.

Civil remedies include measures available for breaches of confidentiality in employment contracts under tort law provisions (i.e. compensation for damages). Moreover, according to the labour law provisions, the revealing of trade secrets by an employee constitutes a ground for dismissal.

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701 Article 273 of the DPC: ‘1. Any person who intentionally 1. discloses specific information related to a commercial, industrial or service enterprise in which he is or has been employed, which he was obliged to keep secret or 2°. discloses or, in pursuit of profit, uses data that has been obtained by means of a criminal offence from a computerised device or system of a commercial, industrial or service enterprise and that is related to such enterprise, if the data, at the time of disclosure or use, was not in the public domain and if any loss or disadvantage may follow from such disclosure or use shall be liable to a term of imprisonment not exceeding six months or a fine. 2. Any person who could have believed in good faith that disclosure was in the public interest shall not be criminally liable. 3. Prosecution shall take place only on complaint of the management board of the enterprise’.

702 Article 6 of the DCA: ‘1. Agreements between undertakings, decisions by associations of undertakings and concerted practices of undertakings, which have the intention to or will result in hindrance, impediment or distortion of competition on the Dutch market or on a part thereof, are prohibited. 2. Agreements and decisions that are prohibited under paragraph (1) are legally null and void. 3. Paragraph (1) shall not apply to agreements, decisions and concerted practices which contribute to the improvement of production or distribution, or to the promotion of technical or economic progress, while allowing consumers a fair share of the resulting benefits, and which do not: a. impose any restrictions on the undertakings concerned, ones that are not indispensable to the attainment of these objectives, or b. afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products and services in question. 4. Any undertaking or association of undertakings invoking paragraph (3) shall provide proof that the conditions of that paragraph are met’.

703 Article 24 of the DCA: ‘1. Undertakings are prohibited from abusing a dominant position. 2. The implementation of a concentration, as described in Article 27, shall not be deemed to be an abuse of a dominant position’.
Criminal sanctions could be available under DPC (i.e. imprisonment for a term up to one year or a fine). However, such procedures are at the discretion of the public prosecutor and hardly occur in the Netherlands.

Significantly, following Dutch case-law, the available measures (criminal, civil and administrative) apply only if the following circumstances are jointly met:

- the know-how is not common knowledge or easily accessible to those who deal with the information at stake;
- it entails commercial value because it is secret;
- the owner of the know-how has taken reasonable measures to safeguard its secrecy.

The effectiveness of the available protection relies on several factors as, for example, the possibility to gather evidence and the extent to which the confidential information had been widespread. Indeed, claimants have difficulties in gathering evidence to support their claims. Moreover, although damages can be awarded by courts in the event of trade secrets violations, such measures do not repair from a broad dissemination of the confidential information (e.g. via the internet). As a consequence thereof, literature shows that there have been only a few trade secrets litigation in Dutch courts.

Finally, Dutch privacy law sets out the right to access and obtain information about processed data. However, according to Dutch case-law, the right of access is limited when trade secrets are concerned. The EU General Data Protection Regulation also recognises that the right of access needs to be balanced against other rights, such as trade secrecy.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets during litigation are provided by the Dutch Code of Civil Procedure (DCCP), the DCA and the Dutch Act on Public Access to Government Information (Wet openbaarheid Bestuur — WOB). Moreover, the implementation of the Directive expected by June 2018 will likely provide an additional ground for protection of trade secrets during proceedings.

The Directive states that any party participating in proceedings will have an obligation of confidentiality and non-use.

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704 Dutch Personal Data Protection Act, Act of 6 July 2000, as amended.
708 Article 9(1) of the Directive: "Each Member State shall ensure that the parties, their lawyers or other representatives, court officials, witnesses, experts and any other person participating in legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret, or who has access to documents which form part of those legal proceedings, are not permitted to use or disclose any trade secret or alleged trade secret which the
Civil proceedings
In the Netherlands hearings and judgments are public.

However, the DCCP provides for measures to prevent the disclosure of confidential information during litigation, namely the opportunity to handle the case behind closed doors, the option for the court to forbid parties to disclose certain information acquired during the procedure and, in some cases, the possibility to blacken parts of the judgment when it is published.

With specific regards to closed hearings, a party can file a request at the court to make hearings not accessible to third parties or to certain people. This applies under specific circumstances as, for instance, public order and good faith, safety of the state, interests of minors and the right to respect private life and the interest of good justice.

Referring to the prohibition to parties of disclosing information, (seized) confidential information can be put in custody of a third party, that is, it is prohibited to release any of such information until the President of the district court rules on how this information may be used. The evaluation of confidential information may be performed by the parties’ lawyers or independent third parties. Furthermore, the court can restrict access to confidential information to a limited set of people.

As regards the publication of decisions, upon a party’s request having a serious interest, a censored copy or abstract of a judgment in the proceedings may be issued. Only an anonymous copy or abstract of the judgment will be provided in cases that have been handled in closed hearings. Furthermore, names of parties may be removed and other documents may not be provided to third parties.

Significantly, public officials entrusted with carrying out investigations and seizures related to confidential information are bound by secrecy under the DCCP.

Criminal proceedings
In the Netherlands no specific procedural rule protecting trade secrets during criminal proceedings exists.

According to the general rules provided by the Dutch Code of Criminal Procedure, in certain situations criminal courts may decide that hearings will be held behind closed doors. This order may be given in the interest of public decency, public order, state security, and if required in the best interests of minors, or in the interest of respect for the personal life of the defendant, other participants in the criminal proceedings or persons otherwise involved in the case. Such order may also be given if the courts consider that a hearing in public would seriously prejudice the interest of the proper administration of justice.

competent judicial authorities have, in response to a duly reasoned application by an interested party, identified as confidential and of which they have become aware as a result of such participation or access. In that regard, Member States may also allow competent judicial authorities to act on their own initiative. The obligation referred to in the first subparagraph shall remain in force after the legal proceedings have ended. However, such obligation shall cease to exist in any of the following circumstances: (a) where the alleged trade secret is found, by a final decision, not to meet the requirements set out in point (1) of Article 2; or (b) where over time, the information in question becomes generally known among or readily accessible to persons within the circles that normally deal with that kind of information.

709 Book 2, Article 27(1) and Article 29 of the DCCP.
710 Book 2, Article 28(1)(4) and Article 838 of the DCCP.
712 Section 22 and Section 269 of the Dutch Code of Criminal Procedure.
The abovementioned provisions apply to trade secrets to the extent that, during a proceeding, a party may ask to the court to hold a closed-door hearing by claiming that the potential disclosure of the trade secret can prejudice his or her interests as provided by the abovementioned provisions.

Administrative proceedings

The protection of trade secrets during administrative litigation held before the Netherlands Authority for Consumers and Markets (Autoriteit Consument & Markt — ACM) is ensured by the DCA and the WOB.

According to the DCA⁷¹³, the ACM’s decisions are published in the Government Gazette, with the exception of information disclosure of which is prohibited under the WOB. In practice, before publishing the ACM’s decisions, parties can file a request for non-disclosure of specific information by indicating those to be kept confidential. The ACM can decide whether the information is compliant with the provisions contained within the WOB and, if the request is rejected, parties can appeal in front of the Court of Rotterdam.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, it seems that several issues are perceived with regard to the protection of trade secrets under Dutch law.

⁷¹³ Article 44(3) of the DCA: ‘[...]. 3. The decision shall be available for inspection at the offices of the Competition Authority following its announcement. Information which does not qualify for publication, pursuant to Article 10 of the Dutch Act on Public Access to Government Information [Wet openbaarheid van bestuur], shall not be made available for inspection. 4. The decision shall be published in the Netherlands Government Gazette.’; Art. 49d (1) of the DCA: ‘1. After having been announced, a decision, as referred to in Article 49a(1), or a decision renewing such a decision, as referred to in the second sentence of Article 49a(5), shall be made available for inspection at the offices of the Competition Authority. Information that does not qualify for provision, pursuant to Article 10 of the Dutch Act on Public Access to Government Information [Wet openbaarheid van bestuur], shall not be made available for inspection. 2. The decision shall be published in the Netherlands Government Gazette.’; Article 65(2) of the DCA: ‘1. A decision imposing an administrative fine or an order subject to periodic penalty payments, as referred to in Article 56, shall be available for inspection at the Competition Authority after it has been announced. The decision shall not be made available for inspection before five days have passed since the decision was announced. 2. The decision shall be published in the Netherlands Government Gazette. Information which does not qualify for publication, pursuant to Article 10 of the Dutch Act on Public Access to Government Information [Wet openbaarheid van bestuur], shall not be available for inspection. The decision shall not be published in the Government Gazette before five days have passed since the decision was issued’.

⁷¹⁴ Article 10 of the WOB: ‘1. Disclosure of information pursuant to this Act shall not take place insofar as: a. this might endanger the unity of the Crown; b. this might damage the security of the State; c. the data concerned relate to companies and manufacturing processes and were furnished to the government in confidence by natural or legal persons. 2. Nor shall disclosure of information take place insofar as its importance does not outweigh one of the following: a. relations between the Netherlands and other states or international organisations; b. the economic and financial interests of the State, other bodies constituted under public law or the administrative authorities referred to in section 1a, subsection 1 (c and d) and subsection 2; c. the investigation of criminal offences and the prosecution of offenders; d. inspection, control and oversight by administrative authorities; e. respect for personal privacy; f. the importance to the addressee of being the first to note the information; g. the prevention of disproportionate advantage or disadvantage to the natural or legal persons concerned or to third parties. 3. Subsection 2, chapeau and at b, shall apply to the disclosure of environmental information concerning confidential procedures. 4. Subsection 2, chapeau and at g, shall not apply to the disclosure of environmental information. It is possible to refrain from disclosing such information pursuant to this Act if its publication would make damage to the environment more likely’.

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First, there is a general need to balance the evidence to be provided for any suspected misappropriation with the parties' interests. That said, it is difficult to provide evidence as required by law to demonstrate the alleged violation, also considering that trade secrets are not considered as IPRs and, thus, measures for seizing evidence available under European IP legislation do not apply.

Therefore, trade secrets holders might be hampered in pursuing their rights and inhibited from initiating relevant proceedings as gathering evidence to support claims is difficult and cases have often been rejected due to insufficient proof.

The protection of trade secrets should be harmonised with the protection accorded to IPRs, according to the provisions of the TRIPS. As mentioned above, to date, trade secrets are not considered as IPRs under the Dutch legal system. To this regard, the only measures available to secure evidence provided under Dutch legislation envisage stricter limitations than IP regulations. For instance, a party has access to seized documents only upon a court’s permission.

According to the national experts of the study, the main focus of the forthcoming law implementing the Directive should be on the abovementioned topics and on strengthening the position of trade secrets holders in terms of available remedies and protection. It is perceived that, ensuring an effective protection of trade secrets (including gathering of evidence) might further foster innovation.

### 4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In the Netherlands, trade secrets holders typically sign NDAs and confidentiality agreements and/or include confidentiality clauses within agreements (e.g. labour contracts, joint development agreements).

With regards to employment contracts, a general obligation of non-disclosure applies to employees.

However, if the abovementioned clauses are included in contracts, some limitations exist referring to post-termination duties. That is, for instance, employees cannot be prohibited to use their skills and knowledge in a new job. Moreover, contractual obligations of non-disclosure will be restricted in their extent, time and/or geography.

As the effective protection of trade secrets (via the implementation of precautionary measures) is considered to rely on employees’ awareness, employers tend to organise training sessions addressing both general and specific trade secrets related topics. To this regard, it has been considered helpful that a company’s legal/IP department ('know-how' management departments) and security department work in close collaboration.

Practical/technical security measures are also applied and include, for instance, restricted access to facilities, badge policies, storing/locking of information and computers.

Finally, owners can consider registering their trade secrets (e.g. at a public notary) to prove their existence and date.

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715 Under the TRIPS, trade secrets are considered as IPRs.
5. REMEDIES

In the Netherlands, civil, criminal and administrative remedies are available.

5.1 CIVIL ACTION

Civil proceedings are initiated by claimants who must prove:

- the existence of a trade secret, in compliance with provisions of the TRIPS;
- the existence of an illicit act of disclosure or use of trade secrets, in compliance with Dutch law.

In civil proceedings remedies can be enforced against infringers, except in cases of good faith or if the confidential information was developed autonomously. In the event of detected violations, available remedies are as follows:

- seizure of assets before a trial, to ensure a source for potential awarded damages;
- orders to secure evidence prior to or during a trial;
- injunctive relief (including interim injunctions), ordering to refrain from using or disclosing the secret information;
- material (monetary) and non-material damages. The material damages can be calculated on the basis of loss of profits, loss of property, interests or rights and incurred costs.

Moreover, as already pointed out, the breach of employment obligations in terms of disclosure of trade secrets constitutes a ground for dismissal.

Punitive damages are not recognised.

5.2 CRIMINAL ACTION

Criminal action is usually initiated upon a trade secrets holder’s complaint.

The DPC states that it is illegal to deliberately disclose information that has been marked as secret.

This entails disclosing secret documents, acquiring information through committing a crime, disclosing any secrets from the position of one’s profession or legislation, while a person is being aware or should have been aware of its secrecy. The infringer may be punished with imprisonment for a term not exceeding one year or may be charged with a fine.

Under Dutch law, criminal liability applies also to legal persons and companies can be sentenced to pay a fine.

A victim of a crime may claim damages within a criminal proceeding or start a civil proceeding to request an award of damages.

716 In civil proceedings damages are available under tort law (Book 6, Article 162 of the Dutch Civil Code).
717 Book 7, Article 678 of the Dutch Civil Code.
718 Articles 272 and 273 of the DPC.
5.3 ADMINISTRATIVE ACTION

Administrative actions refer to violations of competition provisions and can be initiated *ex officio* by the ACM or upon a trade secrets holder’s complaint.

To ascertain offences, the ACM can search premises and computer systems and require the alleged infringer to provide all necessary information and materials.

In the event of detected infringements, the following remedies apply: interim measures, fines, penalty payments, imposition of instructions to comply with the DCA.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

The publication of decisions is required by the Dutch legal system to further develop the law and to ensure the publicity of the case.

However, some provisions limiting the obligation of publication exist. Indeed, in civil proceedings parts of the judgment can be omitted.\(^ {719}\). Moreover, in administrative litigation, according to the DCA,\(^ {720}\) the ACM’s decisions will be published in the Government Gazette, with the exception of information disclosure of which is prohibited under the WOB.\(^ {721}\). No similar exceptions exist with respect to criminal proceedings.

6.2 COMPETENT COURTS

Civil proceedings involving trade secrets can be brought before:

- district courts (*Rechtbank*) in the first instance;
- courts of appeal (*Gerechtshof*) in an appeal;
- Supreme Court (*Hoge Raad*) in the final instance.

Labour disputes are held in front of:

- regional courts (*Kantongerecht*), in the first instance. Regional courts are meanwhile integrated in district courts. Moreover, if the value at stake is higher than EUR 25,000, district courts are competent;
- courts of appeal in an appeal;
- Supreme Court in the final instance.

Such courts are not specialised in trade secrets matters.

Cases involving IPRs (e.g. patents, breeders’ rights, community trade marks, community designs) are held exclusively before the specialised IP court in The Hague (*Rechtbank*) and an appeal can be brought before the Court of Appeal (*Gerechtshof*) in The Hague.

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\(^{719}\) Book 2, Articles 28 and 383 of the DCCP.

\(^{720}\) Articles 44(3) and 65(2), and Article 49d(1) of the DCA.

\(^{721}\) Article 10 of the WOB.
As regards criminal proceedings, violations can be prosecuted before the courts where the infringement was committed or where the infringer had residence or where the infringer was tried for another crime.

Administrative contestations on trade secrets matters are resolved by the ACM and trade secrets holders can appeal against the ACM’s decisions before the Court of Rotterdam. The decision of the Court of Rotterdam may be appealed before the Trade and Industry Appeal Tribunal.
The Baseline of Trade Secrets Litigation in the EU Member States

AUSTRIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Although the term ‘trade secret’ (Geschäftsgeheimnis) is used in several legislative acts (e.g. the Cartel Act), no formal definition exists under the current Austrian law.

Literature and case-law have identified some criteria to consider information to be a trade secret as:

- an economic interest in the confidentiality of the information or process exists;
- it is a company’s commercial or technical information or process;
- it is valuable for a company’s competitive position;
- it is known only by a limited number of identified persons (secret);
- it is kept confidential.

The above mentioned definition includes several types of information such as, for instance, customer information (e.g. lists and contracts), distribution channels, information on storage of goods, design, production methods.

To this regard, in a ruling related to a case of illicit retrieving of data by an intrusion into another’s computer system, the Supreme Court of Austria has ruled that: ‘The hitherto valid definition of trade secrets in Austria is: technical or commercial facts and knowledge only known to a certain limited number of persons and which should not become known to others and there is an economic interest that they remain secret. The will to keep these facts and knowledge secret need not be declared clearly. […] It suffices that it can be deducted from the behaviour of the entrepreneur that certain not generally available information should be kept within a restricted circle’.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In Austria, trade secrets protection is granted by several laws. The main provisions are included within: the Act against Unfair Competition (Bundesgesetz gegen den unlauteren Wettbewerb — UWG), the Penal Code (Strafgesetzbuch — StGB), the Austrian Cartel Act (Kartellgesetz — KartG) and the Austrian Competition Act (Wettbewerbsgesetz — WettbG). Additional protection is provided under the

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722 Austrian Supreme Court, Decision No 4 Ob 165/16I of 25 October 2016; Austrian Supreme Court, Decision No 4 Ob 55/14p, Betriebsgeheimnisse.
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Patents Act (Patentgesetz)\textsuperscript{727}, the Labour Constitutional Act (Arbeitsverfassungsgesetz — ArbVG)\textsuperscript{728}, the Austrian Data Protection Act (Datenschutzgesetz — DSG)\textsuperscript{729}.

**a) Act against Unfair Competition (Bundesgesetz gegen den unlauteren Wettbewerb — UWG)**

Trade secrets are mainly protected under Sections 11, 12 and 13, which contain criminal provisions and provide grounds for sanctions enforceable in civil proceedings. In detail, Sections 11, 12 and 13 respectively regulate:

- the unauthorised use or disclosure of business or trade secrets for competitive purposes by:
  - an employee entrusted, during its employment, with the trade or business secret or who has been made access to it, or
  - anyone who received the information from an employee acting as described above or who acted on its own in an unlawful manner or in a way contrary to public policy\textsuperscript{730};
- the unauthorised use or disclosure of technical documents or requirements for competitive purposes by anyone entrusted with them during a business relationship\textsuperscript{731};
- the imposition of cease-and-desist orders and payment of damages\textsuperscript{732}.

Moreover, Section 1 provides for cease-and-desist orders and damages in the event of unfair commercial practices. The Section applies also to employees who have left the employer\textsuperscript{733}.


\textsuperscript{730} Article 11 of the UWG: ‘(1) Anyone who, as employee of an enterprise during the duration of employment discloses without authorisation any business or trade secret which due to his employment has been entrusted or has been made accessible, to another for competitive purposes shall be sentenced by the court to a term of imprisonment of up to three months or a fine of up to 180 per day rates. (Federal Law Gazette No 120/1980, Article I (6).

(2) The same punishment shall be meted out to the one who, without authorisation and for competitive purposes uses or discloses to others any business or trade secret which he has received by information as set forth in para. 1 above or by an act of his own which is illegal or contrary to public policy.

(3) The offence shall be prosecuted only upon request of the injured’.

\textsuperscript{731} Article 12 of the UWG: ‘(1) Anyone who, without authorisation and for competitive purposes, uses or discloses to another party any technical documents or requirements entrusted to him in the course of business shall be sentenced by the court to a term of imprisonment of up to three months or a fine of up to 180 per day rates. (Federal Law Gazette No 120/1980, Article I (7). (2) Para. 1 shall not be applicable when the documents or requirements have been entrusted by the owner of an enterprise to his/her employee. (3) The offence shall be prosecuted only upon request of the injured’.

\textsuperscript{732} Article 13 of the UWG: ‘Anyone who violates any of §§ 10 through 12 may furthermore be sued for a cease-and-desist order and payment of damages’.

\textsuperscript{733} Article 1(1)(4)(5) of the UWG:

‘(1) Anyone who in the course of business
1. resorts to an unfair commercial practice or another unfair practice which is likely to distort not only insignificantly [=materially] the competition to the detriment of enterprises or
2. uses an unfair commercial practice contrary to the requirements of professional diligence and [which] is with regard to the respective product suitable to materially distort the economic behaviour of the average consumer whom it reaches or to whom it is addressed, may be sued for a cease-and-desist order and in case of fault for payment of damages’ […]

‘(4) For the purposes of this Code the meaning is [defined as follows]:
1. ‘product’: any goods or service including immovable property, rights and obligations;
b) Penal Code (Strafgesetzbuch — StGB)

Articles 121, 122, 123, 124 and 310 of the StGB contain provisions on criminal liability related to trade secrets infringements. They provide for imprisonment and/or fines towards:

- whoever discloses or exploits a trade/business secret entrusted to him or her during a professional relationship or which has been obtained by espionage; 734;
- whoever discloses or exploits a trade/business secret entrusted to him or her that have been made accessible to him or her during their activity of surveillance, review or investigation empowered by law or governmental order. This applies to trade/business secrets which should have been kept secret by law or disclosure of which may harm the interest of the person under surveillance, review or investigation. No punishment is established when the disclosure or the exploitation is justified by public or private interest; 735;
- whoever spies out a trade/business secret with the aim of exploiting it or of making it available for the exploitation of a third party or of making it public; 736;

2. ‘commercial practice’: any act, omission, course of conduct or representation, commercial communication including advertising and marketing of an enterprise, directly connected with the promotion, sale or supply of a product;
3. ‘material distortion’: of the economic behaviour of the consumer means the use of a commercial practice to appreciably impair the consumer’s ability to make an informed decision, thereby causing the consumer to take a transactional decision that he would not have taken otherwise;
4. ‘code of conduct’: an agreement or set of rules not imposed by law, regulation or administrative provision of a Member State of the European Union and which defines the behavior of enterprises who undertake to be bound by the code in relation to one or more particular commercial practices or business sectors;
5. ‘invitation to purchase’: any commercial communication which indicates the characteristics of the product and the price in a way appropriate to the means of the commercial communication used and thereby enables the consumer to make a purchase;
6. ‘undue influence of a consumer’: the exploitation of a position of power in relation to the consumer so as to apply pressure - even without using or threatening to use physical force - , whereby the consumer’s ability to make an informed decision is significantly limited;
7. ‘transactional decision of a consumer’: any decision taken by such concerning whether, how and on what conditions he will undertake a purchase, make payment in whole or in part for, retain or dispose of a product or to exercise a contractual right in relation to the product, irrespective whether the consumer decides to act or to refrain from acting;
8. ‘professional diligence’: the standard of special skill and care of which one can reasonably presume that an entrepreneur may according to the honest market practice reasonably be expected to exercise in his field of activity.

(5) In a procedure for a cease-and-desist order or for damages according to para. 1-3 the entrepreneur has to prove the correctness of allegations of facts in connection with a commercial practice if such a claim seems under consideration of the justified interests of the entrepreneur and the other market participants due to the circumstances of the single case to be appropriate.’ 734

734 Articles 121 and 310 of the Penal Code.
735 Article 122 of the Penal Code: ‘1. Whoever discloses or exploits a trade or business secret (Para. 3) which has been entrusted or made accessible to him in the course of his activity in exercising a surveillance, review or investigation enacted by the law or governmental order, shall be sentenced to a term of imprisonment of up to six months or a fine of up to 360 per diem rates. 2. Whoever commits the deed with the purpose to obtain a pecuniary advantage for himself or somebody else or to cause a detriment to somebody else, shall be sentenced to a term of imprisonment of up to one year or a fine of up to 360 per diem rates. 3. Para. 1 comprises only trade or business secrets which the offender is obligated to keep secret by law and the disclosure or use of which is suitable to infringe the reasonable interest of the person subject to the surveillance, review or investigation.4. The offender shall not be punished if the disclosure or exploitation is justified in content and form by a public or justified private interest. 5. The offender shall be prosecuted only upon the request of the person whose interest in secrecy is infringed (Para. 3);’ source: EC Study on Trade Secrets and Confidential Business Information in the Internal Market. Final Study April 2013. Ref. Ares(2016)165284 — 12 January 2016. Appendix III, p. 1.
736 Article 123 of the Penal Code: ‘1. Whoever spies out a trade or business secret with the intent to exploit such secret or to make it available for exploitation by somebody else or to disclose it to the public, shall be sentenced to a term of imprisonment of up to two years or a fine of up to 360 per day rates. Both penalties may be imposed
whoever spies out a trade/business secret which he or she is obliged to protect with the aim of exploitation, use or other utilisation abroad.  

**c) Austrian Cartel Act (Kartellgesetz - KartG)**

Trade secrets are protected by the KartG if the related violation prevents competition. In detail, its general provisions of illicit agreements/concerted practices and abuse of dominant position may apply to trade secrets licensing and disclosure.

**d) Austrian Competition Act (Wettbewerbsgesetz - WettbG)**

The WettbG establishes the Austrian Federal Competition Authority (Bundeswettbewerbsbehörde — FCA). The FCA, along with the Federal Cartel Prosecutor (Bundeskartellanwalt — FCP) and the Cartel Court (Kartellgericht) enforces the Austrian Cartel Act.

**e) Patents Act (Patentgesetz)**

The Patents Act establishes an obligation towards employees in keeping secret employees' inventions before they are accepted by the employer.

**f) Labour Constitutional Act (Arbeitsverfassungsgesetz — ArbVG)**

The ArbVG states that members of work councils will keep secret any trade or business information they got access to while performing their duties.

**g) Austrian Data Protection Act (Datenschutzgesetz - DSG)**

The DSG grants protection to trade secrets within the general provision of data secrecy related to data made available to employees during their activities within the employing firm.

### 1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of the available protection is defined by the legislative framework described above, which provides for civil, criminal and administrative remedies in the event of trade secrets infringements.

To this regard, it is worth mentioning that literature and case-law do not grant trade or business secrets protection for:

- obvious facts;
- literary knowledge available to everyone;
- general economic information.


737 Article 124 of the Penal Code: ”1. Whoever spies out a trade or business secret with the intent that it shall be exploited, used or otherwise utilized abroad, shall be sentenced to a term of imprisonment of up to three years. In addition, a fine of up to 360 daily rates may be imposed. 2. The same punishment shall apply to whoever discloses a trade or business secret, which he is obliged to protect, to exploitation, use or other utilization abroad”; source: EC Study on Trade Secrets and Confidential Business Information in the Internal Market. Final Study April 2013. Ref. Ares (2016)165284 — 12 January 2016. Appendix III, pages 1-2.

738 Article 1 of the Cartel Act.

739 Article 5 of the Cartel Act.

740 OLG Innsbruck 4 May 2005, 2 R 103/05x.
Despite the availability of several measures, the overall effectiveness of the Austrian legal system has been perceived to be subject for improvement. Especially, there appears to be a need to properly balance controversial interests as, for instance, freedom of information and free speech with the need to effectively protect the privacy regarding personal and proprietary aspects. As a matter of fact, trade secret provisions are spread over several laws and the Austrian case-law does not provide a uniform framework to interpret legislative acts.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Austria, protection granted to trade secrets during litigation encompasses a limited number of procedural rules in civil, criminal and administrative proceedings.

**Civil proceedings**

Court hearings are primarily public.

However, the courts may limit the public’s access in civil proceedings at a party’s request, when publicity would be detrimental to the case. In particular, the public has to be excluded if it appears to endanger morality or public order, or if there are reasonable concerns that the publicity of the hearing would be misused for the purpose of interfering with the trial\(^\text{741}\).

The exclusion of the public may take place for the whole of the proceeding or for parts of it. It cannot, in any case, extend to the announcement of the judgment.

The Court’s files are available only to the parties of the proceeding and it is not possible for a party to limit the access thereof to the other party. The same rule applies with respect to documents to be submitted. However, the party may submit a blackened version of the relevant document. Under certain circumstances, seized documents containing trade secrets may be shown to the other party only upon a court order. In this respect, a request to seal such documents will be filed by the interested party.

**Criminal proceedings**

Court hearings in criminal proceedings are also primarily public\(^\text{742}\).

There are no specific rules for protecting trade secrets during the trial. According to the general rules under the Criminal Procedure Code (Strafprozeßordnung — StPO)\(^\text{743}\), the public of the main hearing of the trial may be excluded on the court’s initiative or at the request of a party or a victim of the proceeding in cases of endangering public order or national security, before discussing the personal life or secret of an accused person, victim, witness or third party or to protect the identity of a witness or a third party.

\(^{741}\) Article 172 of the Civil Procedure Code.

\(^{742}\) Article 12 of the Criminal Procedure Code (Strafprozeßordnung 1975 — StPO), Federal Law Gazette BGBI. No 631/1975, as amended.

\(^{743}\) Article 229 of the Criminal Procedure Code.
However, trade secrets contained in court’s records, when becoming known to third parties, are subject to Article 54 which prevents private parties and their counsels from revealing any information acquired in the course of the proceeding to the media, or otherwise disclosing it in a way that it may become known to the general public, if such a publication would be detrimental to the legitimate secrecy interest of the concerned person/company.\textsuperscript{744}

**Administrative proceedings**

No clear procedural rules to protect trade secrets exist since there is no unique definition of trade secrets under Austrian law (in particular with regard to competition issues). General provisions for cartel proceedings, however, may apply to trade secrets litigation, too.

First, the FCA will keep the information acquired during the proceedings confidential and use it for the purposes for which they were requested only. The information should not be disclosed to government departments and authorities.

Second, the Cartel Court can exclude the public from hearings or parts thereof to protect trade secrets\textsuperscript{745}.

Finally, the Cartel Act establishes that a third party may access the documentation of the case only upon authorisation of the parties regardless of the information contained (it is not relevant if the documentation includes trade secrets)\textsuperscript{746}.

However, limitations exist to the application of this provision. According to the Austrian Supreme Court\textsuperscript{747}, records from administrative proceedings cannot be refused to a public prosecutor requesting the Cartel Court for administrative assistance in a subsequent criminal proceeding on the grounds of protecting trade secrets. Therefore, the Cartel Court must provide all relevant information regardless of the confidentiality requirement for protection of trade secrets set forth in Article 39(2) of the Anti-Cartel Act. This applies only to cases where the public prosecutor is pursuing *ex officio*.\textsuperscript{748} The constitutional requirement to grant administrative assistance pursuant to Article 22 of the Austrian Federal Constitution Act overrides the parties’ interest in keeping the information secret.

\textsuperscript{744} Judgment of the Austrian Supreme Court, 22 June 2010, Case 16 Ob 3/10. EUCLH No A.29.

\textsuperscript{745} Article 47(1) of the Cartel Act.

\textsuperscript{746} Article 39 of the Cartel Act.

\textsuperscript{747} Judgment of the Austrian Supreme Court, 22 June 2010, Case 16 Ob 3/10. EUCLH No A.29.

\textsuperscript{748} Judgment of the Austrian Supreme Court, 22 June 2010, Case 16 Ob 3/10. EUCLH No A.29.
3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, it appears that the Austrian legislative framework needs to be re-evaluated to address current concerns and offer a more effective protection to trade secrets holders.

In this regard, some companies have expressed that there are legislative ‘gaps’ within the current Austrian legal system. For instance, criminal liability does not apply to ‘non-technical’ confidential information (e.g. go-to-market strategy\(^\text{749}\)). Furthermore, protection is not ensured when a competitor uses trade secrets received by a party who acquired them legitimately.

A common legislation for the protection of trade secrets is perceived to be desirable to overcome the limits of the Austrian legislative system. Indeed, it may provide for an improved protection of trade secrets, enhancing both the security and transparency of protection and the recognition of trade secrets as valuable assets.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

According to information provided by the national experts of the study, it is common for trade secrets holders to adopt NDAs and confidentiality clauses within licence agreements enforceable under Austrian contract law.

Moreover, either confidentiality policies or non-disclosure or confidentiality clauses can be included into employment agreements or within specific non-disclosure contracts. These agreements usually contain damages to be paid in the event of breach.

Where a violation of such policies or clauses within an employment contract occurs, several measures can be applied by the employer. In detail:

- during the employment, instructions, warnings, termination of employment, other measures complying with a company’s disciplinary code (if any) can be issued;
- after the end of the employment, injunction, contractual damages and damage claims can apply.

Non-compete clauses not exceeding one year may be included into employment agreements. On the contrary, confidentiality clauses within employment agreements are not subject to limitation of time\(^\text{750}\).

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\(^{749}\) This refers to the strategy (and related plan) that a company develops in order to deliver their unique value proposition to customers and to achieve competitive advantage. The go-to-market strategy has a high strategic value for a company so it is a good example of non-technical confidential information that could be protected as a trade secret.

\(^{750}\) Judgment of the Austrian Supreme Court, Decision No 9 Ob A6/(03a).
5. REMEDIES

Austrian laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

Civil actions are regulated under the UWG, which establishes that an infringement can be prosecuted only upon request. In addition, the following requirements will be met according to Sections 11 and 12 of the UWG to commence civil proceedings:

- a trade or business secret exists;
- a trade or business secret was entrusted or made available to an employee during employment activities;
- trade or business secrets were entrusted in the course of a business relationship;
- unlawful acquisition of a trade or business secret;
- purpose to use trade or business secrets in an unauthorised manner or disclose them for competitive aims;
- trade secrets holders have a legitimate economic interest in keeping the information confidential.

Available civil remedies are:

- preliminary injunctions;
- cease-and-desist orders;
- damages (also claimed on the basis of contractual provisions);
- removal of the violation.

Damages can be awarded on the basis of three methods of calculation:

- compensation of actual economic losses (including lost profits): damages caused by the violation;
- recovery of profit: profits obtained by the infringer from the illicit action;
- licence analogy: amount that the trade secrets holder would have obtained in the event of legitimate licence of the trade or business secret.

Cease-and-desists orders, damages and removal of the violation are cumulative remedies, that is, they can be imposed jointly.

Moreover, the Code of Civil Procedure provides for remedies to preserve evidence (e.g. evidence by inspection, hearing of witnesses and evidence provided by court experts).

Punitive damages are not recognised.

Austrian law applies also to cases in which the infringer obtained the trade secret in good faith. The only limitation to the application of the abovementioned remedies refers to cases in which a person developed the relevant information independently.
5.2 CRIMINAL ACTION

Criminal provisions are regulated by the UWG, the StGB and the Act on Corporate Criminal Liability (Verbandsverantwortlichkeitsgesetz — VbVG)\(^{751}\). The UWG and the StGB regulate the criminal liability for natural persons while the Act on Corporate Criminal Liability defines the conditions for criminal liability of companies.

In general, Austrian criminal law allows the victim of a crime to apply for compensation of damages in the course of criminal proceedings. If the defendant is convicted, and the damages claimed are the result of criminal conduct, the court can award damages or grant other remedies. In the event of an acquittal, damages can only be obtained by way of a separate civil proceeding.

**UWG**

Infringements falling under Sections 11 and 12 of the UWG refer to private prosecution\(^{752}\) matters and, as such, can be prosecuted only upon a party’s complaint.

Both Sections provide for imprisonment up to three months or a fine of up to 180 rates per day.

**StGB**

Procedures to commence proceedings and penalties (terms of imprisonment and fines) vary according to the type of infringement and, thus, to the criminal provision under which the violations fall into (Sections 121, 122, 123, 124, 310 of the StGB).

Likewise, infringements regulated by the UWG, violations under Sections 121, 122 and 123 of the StGB attain to private prosecution matters. On the contrary, infringements falling under Section 124 of the StGB can only be prosecuted *ex officio*, that is, upon the public prosecutor’s initiative.

As regards penalties, the StGB provides for:

- Sections 121 and 122:
  - imprisonment up to six months or a fine up to 360 rates per day;
  - imprisonment up to one year or a fine up to 720 rates per day (if the infringer acted with the aim of having pecuniary advantage for himself or somebody else or to damage someone else).
- Section 123: imprisonment up to two years;
- Section 124: imprisonment of up to three years;
- Section 310: imprisonment up to three years.

**Act on Corporate Criminal Liability**

A company is liable if the infringement has been committed to its benefit by its decision-makers or employees.

The available penalties are fines calculated in rates per day, according to the terms set forth in Article 4 of the said Act.


\(^{752}\) Private prosecutions are prosecutions where the offender will be prosecuted at the initiative of the aggrieved party only (i.e. the trade secrets holder) rather than upon initiative of the public prosecutor that represents the State.
5.3 ADMINISTRATIVE ACTION

Administrative actions can be implemented following a violation of European or national competition law, upon any interested party’s complaint, upon a leniency application submitted by a firm participating to the illicit action, or *ex officio* (FCA, FCP).

To detect infringements, the FCA can request the Cartel Court to authorise searches of premises and computer systems. During such searches the FCA has broad powers, such as entailing the right to access to and search all premises, copy any necessary document, request clarifications and information.

Once the violation has been ascertained, the Cartel Court can:

- issue orders to end the infringement;
- order obligations to change the corporate structure;
- accept commitments of preventing future infringements from the undertaking and declare them to be binding;
- impose a fine up to 10% of the aggregate group turnover of the last financial year of the undertaking (or associations of undertakings) which committed the violation.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Only the final decisions of the Austrian Supreme Court and of the Vienna Higher State Court are published.

However, no available provision exists to maintain the secrecy of a business or trade secret information.

6.2 COMPETENT COURTS

District courts are the first instance courts to decide civil cases with a maximum amount of EUR 15 000, as well as to rule in specific matters irrespective of the dispute. In addition, the district courts rule on criminal law matters in the event of minor offences carrying merely a fine or a maximum prison term of one year (e.g. physical injury by negligence, theft).

Regional courts (courts of first instance) are responsible for first instance rulings on all legal matters not assigned to district courts. In addition, they are responsible to rule on appeals against District Court decisions as second instance courts.

Four higher regional Courts of Appeal (courts of second instance) are located in Vienna (covering Vienna, Lower Austria and Burgenland), Graz (covering Styria and Carinthia), Linz (covering Upper Austria and Salzburg), as well as Innsbruck (covering Tyrol and Vorarlberg). These courts of second instance are appellate courts for all civil and criminal law cases.

The Supreme Court in Vienna is the highest instance in civil and criminal law cases.

In administrative competition proceedings, the Cartel Court is the competent court and its decision can be appealed before the Supreme Cartel Court (*Kartellobergericht*).
The Baseline of Trade Secrets Litigation in the EU Member States

POLAND
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’
In the Polish legal system there is not a uniform definition of ‘trade secret’ and confidential information is protected by means of several acts of law.

The main legislative act regulating the protection of trade secrets is the Act on Combating Unfair Competition (CUCA), which defines a company’s confidential information. Although this definition is directly relevant only for the liability derived from the CUCA or for other acts of law referring to the CUCA, it may serve as a guideline to understand the concept of trade secrets protection under Polish law.

In particular, Article 11(4) of the CUCA defines confidential information as including ‘the entrepreneur’s technical, technological, organisational or other information having commercial value, which is not disclosed to the public and in relation to which the entrepreneur has taken the necessary steps to maintain confidentiality’.

The definition of ‘trade secret’ is broad since the list of information included in the abovementioned provision is not exhaustive. According to jurisprudence, the information protected by the CUCA includes, inter alia, exclusive IPRs (before publication), technical plans, marketing methods, work organisation, unpublished works, useful information in research and development work as well as other information-like lists of clients, information about prices and offers. The Polish doctrine often refers to protected know-how.

Trade secrets may also be the result of trials and research, the preliminary design of technological solutions requiring further development and implementation work as well as a whole production process, even if some elements thereof may be known to the public or some particular information is publicly available. Furthermore, information about court proceedings may be assumed to be protected as secrets of a company.

To treat information as protected under CUCA, it has to:

- be undisclosed;
- have commercial value to the entrepreneur;
- be confidential in the sense that steps have been taken by an entrepreneur to keep the information confidential.

Information that can be obtained in a legal and ordinary manner cannot be qualified as protected trade secrets. In this regard, case-law has evidenced that use by an employee of information for which the entrepreneur has not taken necessary measures to preserve its confidentiality, should be treated as the use of commonly accessible knowledge, for which the employer does not have any statutory claims.

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753 The terms ‘company secret’ or ‘business secret’ may be deemed synonymous of ‘trade secret’.
756 Judgment of the Polish Supreme Court of 3 October 2000, I CKN 304/0.
An employee’s personal experience and knowledge represent a personal asset of an individual to be exploited by the employee itself and, as such, no infringement of the employer’s trade secrets can be claimed.\(^{757}\)

Trade secrets need to have some minimal economic value, which will be assessed objectively. The mere opinion of the entrepreneur on such value is not decisive. In particular, to assume that information has some economic value, the claimant has to show the expenses invested in the trade secret or that a competitor was able to make profits by exploiting the illegally obtained trade secret.

The requirement of taking relevant actions to keep the information confidential is also stressed by Polish jurisprudence. Nevertheless, the actions aimed at maintaining confidentiality do not need to have an extraordinary character, but need to fulfill the requirement of eliminating risks of revealing the information under ordinary circumstances.\(^{759}\) Legal measures aimed to protect information (e.g. signing relevant clauses with employees) may not be sufficient to protect trade secrets and some technical securing measures (even minimal) might be necessary.\(^{760}\)

All circumstances put forward in court proceedings have to be proved by certain and undoubted evidence.\(^{761}\)

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In Poland, trade secrets are regulated under several laws. The main legislative acts are the CUCA, the Labour Code\(^{762}\) (LC), the Civil Code\(^{763}\) (CC) and the Criminal Code\(^{764}\) (CrC). There are also other legal acts which consider to some extent trade secret issues, that is, Copyright Act, Banking Act, Telecommunication Law Act, Protection of Classified Information Act, Insurance and Reinsurance Act. Procedural rules are provided within the Code of Civil Procedure, the Public Procurement Law\(^{765}\) (PPL), Act on Access to Public Information\(^{766}\) (AAPI) and Industrial Property Law\(^{767}\) (IPL).

a) Act on Combating Unfair Competition (CUCA)

The CUCA establishes both civil and criminal liability for trade secrets infringements.

Civil liability

Trade secrets are protected for the benefit of their holders against unfair competition conduct.

\(^{757}\) Judgement of Appeals Court in Kraków of 6 December 2013, I Aca 1196/13.

\(^{758}\) Judgement of the Supreme Court of 31 January 2013, I C 1020/12.

\(^{759}\) Judgement of the Supreme Court of 13 October 2000, I CKN 304/00; Judgement of the Supreme Court of 5 September 2001, I CKN 1159/00; Judgement of the Supreme Court of 7 March 2003, I CKN 89/01; Judgement of the Supreme Court of 6 June 2003, IV CKN 211/01.

\(^{760}\) Judgement of the Supreme Court of 31 January 2013, I C 1020/12.

\(^{761}\) Judgement of Appeals Court in Kraków of 6 December 2013, I Aca 1196/13.


An action of unfair competition is defined as ‘transfer, disclosure or use of third party information, which is company confidential or their receipt from an unauthorised person, if it threatens or violates the interests of the entrepreneur’\(^{768}\). It is committed only if a third party’s action may threaten or damage the interests of a trade secrets holder. The harmed interests will be of an economic value, but showing economic damage is not a prerequisite for assessing liability.

Actions of unfair competition may be claimed also against an employee, as ‘a person who has worked on the basis of an employment relationship or other legal relationship - for a period of three years after its termination, unless the contract provides otherwise, or a state of secrecy has been ceased’\(^{769}\).

Nevertheless, a claim to unfair competition does not apply ‘to the person who, bona fide\(^{770}\), by way of a legal operation against payment, acquired the information constituting a business secrecy. The court may oblige the acquirer to the appropriate remuneration for its use, nevertheless for a period not longer than duration of secrecy’\(^{771}\).

**Criminal liability**

Trade secrets breaches are offences threatened with substantial penalties. Indeed, under Article 23(1) and (2) of the CUCA:

- whoever, contrary to his or her obligation to the entrepreneur, discloses to another person or uses in his or her own business activity information which is a company secret, causing serious damage to the trader; or
- whoever has acquired confidential information unlawfully and discloses it to other persons or uses it in his or her own business

is subject to a fine, penalty of restriction of liberty or imprisonment of up to two years.

The guilt of the perpetrator (i.e. the person who has committed the illegal act) must be proven. That said, the disclosure of confidential information may take place in any manner, not necessarily to a large number of people, and the use of such information may have any form. The most problematic prerequisite is to prove that revealing or using a trade secret caused a ‘serious damage’ to an entrepreneur. To date, it appears that there is no sufficient jurisprudence to give a uniform interpretation of the concept of ‘serious damage’.

**b) Labour Code (LC)**

Trade secrets are protected during an employment relationship by the provisions of the LC. In detail, an employee is obliged, without a need to sign any additional document, to respect the interest of the work establishment and keep confidential any information that could cause damage to the employer if disclosed. The employee will also respect confidentiality determined in separate provisions\(^{772}\).

Obtaining trade secrets unlawfully is per se a breach of the above obligation and the act of revealing or using secrets is not necessary\(^{773}\).

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\(^{768}\) Article 11(1) of the CUCA.

\(^{769}\) Article 11(2) of the CUCA.

\(^{770}\) Bona fide stands for ‘in good faith’.

\(^{771}\) Article 11(3) of the CUCA.

\(^{772}\) Article 100(2) of the LC.

An employee may also be legally responsible for the breach of a trade secret under Article 11 of the CUCA. However, the scope of an employee’s obligation to respect trade secrets is broader under the LC than under the CUCA. As an employee is obliged to keep confidential all information the disclosure of which could expose the employer to a detriment, the employee’s responsibility applies to a wider spectrum of information. Moreover, the criteria to qualify as a trade secret according to the CUCA do not have to be met. In any case, liability based on Article 11 of the CUCA applies in parallel during the employment contact.

Additionally, if an employee has access to particularly important information, the disclosure of which could expose the employer to a detriment, a non-competition agreement prohibiting competition after the expiry of the employment relationship may be signed between an employer and an employee. The contract must include provisions on the duration of prohibition of competition, as well as the compensation due by the employer to the employee signing a non-competition clause. Such compensation cannot be lower than 25% of the employee’s remuneration received before the termination of its employment relationship. The agreement will also indicate the damages due by the employee in the event of breach of such obligation.\(^\text{774}\)

Trade union representatives must not disclose information provided by the employer constituting corporate secrets within the meaning of the provisions on unfair competition.\(^\text{775}\)

c) Civil Code (CC)
Trade secrets are enumerated in Article 55(1) of the CC as an intangible asset meant for conducting business activity.

Moreover, Article 72 of the CC protects parties conducting negotiations with regard to information subject to confidentiality. If a party during negotiations supplies confidential information, the other parties are obliged not to disclose, communicate and use such confidential information for their own purposes, unless the parties agreed otherwise. If the above obligation is breached, the aggrieved party may ask for damages or return of the benefits received.

d) Criminal Code (CrC)
CrC provides for criminal liability in the event of a trade secrets breach other than those covered by Article 23 of the CUCA.

In detail, Article 266 of the CrC states: ‘whoever, contrary to the provisions of the law or an undertaking, discloses or uses the information he/she has become familiar with in his/her function, work, public, social, economic or scientific activity, is subject to a fine, penalty of restriction of liberty or imprisonment of up to 2 years.’\(^\text{776}\)

Prerequisites of liability under Article 266 of the CrC are easier to prove than those under Article 23 of the CUCA, especially because a material damage connected to a trade secrets breach is not necessary to be proven. Furthermore, the secrets protected on the basis of this provision do not have to comply with the definition of ‘trade secret’ as proposed by Article 23 of the CUCA.
e) The Public Procurement Law (PPL)
Secrets of a company are understood in accordance with the provisions of the CUCA. In detail, a contractor will declare that certain information cannot be made public and such declaration will be submitted within the deadline for the submission of the offer or of the request for participation in the tender procedure.

f) Act on Access to Public Information (AAPI)
According to Article 5(2) AAPI the right to public information is subject, inter alia, to restrictions connected with the secrets of a company. This applies to all matters in which information should be revealed on the basis of the AAPI.

g) Industrial Property Law (IPL)
Trade secrets are protected in various provisions of the IPL. According to Article 151(2) IPL, the Patent Office may refuse providing documents to a third party from application proceedings of various IPRs (e.g. patents, trade marks), if this could jeopardise the applicant’s legitimate interests (in particular, infringe the secrets of a company).

Further rules are set forth to protect trade secrets during court proceedings (see paragraph 2 below).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
The scope of protection is defined by the abovementioned legislative acts. Protection is guaranteed to each entity possessing any confidential information described as trade secret under Polish law, without any type of formal registration procedure. It encompasses several means for non-disclosure during civil, administrative and criminal proceedings as well as in the course of some other specific types of proceedings, mostly by means of conducting hearings at closed sessions. Moreover, several remedies are available to trade secrets holders so as to enforce their trade secrets.

Overall, it is perceived that the Polish legal system guarantees instruments to protect trade secrets even though some improvement of related effectiveness might be implemented.

According to the national experts of the study, a good level of consciousness of the value of trade secrets has already been achieved. However, case-law is still not conspicuous and, consequently, specific requirements such as evidence, scope of protection and technical and legal measures to secure trade secrets have not been clearly defined yet.

As the rules of evidencing a claim in civil proceedings are rather strict, some difficulties may arise in proving the infringement. Moreover, seeking damages in unfair competition claims appears to be quite difficult. In particular, there are no rules defining a method to measure the claimant’s economic loss. For this reason, legal proceedings usually aim at cessation of illegal actions, at removal of the effects of the infringement and at relevant announcements.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Legal regulations provide for some protection of trade secrets during litigation, mainly by means of proving closed hearings.

**Civil proceedings**

The general provision, contained in Article 153(1) of the Code of Civil Procedure (CCP)\(^ {778}\), provides that a court will conduct the proceedings or a part thereof in closed session upon the justified request of a party, when holding the proceedings in public may threaten public order or morality or may harm classified information. In addition to the general provision, the CCP provides that the court, upon one of the parties’ request, may decide to hold the case, in full or in part, in a closed session when there is a risk to disclose information constituting trade secrets of an undertaking\(^ {779}\).

However, the parties are always admitted to attend the hearings and, thus, the trade secrets holder may not be able to protect its confidential information from the counterpart.

Additionally, Article 261(2) CCP allows a witness to refuse testifying if there is a risk of breach of material professional secrets.

Furthermore, within proceedings related to patent infringements, Article 64 IPL provides for a presumption that products of a third party have been produced in line with the patented method of the entitled party. In the abduction of proof to the contrary, the patent owner’s legitimate interests in protecting its trade secrets have to be taken into account. Trade secrets will be taken into account also in proceedings for revealing information and securing evidence\(^ {780}\).

It should also be stressed that only in competition cases a trade secrets owner may demand the evidence containing trade secrets to be kept confidential also with regard to the adverse party\(^ {781}\).

**Criminal proceedings**

Article 360(1) Code of Criminal Proceedings (CCrP)\(^ {782}\) allows the court to conduct a closed hearing, if otherwise an open hearing could damage a relevant private interest. Furthermore, according to Article 180(1) of the CCrP, persons obligate to preserve secrets related to their profession or office may refuse to testify as to the fact covered by such obligation, unless they have been released from the obligation of preserving the secret by the court or the state prosecutor.

During the collection of evidence, a person, other than a suspect, may declare that documents discovered during the search contain undisclosed information (that is, information on state, official, professional or other secrets protected by law). In such a case, those conducting the search will

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\(^ {779}\) Article 153(1) of the CCP.

\(^ {780}\) Article 266 of the IPL.

\(^ {781}\) Article 479(33) of the CCP.

immediately forward such writing or other document without prior reading, to the state prosecutor or the court, in a sealed container.\textsuperscript{783}

\textbf{Administrative proceedings}

According to the Law on Proceedings before the Administrative Court (PBAC),\textsuperscript{784} at a party’s request, the court may decide to hold the closed hearing in the event that there is an important private interest in question.

In cases regarding procurement law, for example, there is an exception to the rule that proceedings are public, and the law imposes on the contracting party a duty of confidentiality, if the contractor has shown that the information is a trade secret of the company.\textsuperscript{785} The burden of proving that the information constitutes such a secret lies on the contractor.

According to Article 69(2) of the Act on Consumers and Competition Protection (ACCP)\textsuperscript{786} the President of the Office of Competition and Consumer Protection (PCCP) may, upon request or \textit{ex officio}, by way of a resolution, limit the right of access to evidence, if granting full access to such evidence would entail a risk of disclosing a company secret. This constitutes an exception to the rule that proceedings pending before the PCCP are public.

Furthermore, according to Article 82 of the Code of Administrative Proceedings (CAP)\textsuperscript{787}, a person cannot be a witness if he or she is obligated to keep undisclosed information confidential, if the person has not been released from keeping this information secret. Moreover, according to Article 83(2) of the CAP a witness may refuse to answer in the event that there is a risk of breach of the obligation of confidentiality on a legally protected professional secret.

\section{3. TRADE SECRETS HOLDERS’ PERCEPTION}

The jurisprudence on protecting trade secrets is perceived to be not particularly developed in Poland, mirroring a certain degree of trade secrets owners’ uncertainty on whether it is worth initiating court proceedings.

According to national experts of the study, it appears that three main factors deter trade secrets holders to bring an action before courts. First, providing evidence of the specific behaviour that constitutes infringement is often difficult due to a complex factual state of the matters. Second, civil proceedings are rather long, so protection measures enforced after such a long time may not be sufficient to protect the trade secrets owner’s interest. Third, there are no clear rules (including developed case-law) on the calculation of damages. Proving damages is, therefore, difficult and the awarded damages are respectively low.

\textsuperscript{783} Article 225(1) of the CCrP.
\textsuperscript{784} Polish Act on the Law on proceedings before administrative courts of 30 August 2002, Journal of Laws No 153, Item 1270, as amended.
\textsuperscript{785} Article 8(3) PPL.
The absence of a clear definition of confidential information constituting a trade secret is also perceived as a crucial issue which might be solved through the implementation of the Directive.

In Poland there are no specialised courts, so trade secrets matters are examined by ordinary courts which may not have the necessary level of experience in trade secrets related matters.

4. **PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY**

In Poland, trade secrets owners use different precautionary measures, intended as cumulative means of protection.

It is common to sign NDAs between parties entering into negotiations or cooperation agreements and to include confidentiality clauses in transactions (in particular for those connected with new technologies). Moreover, employers often apply different methods to regulate protection of their trade secrets and to better clarify the obligations towards their employees.

As for technical security measures or other organisational measures aiming at protecting trade secrets, their application appears to be rare. However, the situation is changing and companies are more focused on using developed legal and technical measures to protect their confidential information.

According to the national experts of the study, most frequent protection measures include protecting computer and other electronic devices by passwords, highlighting business documents as confidential, storing confidential information in separate rooms and admitting a limited circle of people to places where confidential information is stored.

5. **REMEDIES**

Polish laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

Under civil law, it is not possible to issue ex parte orders to search premises and computer systems. Likewise, it is not possible to require the defendant to say where documents and files containing misappropriated data are stored. However, the claimant can obtain a pre-trial order to secure evidence, where a concrete risk of preserving such evidence exists.

Additional interim measures available are interim injunctions that can be issued when the claim is plausible and there is a risk that, without the injunction, the final judgment on the merit would be impossible or highly difficult to enforce.
Orders to provide documents as evidence may be issued by courts, unless such documents contain classified information (i.e. information disclosure of which would damage or be against the interest of Poland).

As regards remedies, damages can be claimed according to the CUCA or the LC.

**CUCA**

Article 18(1) of the CUCA states that, where an act of unfair competition occurs, ‘the entrepreneur, whose interest has been violated or threatened, may request:

- relinquishment of prohibited practices;
- removing effects of prohibited practices;
- making one or repeated statement of appropriate content and form;
- repairing the damage, pursuant to general rules;
- handing over unjustified benefits, pursuant to general rules;
- adjudication of an adequate amount of money to the determined social goal connected to the support of the Polish culture or related to the protection of national heritage where the act of unfair competition has been deliberate’. \(^{788}\)

In several cases, court disputes aim to the cessation of the illegal activity, removal of its effects (this may include the destruction of the infringing goods, packaging, advertising materials and other items directly connected with the illicit conduct) and public announcements.

On the contrary, seeking financial remedies is more difficult as pursuing damages requires to show:

- the defendant’s guilt;
- a specific level of economic damage incurred by the claimant, proved by relevant evidence;
- a causal link between the breach of rules of fair competition and the damage suffered by the entrepreneur.

In any case, both real losses (damnum emergens) and loss of expected benefits (lucrum cessans) may be claimed.

Seeking return of unjust benefits is considered to be a more effective remedy than seeking damages. However, return of unjust benefits requires proof that the profits of the defendant have been made because of the trade secrets breach.

**LC**

The LC provides for both non-economic and economic penalties in the event of trade secrets infringements.

As regards non-economic sanctions, Article 52(1) of the LC states that an employer may terminate the employment contract without notice where a serious breach of the employee’s basic obligations occurs.

As regards economic sanctions, Article 114 and Article 119 of the LC respectively establish that an employee who, through his or her fault, causes damage to the employer as a result of not performing his or her duties, or performing them improperly, is financially liable and that damages cannot be in excess of three monthly remunerations of such employee.

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\(^{788}\) Article 18(1) of the CUCA.
5.2 CRIMINAL ACTION

Criminal proceedings are initiated by the police or the public prosecutor upon a trade secrets holder’s request.

According to the CCrP, a trade secrets holder may request the court or the public prosecutor to issue an order to search premises or computer systems to find misappropriated data, to seize data and/or infringing goods. Moreover, the defendant may be requested to provide information on where documents and/or files containing data are stored.

The offences provided for in Article 23 of the CUCA and in Article 266 of the CrC are punished with a fine, restriction of liberty or imprisonment up to two years.

In practice, criminal provisions of the CUCA are rarely applied, as they are usually discontinued due to lack of guilt or low harmfulness of the act.

Article 3 of the Act on Liability of Collective Entities for Prohibited Acts\(^{789}\) states that criminal liability applies to companies in relation to certain offences if the person, who commits the offence:

\(\texttt{(1) is acting on behalf of the entity or in the interest of the entity with the right to represent it, decides on the entity's behalf or exercises the internal control or by exceeding this right or by failing to comply with the obligation;}
\(\texttt{(2) is authorized to act as a result of exceeding rights or breaching a duty by a person referred to in point one;}
\(\texttt{(3) is acting on behalf or in the interest of the collective entity, with the consent or knowledge of the person referred to in point one;}
\(\texttt{(4) is an entrepreneur that directly interacts with the entity in order to achieve a legally permitted objective.}^{790}\)

The violation of business secrets is listed among the offences falling within the Act\(^{791}\).

A fine ranging between PLN 1 000 (approximately EUR 237) and PLN 5 000 000 (approximately EUR 1 186 515) might apply in the event of a company’s criminal liability. However, such fine cannot be higher than 3 % of the company’s revenues in the fiscal year when the offence occurred.

5.3 ADMINISTRATIVE ACTION

Administrative proceedings are commenced by the PCCP, ex officio or following a complaint about a suspected infringement of competition law.

To ascertain the infringement, the PCCP can search premises and computer systems of the alleged infringer and require the latter to provide all necessary documentation and materials. If necessary, searches at other premises can also be carried out, upon the Competition and Consumer Protection Court’s (CCPC) approval.

\(^{790}\) Article 3, Act on Liability of Collective Entities for Prohibited Acts.
\(^{791}\) Article 16 Act on Liability of Collective Entities for Prohibited Acts.
The PCCP can impose fines to both individuals and undertakings. In the first case, a maximum fine fiftyfold the average salary calculated on the basis of quarterly reports published by the Chief Statistics Office applies to persons holding a managerial position in the undertaking. In the second case, a fine up to 10% of revenues of the previous year applies. Moreover, a fine of EUR 10 000 can be imposed on the undertaking for each day of delay in executing the PCCP’s or court’s judgment.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

According to Article 45 of the Polish Constitution the general rule is that civil, administrative and criminal proceedings are public and for this reason judgments are made publicly available and any person may attend a hearing during which a judgment is announced. However, according to Article 326 of the CCP an oral justification of the judgment may not be provided if the public nature of the proceeding has been excluded.

According to Article 139 of the PBAC, the same rules are applied in administrative proceedings. Moreover, the ACCP establishes that information containing trade secrets will be eliminated from the text of the judgment published by the PCCP.

As regards criminal proceedings, judgments are announced in open sessions. However, according to Article 364 of the CCrP, a judgment may be announced at a closed session.

Only selected judgments are published and parties involved in the proceedings do not have any control over this process. The judgments are published in a full version, but certain information, notably the names and other data that could allow identifying the parties, are removed.

6.2 COMPETENT COURTS

In Poland, there are no specialised courts or court divisions to deal with cases related to trade secrets infringements.

According to the CCP, proceedings are carried out in a court that has jurisdiction in the area where the defendant is resident or where the relevant harmful event occurred.

Civil matters based on the CUCA are examined by regional courts as courts of first instance. Decisions of the regional courts may be appealed before a Court of Appeal. In turn, a Court of Appeal ruling may be subject to a cassation appeal filed within the Supreme Court.

Common criminal courts are competent also for trade secrets cases.

As regards administrative proceedings, a trade secrets holder can appeal a PCCP’s decision to the CCPC.

793 From Article 27 to Article 35 of the CCP.
794 Article 17 of the CCP.
The Baseline of Trade Secrets Litigation in the EU Member States

PORTUGAL
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

In the Portuguese legal system, the definition of ‘undisclosed information’ provided for by the Industrial Property Code (IPC), which adopts the definition of Article 39(2)(a), (b) and (c) of TRIPS, applies to business or trade secrets.

To ensure effective protection against unfair competition as provided in Article 10bis of the Paris Convention, Article 318 of the IPC states that business information is protected when:

- it is secret, that is, it is not generally known or easily accessible to persons in the circles that normally deal with such type of information;
- it has commercial value based on the fact that it is secret;
- it has been the object of considerable diligences by of the person with legal control over it to keep it secret.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The provisions for the protection of trade secrets can be found in the IPC, the Portuguese Labour Code (LC) and the Portuguese Criminal Code (PCC), as well as in several other areas such as the banking sector, bookkeeping of companies and protection of secrecy at the Patent Office or health authorities.

a) Industrial Property Code

As already mentioned, the IPC provides for the definition of ‘undisclosed information’ which can be qualified as trade secrets. Moreover, it defines an illicit act the disclosure, acquisition or use of business secrets of a competitor without its consent.

The measures provided for in the IPC apply to the violation of trade secrets, with the necessary adjustments.

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796 Article 318 of the IPC: ‘Protection of undisclosed information. Pursuant to the preceding article, an illicit act is defined in particular as the disclosure, acquisition or use of the business secrets of a competitor without its consent, provided that said information: a) Is secret in the sense that it is not common knowledge or easily accessible, in its totality or in the exact configuration and connection of its constitutive elements, for persons in the circles that normally deal with the type of information in question; b) Has commercial value based on the fact that it is secret; c) Has been the object of considerable diligences on the part of the person with legal control over it, with a view to keeping it secret.
b) Portuguese Labour Code (LC)
According to the LC, the violation of an employer’s trade secrets during an employment relationship may result in a violation of the loyalty duty, pursuant to Article 128(1)(f) of the LC. Said provision stipulates protection for the knowledge acquired during employment, including the obligation not to disclose confidential information on the employer’s organisation, production or business methods.

Moreover, Article 136(2)(5) of the LC, which also protects trade secrets, states the possibility of including within the employment contract a non-competition clause, the duration of which cannot exceed two years after the termination of the contract, if the employee has access to particularly sensitive information due to specific activities performed.

c) Portuguese Criminal Code (PCC)
Criminal liability related to the violation of secrets is outlined in Section 195 of the Portuguese Criminal Code (PCC): ‘Violation of a secret: whoever reveals someone else’s secret, which came to his or her knowledge because of his or her status, occupation, job, profession or art, shall be punished with imprisonment up to one year or with a fine up to 240 days’\(^{799}\).

Even though the PCC includes several specific incriminations, such as the nature of the secret or the identity of the agent, there is no specific incrimination of the violation of trade secrets.

Furthermore, Section 196 of the PCC regulates the ‘undue use of a secret’ as an autonomous crime: ‘Whoever uses a secret relating to someone else’s commercial, industrial or artistic activity, which came to its knowledge because of its status, occupation, job, profession or art, and by that gives cause to damages to another person or the State, shall be punished with imprisonment up to one year or with a fine up to 240 days’\(^{800}\). Such provision aims to protect the competitive advantage that the owner of the secret obtains from using it.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS
The abovementioned Article 318 of the IPC derives directly from Portuguese Unfair Competition Law.

A competitor is protected against the ‘disclosure, acquisition or use of business secrets of a competitor without its consent’ if the business information complies with the requirements set forth in the IPC to be protected.

The relevant Sections of the PCC do not specify any limitation to the scope of incriminations and, therefore, all trade secrets are covered by such provisions, regardless of their form or nature.

\(^{799}\) Section 195 of the PCC.
\(^{800}\) Section 196 of the PCC.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

The Portuguese legal system does not include specific provisions to protect trade secrets during civil litigation. On the other hand, procedural rules may grant protection during criminal proceedings and administrative proceedings.

Civil proceedings

Civil proceedings, as a general rule, are open to the public with no exceptions aimed at preserving secrecy of trade secrets.

Pursuant to Article 164 of the Civil Procedure Code, public access to documentation in the proceedings may only be limited where the disclosure of its content may harm the dignity of persons, the intimacy of private or family life or public morality, or jeopardise the effectiveness of the decision. Trade secrets are not contemplated within these instances.

A request for protection might be filed to the court and decisions are taken on a case-by-case basis.

Criminal proceedings

According to Article 86 of the Portuguese Code of Criminal Procedure, ‘criminal proceedings are public under penalty of nullity, except in cases specifically provided for by law’.

This implies that the public has the right to attend hearings and that procedural acts can be reproduced by the media. Moreover, copies and extracts can be made from relevant documents.

However, according to Article 86(2) the defendant, the party assisting the public prosecutor or the victim, have the option to request that the examining judge determine the legal secrecy during the inquiry into the proceedings. The judge may decide, after having heard the public prosecutor, that a legal proceeding is covered by secrecy during an inquiry where he or she deems that disclosure would harm the rights of the requestors.

Legal secrecy binds all procedural subjects and participants, as well as people who, for any reason, have learned about the proceedings and their subject matter. It implies the prohibition to:

a) ‘attend the performance or to be informed on the substance of the procedural activity which the person is not allowed or supposed to attend;

b) provide information on the occurrence of the procedural activity or on its follow-up, whatever the reason for information may be’.

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801 Civil Procedure Code, Law No 41/2013, as amended.
802 Article 86(1) of the Portuguese Code of Criminal Procedure, adopted by Decree-Law No 78/87 of 17 February 1987, as amended; source: unofficial translation.
803 Article 86(8) of the Portuguese Code of Criminal Procedure.
Administrative proceedings

Within the Portuguese Competition Law (PCL)\textsuperscript{804}, Article 30 sets out specific provisions related to prosecution proceedings dealing with trade secrets.

In detail, it is established that during a proceeding the Portuguese Competition Authority (PCA) will preserve the interest of undertakings in non-disclosure of their business secrets.

In the event of search, seizure or seal-off orders, the PCA will set a minimum time limit of 10 days to indicate what, among information collected, is considered confidential in terms of business secrecy and to provide a copy of the document omitting confidential information.

As regards access to documents, Article 48 of the PCL states that in procedures regarding control of concentrations, even when the PCA has granted full access to proceedings files, business secrets will be excluded.

Furthermore, pursuant to Article 20 of the PCL, the judge and the police or qualified staff of the PCA assisting the execution of search, seizure and seal-off orders, are bound by an obligation of confidentiality on any information found during the performance of their duties.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system may deter trade secrets holders from bringing an action before courts mainly for lack of protection of confidentiality during disputes but also for the difficulty in proving damages.

In particular, the main difficulties that may arise within trade secrets disputes are:

- lack of protection of confidentiality;
- lack of appropriate remedies;
- difficulties in damages quantification.

Notwithstanding the above, it should be stressed that trade secrets enjoy the same enforcement measures as IPRs and, as such benefit from a broad range of remedies that could in principle be enacted for its protection.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

From the retrieved information, it can be outlined that precautionary measures adopted by trade secrets owners are not different from those adopted in other jurisdictions.

To protect trade secrets, the owners thereof usually conclude special NDAs or include specific terms of confidentiality in employment/business cooperation agreements.

Moreover, the national experts of the study report that undertakings can adopt technical security measures to protect electronic secret data.

5. REMEDIES

In Portugal, civil, criminal and administrative remedies are available.

5.1 CIVIL ACTION

Pursuant to Article 331 of the IPC, whoever commits one of the acts of unfair competition, including undisclosed information, will be punished with a fine of EUR 3 000 to EUR 30 000, if it is a collective entity or EUR 750 to EUR 7 500, if it is an individual. Additionally, trade secrets violations may also be grounds for civil lawsuits to claim damages.

To start an infringement proceeding under civil law and claim damages, the claimant must prove the following:

- breach of the trade secret;
- damage;
- fault; and
- causal link between the disclosure of the information and the prospected damage.

Specific Portuguese rules on the enforcement of the IPC provide for the following remedies:

- precautionary measures;
- preservation of evidence;
- form and calculation of damages.

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805 Article 318 of the IPC.
806 Articles 487 and 563 of the Civil Code.
807 Article 338B and following of the IPC.
As regards preliminary injunctions, the IPC establishes that whenever there is an infringement or a well-founded risk that a third party is causing damage to an IPR, such damage being serious and difficult to compensate for, the court may, at the request of the interested party, order the proper measures to prevent any imminent infringement or prohibit the continuation of the infringement. The same requirements apply to the preservation of evidence.

Case-law has provided different interpretations of the concept ‘infringement or a well-founded fear that a third party is causing damage to an industrial property right which is serious and difficult to compensate for’. One interpretation focuses solely on the economic or financial situation of the defendant, inasmuch as the claimant will prove that the defendant does not have the financial capacity to pay a possible compensation, in the event that the injunction is not granted. There is, however, also case-law that assesses this requirement in light of the irremediable harm that would be caused by the infringement of an IPR.

Remedies are enforceable also against third parties that obtained information in good faith, but not against a party that developed the same information autonomously. According to the IPC, wilful or negligent infringement of an IPR may entitle the injured party to claim damages.

As regards the form and calculation of damages the IPC states in Article 338-L:

‘[…] 2) When determining the amount of the compensation for damages, the court shall consider the profit obtained by the infringer and the actual damages and lost profits suffered by the injured party, taking into account the costs incurred with the protection, investigation and cessation of the conduct harming its right.

3) For the purpose of calculating the compensation due to the injured party, the amount of the revenue resulting from the unlawful conduct of the infringer shall be taken into account.

[…] 5) Where the amount of the damage actually suffered by the injured party cannot be determined in accordance with such criteria, and provided that the injured party raises no obstacle thereto, the court may alternatively set a fixed amount using the equity method, based on at least the revenue that the injured party would have obtained if the infringer had requested authorisation to use the industrial property rights in question and the costs incurred with the protection of the industrial property right, as well as with the investigation and cessation of the conduct harming its right.

Moreover, the courts will also consider the non-material (moral) damages caused by the infringer’s conduct. This compensation is determined on grounds of equity according to the general rules of the Civil Code.

In any case, the courts will set a reasonable amount intended to cover the duly demonstrated costs incurred by the injured party as a result of the investigation and cessation of the conduct harming its right.

Punitive damages are not recognised.

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808 Article 338-I of the IPC.
809 Article 338-D(1) of the IPC.
810 Article 338-L(1) of the IPC.
811 Article 338-L of the IPC.
812 Article 496 of the Civil Code.
5.2 CRIMINAL ACTION

Whoever uses or discloses to third parties secrets that the offender knows by reason of its status, job, profession or art, is punished with a monetary fine, as described in the abovementioned Sections 195 and 196 of the PCC.

For the offence to be applicable, the offender must act with the intent to reach a competitive advantage or to cause harm to the trade secrets owner.

The initiation of criminal proceedings cannot be initiated ex officio by the prosecutor, but only upon complaint submitted by the injured party within six months from the knowledge of the illicit conduct.

A claim for damages may be issued within criminal proceedings unless a claim for damages has already been presented in separate civil proceedings.

During a criminal procedure, the trade secrets owner can request the public prosecutor or the competent judge to issue a search order of the defendant’s premises. Moreover, interim measures regulated under the Civil Procedure Code can be requested by the trade secrets owner as long as he or she proves a danger for his or her right and the urgency of the interim decision.

Unless otherwise stated, only individuals are liable to criminal responsibility in Portugal. Since there are no specific provisions for the violation of third-party secrets, companies may not be liable for such offences.

5.3 ADMINISTRATIVE ACTION

As previously mentioned, as long as an unlawful use of trade secrets deters competition it is regulated under the provisions of the PCL. Thus, general rules for administrative actions apply.

According to Article 8 of the PCL, the PCA will decide to initiate an administrative offence or supervisory proceedings where it recognises that there are sufficient grounds for action. Furthermore, it can initiate an investigation into forbidden practices (i.e. agreements, concerted practices and decisions made by association of undertakings; abuse of a dominant position; abuse of economic dependence) ex officio or following a complaint.

As regards interim measures, Article 34 of the PCL states that, whenever there is a serious risk of harm to competition or of damage hindering competition that cannot be easily compensated, the PCA may issue measures to immediately suspend the practice concerned. Such measures may be taken by the PCA either ex officio or upon request of any interested party.

Both in the event of investigation and prosecution, the PCA can decide to close the proceedings with the condition that it accepts the commitment submitted by the party concerned in the case, as long as it deems such commitment effective to eliminate the effects on competition.

During investigations, the PCA has powers to:

- request documents and other information considered useful to determine the facts, carry out searches;
- search, examine and seize accounting data or other documentation in the premises, properties and means of transport of the undertaking concerned, regardless of the devices they are saved or stored on (upon a warrant from the competent judicial authority);

\(^{813}\) Article 18(1) and (2) of the PCL.
seal off the premises of the undertaking concerned where accounting data may be, including personal computers during the period and whether it is strictly necessary to carry out investigation actions (upon a warrant from the competent judicial authority).

In the event of prosecution proceedings, where the PCA detects that an administrative offence has occurred it can impose a fine or other sanctions such as:

- behavioural measures;
- structural measures, with impact on the organisational structure of the undertaking (only when no behavioural measures would be equally effective or if it would have been more onerous than the structural ones).

In setting the fine, the PCA will consider a set of criteria, pursuant to Article 69\textsuperscript{814} of the PCL, such as the impact of the infringement on competition in the domestic market, the nature and size of the market affected, the advantages gained by the party concerned, the assistance provided to the PCA during the proceedings, etc. Thresholds for fines are established based on the type of infringement (they range between 1% and 10% of the annual turnover of the undertaking concerned).

In the event of particularly serious infringements, accessory sanctions might apply together with the fine, and namely: publication of the decision, ban to participate to public tender procedure or procedures for the award of licences or authorisation (when the infringement has occurred during such a procedure). As regards the former, Article 32 of the PCL states that publication should happen without prejudice to the safeguard of business secrets or other confidential information.

### 6. ADDITIONAL INFORMATION

#### 6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Publishing judicial decisions is a principle laid down in Article 206 of the Portuguese Constitution and in various rules of civil proceedings which provide for publicity, namely:

- Articles 167 and 656 of the CCP;
- Articles 86(1) and 321(3) and Article 87 of the CCP;
- Articles 3 and 115 of the law governing the organisation, functioning and procedure of the Constitutional Court.

Regarding the publication of criminal decisions, the judicial authority will specify by order, ex officio or upon request of the interested party, which data are covered by legal secrecy and will order that they will

\textsuperscript{814} Article 69(1) of the PCL: 'When setting the amount of the fine referred to in the previous article, the Competition Authority can consider, among other things, the following criteria: a) The seriousness of the infringement in terms of its effect on competition in the domestic market; b) The nature and size of the market affected; c) The duration of the infringement; d) The degree of involvement in the infringement by the party concerned in the case; e) The advantages gained by the party concerned in the case in the prohibited practices stemming from the infringement, when such advantages can be identified; f) The behaviour of the party concerned in the case in the process of eliminating the prohibited practices and repairing the damage caused to competition; g) The economic situation of the party concerned in the case; h) Previous administrative offences by the party concerned in the case involving an infringement of competition rules; i) The assistance given to the Competition Authority throughout the proceedings'.
not be disclosed in publication\(^{815}\). In Portugal, it is not common for entire court decisions to be published in the press, but the publication of summaries of criminal and misdemeanour proceedings may be ordered by the judge\(^{816}\).

The PCA has the duty to publish on its website the final version of its decision, excluding confidential information and without prejudice to the safeguard of business secrets.

### 6.2 COMPETENT COURTS

Civil cases concerning trade secrets matters are brought before the specialised IP court located in Lisbon, which is competent to handle actions concerning industrial property, copyright and related rights as well as appeals against decisions of the Portuguese Patent and Trademark Office.

The abovementioned court also handles actions concerning acts of unfair competition in industrial property and interim measures for obtaining and preserving evidence, as well as providing information on the protection of IPRs.

Disputes between employers and employees are handled by labour law specialised courts. There are no specialised courts for criminal proceedings and criminal cases are handled by general criminal courts.

As regards administrative cases, the PCA’s decisions can be appealed before the Competition, Regulation and Supervision Court and the latter’s decisions before the competent Court of Appeal.

\(^{815}\) Article 86(7) of the Code of Criminal Procedure.

\(^{816}\) Article 86(6)(b) of the Code of Criminal Procedure.
The Baseline of Trade Secrets Litigation in the EU Member States

ROMANIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

The protection of trade secrets is regulated mainly under the Unfair Competition Act\(^\text{817}\) (UCA), according to which the illegal use of a competitor’s trade secret hinders fair competition practices.

Under the UCA, a trade secret is defined as information presenting the following characteristics:

- it is covered by secrecy, that is, it is not known by or easily accessible to those usually dealing with the information;
- it is valuable due to its secrecy;
- the holder makes reasonable efforts to preserve its secrecy\(^\text{818}\).

According to legal literature, defining a trade secret as ‘information’ implies that it can refer to any type of information as, for instance, data on company sales or the design of a new product.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

In Romania, the provisions related to trade secrets protection are included in several legislative acts, most importantly within the UCA. In addition, the following laws apply: the Law on Protection of Classified Information\(^\text{819}\), Competition Law\(^\text{820}\), the Criminal Code\(^\text{821}\) and the Labour Code\(^\text{822}\).

a) Law on Protection of Classified Information

Under this law, protection is ensured with respect to ‘restricted information’ which is any information whose disclosure could be detrimental to a public or private legal entity\(^\text{823}\). Such broad definition also includes trade secrets.

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\(^{818}\) Article 1 of the Unfair Competition Act: ‘For the purpose of this law: […] d) commercial secret – any information that is, totally or partially, not generally known, or is not easily accessible to those who usually deal with this kind of information and which acquires a commercial value by being secret, and, taking account of the circumstances, the rightful holder has taken reasonable measures in order to be kept secret; the protection of trade secret operates as long as the above conditions are cumulatively met.’


\(^{823}\) Article 15(e) of the Law on Protection of Classified Information: ‘e) restricted information – any information whose disclosure could be detrimental to a public or private legal entity’.
b) Competition Law

Competition law is not specifically designated to protect trade secrets. However, a duty of confidentiality is imposed on Competition Council inspectors and their staff with respect to information deemed to be a trade secret acquired by virtue of their duties.

Moreover, competition law sets provisions that aim to prevent third parties from having access to trade secrets in the course of court proceedings.

Cases of licensing or the disclosure of trade secrets may fall within the general competition provisions that prevent illicit agreements, concerted practices and the abuse of dominant positions. That is, competition law provisions may cover trade secrets whenever a breach of fair competition practices occurs.

c) Criminal Code

Although criminal protection for trade secrets is regulated by the UCA, the Criminal Code provides for a specific offence related to the ‘disclosure of information classified as service secret, or which is not for the general public’ 824.

d) Labour Code

The LC specifically states that parties can negotiate confidentiality clauses applying during employment and after its termination. The clauses entail that the employee does not disclose any data or information that came to his or her attention during the employment period. To this end, the information to be kept secret needs to be clearly identified and rules to deal with such information will be set out.

The definition provided by Article 39 of TRIPS has been transposed into the UCA 825.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Although the national laws do not confer to trade secrets the nature of rights directly enforceable before civil courts (by virtue of the TRIPS), protection of trade secrets is granted through unfair competition claims under the provisions of the UCA.

According to Article 4 of the UCA, trade secrets protection aims to prevent the dissemination, commercialisation or use of trade secrets by any person, without the consent of the legitimate owner and by means of dishonest practices. The available protection is broad in terms of information that can be considered to be a trade secret. Indeed, the definition of trade secret stated within the UCA has been interpreted by the relevant doctrine so as to cover: knowledge, solutions, methods, means, processes, know-how, clients lists, technical data, scientific data, accountancy data or data of any other nature.

824 Article 304 of the Criminal Code: ‘Disclosure of information classified as service secret or not public (1) The unlawful disclosure of information classified as service secret, or which is not for the general public, by the person aware thereof owing to their professional responsibilities, if it affects the interests or the activity of a person, shall be punishable by no less than 3 months and no more than 3 years of imprisonment, or by a fine. (2) The unlawful disclosure of information classified as service secret, or which is not for the general public, by the person aware thereof shall be punishable by no less than 1 month and no more than 1 year, or by a fine. (3) If, as a result of the action provided under par. (1) and par. (2), a crime was committed against an undercover investigator, a protected witness or a person included in the Witness Protection Program, the punishment shall be no less than 2 and no more than 7 years of imprisonment and if a crime against life was committed with direct intent, shall be punishable by no less than 5 and no more than 12 years of imprisonment’.

825 Article 1(d) of the Unfair Competition Act.
factual elements, discoveries, unpatented inventions, innovations, chemical formulas, devices, creative ideas, business strategies, market surveys, rights and obligations.

Significantly, measures taken to protect trade secrets must comply with the obligations set out in the Data Protection Act[^26] with respect to personal data that may be processed and the conditions under which the processing of personal data is carried out.

Since there is no specific protection conferred to infringements of trade secrets per se, interested parties appear to be limited to use legal remedies offered for cases of unfair competition. Such remedies encompass civil, criminal and administrative measures. Moreover, according to the national experts of the study, there appear to be no clear practices and uniform assessment criteria regulating the specific conditions of claims for trade secrets infringements under unfair competition provisions.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules on the protection of trade secrets during litigation apply to civil, criminal and administrative proceedings.

**Civil proceedings**

From a procedural perspective, trade secrets protection is not covered by specific norms, but is included in the general framework of confidential information protection.

According to Article 213(2) of the CCP, the judge, *ex officio* or upon request, may decide that the merits of the case will be heard in the absence of the public, by means of a public order. Since there is no clear definition of a public order, it remains to be seen whether trade secrets would fall under this provision.

It is worth mentioning that this provision only applies to the merits of the case and does not concern the judicial inquiry phase, where, for example, the admissibility of evidence is discussed. As regards the judicial inquiry phase, the CCP provides that the admissibility of evidence will be heard by the judge in secret, only in presence of the parties. However, this rule will enter into force on 1 January 2019 only.

In practical terms, however, the abovementioned procedure will not protect the secrecy between the opposing parties. The CCP[^27] sets out that either party has the right to request that the judge does not oblige the submission of a certain document due to its secret character. In this regard, the judge must issue a decision and, if approved, the evidence disclosing the secret information may be revealed only to the judge or to the official expert appointed by the judge. Moreover, the evidence may be stored in a special deposit accessible only by the judge or by the official expert appointed by the judge, remaining unavailable to third parties.


However, the national doctrine considers that this type of request could be made only if the relevant party has a confidentiality obligation towards third parties and not for cases where the confidentiality obligation only benefits the former.

**Criminal proceedings**
The Romanian Criminal Procedure Code\(^{828}\) contains some provisions aimed at protecting confidentiality during proceedings.

Courts may declare that hearings should be held in closed sessions when the publicity of the case may endanger confidential information\(^{829}\). For example, if objects, documents or computer data are of a secret or confidential nature, these will be provided or surrendered under conditions ensuring their secrecy or confidentiality\(^{830}\).

Moreover, a duty of confidence is imposed on the party’s representatives with reference to the data and documents of which they become aware during consultation of the case files\(^{831}\).

As to witness statements, the above-mentioned code establishes that facts or circumstances, the lawful secrecy or confidentiality of which can be raised before judicial bodies, cannot be the subject matter of a witness statement unless the relevant authority or the entitled person expresses their consent or where prescribed by the law\(^{832}\).

**Administrative proceedings**
Trade secrets violations are brought before the Competition Council when European and/or national competition laws are violated. This applies whenever an infringement prevents competition.

To protect trade secrets from disclosure, several procedural rules may apply, such as:

- hearings before the Competition Council are not public. Nevertheless, the President of the Competition Council has the power to admit the individual and legal entities whose participation is necessary to ascertain the truth of the case;
- although parties are obliged to provide documentation in a complete form to the Competition Council, they can indicate the sections that include trade secrets. However, such measure is of low effectiveness since parties are not allowed to claim the confidentiality of the cited documents before the Competition Council;
- individual hearings are allowed;

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\(^{829}\) Article 352(4) of the Criminal Procedure Code: ‘(4) The court may also declare that the court hearing shall not be public based on application by a witness if the latter’s hearing in open court session were to bring harm to his safety or dignity or privacy or to that of the members of his family, or based on application by the prosecutor, the victim or the parties, if a public court hearing were to jeopardize confidential information’.

\(^{830}\) Article 170(6) of the Criminal Procedure Code: ‘(6) If an object, document or computer data are of a secret or confidential nature, these shall be provided or surrendered under conditions ensuring their secrecy or confidentiality’.

\(^{831}\) Article 94(5) of the Criminal Procedure Code: ‘(5) During the course of the criminal investigation, a counsel is under an obligation to keep confidentiality or secrecy of the data and documents they took knowledge of on the occasion of the case file consultation’.

\(^{832}\) Article 116(3-4) of the Criminal Procedure Code: ‘(3) Those facts or circumstances the lawful secrecy or confidentiality of which can be raised before judicial bodies cannot be the subject matter of a witness statement (4) Facts or circumstances specified by par. (3) can be the subject matter of a witness statement when the relevant authority or the entitled person expresses their consent for this purpose or when there is another legal reason for removing the obligation to keep secrecy or confidentiality’.
records of hearings are provided in compliance with the confidential nature of trade secrets;
only Competition Council members participate in the deliberation procedure;
documents containing confidential information are available only to authorised persons and only if it is necessary to guarantee their right of defence.

Moreover, a general confidentiality rule applies towards inspectors and staff of the Competition Council in terms of the non-disclosure of confidential information revealed to them within their duties.

3. TRADE SECRETS HOLDERS’ PERCEPTION

As yet the Directive has not been transposed into the national legislation and its exact date of implementation is unknown.

The Romanian system appears to provide measures to help trade secrets holders to protect their interests, as, for instance, during proceedings. However, according to the national experts of the study, it appears that there is a need to balance the legitimate interest of protecting secret information with fair trial principles (i.e. adversarial debate, equality of the parties and publicity of the trial).

Moreover, it is perceived that some difficulties exist when proving the confidential nature of information claimed to be a trade secret before the court. Indeed, court practice reveals that claimants often do not bring sufficient evidence to support the fact that efforts were made to keep the secrecy of the relevant information secret.

Statistically, trade secrets claims appear to be accepted only in about 60% of cases. The remaining cases are rejected as the court generally considers the information claimed to be public or accessible to any interested person.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

Practice has shown that owners tend to protect their trade secrets by means of confidentiality and non-competition clauses included within agreements (e.g. commercial and employment agreements).

With specific regard to employment agreements, the LC states that the parties can negotiate confidentiality clauses applying during the employment and after its termination. Such clauses entail that an employee does not disclose any data or information that came to its attention during its employment period. To this end, the information to be kept secret needs to be clearly identified and the rules to deal with such information have to be set out.
Apart from confidentiality clauses, the LC establishes that employees have a general obligation to keep confidential any ‘working’ secret in line with the general duty of loyalty towards the employer. However, this obligation and the related request for damages by the employer apply only if the employer has informed the employee beforehand about the company’s trade secrets.

In addition to the abovementioned precautionary measures, Romanian companies make use of NDAs. NDAs are perceived to be effective measures, especially because they allow quantifying in advance the damages suffered in the event of trade secrets infringement and, as such, can be used as evidence before the court.

Furthermore, employers adopt technical security measures, such as specific computer software programs or private investigations, to assess trade secrets infringements.

5. REMEDIES

Romanian laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

The protection of trade secrets is provided, inter alia, by the provisions of civil law (contractual and tort/delicts).

To initiate a civil action, a trade secrets holder will prove all of the following conditions before the court:

- the information claimed to be violated is a trade secret (as per the UCA definition);
- a third party acquired/disclosed/used the information;
- the third party was aware or should have been aware that the information was a trade secret.

In some cases, the claimant may have to demonstrate that the information was acquired by means of industrial espionage, that the trade secret was disclosed by a public authority employee, by a person representing the trade secrets holder or by a person who obtained the confidential information in the course of its employment.

Under the Unfair Competition Act, the following remedies are available:

- compensation of damages;
- destruction of documentation containing confidential information;
- issuing of orders towards the alleged infringer to provide information on the disclosed trade secret;
- issuing of injunctions;
- publication of the court’s judgment.

The abovementioned remedies cannot apply in cases where the trade secret has been acquired in good faith or if the confidential information has been developed by a third party independently.

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833 Article 39(2)(f) of the Labour Code: ‘(2) The employee’s main obligations shall be as follows: […] f) the obligation to observe the job secret.’
834 Article 969b of the Civil Code (Codul civil al României), Law No 287/2009 on the Civil Code, as amended.
835 Articles 4 to 11 of the Unfair Competition Act.
As regards civil liability, companies will be held liable jointly with their employees for damages caused in the course of exercising his or her professional duties, unless the company can prove that there was no chance of preventing the violations.

5.2 CRIMINAL ACTION

Criminal liability is regulated by the Unfair Competition Act and by the Criminal Code (offences related to state or service secrets or not public information).

In both instances, proceedings are initiated by the public prosecutor after a complaint. The police undertakes \textit{ex officio} investigations only by means of exception.

In the course of criminal proceedings, only the public prosecutor can issue orders to search premises and computer systems for misappropriated data only if there are enough grounds to do so and if the judge has approved.

In addition to the above, infringements are punished by means of fines or imprisonment.

\textit{Unfair Competition Act}

Imprisonment between three months and two years or a fine might be imposed under the following circumstances:

- disclosure, acquisition or use of trade secrets by third parties as a result of commercial or industrial espionage, if it harms the activity or interests of a legal entity;
- disclosure or use of trade secrets by people empowered by legitimate trade secrets holders to represent them in front of public authorities or institutions, if it harms the activity or interests of a legal entity;
- the use by a public officer of trade secrets brought to its attention during its work, if it harms the activity or interests of a legal entity;
- the commercial use of the results of experiments or other confidential information in connection with them, forwarded to the competent authorities to obtain marketing authorisations for pharmaceutical products or chemicals for agriculture containing new chemical compounds \footnote{Article 5 of the Unfair Competition Act: ‘It is a crime and is punished by imprisonment from 3 months to 2 years or with fine: […] b) the commercial use of the results of experiments or other confidential information in connection with them, transmitted to the competent authorities in order to obtain marketing authorisations for pharmaceutical products or chemicals for agriculture containing new chemical compounds; (c) the disclosure, acquisition or use of commercial secrets by third parties as a result of a commercial or industrial espionage if the interests or the activity of a legal person are affected; (d) the disclosure or use of commercial secrets by persons empowered by the legitimate holders of such secrets to represent them before the public authorities or institutions if the interests or activity of a legal person are affected; (e) the use by one of the persons mentioned in Article 175 par. (1) of the Criminal Code of commercial secrets, which he has become aware of in the exercise of his duties, if it affects the interests or the activity of a legal person; […]’.}

\textit{Criminal Code}

The Criminal Code provides for punishments when state secrets, service secrets or not public information and professional secrecy are disclosed. In detail:

- disclosure of professional secrecy might be punished with imprisonment between three months and three years or a criminal fine \footnote{837};
service secrets or not public information might be punished with:
  o imprisonment between three months and three years or a fine if the infringement is committed by a person who knew the confidential information by performing his or her professional duties;
  o imprisonment between one month and one year or a fine, if the infringement is committed by another person.

Disclosure of state secrets might be punished with:
  o imprisonment between two and seven years or a fine, if the infringement is committed by a person who knew the confidential information by performing his or her professional duties;
  o imprisonment between three months and two years or by a fine, if the infringement is committed by another person.

Romanian criminal law provides for the criminal liability of companies where trade secrets violations occurred in the course of their business, on their own behalf or for their benefit. In these cases, fines and complementary penalties will apply (e.g. a company winding up, suspension of company activity, prohibition to take part to tender procedures for a certain period). However, such provisions do not exonerate criminal liability of the natural person of the company who committed the infringement.

5.3 ADMINISTRATIVE ACTION

Administrative actions are initiated by the Competition Council, ex officio or after a trade secrets holder’s complaint. In the latter scenario, the Competition Council starts the investigation only if, upon the assessment of the complaint, there is sufficient ground to justify proceedings.

To ascertain infringements, the Competition Council can search premises and IT systems, require the alleged infringer to provide all the necessary documentation and material and impose interim measures.

In the event of violations of European or Romanian competition law, the Competition Council is entitled to:

- require the end of the infringement, also by imposing the measures necessary for the interruption of the violation;
- accept undertakings by the infringer to adopt measures to contain the consequences of the infringement;
- impose fines (e.g. from 0.5% up to 10% of the turnover of the undertaking related to the financial year before the sanctioning);
- provide recommendations;
- impose other obligations to the parties.

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837 Article 227 of the Criminal Code: ‘Disclosure of professional secrecy (1) The disclosure, without right, of data or information regarding the privacy of an individual, which might bring harm to an individual, by someone who has knowledge thereof by virtue of profession or office, and who has the obligation to maintain the confidentiality of said data, shall be punishable by no less than 3 months and no more than 3 years of imprisonment or by a fine. (2) Criminal action shall be initiated based on a prior complaint filed by the victim’.

838 Article 304 of the Criminal Code.

839 Article 303 of the Criminal Code: ‘Disclosure of information classified as state secret: (1) The unlawful disclosure of information classified as state secret by the person aware thereof owing to their professional responsibilities, if it affects the interests of a legal entity of those provided under Article 176, shall be punishable by no less than 2 and no more than 7 years of imprisonment and the ban from exercising certain rights. (2) The unlawful possession of a document, beyond one’s professional responsibilities, containing state secret information, if likely to affect the activity of one of the legal entities provided under Article 176, shall be punishable by no less than 3 months and no more than 2 years of imprisonment, or by a fine. (3) The person in possession of a document containing state secret information, which is likely to affect the activity of one of the legal entities provided under Article 176, shall not be punishable if they surrender the document without delay to the issuing body or institution’.
Whether or not amounting to criminal offences, trade secrets related infringements falling under the Unfair Competition Law may be punished by a fine from RON 5 000 (approximately EUR 1 072) to RON 50 000 (approximately EUR 10 715) when committed by legal entities, and from RON 5 000 (approximately EUR 1 072) to RON 10 000 (approximately EUR 2 143) when committed by a natural person.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
As a general rule publishing decisions has a deterrent effect and brings awareness among stakeholders in regard to their rights and obligations.

According to the national experts of the study, at national level specific regulation related to the publication of decisions attaining trade secrets cases is still under development but is expected to increase in the near future.

In some areas of the law, for example competition law, specific obligations may apply as regards the publication of decisions. Authorities, which have been provided with trade secrets, have the obligation to publish confidential versions of its decisions and/or documents.

6.2 COMPETENT COURTS
There are no specialised courts in Romania that deal with trade secrets matters. Litigation usually takes place before the competent civil and criminal courts. As regards criminal proceedings, the competent tribunal is the one located in the jurisdiction where the infringement took place or where the infringer’s premises are located.

As regards administrative proceedings, trade secrets holders can appeal the Competition Council’s decisions to the administrative proceedings section of the competent Court of Appeal.

840 Article 2(2)(a)(b) of the Unfair Competition Act.  
841 Article 4(1)(2) of the Unfair Competition Act.
The Baseline of Trade Secrets Litigation in the EU Member States

SLOVENIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

In Slovenia, broader and narrower definitions of the term ‘trade secret’ exist as provided for by different legislative acts.

The definition of ‘trade secret’ usually applied is provided by the Slovenian Companies Act[^842], which stipulates that a company will designate in a written statement the information considered to be trade secrets and determines the duties of the persons involved in trade secrets protection. Moreover, despite what is covered by the statement, the legislative act states that any information the disclosure of which may cause substantial damage will be considered to be a trade secret. Therefore, trade secrets are financial or business information and important facts related to a company’s business as, for instance, know-how concerning production processes (usually considered confidential and protected under contractual agreement between involved parties).

In detail, Article 39 of the Slovenian Companies Act states:

‘(1) A trade secret shall be deemed to be data so determined by the company in a written resolution. The partners, employees, members of management bodies and other persons obliged to protect trade secrets shall be acquainted with this resolution;
(2) Irrespective of whether it is covered in a resolution under the preceding paragraph of this article, any data whose disclosure to an unauthorised person would clearly cause substantial damage shall also be deemed to be a trade secret. The partners, employees, members of management bodies of the company and other persons shall be liable for any violation if they knew or should have known that the data was of such nature;
(3) Information defined by law as public or information about violations of the law or good trade practice may not be characterised as trade secrets’.[^843]

A narrower definition of ‘trade secret’ is provided by Article 3(17) of the Prevention of Restriction of Competition Act[^844], which states as follows: ‘A ‘business secret’ shall mean information whose disclosure would cause considerable damage, and which is known to a limited number of persons’.

[^843]: Original wording: ‘(1) Za poslovno skrivnost se štejejo podatki, za katere tako določi družba s pisnim sklepom. S tem sklepom morajo biti seznanjeni družbeniki, delavci, člani organov in druge osebe, ki so dolžna varovati poslovno skrivnost.
(2) Ne glede na to, ali so določeni s sklepi iz prejšnjega odstavka tega člena, se za poslovno skrivnost štejejo tudi podatki, za katere je očitno, da bi nastala občutna škoda, če bi zanje izvedela nepooblaščena oseba Družbeniki, delavci, člani organov družbe in druge osebe, so odgovorni za kršitev, če so vedeli ali bi morali vedeti za tak značaj podatkov.
1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Several legislative acts regulate the protection of trade secrets, including sector-specific laws. In detail, the main sources of law include: the Companies Act, the Civil Procedure Act 845, the Prevention of Restriction of Competition Act, the Employment Relationship Act 846 and the Criminal Code of the Republic of Slovenia 847.

a) Companies Act
The Companies Act provides for the most used definition of trade secrets, as outlined above.

b) Civil Procedure Act
The CPA contains provisions 848 (see paragraph 2 below) on the disclosure of trade secrets during proceedings.

c) Prevention of Restriction of Competition Act
The Prevention of Restriction of Competition Act does not specifically regulate trade secrets. However, trade secrets are protected under this law if their disclosure or illegal use can prevent competition, that is, in the event of infringements implying restrictive business practices, cartels (Article 6 of the Prevention of Restriction of Competition Act), abuse of dominant position on the market (Article 9 of the Prevention of Restriction of Competition Act).

d) Employment Relationship Act
The Employment Relationship Act states that employees have a general duty not to exploit trade secrets for their own benefit or to disclose such confidential information to third parties 849.

e) Criminal Code of the Republic of Slovenia
The Criminal Code recognises criminal liability for trade secrets infringements 850. In detail, whoever, without due authorisation in non-compliance with his or her duties to protect trade secrets, communicates or conveys information designated as a trade secret to another person, or otherwise provides access to such information or has the chance to collect such information and convey it to an unauthorised person, can be prosecuted under criminal law.

The Criminal Code also identifies penalties in the event of trade secrets violations. Indeed, for the abovementioned violations, the infringer is sentenced to imprisonment for up to three years.

846 Employment Relationship Act, Official Gazette of the Republic of Slovenia No 21/2013, as amended.
848 Article 219(b) and Article 294 of the Civil Procedure Act.
849 Article 38 of the Employment Relationship Act: ‘(1) The employee may not exploit for his personal use nor disclose to a third person the employer's business secrets, defined as such by the employer, which were entrusted to the worker or which he has learnt about in any other way. (2) Data, which would obviously cause substantial damage if disclosed to an unauthorised person, shall also be deemed to be a trade secret. The employee shall be liable for the violation if he was familiar with or should have been familiar with such nature of data'. Unofficial translation.
850 Article 36 of the Slovenian Criminal Code.
The Criminal Code also provides for a qualified version of this offence, that is, if the information concerned is ‘of special importance’\(^{851}\), or if it has been conveyed to a third person with a view to being transferred abroad, or if the offence has been committed out of greed, the perpetrator will be sentenced to imprisonment for no more than five years.

However, if the offences have been committed through negligence, the perpetrator will be sentenced to imprisonment for no more than one year.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of protection varies, depending on the legislative act it relies on and on the interaction with specific-sector laws as labour and privacy laws.

For instance, Article 39(1) of the Slovenian Companies Act stipulates that company members, employees and the members of a company’s governing bodies and other persons will be responsible for the disclosure of trade secrets if they are aware or should be aware of such information being secret. This means that under the stated conditions also the employee may be responsible for the disclosure of the trade secret and for damages caused by this disclosure.

Moreover, the Personal Data Protection Act (Zakon o varstvu osebnih podatkov — ZVOP)\(^{852}\) includes several provisions that mention trade secrets. The privacy of an employee may be restricted for protecting business secrets. For instance, the ZVOP prescribes that a video surveillance within work areas or biometric measures in the private sector may only be implemented in exceptional cases when necessarily required to protect secret data and business secrets (and where such purpose cannot be achieved by less imposing means). Employees must be informed in advance, in writing, before commencing the implementation of video surveillance. Biometric measures may only be used on employees if they were informed in writing thereof in advance.

Overall, measures available to trade secrets holders include civil, criminal and administrative remedies. These measures prohibit infringements and provide for compensation in the event of violations.

According to the existing case-law, the effectiveness of the available protection measures appears to be low. Moreover, the effectiveness depends on the circumstances of each case and activities taken by the parties involved (e.g. signing of NDAs). In this regard, an important step in protecting trade secrets is to establish internal procedures ensuring that certain information is clearly classified to be a trade secret.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules on the protection of trade secrets during legal proceedings are provided by the Prevention of Restriction of Competition Act and by the Civil Procedure Act, amendments of which came

\(^{851}\) Article 236 of the Slovenian Criminal Code.

\(^{852}\) Personal Data Protection Act (Zakon o varstvu osebnih podatkov — ZVOP), Official Gazette of the Republic of Slovenia No 59/99.
into force in September 2017\(^{853}\) and strengthened the protection of trade secrets during litigation procedures.

**Civil proceedings**

According to the amendments of the CPA, an obligation to hold closed court hearings is established to protect trade secrets. Moreover, where required, specific procedural rules to disclose trade secrets are set.

As regards closed hearings, the public must be excluded\(^{854}\) from the main hearing or part of it in the event that exclusion is necessary to protect trade secrets. Those permitted to attend closed hearings (i.e. the parties) will be warned by the presiding judge of their obligations to keep secret information acquired during proceedings and of the consequences of the illicit disclosure of trade secrets.

As regards the procedures to disclose trade secrets, the CPA states\(^ {855}\) that a court may order that one party reveals its trade secrets during the procedure. However, depending on the circumstances of each case, and by taking into account the proportionality of the required measure, a court may order the disclosure of trade secrets as follows:

- a party submits versions of the documents in which the sections containing the trade secrets are covered, if the court considers that full disclosure of the document is not necessary; or
- allows an expert or a third party (that is mutually agreed on by both parties), to review documents or objects containing trade secrets and, then, the court instructs experts or a third party to prepare summaries in a form that does not reveal trade secrets; or
- full disclosure of the information.

According to Article 219(b) of the CPA: ‘The Court shall consider the discretion, taking into account all the circumstances, what is the meaning of the fact that the party refuses to comply with the decision referred to in the first paragraph of this article. The burden of proof of the existence of a trade secret shall be borne by the party which claims to do so’.

**Criminal proceedings**

Pursuant to the general rule contained in the Slovenian Criminal Procedure Act\(^ {856}\), at any time from the beginning until the end of the main hearing, the judge(s) may, upon request of the parties or ex officio, but always after it has heard the parties, exclude the public or a part thereof from the trial if so required by the interests of protecting secrets, maintaining law and order, and if in the opinion of the panel a public

\(^{853}\) The most recent amendment to the Slovenian Civil Procedure Act was published on 27 February 2017 in the Official Gazette of the Republic of Slovenia No 10/2017 and came into force from 14 September 2017.

\(^{854}\) Article 294 of the Civil Procedure Act.

\(^{855}\) Article 219(b) of the Civil Procedure Act: ‘The court may, by a motion of a party, order the opposing party to disclose information which is a trade secret, if it considers that disclosure thereof in order to ensure the right to judicial protection of the client objectively prevails over the interests of the opposing party after the protection of such information as a trade secret. Depending on the circumstances of the case and taking into account the proportionality of the proceedings, the court may order the client to disclose trade secrets in such a way that: - draw up and submit versions of the documents on which the parts containing trade secrets are covered if it considers that the entire disclosure of documents is not necessary; - allow an expert or a third party, mutually determined by both parties, to review documents or objects containing trade secrets, and the court instructs experts or a third party to produce summaries in a form that does not contain trade secrets; - disclose in full the information that is a trade secret. The court shall consider the discretion, taking into account all the circumstances, what is the meaning of the fact that the party refuses to comply with the decision referred to in the first paragraph of this article. The burden of proof of the existence of a trade secret shall be borne by the party which claims to do so’.

\(^{856}\) Criminal Procedure Act, adopted on 10 April 2007, published in the Gazette No 1318-0576, as amended; source: unofficial translation.
trial would be prejudicial to the interests of justice.\(^{857}\)

The exclusion of the public will not apply to the parties, their representatives and counsel. The ruling on the exclusion of the public may only be challenged in an appeal against the judgment.

Furthermore, counsels, doctors, social workers, lawyers or any other professionals, which are bound to the duty of secrecy by their profession, will be exempted from the duty to testify on confidential information whose knowledge was acquired in exercising his or her profession.\(^{858}\)

**Administrative proceedings**

According to the Prevention of Restriction of Competition Act, proceedings related to the violation of competition laws are not public, so only involved parties have the right to access the documentation of the case. However, if the access to the case material is in conflict with the protection of a party’s trade secrets, the Slovenian Competition Protection Agency\(^ {859}\) may deny such access (Article 13(4) of the Prevention of Restriction of Competition Act).

Furthermore, the competition law establishes for the civil servants of the CPA and persons cooperating with the CPA, the duty of non-disclosure of confidential information acquired during proceedings (Article 13a(1) of the Prevention of Restriction of Competition Act).

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, it seems that the existing legal system is perceived to offer room for improvement.

As the Directive has not been implemented yet, it appears that a specific law on trade secrets could imply an increased level of legal certainty concerning the implementation of trade secrets protection.

Indeed, in the actual legislation framework, trade secrets holders might be discouraged to initiate court actions because:

- the burden of proof that a certain information is a trade secret falls on the rights owners;
- the disclosure of confidential information during proceedings can cause damage to trade secrets holders;
- according to case-law, it is very difficult to prove liability for damage in relation to trade secrets infringements.

\(^{857}\) Article 295 of the Criminal Procedure Act.

\(^{858}\) Article 236 of the Criminal Procedure Act.

\(^{859}\) The Slovenian Competition Protection Agency is an authority with the powers of enforcing competition rules. It was established in 2013 within the reorganisation of the former Slovenian Competition Protection Office which was a part of the Ministry of the Economy.
4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, there are different types of precautionary measures potentially taken by owners:

- internal acts/procedures adopted by companies concerning the protection of trade secrets;
- NDAs;
- technical security measures;
- confidentiality clauses in labour contracts and other agreements;
- licence agreements.

In Slovenia, information is deemed to be a trade secret if so determined by a company in a written resolution, thus, rendering written documents or agreements whereby the secrecy of information is evidenced is considered to be of crucial importance.

5. REMEDIES

Slovenian laws provide for civil, criminal and administrative remedies.

5.1 CIVIL ACTION

The enforcement of trade secrets violations is possible through a civil court by the affected party.

In a civil court procedure, remedies available to trade secrets holders include preliminary measures, such as injunctions and measures to secure evidence as well as requests for damages.

As regards injunctions, both preliminary and temporary injunctions apply. Preliminary injunctions are issued to ensure the enforcement of the claimant’s compensation claim until the court’s judgment.

Temporary injunctions can be applied for before, during or after the proceeding to stop a trade secret misuse until the end of the legal proceeding, to avoid the publication of an alleged trade secret and, in certain circumstances, to place a lien on the property of the defendant.

Referring to measures to secure evidence, orders to search a person’s working area and computer are allowed while searches at home and on private premises need the defendant’s consent.

As regards indemnification, the injured party may claim damages in accordance with the general provision of the Civil Code (i.e. direct loss and lost profits). The burden of proof of suffered damages is on the trade secrets holder who has to demonstrate the existence of all the following conditions:

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860 Article 270 of the Civil Procedure Act.
861 Article 243, para. 1 of the Civil Code.
• the infringer acted unlawfully;
• the infringer’s action caused damage;
• the causal link between damage and the infringer’s action;
• the infringer’s action contains a convinced degree of fault (intent or negligence).

In accordance to the Employment Relationship Act 862, where exploitation or the disclosure of trade secrets by an employee occurs, both the termination of the employment contract and/or the payment of damages can be claimed by the employer.

Punitive damages are not recognised.

5.2 CRIMINAL ACTION

The enforcement of trade secrets infringements is possible through criminal procedures, which are initiated ex officio or upon a party’s complaint by the public prosecutor.

The trade secrets holder will prove that the relevant information was a trade secret, that is, will demonstrate the existence of a company’s statement identifying the trade secret as such, and that each person dealing with the trade secret was informed about the nature of the confidential information.

According to the Criminal Code, criminal liability can address both natural persons and legal entities and arises in the event of ‘disclosure of and unauthorised access to trade secrets’ 863.

As regards natural persons, trade secrets violations are punished under criminal law with imprisonment of up to three years. If the criminal act is committed out of negligence, the term is reduced to up to one year. If the action is committed with a specific purpose (e.g. profit making) and the information is of particular importance, or if it has been conveyed to a third person with a view to being transferred abroad, the term is increased to up to five years.

According to Articles 11 to 20 of the Liability of Legal Persons for Criminal Offences Act of the Republic of Slovenia 864, corporate criminal liability for a trade secrets violation (committed on behalf or for the benefit of a company) is punished by:

• application of a fine, which depends on the circumstances of the case;
• confiscation of property;
• liquidation of the legal entity;
• prohibition of specific business activities (e.g. participation in tenders for public procurements, trading in financial instruments);
• publication of the final judgment, under specific circumstances (if beneficial for the public).

In Slovenia, the same act may be punished under the crime of disclosure of and unauthorised access to trade secrets.

If these criminal acts are suspected, the Securities Market Agency (ATVP) will contact the police and/or the competent State prosecutor’s office.

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862 Articles 89 and 175 of the Employment Relationship Act.
863 Section 236 of the Criminal Code.
According to the Criminal Procedure Act, applicable remedies include preliminary measures as search orders at private premises of the defendant 865.

5.3 ADMINISTRATIVE ACTION

According to Article 23 of the Prevention of Restriction of Competition Act, administrative proceedings may be initiated *ex officio* by the CPA in the event of trade secrets infringements falling under the provisions of the Prevention of Restriction of Competition Act.

Since May 2014, involuntary inspections by the CPA have only been permitted on the basis of a court order and in the presence of two adult witnesses. This rule is the result of the Slovenian Constitutional Court's judgment, rendered on 11 April 2013, which found that the provisions of the Prevention of Restriction of Competition Act allowing the CPA to carry out unexpected inspections only on the basis of the order of the Director of the CPA were in breach of Article 37 of the Constitution of the Republic of Slovenia on communication privacy.

According to Article 37 of the Prevention of Restriction of Competition Act, in the event of a violation of competition among undertakings, the CPA may issue, inter alia, an order of termination of the infringement, restoration of the initial condition, an order to conclude a licence or ensure access to infrastructure and, when applicable and in very specific cases, also the publication of a judgment.

In the event of infringements related to the abuse of dominant position or a restrictive agreement, the CPA can impose monetary fines as follows:

- in the event of infringements related to restrictive practices, a fine for a minor offence of up to 10 % of the annual turnover of the undertaking can be imposed on a legal entity, entrepreneur or an individual who performs economic activity. Moreover, a fine between EUR 5 000 and EUR 10 000 can be imposed on the responsible person of a legal entity or the responsible person of an entrepreneur in the event of minor offences. The fine amount can increase for more serious offences, ranging between EUR 15 000 and EUR 30 000; 866
- in the event of infringements related to concentrations, a fine for a minor offence up to 10 % of the annual turnover of the undertaking involved in a concentration together with other undertakings in the group in the preceding business year is imposed on a legal person and entrepreneur for a minor offence. Moreover, a fine between EUR 5 000 and EUR 10 000 can be imposed on the responsible person of a legal entity or the responsible person of an entrepreneur for minor offences. The fine amount increases for more serious offences, ranging between EUR 15 000 and EUR 30 000. Additionally, a fine between EUR 3 000 and EUR 5 000 can be imposed on a natural person already controlling at least one undertaking for a minor offence, and a fine between EUR 10 000 and EUR 15 000 for more serious offences 867.

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865 Article 164 and Articles 214 to 220 of the Criminal Procedure Act.
866 Article 73 of the Prevention of the Restriction of Competition Act.
867 Article 74 of the Prevention of the Restriction of Competition Act.
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

To protect trade secrets a court’s judgment is published without disclosing confidential information. As case-law is a secondary source that ensures uniformity in the use of the formal sources, appellate instance decisions are published in an anonymised and standardised form.

With specific regard to competition infringements and according to the Prevention of Restriction of Competition Act, a party may request the publication of the court’s decision in the media. This provision applies if a trade secrets disclosure is considered to be an act of unfair competition and perpetuated by the media or by similar means (e.g. leaflets, inscriptions in public places) or which has affected a large number of people.

6.2 COMPETENT COURTS

In Slovenia trade secrets disputes are not handled by specialised courts.

As regards civil proceedings, the competent courts are the civil courts and the Supreme Court. In cases of disputes involving employment contracts, the competent courts are the labour courts.

As regards criminal offences, in the first instance the competent courts are the local and district courts (the latter in the event of more serious violations) and in the second instance the High Court.

In administrative court procedures, the parties have the right to challenge the decisions issued by the administrative body (e.g. decisions regarding access to information v trade secrets) before the administrative court.

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868 Slovenian decisions are published on the following website; source: http://www.sodnapraksa.si/
The Baseline of Trade Secrets Litigation in the EU Member States

SLOVAKIA
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

In the Slovak Republic, the definition of ‘trade secret’ is provided within the Slovak Commercial Code (SCC)869.

On 12 October 2017, the Slovak Parliament passed an extensive amendment870 of the SCC, introducing a wide revision of the trade secret related provisions, especially on the conditions of the violation of trade secrets and the means of protection as regards the violation of trade secrets. The amendment has been effective from 1 January 2018.

Part V of the SCC is entitled ‘Business Secrets’; these are considered rights belonging to the entrepreneur running the company to which such secrets are applicable, and will be protected according to the rules set forth in the SCC871.

In particular, ‘business secrets may consist of all the facts of trading, manufacturing and technological nature related to an enterprise, which have an actual, or at least potential, tangible or intangible value, are normally not available in the respective industry and the entrepreneur wishes that the same are not disclosed, provided that the entrepreneur adequately provides for the confidentiality thereof872.

The new amendment has added three paragraphs to this definition, specifying that:

‘The trade secret owner is the natural person or legal entity who is legally dealing with business secrets relating to an enterprise operated by that person in the course of business.

A trade secret violator is a natural person or legal entity that violates or threatens business secrets.

Goods in breach of trade secret rights are goods whose design, characteristics, functioning, production process or marketing have significant trade related advantages acquired through an infringement of trade secrets873.

As underlined by the Supreme Court, to enjoy the status of a ‘trade secret’, the relevant owner has to prove that he or she carried out specific procedures and measures to ensure the protection of confidential data874.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

The main sources for trade secrets protection are: the Criminal Code (CC)875, the Slovak Competition

870 Published in the Collection of Laws under No 264/2017 Coll. on 8 November 2017.
871 Section 18 of the Commercial Code.
872 Section 17 of the Commercial Code.
873 Section 17 of the Commercial Code.
Act\textsuperscript{876} and the Slovak Commercial Code (SCC).

\textit{a) Criminal Code (CC)}

Provisions for the protection of trade secrets are included in the CC, which regulates the endangering and disclosing of trade secrets.

In particular, Section 264 of the CC states that any person who obtains ‘information subject to trade, bank, postal, telecommunication or tax secrets with the intention of disclosing it to an unauthorised person, or who wilfully discloses such secrets to an unauthorised person, shall be liable to a term of imprisonment of between 6 months and 3 years’.

The imprisonment sanction may rise to eight years if the offence is particularly serious and causes significant damage through its commission.

The offender will be liable to imprisonment between seven and 12 years if he or she commits the offence and causes large-scale damage through its commission, or commits it as a member of a dangerous group, or under a crisis\textsuperscript{877}.

Furthermore, whenever the trade secrets violation results in unfair competition offences, whoever, by harming the goodwill of a competitor’s undertaking or by breaching the legislation regulating the protection of economic competition, causes substantial damages or endangers operations of a competitor, is liable to imprisonment of up to three years\textsuperscript{878}.

If, by committing the above offence, the offender causes large-scale damage or bankruptcy to the competitor’s undertaking, or he or she acts by reason of a specific motivation or in a more serious manner, he or she is liable to a term of imprisonment of between two and six years\textsuperscript{879}.

\textit{b) Slovak Competition Act}

The Slovak Competition Act contains general provisions on agreements restricting competition and concerted practices\textsuperscript{880} and the abuse of dominant positions\textsuperscript{881}. The provisions may apply also to situations related to the licensing or disclosure of trade secrets.

Furthermore, the Anti-Monopoly Office of the Slovak Republic (AMO) and the Slovak courts have the power to enforce Articles 101\textsuperscript{882} and 102\textsuperscript{883} of the TFEU. In this respect, the Slovak Competition Law

\begin{footnotesize}
\textsuperscript{877} Section 264 of the Criminal Code.
\textsuperscript{878} Section 250(1) of the Criminal Code.
\textsuperscript{879} Section 250(2) of the Criminal Code.
\textsuperscript{880} Article 4 of the Slovak Competition Act.
\textsuperscript{881} Article 8 of the Slovak Competition Act.
\textsuperscript{882} Article 101 of TFEU: ‘1 The following shall be prohibited as incompatible with the internal market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and in particular those which: (a) directly or indirectly fix purchase or selling prices or any other trading conditions; (b) limit or control production, markets, technical development, or investment; (c) share markets or sources of supply; (d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; (e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.'
\end{footnotesize}
may apply to trade secrets, but only in circumstances where the use of trade secrets has an impact on competition.

c) Slovak Commercial Code (SCC)

As mentioned above, since January 2018 the SCC has provided specific provisions for the protection of trade secrets together with a list of available remedies. For any violation or impairment of a trade secret, the entrepreneur is entitled to the same legal protection to which he or she is entitled in the event of unfair competition.884

With the amendment of the SCC, a trade secrets violation has been redefined more precisely as a separate unfair competition offence.885

In particular, a trade secrets breach is defined as the unlawful acquisition, use or disclosure of a trade secret.

The unlawful acquisition of a trade secret will occur whenever a trade secret is acquired without the consent of the trade secrets owner by means of conduct contrary to honest commercial practices, that is, by the unauthorised access to, appropriation of or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secrets holder, containing the trade secret or from which the trade secret can be deduced.

As unlawful use or disclosure of a trade secret is concerned, it will entail the use or disclosure carried out without the consent of the trade secrets holder, by a person who:

a) acquired the trade secret unlawfully;
b) is in breach of a confidentiality agreement or any other duty not to disclose the trade secret;
c) is in breach of a contractual obligation or any other duty to limit the use of a trade secret.

Moreover, the acquisition, use or disclosure of a trade secret is also considered unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought to have known, that the trade

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2. Any agreements or decisions prohibited pursuant to this Article shall be automatically void.
3. The provisions of paragraph 1 may, however, be declared inapplicable in the case of:
- any agreement or category of agreements between undertakings,
- any decision or category of decisions by associations of undertakings,
- any concerted practice or category of concerted practices,
which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not:
(a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;
(b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question'.

883 Article 102 of the TFEU: ‘Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States.
Such abuse may, in particular, consist in:
(a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
(b) limiting production, markets or technical development to the prejudice of consumers;
(c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
(d) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts’.

884 Section 20 of the Commercial Code.
885 Section 51 of the Commercial Code.
secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of previous paragraph.

Finally, the unlawful use of a trade secret also includes the production, offering or placing on the market of infringing goods, or the import, export or storage of infringing goods, where the person carrying out such activities knew, or ought to have known, that the trade secret was used unlawfully within the meaning of the previous paragraph.

On the other hand, obtaining business secrets will not be unlawful if it has occurred:

a) by independent discovery or creation;
b) observing, examining, dismantling or testing a product or object that has been made available to the public or which is legally entitled to the person who obtained the information and who is not legally bound to confidentiality of trade secrets;
c) by exercising the rights of employees or employees’ representatives under Slovak law and European Union law; or
d) in a manner that is consistent with the principle of fair trade and does not interfere with the rights of third parties.  

To protect so-called whistle-blowers, the acquisition, use or disclosure of trade secrets is also justified if it has been committed to protect public interest, in particular in connection with the detection of an unlawful act or other illegal activity.

The acquisition, use or disclosure of trade secrets is indeed not unlawful insofar as it requires or permits the Slovak legal order or the law of the European Union.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Until the enactment of the new law, the Slovak legislation offered a limited scope of protection even though it potentially included both civil and criminal remedies.

The recent changes made to the Commercial Code have outlined a specific unfair competition offence related to trade secrets misappropriation, widening also the scope of available remedies.

As outlined above, the new provisions set out a definition of trade secrets violation by specifying the types of conduct constituting a violation, as well as describing what is not deemed as unlawful acquisition, unlawful use and unlawful disclosure of a trade secret. Such legislative amendments will provide for more legal certainty and effectiveness of protection.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

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886 Section 51(6) of the Commercial Code.
887 Section 51(7) of the Commercial Code.
888 Section 51(8) of the Commercial Code.
Procedural rules to protect trade secrets from disclosure apply to civil and administrative proceedings.

**Civil proceedings**
In Slovakia, hearings in civil proceedings are usually public.

When the disclosure of certain information would lead to a risk of endangering the State, business, or professional secrecy, important interest of the parties, or morality, the court may, *ex officio* or upon a party’s request, exclude the public from the whole hearing or a part thereof. However, the court may admit individual people to the hearing, instructing them of criminal liability in the event of disclosure.  

As regards evidence, examination thereof will be conducted taking into account the need to safeguard State, business, commercial and professional secrecy and non-disclosure obligation imposed by the State. In such cases, when a duty of secrecy or confidentiality exists, only persons that have been released by such obligation by the competent body or entity that have imposed it can be subject to oral examinations.

Within the framework of remedies against unfair competition, according to the SCC, upon a party’s request or *ex officio*, the court may decide to close the hearings to the general public, whenever a public hearing would threaten business secrets or public interest.

**Criminal proceedings**
In Slovakia, criminal proceedings are held in public to give people the chance to attend the hearing and to follow the trial. Public attendance may be excluded from the main hearing and open court hearing only in cases explicitly provided for under the criminal procedure code.

Currently there are no specific provisions for the protection of trade secrets within criminal proceedings.

**Administrative proceedings**
Provisions regulating the disclosure of secret information during proceedings before the AMO can be found in the Slovak Competition Act.

Parties wishing to safeguard the confidentiality of information collected during an investigation should indicate the information they consider confidential and should explain its designation as a business secret.

The AMO may ask the parties to provide a non-confidential version of documents where information considered as trade secrets is not included.

However, information deemed to be confidential could be disclosed if it is necessary to take a decision and the interested party does not provide the information and documents in a form not disclosing the business secret or the information and documents do not to have a confidential character.


890 Section 124 of the Code of Civil Procedure.

891 Section 55(3) of the Commercial Code.

892 Article 40 of the Slovak Competition Act: ‘Undertakings are required to submit to the Office the requested information and documents, allow an examination of this information or these documents, cooperate with the Office in their examination, and to allow employees of the Office, employees of another national competition authority, and employees of and persons authorized by the Commission to enter all buildings, premises and means of transport of
3. TRADE SECRETS HOLDERS’ PERCEPTION

Case-law on trade secrets is rather rare in Slovakia. One of the reasons identified is the fact that the status of trade secrets holders is linked to the ownership of the business to which the trade secret pertains, which does not permit licensees to defend trade secrets. This approach currently restricts the level of protection available. However, the implementation of the Directive into national law may lead to improvements in this regard.

The other main difficulties that may arise within trade secrets disputes have been expressed to be:

- lack of appropriate remedies in proving damages arisen in consequence of a trade secrets breach;
- difficulties in determining the quantification of damages.

Slovakian law provides for the option to determine the level of damages claimed by the applicant as the amount of royalties, which would have been paid if the infringer had legally used the trade secret, only in cases of breach of an IPR such as trade marks, copyrights or patents. Damage claims arising from the infringement of trade secrets cannot be calculated according to such method.

The newly approved amendment of the SCC might change the trade secrets owners’ perception on the available remedies.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

According to the national experts of the study, to protect their rights trade secrets owners in Slovakia usually conclude special NDAs or include specific confidentiality clauses in employment/business cooperation agreements.

Furthermore, trade secrets holders may restrict the circulation of information within the company and limit the access to protected information.

5. REMEDIES

In Slovakia, civil, criminal and administrative remedies apply.

*the undertakings. The Office shall ask the undertakings to indicate the subject of business secrecy and their confidential information*.
5.1 CIVIL ACTION

As previously mentioned, the infringement of business secrets under the SCC is considered an act of unfair competition. The parties, whose trade secrets rights have been harmed, may require third parties to refrain from such conduct and to provide a remedy. In addition, compensation for damages may be required, which may also be granted in cash, as well as the surrender of any unjustified benefits. 893

As far as interim measures are concerned, the court may, at the request of the trade secrets owner, order one or more of the following measures 894:

a) termination or prohibition of the use or disclosure of trade secrets;
b) prohibition of the manufacture, offer, placing on the market or use of goods resulting from the misappropriated trade secrets;
c) prohibition of the import, export or storage of goods resulting from the misappropriated trade secrets for the purpose of its manufacture, placing or use on the market;
d) seizure of goods resulting from the misappropriated trade secrets, including imported goods, to prevent its placing on the market or circulation on the market.

When deciding on an application for an urgent action, the court, before issuing a preliminary measure, takes into account the following elements:

a) value and other specific features of trade secrets;
b) measures taken to protect confidentiality;
c) the conduct of the alleged infringer in obtaining, exploiting or making available his or her legitimate interests;
d) the manner and effect of the breach of business secrets;
e) the legitimate interests of the business secrets owner and third parties;
f) public interest and;
g) protection of rights.

Revision of the Commercial Code also enabled the courts to request that the trade secrets owner provide a security for damages 895, which might occur in connection with the application of an interim injunction. Instead of applying an interim injunction, a court may also oblige the alleged trade secrets infringer to provide a security for damages caused by the violation of a trade secret. Such damage security will safeguard the trade secret’s interests while awaiting the decision on its merits.

The court may request the trade secrets owner to supplement the evidence necessary to demonstrate that the information is a trade secret according to the SCC, the person or entity who filed an application for injunctive relief is the owner of the trade secrets and that a trade secret was misappropriated.

The court may, in its ruling, adjudicate to the winning party the right to publish the decision at the expense of the losing party, and, as appropriate, specify also the extent, the form and the terms of publishing (see paragraph 6.1 below).

Finally, the amendment of the SCC sets forth several specific corrective measures 896 that a court may apply in decision on the merits. During the proceeding on the merit of the case, the trade secrets owner can request the same kind of injunctions mentioned above for the interim phase. In addition, the following remedies may be requested:

893 Section 53 of the Commercial Code.
894 Section 55(b) of the Commercial Code.
895 In Slovak: zábezpečka na zabezpečenie náhrady škody.
896 Section 55(c) of the Commercial Code.
a) the withdrawal from the market of goods resulting from the misappropriated trade secrets;  
b) the destruction of the goods resulting from the misappropriated trade secrets 897.

As regards the claim for damages, the method of determination of damage compensation that might be requested is now provided: financial compensation will not exceed the remuneration or fees that the infringer would have paid if he had requested authorisation to use the trade secret 898.

Financial compensation for non-material damage and unjust enrichment remains also available to an owner of a violated trade secret. Despite introducing specific legal remedies against trade secrets violation, the general legal remedies against unfair competition remain fully applicable.

Punitive damages are not recognised.

5.2 CRIMINAL ACTION
Criminal proceedings related to trade secrets can be initiated both on the initiative of the public prosecutor or, more often, based on a claim filed by the owner of the trade secret.

The aggrieved person can present a claim for damages within criminal proceedings. If a civil proceeding for the compensation of damages has already started, the judge of the criminal proceeding suspends such claim and refers the claimant to the civil proceeding.

As regards evidence, in criminal proceedings any evidence demonstrating an abuse of trade secrets is applicable. It is worthwhile mentioning that it is necessary to prove that the offender has acted intentionally, thus, negligence is insufficient for establishing criminal liability. The trade secrets owner can request 899 the following measures:

- ex parte order to search premises and computer systems for misappropriated data;
- submission of request to the defendant to provide information on the whereabouts of documents and files;
- precautionary seizure of facilities and computer systems to prevent the continuation of the offence.

In this respect, Section 33 of the CC establishes the following protective measures:

- protective supervision;
- detention;
- confiscation of goods;
- confiscation of money;
- confiscation of property.

In Slovakia, the criminal liability of a company does not apply.

5.3 ADMINISTRATIVE ACTION
Regarding administrative proceedings, the AMO can start investigations on its own initiative or upon a complaint by any interested third party for a suspected breach of competition law.

897 Section 55(c) of the Commercial Code.
898 Section 55(c)(5) of the Commercial Code.
899 Sections 58 and 60 of the Criminal Code.
If the AMO finds a breach of competition law, it will order the unlawful conduct to be brought to an end. Moreover, it can order:

- the removal of the consequences of the breach;
- a fine of up to 10% of the turnover of the undertaking involved for the preceding closed accounting period.

Officials of the AMO have the power to carry out inspections and to request information and documents from undertakings to conduct their investigation activities. To this end, they can:

- seal information or documents as well as the premises where the inspection is carried out for a certain time limit;
- take away such information and documents and make copies thereof;
- access the premises, buildings and means of transport of an undertaking to conduct the inspection.

The AMO does not have any power to issue interim injunctions.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

The judgment will always be pronounced publicly and by the presiding judge in the name of the Slovak Republic. The judge will always pronounce the terms of the judgment, give the reasoning for the judgment and instructions on its enforcement and appeal. There are no specific provisions on the protection of trade secrets.

The publication of civil court decisions is regulated by the Slovak Commercial Code. Pursuant to the recent amendment, the court may, at the request of the trade secrets owner, impose an obligation on the trade secrets infringer to publish the decision or parts thereof at its expense, if it is necessary in light of the gravity of the business secrets infringement. The court may at the same time identify one or more parts of the judgment to be made public.

When deciding on the disclosure of a decision, the court will take into account the value of a trade secret, the conduct of a trade secrets infringer, the impact of the violation and the likelihood of further unauthorised use or disclosure of trade secrets.

The decision to be published will be anonymised before disclosure of the data allowing the identification of a person who is different from the trade secrets infringer.

As regards criminal proceedings, there are no special rules on the confidentiality of trade secrets in decisions' publication.

900 Slovak Competition Act.
901 Section 1 of the Code of Civil Procedure.
902 Section 55(d) of the Commercial Code.
The AMO is obliged to disclose its final decisions, notification of a concentration and if the nature of the matter does not exclude it, a notice on the initiation of proceedings on all other competition matters. However, the data constituting trade secrets, confidential information and information protected according to special legislation, will be excluded from the published decision 903.

6.2 COMPETENT COURTS

Courts dealing with trade secrets matters are not specialised courts.

Therefore, in general, the district courts act as courts of first instance in civil and criminal cases, having jurisdiction depending on the place where the defendant has its residence. Regional courts act as courts of second instance in civil and criminal cases decided in the first instance by district courts.

Regional courts have competence on the first instance in certain commercial matters, which could also involve trade secrets disputes 904. Moreover, regional courts act as courts of first instance in administrative cases, unless otherwise stipulated by law.

Appeals against the decisions of regional courts (also when acting as first instance courts) are decided by the Supreme Court of the Slovak Republic.

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903 Article 40(11) of the Slovak Competition Act.
904 Section 9(3) of the Code of Civil Procedure: ‘Moreover, regional courts shall act as first instance courts in commercial disputes, regardless of whether the parties being under obligation of a contract are business persons, when the disputes a) arise from legal relationships entered into through the foundation and establishment of companies or cooperatives, b) arise from the relationships between the companies or cooperatives and their founders, between the companies or cooperatives and their associates, statutory bodies of a company, shareholders or members, including former members, and the disputes between associates, statutory bodies of a company, members, including former members, or disputes between the founders arising from the relationships governed under separate legal provisions, /1b/ c) arise from stock exchange transactions and their brokerage, Page 1 of 69 d) arise from agreements on the sale of a company or part thereof and from legal relationships entered into by the sale of a company or part thereof, 2) e) arise from silent partnership agreements, 6) f) concern travellers cheques, g) arise from patent law, protected utility designs, industrial designs and topographies of semi-conductor products, h) arise from legal relationships entered into in connection with securing commitments under a) to g), i) concern validity of the decisions of the bodies of companies or cooperatives, j) arise from legal relationships between a proxy and the business person who granted the procuration or, where procuration is granted to several persons, from legal relationships among all these persons, and from legal relationships between commercial representatives and business persons who granted authorisation to commercial representatives, except for the disputes related to employment relationships, k) concern legal relationships related to the bills of exchange, other securities or cheques, including disputes concerning judicial orders to pay a bill (cheque), and disputes concerning protests against the payment of bills, l) arise from legal relationships related to the protection of competition or to unfair competition, m) related to the rights to the trade name, trade marks and appellation of origin of products, n) concern the validity of arbitration agreements and disputes seeking annulment of arbitration awards issued by arbitrators on the basis of arbitration agreements, o) arise from the relationships entered into in international commercial transactions between legal and natural persons, including disputes whose parties accept the jurisdiction of the courts of the Slovak Republic by a written agreement’.
The Baseline of Trade Secrets Litigation in the EU Member States

FINLAND
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Finnish legislation does not provide for a general definition of ‘trade secret’. However, the definition of ‘business secret’ under the Criminal Code of Finland[^905] is close in meaning to the definition of ‘trade secret’ provided for by the TRIPS.

In accordance with the Criminal Code of Finland[^906]: ‘A business secret refers to a business or professional secret and to other corresponding business information that an entrepreneur keeps secret and the revelation of which would be conductive to causing financial loss to him or her or to another entrepreneur who has entrusted him or her with the information’.

In Finland, different terms are used in different laws, as follows:

- the Unfair Business Practices Act[^907] refers to the term ‘trade secret’;
- the Employment Contracts Act[^908] contains regulations on ‘trade and professional secrets’;
- the Criminal Code of Finland refers to the term ‘business secrets’.

According to the abovementioned legislative acts (and the definition and terms included), business information may be considered a trade secret if:

- the owner wishes to keep the information secret;
- the information has actually been kept secret or confidential;
- it is in the company’s economic or financial interest to preserve the secrecy.

The term ‘trade secret’ is broad enough to include any economic or technical information as, for instance, instructions, formulas, technical models, methods of working, lists of customers, price lists, marketing methods, contracts, production volumes, company organisation models, computer programs, know-how.

In Finland trade secrets are considered to be IPRs.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

Trade secrets are regulated under several acts, which grant protection from different perspectives. Among them, the main sources of law include the Criminal Code of Finland, the Unfair Business Practices Act, the Employment Contracts Act, the Act on the Openness of Government Activities[^909] and


[^906]: Chapter 30, Section 11 of the Criminal Code of Finland. The definition of ‘business secret’ is to some extent broader than the definition of ‘trade secret’ since it includes the concept of ‘professional secret’.


THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES

the Finnish Competition Act.\textsuperscript{910}

\textit{a) Criminal Code of Finland (Chapter 30, Sections 4, 5 and 6)}
In addition to the definition of ‘business secret’, the Criminal Code provides for offences in the event of business espionage,\textsuperscript{911} violation and misuse of business secrets. To this regard, it prohibits the unauthorised use or disclosure of trade secrets, including use or disclosure by a third party to whom the trade secret was disclosed.

Furthermore, the Criminal Code provides that former employees may not disclose or use their former employer’s trade secrets until two years have passed from the end of the employment.\textsuperscript{914}

In general, the offences provided for are imprisonment for a term not exceeding two years or a fine.

\textit{b) Unfair Business Practices Act (Sections 4 and 6)}
The Unfair Business Practices Act forbids the following conducts:

\begin{itemize}
  \item the unjustifiable obtaining of or trying to obtain information on a business secret or the use or disclosure of information obtained in that way;
  \item the unjustifiable use or disclosure of business secrets while in service of an entrepreneur;
  \item the unjustifiable use or disclosure of business secrets or technical models or technical instructions obtained while performing a function for an entrepreneur;
  \item the use or disclosure of business secrets, technical models or technical instructions received from people who have unlawfully disclosed or obtained them.\textsuperscript{915}
\end{itemize}

\textsuperscript{911}Chapter 30, Section 4 of the Criminal Code of Finland; ‘Section 4 - Business espionage:
(1) A person who unlawfully obtains information regarding the business secret of another (1) by entering an area closed to unauthorised persons or accessing an information system protected against unauthorised persons, (2) by gaining possession of or copying a document or other record, or in another comparable manner, or (3) by using a special technical device, with the intention of unlawfully revealing this secret or unjustifiably utilising it shall, unless a more severe penalty has been provided elsewhere in law for the act, be sentenced for business espionage to a fine or to imprisonment for at most two years.
(2) An attempt is punishable’.
\textsuperscript{912}Chapter 30, Section 5 of the Criminal Code of Finland; ‘Section 5 - Violation of a business secret:
(1) A person who, in order to obtain financial benefit for himself or herself or another, or to injure another, unlawfully discloses the business secret of another or unlawfully utilises such a business secret, having gained knowledge of the secret (1) while in the service of another (2) while acting as a member of the administrative board or the board of directors, the managing director, auditor or receiver of a corporation or a foundation or in comparable duties, (3) while performing a duty on behalf of another or otherwise in a fiduciary business relationship, or (4) in connection with company restructuring proceedings, shall, unless a more severe penalty has been provided elsewhere in law for the act, be sentenced for violation of a business secret to a fine or to imprisonment for at most two years.
(2) This section does not apply to an act that a person referred to in subsection 1(1) has undertaken after two years has passed since his or her period of service has ended.
(3) An attempt is punishable’.
\textsuperscript{913}Chapter 30, Section 6 of the Criminal Code of Finland; ‘Section 6 - Misuse of a business secret:
A person who unlawfully (1) uses in business a business secret that has been obtained or revealed through an act punishable under this Code or (2) in order to obtain financial benefit for himself or herself or another reveals such a secret shall be sentenced for misuse of a business secret to a fine or to imprisonment for at most two years’.
\textsuperscript{914}Chapter 30, Section 5(2) of the Criminal Code of Finland.
\textsuperscript{915}Section 4 of the Unfair Business Practices Act: ‘No one may unjustifiably obtain or seek to obtain information regarding a business secret or use or reveal information obtained in such a manner. Whoever obtains information regarding a business secret while in the service of an entrepreneur may not unjustifiably use or reveal it while still in service in order to obtain personal benefit or benefit for another or in order to harm another. Whoever receives
The intentional use or disclosure of information on technical models or instructions will be sentenced to a fine for abuse. According to the Criminal Code, the conduct may also be punished as industrial espionage or breach or disclosure of a business secret.

c) Employment Contracts Act (Chapter 3, Sections 4 and 5)
The Employment Contracts Act prohibits employees from using or revealing to third parties the employer’s trade secrets. If the employee has obtained such information unlawfully, the prohibition of disclosure or use such trade secrets continues after the termination of the employment relationship. Liability for any loss incurred by the employer is extended not only to the employee divulging confidential information but also to the recipient of this information, if the latter knew or should have known that the employee had acted unlawfully.

Employment contracts may include non-competition clauses which prohibit employees from engaging in competing activities with the former employer for a certain period after the termination of the employment contract, if substantial reasons related to the operations of the employer are present. Such ‘substantial reasons’ are evaluated taking into account the business sector of the employer, the nature of the trade secrets and the specific tasks and position held by the employee.

d) Act on the Openness of Government Activities (Sections 11 and 24)
The Act on the Openness of Government Activities states that unless explicitly provided otherwise, documents including information on a private business or professional secret, as well as documents containing other equivalent private business information, should be kept secret if the access would cause economic damage to the private business. In particular, Section 11 of the Act restricts a party’s access to information compiled in public procurement relating to a business or professional secret of another tenderer or offeree.

e) Finnish Competition Act (Sections 5 and 7)
The Finnish Competition Act does not provide for specific rules on the protection of trade secrets. However, in some cases revealing a trade secret may be part of prohibited practices which have the

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Section 6 of the Unfair Business Practices Act: ‘An entrepreneur may be prohibited from continuing or repeating practices that violate sections 1 - 3. The prohibition may be reinforced through a conditional fine, unless this is unnecessary for a special reason. If there is a special reason for this, the prohibition may also be directed at a person in the service of an entrepreneur referred to in the preceding first subsection, or at another person acting on his behalf. An entrepreneur who in violation of section 4 has used the business secret, technical model or technical instructions of another or revealed any of these may be prohibited from continuing or repeating such practice. The prohibition shall be reinforced through a conditional fine, unless this is unnecessary for a special reason’.

Section 10 of the Unfair Business Practices Act: ‘Whoever in violation of the provisions of section 4 deliberately uses or reveals a technical model or technical directions shall be sentenced to a fine for abuse of a technical model or technical directions or to imprisonment for six months at most, unless a more severe sentence is provided for elsewhere in law for the act or omission. Whoever otherwise in violation of the provisions of section 4 deliberately commits an offence referred to in sections 4 - 6 of chapter 30 of the Penal Code shall be sentenced for industrial espionage or for breach or disclosure of a business secret in accordance with the Penal Code’.

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Section 11, para. 6 of the Act on the Openness of Government Activities.

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object or effect to prevent, restrict or distort the competition\textsuperscript{921} or may constitute abuse of dominant position\textsuperscript{922}.

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

Finnish legislation offers a relatively broad scope of protection, which includes mainly civil and criminal remedies.

In general, Finnish laws protect the obtaining and disclosing of trade secrets without authorisation. To this regard, the acquiring and revealing of trade secrets without authorisation is commonly sentenced with damages and injunctions (accompanied with fines). However, criminal fines or imprisonment may also apply.

Trade secrets are protected without the fulfilment of any requirement of registration and they may also be protected without a limitation in time.

Despite the heterogeneity of the Finnish legislation, the level of protection granted to trade secrets is perceived to be fairly good. The efficiency of protection appears to rely on the fact that most cases are regulated under criminal provisions and, thus, authorities’ resources can be used in the phase of preliminary investigation.

However, the lack of a specific law on trade secrets is perceived to make it difficult to outline a common core of the current legislation.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

Procedural rules to protect trade secrets during litigation are provided under the Act on the Publicity of

\textsuperscript{921} Section 5 of the Finnish Competition Act: ‘Prohibited restraints on competition between undertakings
(1) All agreements between undertakings, decisions by associations of undertakings, and concerted practices by undertakings which have as their object the significant prevention, restriction or distortion of competition or which result in a significant prevention, restriction or distortion of competition shall be prohibited.
(2) In particular, agreements, decisions, or practices which: 1) directly or indirectly fix purchase or selling prices or any other trading conditions; 2) limit or control production, markets, technical development, or investment; 3) share markets or sources of supply 4) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; or 5) make the conclusion of a contract subject to acceptance by the other party of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such a contract shall be prohibited’.

\textsuperscript{922} Section 7 of the Finnish Competition Act: ‘Abuse of dominant position -Any abuse by one or more undertakings or association of undertakings of a dominant position shall be prohibited. Abuse may, in particular, consist in: 1) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; 2) limiting production, markets or technical development to the prejudice of consumers; 3) applying dissimilar conditions to equivalent transactions with trading partners, thereby placing them at a competitive disadvantage; 4) making the conclusion of a contract subject to acceptance by the other contract party of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such a contract’.
Court Proceedings in General Courts\(^ {923}\), the Code of Judicial Procedure\(^ {924}\), the Administrative Judicial Procedure Act\(^ {925}\) and the Act on Openness of Government Activities.

**Civil proceedings**

The Act on the Publicity of Court Proceedings in General Courts provides that the court may, upon the request of a party or also for an extraordinary reason, decide that a trial document will be kept confidential to the necessary extent if it includes information which is to be kept secret on the basis of another act\(^ {926}\). However, a party of the court proceedings has the right to be informed about the contents of confidential court documents\(^ {927}\).

The period of a trial document to be kept secret can be 25, 60 or 80 years, starting from the time in which the case became pending in the court. If even after the end of the secrecy obligation, making a trial document public would probably cause significant detriment to protected interests, the court that has last considered the principal claim may extend the period of secrecy by at most 60 years on the basis of an application from the person concerned by the information.

The court may, upon the request of a party or also for an extraordinary reason, decide that oral proceedings will be held in full or in part in closed sessions, if a trial document that is ordered to be kept secret is presented, or information that is to be kept confidential on the basis of another act is to be revealed. Such other act may be, for example, the Act on the Openness of Government Activities under which trade secrets are protected\(^ {928}\).

The Code of Judicial Procedure establishes that a person may refuse to testify on commercial or professional secrets, unless very important reasons require such testimony\(^ {929}\). Among them, the nature of the case, the significance of the evidence and the consequences of presenting it as well as other circumstances are taken into account.

**Criminal proceedings**

The abovementioned provisions of the Act on the Publicity of Court Proceedings in General Courts apply also to criminal proceedings.

**Administrative proceedings**

The Finnish Competition and Consumer Authority (FCCA) and the Finnish Market Court (a civil court specialised in unfair competition matters and IPRs) tend to preserve the confidentiality of trade secrets during investigations/proceedings.

The Administrative Judicial Procedure Act and the Act on Openness of Government Activities are applied to the proceedings and investigations in the matter.


\(^{925}\) Administrative Judicial Procedure Act (586/1996), as amended.

\(^{926}\) Section 10 of the Act on the Publicity of Court Proceedings in General Courts.

\(^{927}\) Section 12 of the Act on the Publicity of Court Proceedings in General Courts.

\(^{928}\) Section 15 of the Act on the Publicity of Court Proceedings in General Courts.

\(^{929}\) Chapter 17, Section 19 of the Code of Judicial Procedure: ‘If a judge is called as a witness, he or she shall consider under his or her oath as a judge whether he or she knows something that is relevant in the case. If he or she deems this to be so, he or she shall be heard as a witness. If the public prosecutor is called as a witness, the court shall consider whether this is necessary to discover the truth, and he or she shall then withdraw from the case’.
Specifically:

- trade secrets are not disclosed during the FCCA’s investigations;
- the FCCA’s decisions are published in a version omitting trade secrets;
- a witness may refuse to testify insofar as the evidence would disclose a business or professional secret.

The FCCA is obliged to treat the matter as confidential until the official notification has been submitted to the FCCA, after which the matter is registered and the names of the parties become public. If parties provide documents including trade secrets, they must indicate this explicitly in the investigation material. Business secrets contained in the notification are protected during and after the merger control procedure. If necessary, a non-confidential version of a document is provided.

3. TRADE SECRETS HOLDERS’ PERCEPTION

According to the national experts of the study, the existing legal system might deter trade secrets holders from bringing any action before the court, mainly due to the discretionary power of the courts in ensuring confidentiality during disputes and to the difficulties in proving damages.

The burden of proof for trade secrets holders is perceived to be substantial and, thus, hampers their willingness to recourse to litigation.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

To protect trade secrets, the owners tend to enter into NDAs or to include specific terms of confidentiality in employment/business cooperation agreements.

During the term of employment the employees are bound by Employment Contracts Act according to which the employee may neither utilise nor divulge to third parties the employer’s trade or business secrets. If the employee has obtained such information unlawfully, the prohibition continues after termination of the employment relationship. Liability for any loss incurred by the employer is extended not only to the employee divulging confidential information but also to the recipient of this information, if the latter knew or should have known that the employee had acted unlawfully.

930 Section 39(b) of the Administrative Judicial Procedure Act.
931 Section 10 of the Act on Openness of Government Activities.
932 Chapter 3, Section 4 of the Employment Contracts Act.
After the employment, employees are usually bound by non-competition clauses, which are included within employment agreements. In particular, according to the Employment Contracts Act, employment agreements may contain clauses whereby the employee undertakes not to compete with the employer after the termination of the employment relationship if particularly weighty reasons occur. Such clauses will be limited in time, namely, either up to six months after termination of the employment, or up to 12 months if a reasonable cause has been established within the agreement.

Moreover, physical protection or technical measures tend to be used by trade secrets holders.

## 5. REMEDIES

Finnish law provides for civil, criminal as well as administrative remedies.

### 5.1 CIVIL ACTION

Where trade secrets holders are aware that an infringement has taken place, it is possible to commence legal proceedings and to apply for a precautionary order and/or for interim measures. The latter applies in the event of emergency and/or imminent danger.

In general, the remedies provided under civil law, are:

a) precautionary measures (i.e. injunction to cease the unlawful behaviour, which can be requested either before or during the main proceeding, seizure of relevant material to use it as evidence);

b) compensation for actual damages occurred.

Civil remedies may be requested under the scope of the relevant laws (i.e. Employment Contracts Act, Unfair Business Practices Act, Act on the Safeguarding of the Presentation of Evidence in Disputes concerning Copyright and Industrial Property Rights, Code of Judicial Procedure, and Tort Liability Act).

In particular, in accordance with the Unfair Business Practices Act, a business person who has used a business secret, technical model or technical instructions of another or revealed any of these may be prohibited from continuing or repeating such practice. A conditional fine may be imposed to reinforce the prohibition.

There exists no standard calculation method for damages. The court may set the amount on a discretionary basis and the infringer’s profits can be considered in assessing the amount. In principle, the calculation of damages is the same as for the calculation of economic loss. The trade secrets holder will be requested to prove the link between the illicit use/theft of a trade secret and the economic damage suffered. If it is not possible to determine the actual amount of the damages according to the available

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933 Chapter 3, Section 5 of the Employment Contracts Act.
934 Chapter 7, Section 3 of the Code of Judicial Procedure.
935 Act on the Safeguarding of the Presentation of Evidence in Disputes concerning Copyright and Industrial Property Rights, Act No 344/2000, as amended.
937 Section 6 of the Unfair Business Practices Act.
evidence, Finnish courts may proceed by assessing the relevant amount on an equitable basis. Finnish legislation does not recognise punitive damages.

Remedies are not enforceable towards a person who can prove to have developed the same information independently or that such information is part of his or her own knowledge. On the contrary, being in good faith might, but not necessarily, affect the enforceability of remedies.

5.2 CRIMINAL ACTION

Infringement of trade secret provisions provided for by the Criminal Code (i.e. business espionage, violation of business secrets and misuse of business secrets), may result in a fine or imprisonment for up to two years. Furthermore, the attempt of violation of trade secrets and business espionage is punishable.

The Finnish Criminal Code provides for liability in the event of violation and in the event of misuse of trade secrets.

To prove the violation of a trade secret it is necessary that a person unlawfully discloses or uses the trade secret of another having gained knowledge of the secret (1) while in the service of another (2) while acting as a member of the administrative board or the board of directors, the managing director, auditor or receiver of a corporation or a foundation or in comparable duties, (3) while performing a duty on behalf of another or otherwise in a fiduciary business relationship, or (4) in connection with company restructuring proceedings.

In addition, it is necessary to prove that a person unlawfully uses in the course of business a secret that has been obtained or revealed through an act punishable under the Criminal Code with the purpose to obtain financial benefit for himself or a third party.

The offence of business espionage requires the proof that a person, with a specific intention, unlawfully discloses or unjustifiably uses information obtained by entering an area closed to unauthorised persons or accessing an information system protected against unauthorised persons, (2) by gaining possession of or copying a document or other record, or in another comparable manner, or (3) by using a special technical device.

In general, the alleged infringer can be sentenced only if he or she was aware or should have been aware that the information constituted a trade secret and he or she tried to obtain financial benefit for himself or herself or third parties or to damage another party with the disclosure of the information. Infringements of trade secrets are only punished as an intentional crime.

Furthermore, according to the Unfair Business Practices Act, whoever deliberately and unjustifiably uses or reveals a technical model or technical directions may be sentenced to a fine for abuse of a technical model or technical directions or to imprisonment for up to six months.

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938 Chapter 17 Section 6 of the Code of Judicial Procedure.
939 Sections 4, 5 and 6 of the Criminal Code of Finland.
940 Section 5 of the Criminal Code of Finland.
941 Section 6 of the Criminal Code of Finland.
942 Section 5 of the Criminal Code of Finland.
943 Section 6 of the Criminal Code of Finland.
944 Section 4 of the Criminal Code of Finland.
945 Chapter 3, Section 5 of the Criminal Code of Finland.
946 Section 10 of the Unfair Business Practices Act.
The injured party may file a complaint with the police, who are entitled to investigate the case. Under the Coercive Measures Act\textsuperscript{947}, during an investigation, police officers can secure premises or seize computer systems to search for evidence of any illegal action.

It is possible to apply for compensation of damages during a separate civil proceeding or, alternatively, within a criminal proceeding.

Finnish legislation\textsuperscript{948} provides for the criminal liability of legal entities in the event of misuse of trade secrets or business espionage. In particular, such liability will apply if a person with a role in the organisation or management of the company or with the power to make decisions allows or is an accomplice to a crime. Additionally, the company can be liable if the necessary diligence for the prevention of the infringement has not been observed during its activities.

Companies can be sentenced to pay a lump sum fine, ranging between EUR 850 and EUR 850 000\textsuperscript{949}.

5.3 ADMINISTRATIVE ACTION

The FCCA was created by joining the Finnish Competition Authority and the Finnish Consumer Agency and began operations on 1 January 2013. In the event of alleged infringement of competition provisions, the FCCA can initiate investigations \textit{ex officio} or upon a party’s request. During its investigations, the FCCA may conduct the search and seizure of premises, request clarification, seal premises and information.

The FCCA cannot impose sanctions and can only make a proposal to the Finnish Market Court which investigates the alleged infringement and, if appropriate, impose a penalty payment\textsuperscript{950}. Nevertheless, the FCCA may order an undertaking to terminate the conduct that restricts competition or order the alleged infringer(s) to perform specific activities in the course of investigations.

In practical terms, no real administrative proceedings exist in Finland in relation to trade secrets protection.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

As regards civil cases, final injunctions are not limited in time. It is possible to request that a bailiff will officially notify the counterparty of the injunction and verify if it is enforced.

In relation to the publication of decisions, it should be stressed that according to the principal rule, the decisions of the courts are public if not ordered otherwise by the courts.

\textsuperscript{947} Coercive Measure Act, Act No 450/1987, as amended.

\textsuperscript{948} In accordance with Chapter 9, Section 1 of the Finnish Criminal Code, companies may be prosecuted in a similar manner as an individual offender and can be sentenced to a corporate fine if the Code provides a corporate sanction for the offence in question.

\textsuperscript{949} Chapter 9, Section 5 of the Criminal Code of Finland.

\textsuperscript{950} Section 46 of the Competition Act.
According to the Unfair Business Practices Act\textsuperscript{951}, the Finnish Market Court may, on the claimant’s request order the defendant to cover the costs incurred to the claimant for publishing a non-appealable final decision in which it states that the defendant has breached the provisions of said Act. However, such order may not be granted if the publication of information has been restricted by means of other legislation.

6.2 COMPETENT COURTS

Cases concerning trade secrets matters are handled by the Finnish Market Court and district courts.

In particular, the Finnish Market Court in Helsinki has jurisdiction for cases based on the Unfair Business Practices Act and it is the only IP specialised court in Finland. The decisions of the Finnish Market Court may be appealed to the Finnish Supreme Court.

District courts are located in different cities and are competent for cases based on the Criminal Code and the Employment Contracts Act. Therefore, district courts handle both civil and criminal cases.

The decision of a district court may be appealed to the courts of appeal (i.e. five courts in: Helsinki, East Finland (Kuopio), Rovaniemi Vaasa and Turku) and the Supreme Court of Finland.

As far as administrative proceedings are concerned, a decision adopted by the Finnish Market Court under the Competition Act may be appealed to the Supreme Administrative Court as prescribed by the Administrative Judicial Procedure Act\textsuperscript{952}.

\textsuperscript{951} Section 8(a) of the Unfair Business Practices Act.
\textsuperscript{952} Section 44 of the Competition Act.
The Baseline of Trade Secrets Litigation in the EU Member States

SWEDEN
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

Sweden has a specific law dedicated to trade secrets. The legal definition of the term ‘trade secret’ is provided by the Act on Protection of Trade Secrets (TS Act).

According to the TS Act, and in order for information to be considered a trade secret and enjoy the relevant protection, the three following criteria have to be met:

- the information has to relate to a business or operational matter in a person’s business or industrial activity;
- the information has to be kept secret by such person;
- the information, if disclosed, would be likely to cause damage as regards competition.

Information protected under the TS Act can be incorporated in any form, such as, drawings, models, other similar technical prototypes as well as non-documented information as knowledge of individual persons related to specific circumstances.

Within the abovementioned definition, a trade secret is information linked to a specific business. As regards knowledge acquired during employment, not all general skills and knowledge can be classified as trade secrets. Information detained by a person that cannot be easily transferred via instructions and directions, does not hold the status of ‘business specific information’. In this case, information is considered to have ‘personal nature’ and, thus, cannot be protected under the TS Act.

According to Swedish case-law, information that has been classified as a trade secret is sales statistics, customer lists, information about customers’ needs and desires, personnel records holding information about employee qualifications, cooperation agreements and bank instructions for identification checks at cash withdrawal machines.

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954 Section 1 of the TS Act: ‘For the purposes of this Act, a ‘trade secret’ means such information concerning the business or industrial relations of a person conducting business or industrial activities which that person wants to keep secret and the divulgation of which would be likely to cause a damage to him from the point of view of competition.
The term ‘information’ comprises both information documented in some form, including drawings, models and other similar technical prototypes, and the knowledge of individual persons about specific circumstances even where it has not been documented in some form’.
955 AD 2000 No 3, in which the Swedish Labour Court stated that the customer list of a company typically holds information with the characteristics of trade secrets. In this sense see also AD 2010 No 27, AD 2006 No 49, case RH 2002:61, Swedish Supreme Court NJA 2001 p. 362, Decision of the Svea Court of Appeal 1997-05-14 (case T 81/96) and Decision of the Svea Court of Appeal 2010-12-29 (Case No Ö 7342-10).
956 AD 1998 No 80 of the Labour Court and AD 2006 No 49 of the Labour Court.
957 AD 2009 No 63 of the Labour Court.
958 Swedish Supreme Court NJA 1995 p. 347.
1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

As already pointed out, the Swedish legal system provides for a specific law regulating trade secrets protection, namely the TS Act. Additionally, specific pieces of legislation apply, such as the Swedish Penal Code\(^{959}\) and the Swedish Competition Act\(^{960}\).

\(\textbf{a) Act on Protection of Trade Secrets (TS Act)}\)

In addition, to provide for a definition of the term ‘trade secret’, the TS Act contains civil and criminal provisions on trade secrets infringements. In detail, the TS Act regulates the criminal offences of trade espionage\(^ {961}\), illicit dealing with trade secrets\(^ {962}\) as well as the civil liability connected with those violations\(^ {963}\).

Section 3 of the TS Act regulates trade espionage, establishing that anyone who voluntarily and without consent accesses a trade secret can be sentenced to fines or imprisonment up to two years or, when the offence is serious, up to six years. Serious offences may entail particularly dangerous conduct, involving considerable sums of money or resulting in serious damage.

Section 4 of the TS Act provides that criminal liability for unauthorised dealing with a trade secret is envisaged for a person who obtained a trade secret knowing that the person who made it available had gained knowledge of such trade secret through an act of trade espionage. This offence can be sentenced with a fine or imprisonment up to two years or, if the offence is serious, up to four years.

The criminal provisions of the TS Act set the requirement that the offender accessed the trade secret wilfully and without authorisation, regardless of the purpose of the illicit action. Liability also includes conduct where the offender suspected that the information was a trade secret. The penalties described in the TS Act are not sentenced if a more serious penalty is applied according to the Swedish Penal Code.

Finally, Section 5 of the TS Act establishes a civil liability to pay damages caused through the abovementioned offences.

\(\textbf{b) Swedish Penal Code}\)

The Swedish Penal Code regulates criminal offences that may be applicable to certain trade secrets violations. In particular:


Please note that the translation of the Swedish Penal Code does not reflect legislative changes in the Penal Code after 1 May 1999.


\(^{961}\) Section 3 of the TS Act: ‘Anyone who wilfully and without authorization accesses a trade secret shall be sentenced for trade espionage to fines or imprisonment for not more than two years or, where the offence is grave, to imprisonment for not more than six years. In the evaluation of whether the offence is grave, particular attention shall be given to whether the act has been of a particularly dangerous kind, concerned a considerable monetary value or resulted in a particularly serious damage. A penalty as mentioned in the first paragraph shall not be adjudicated where a more serious penalty would follow under the Penal Code. Attempts and planning of trade espionage shall be punishable according to Chapter 23 of the Penal Code’.

\(^{962}\) Section 4 of the TS Act: ‘Anyone who obtains a trade secret knowing that the person who makes available the secret, or anyone before him, has accessed it through an act of trade espionage shall be punished for unauthorized tampering with a trade secret to fines or imprisonment for not more than two years, or, where the offence is grave, to imprisonment for not more than four years. A penalty as mentioned in the first paragraph shall not be adjudicated where a more serious penalty would follow under the Penal Code’.

\(^{963}\) Section 5 of the TS Act: ‘Anyone who commits an offence under Article 3 or 4 shall pay a compensation’.
illicit access to and use of computer systems: that is, a person who unlawfully obtains access to a recording for automatic data processing or unlawfully alters or erases or inserts such a recording in a register, will be sentenced for the breach of data secrecy with a fine or imprisonment for at most two years.\(^{964}\),

- unlawful dispossession: that is, a person, in determined circumstances, who unlawfully takes and uses or otherwise appropriates something\(^{965}\),
- fraudulent conversion: that is, deprivation of property from the owner\(^{966}\),
- breach of faith against principal: that is, the disclosure of trade secrets by a person in a high position in an organisation, which incurs an instant loss\(^{967}\),
- illicit use of something owned by another person\(^{968}\),
- espionage\(^{969}\),
- illicit disclosure of confidential information, which may damage the national defence and security\(^{970}\),
- negligent disclosure of confidential information, which may damage the national defence and security\(^{971}\),
- disclosure of trade secrets against improper reward\(^{972}\),
- disclosure of information covered by duty of confidentiality\(^{973}\).

Attempts and planning a trade espionage offence under the TS Act are penalised in accordance with Chapter 23 of the Swedish Penal Code.

c) Swedish Competition Act

The Swedish Competition Act regulates trade secrets violations that prevent competition. That is, it provides for the protection of trade secrets in the event of infringements leading to anti-competitive cooperation\(^{974}\) and abuse of dominant positions\(^{975}\).

\(^{964}\) Chapter 4, Section 9(c) of the Swedish Penal Code.

\(^{965}\) Chapter 8, Section 8 of the Swedish Penal Code.

\(^{966}\) Chapter 10, Section 4 of the Swedish Penal Code.

\(^{967}\) Chapter 10, Section 5 of the Swedish Penal Code.

\(^{968}\) Chapter 10, Section 7 of the Swedish Penal Code.

\(^{969}\) Chapter 19, Sections 5 and 6 of the Swedish Penal Code: ‘A person who, in order to aid a foreign power, without authorisation obtains, transmits, gives or otherwise reveals information concerning a defence facility, arms, supplies, imports, exports, means of production, negotiations, decisions or other conditions, the disclosure of which to a foreign power can cause harm to the total defence of the Realm, or otherwise to the security of the Realm, shall be sentenced, whether the information is correct or not, for espionage to imprisonment for at most six years. This also applies if person with the intent here described, produces or takes possession of a writing, drawing or other object containing such information without authority’.

\(^{970}\) Chapter 19, Section 7 of the Swedish Penal Code: ‘A person who, without intent to aid a foreign power, without authority obtains, transmits, gives or reveals information concerning matters of a secret nature, the disclosure of which to a foreign power can cause harm to the defence of the Realm or to the maintenance of necessary supplies to the people during war or during extraordinary conditions caused by war, or otherwise to the security of the Realm, shall be sentenced, whether the information is correct or not, to unauthorised dealing with secret information to a fine or imprisonment for at most two years’.

\(^{971}\) Chapter 19, Section 9 of the Swedish Penal Code.

\(^{972}\) Chapter 20, Section 2 and Chapter 17, Section 7 of the Swedish Penal Code.

\(^{973}\) Chapter 20, Section 3 of the Swedish Penal Code.

\(^{974}\) Chapter 2, Article 1 of the Swedish Competition Act: ‘Agreements between undertakings shall be prohibited if they have as their object or effect, the prevention, restriction or distortion of competition in the market to an appreciable extent, if not otherwise regulated in this act. This shall apply, in particular, to agreements which: 1. directly or indirectly fix purchase or selling prices or any other trading conditions; 2. limit or control production, markets, technical development, or investment; 3. share markets or sources of supply; 4. apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; or 5. make
The law includes also procedural rules to protect trade secrets during litigation and defines the powers accorded to the Swedish Competition Authority (see paragraph 2 below).

1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS

The scope of the available protection is mainly provided by the TS Act, which defines trade secrets and regulates the obtaining and disclosure of confidential information without authorisation.

The TS Act does not apply when someone obtains and reveals a trade secret which is reasonable to believe that it constitutes a criminal offence to which imprisonment might follow, to publicly announce or to reveal the wrongdoing to the authorities or other qualified organs (i.e. whistle blowing). In such cases, the public interest in the disclosure of the illicit conduct outweighs the rights of the trade secret owner.

Another exception to the application of the TS Act is the use and disclosure of confidential information obtained in good faith.

The TS Act contains several provisions connected to other areas of law as competition, freedom of expression, IP and labour law. For instance, it is built on, and inspired by, the fundamental labour law principles of loyalty and secrecy. In particular, an employee, who by intent or by negligence, uses or discloses the employer’s trade secret that the employee has received in the course of the employment relationship, under circumstances that the employee realised or should have realised the status of the information being a trade secret, is liable for the damages caused976.

However, the TS Act offers also protection to employees, both during and after their employment. For instance, during employment, any misappropriation cannot lead to liability in damages unless there are specific reasons (e.g. clear misappropriation before leaving employment and starting a competing business)977. Moreover, bringing action against former employees requires ‘extraordinary reasons’, so as to not unreasonably prevent people from changing employment.

Under the TS Act, available remedies include, for instance, injunctions, criminal fines, imprisonment and damages (see paragraph 5 below).

Trade secrets are not regarded as IPRs in Sweden and, thus, do not enjoy the same level of protection.

The Swedish legislation that has implemented the Directive on Enforcement of Intellectual Property Rights (Directive 2004/48/EC), is not, as such, applicable to the protection of trade secrets.

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975 Chapter 2, Article 7 of the Swedish Competition Act: ‘Any abuse by one or more undertakings of a dominant position on the market shall be prohibited. Such abuse may, in particular, consist in 1. directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions, 2. limiting production, markets or technical development to the prejudice of consumers, 3. applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage, or 4. making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations, which by their nature or according to commercial usage have no connection with the subject of such contracts’.

976 Section 7 of the TS Act.

977 AD 2015 No 39 of the Labour Court of 2015/06/17, Case No B 126-2014.
2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In Sweden, the TS Act does not regulate the protection of trade secrets during litigation, however procedural rules exist to protect trade secrets in the Code of Judicial Procedure 978, in the Public Access to Information and Secrecy Act 979 and in the Swedish Competition Act.

Civil proceedings
As a general rule, proceedings, documents and materials of court proceedings are public.

However, the court may decide to hold hearings in closed sessions, if certain information submitted during the proceeding may be classified as strictly secret according to the Public Access to Information and Secrecy Act 980.

In this respect, the Public Access to Information and Secrecy Act 981 provides that certain information may be classified as secret to protect information about an individual’s business or industrial relations, if it is presumed that substantial damage will be caused to the person by such disclosure 982. In such cases only the parties, the attorney(s) and the judge(s) can attend the hearing. Moreover, the court can order all parties not to disclose the information obtained during the procedure to third parties.

Significantly, this secrecy only spans for up to 20 years and, after this timeframe, the information will become publically available upon request (and, therefore it may no longer be protected as a trade secret).

Parties can file a request to the court for both excluding the public from hearings and limiting the access to documents and material. However, the final decision is at the court’s discretion. The court can also implement such measures ex officio.

According to the Code of Judicial Procedure, a witness or an expert may refuse to give testimony that involves the disclosure of a trade secret unless there are extraordinary reasons for examining the witness on the matter.

Criminal proceedings
The abovementioned provisions apply also to criminal proceedings.

Administrative proceedings
As regards proceedings on the violation of competition provisions, the Swedish Competition Act and the Public Access to Information and Secrecy Act offer some protection to trade secrets disclosure during

980 Chapter 5, Section 1, of the Swedish Code of Judicial Procedure.
981 Chapter 36, Section 2 of the Public Access to Information and Secrecy Act.
982 See Swedish Labour Court, AD 2011 No 11, in which the Court agreed to qualify as secret certain documents submitted in the case.
According to the Swedish Competition Act, the SCA may order undertakings to provide information and documents and to appear in hearings\textsuperscript{983}, and can perform investigations. However, an undertaking has no obligation to disclose trade secrets of a technical nature\textsuperscript{984}.

Furthermore, under the Public Access to Information and Secrecy Act confidential treatment can be accorded to secret business information disclosure of which may harm the trade secrets holder from a competition standpoint.

### 3. TRADE SECRETS HOLDERS’ PERCEPTION

Overall, the Swedish legal system is perceived by the national experts of the study to provide for a broad definition of the term ‘trade secret’ that aligns with the definition provided for by the TRIPS.

The available protection is not perceived to deter trade secrets holders from bringing action before the competent judicial authorities. Indeed, trade secrets disputes are almost as common as patent-related litigation.

Notwithstanding, some concerns about the current legal system appear to exist.

First, there does not seem to be a way to secure evidence in trade secrets cases similar to IP infringement cases. Therefore, as in Sweden trade secrets are not considered to be IP, parties tend to claim both trade secrets and IPR violations. Copyright claims appear to be often used as an ‘excuse’ to secure evidence in trade secrets infringements, which otherwise might be hard to obtain.

Second, there appears to be a ‘gap’ related to the application of criminal liability. A person who has been granted access to secret information and later discloses it to a third party is only liable for damages and not for a criminal offence.

Finally, trade secrets holders may risk that the material of the case is not kept secret during proceedings and that courts are relatively restrictive in awarding damages.

### 4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In Sweden, trade secrets holders make use of NDAs and include confidentiality clauses into contracts (e.g. employment and commercial agreements). On the contrary, technical security measures do not appear to be commonly used.

\textsuperscript{983} Chapter 5, Article 1 of the Swedish Competition Act.

\textsuperscript{984} Chapter 5, Article 12 of the Swedish Competition Act.
As regards employment agreements, according to the general duty of loyalty, a general obligation of non-disclosure of confidential information towards employees exists, even without an explicit contractual clause. This follows by the duty of loyalty that forms an implicit part of any employment contract. In absence of contractual obligations, the duty of confidence only applies until the end of the employment.

In particular, in accordance to Section 7, paragraph 1 of the TS Act, an employee may be liable for trade secrets infringement if the following conditions are fulfilled:

- the employer is the trade secrets owner;
- the employee acquired knowledge of the trade secret during the employment;
- the employee understood, or ought to have understood, that he or she was not allowed to disclose the trade secret;
- the trade secret is used or disclosed by the employee; and
- the use or disclosure is made with intent or negligence.

After the termination of the contract, employees are usually not liable for disclosure of information acquired during a prior employment unless the presence of ‘extraordinary circumstances’ exists. In particular, Section 7, paragraph 2 of the TS Act stipulates that if a former employee uses the trade secrets of the former employer he or she is liable only if all the requirements stated in the first paragraph are fulfilled and, in addition, extraordinary circumstances are at hand. According to the preparatory works to the TS Act ‘extraordinary circumstances’ are present where:

- contractual obligations exist (confidentiality clauses);
- the employee has taken the position at the firm with the intent of acquiring confidential information;
- the employee has obtained and transferred confidential information during the contract with the aim to start a competing business or to start working for a competitor;
- the employee had a fiduciary position at the firm;
- the disclosure of the trade secrets strongly impacts on the employer’s competitiveness.

Referring to technical security measures, employers may keep devices (e.g. computers) of employees leaving the company to secure evidence.

5. REMEDIES

The protection of trade secrets relies on proving the existence of the trade secret itself, that is, on proving that the information at stake is business specific, holds a status of confidentiality and its disclosure may harm a trade secrets holder.

Breaches are handled in court, on a civil (e.g. contractual infringement), criminal (e.g. unwarranted violation of trade secrets) and administrative basis (e.g. anti-competitive practices).

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985 In this respect, the Swedish Labour Court (Case AD 1994 No 79), stated that a general duty of confidence exists for employees, even if such duty is not explicitly mentioned in the employment contract.

986 Section 1 of the TS Act.
5.1 CIVIL ACTION
The TS Act provides for several remedies, as follows:

- injunctions, final and preliminary, under penalty of a fine;
- damages, which include those for:
  - criminal acts (trade espionage and illicit dealing with trade secrets);
  - breach of confidentiality obligations in business relationships and employment contracts;
  - intentional or negligent use or disclosure of trade secrets.
- orders to return or destroy documentation and material containing the trade secret.

Both economic and moral damages can be awarded. Economic damages usually refer to a loss of profit while moral damages can cover several scenarios. Punitive damages are not recognised.

The abovementioned remedies cannot be enforced to a person who obtained the confidential information in good faith or who developed the trade secret independently.

Damages are frequently calculated as a loss of profits and unjust enrichment. However, the courts may also consider other factors such as the extent of the trade secrets violation and the wilful violation of trade secrets.

According to the TS Act, damages due to the violation of trade secrets will include the interest of the rights holder not to be subject to the unwarranted violation of trade secrets and other non-economic interests. This means that trade secrets holders may obtain damages for the moral prejudice suffered, similar to punitive damages. Damages can be claimed within a time limit of five years.

With specific regard to employment agreements, breach of confidentiality duties can be punished with the termination of the contract and the payment of damages.

5.2 CRIMINAL ACTION
Criminal actions can be started by the public prosecutor (ex officio or upon complaint). However, if the public prosecutor has not initiated a prosecution for a violation already reported, the trade secrets holder can bring the case to the court (private prosecution).

Remedies for criminal offences are available under the TS Act and the Swedish Penal Code.

Under the TS Act, the requirements for prosecution are that the information claimed to be a trade secret complies with the definition provided by the TS Act and that the infringer accessed the trade secret intentionally and without authorisation. The requisite of ‘intentional access’ includes the case where the infringer suspected that the information was confidential and carried on with the action. The mere risk of disclosure of confidential information is not prosecuted in criminal proceedings.

To ascertain the crime, the public prosecutor can search premises, search and seize computer systems and interview the infringer and other witnesses.

Punishments vary depending on the type of violation, as follows:

987 Sections 9 to 14 of the TS Act.
988 See the judgment of Svea Hovrätt, 14 May 1997, Case T-81/96.
989 See Court of Appeal RH 2002:11, where the Court explicitly based the damages on wilfulness.
990 Section 9 of the TS Act.
991 Section 10 of the TS Act.
992 Sections 1 and 2 of the TS Act.
• trade espionage: fines or imprisonment up to two years. In the event of more serious offences (e.g. dangerous acts, serious damage, considerable monetary value)\textsuperscript{993}, imprisonment increases up to six years;
• illicit dealing with trade secrets: fines or imprisonment up to two years. In the event of more serious offences imprisonment increases up to four years\textsuperscript{994}.

Additionally, the court can order the surrender of documents or objects containing trade secrets.

Although criminal liability does not apply to companies, a corporate fine can be imposed under certain circumstances (e.g. environmental and tax cases). The corporate fine can be imposed if:
• the company has not taken the necessary actions to prevent the crime;
• the crime is committed by a person holding a managerial position in the company;
• the crime is committed by a person responsible for the supervision and control of the business.

### 5.3 ADMINISTRATIVE ACTION

Administrative actions are commenced upon complaint, ex officio by the SCA or upon a leniency application filed by a company participating to an unlawful cartel.

To ascertain competition-related infringements, the SCA can carry out inspections during which it has the power to examine and make copies of the necessary documentation (e.g. books and business records) and to ask for explanations and to search premises (including private houses upon the court’s authorisation).

Once violations are detected, the SCA can impose the termination of the infringement\textsuperscript{995} and accept and render binding the commitment of undertakings\textsuperscript{996}. Moreover, it can request the Stockholm District Court to impose:
• an administrative fine not exceeding 10% of the undertaking’s turnover for the prior financial year\textsuperscript{997};
• a trading prohibition to persons holding a managerial position in the undertaking\textsuperscript{998}.

\textsuperscript{993} Section 3 of the TS Act.
\textsuperscript{994} Section 4 of the TS Act.
\textsuperscript{995} Chapter 3, Article 1 of the Swedish Competition Act: ‘The Swedish Competition Authority may require an undertaking to terminate an infringement of any of the prohibitions laid down in Chapter 2, Article 1 or 7 or Article 81 or 82 in the Treaty. An obligation pursuant to first paragraph shall take effect immediately, unless other provision is made’.
\textsuperscript{996} Chapter 3, Article 4 of the Swedish Competition Act.
\textsuperscript{997} Chapter 3, Article 5 of the Swedish Competition Act: ‘The Stockholm City Court may, at the request of the Swedish Competition Authority order an undertaking to pay an administrative fine where the undertaking, or a person acting on behalf of the undertaking, intentionally or negligently has infringed the prohibitions in Chapter 2, Article 1 or 7 or Article 81 or 82 in the Treaty’.
\textsuperscript{998} Chapter 3, Article 24 of the Swedish Competition Act: ‘The Trading Prohibitions Act (1986:436) contains provisions on the issue of trading prohibitions for certain infringements of the prohibition contained in Chapter 2, Article 1 or in Article 81 of the Treaty’. 
6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION

Final judgments are public.

However, according to the Civil Code of Judicial Procedure and the Public Access to Information and Secrecy Act, the court might decide not to include confidential information in the published decision.

6.2 COMPETENT COURTS

There is no specialised court for trade secrets litigation.

In both civil and criminal proceedings, competent courts are the general courts as follows: district courts, courts of appeal and Supreme Courts. In addition, employment-related offences are handled by the Labour Court, which is a specialised court situated in Stockholm that specifically addresses labour disputes.

In Sweden, there are 48 district courts, which are spread across the country. Proceedings are held in front of the district court located where the defendant has its residence.

As regards administrative proceedings, appeals against the decisions of the SCA are brought before the Patent and Market Court.

The Patent and Market Court, a division of Stockholm District Court, is a specialised court dealing with the trade secrets of civil and administrative proceedings only when it comes to joint proceedings with IP disputes.
The Baseline of Trade Secrets Litigation in the EU Member States

UNITED KINGDOM
1. REGULATORY FRAMEWORK ON THE PROTECTION OF TRADE SECRETS

1.1 DEFINITION OF ‘TRADE SECRET’

In the United Kingdom, there is no formal (statutory) definition of ‘trade secret’.

However, according to the case-law, trade secrets are protected as confidential information. Confidential information is information having the ‘necessary quality of confidence’ (e.g. it is not trivial or generally known) and for which the circumstances are such that an obligation of confidence is placed on the recipient (this can arise as a matter of equity, although often it will also be a matter of contract).

The courts of England and Wales have developed a body of case-law that assesses whether the information is confidential and may be so confidential as to be treated as a trade secret.

To this regard, in Lansing Linde Ltd v Kerr [1991] 1 WLR 251, for example, Staughton LJ (with whom Butler-Sloss LJ agreed) held at 260B-C that a trade secret is:

- information that is used in a trade or business;
- where its dissemination/publication is limited and/or, at the minimum, not encouraged or permitted by the trade secrets owner;
- where, if disclosed to a competitor, would be liable to cause real (or significant) harm to the trade secret’s owner.

In Faccenda Chicken v Fowler [1986] 1 All ER 617, in the context of confidential information held by a former employee and in the absence of express contractual provisions, the Court of Appeal (affirming Goulding J at the first instance) drew a distinction between three categories of information obtained in the course of employment:

- trivial/easily accessible information that can be freely used;
- information that, although must be treated as confidential, once learned becomes an employee’s own skill and knowledge and can be used after the employment ends;
- information that is so confidential that it is considered a trade secret and cannot be used after the employment ends (in some cases for an indefinite period of time).

To decide which category the information should fall, English courts look at several factors, including the nature of the employment, the information in scope and the steps taken by employers to communicate the confidentiality of the information to their employees.

In the Vestergaard case\(^9\), the Court of Appeal for England and Wales considered that when a breach of confidence action arises against ex-employees and ex-consultants, a breach of confidence is committed when the following three conditions are met:

- information is confidential in nature (i.e. not in the public domain);
- information is disclosed to a recipient in circumstances of confidentiality: the question is whether a ‘reasonable man standing in the shoes of the recipient of the information would have realised that

\(^9\)Vestergaard Frandsen A/S (now called MVF 3 ApS) and others v Bestnet Europe Limited and others [2013] UKSC 31.
upon reasonable grounds the information was being given to him in confidence;  
• information is used by the recipient to the detriment of the discloser.

The High Court ruled that the information in scope was a trade secret and that, therefore, the information of a highly confidential nature was protected even after the consultants had left the business. However, it limited the liability of an employee who acted without intent.

Overall, the lack of a statutory definition coupled with the flexibility of the common law approach in English law has meant that different types of information have been and could be capable of protection as a trade secret. As Lord Justice Keen noted in 'Douglas v Hello!' ‘breach of confidence is a developing area of the law, the boundaries of which are not immutable but may change to reflect changes in society, technology and business practice'.

1.2 SOURCE OF LAW FOR TRADE SECRETS PROTECTION

As previously stated, there is yet no dedicated legislation providing protection for trade secrets and English law on this subject derives entirely from case-law. However, several pieces of legislation indirectly contain rights or obligations for those who may hold certain secrets or private information as contract law, common law breach of confidence, the Data Protection Act (Chapter 29), the Theft Act (Chapter 60), the Fraud Act (Chapter 35), the Computer Misuse Act, the Bribery Act, the Official Secrets Act, the Competition Act and the Enterprise Act.

a) Provisions Applying to Civil Proceedings (Contract Law, Common Law Breach of Confidence, Data Protection Act)

Confidential information and, thus, trade secrets, can be protected in civil proceedings via a variety of sources including:

• contract law, by way of a breach of express or implied contractual provisions;
• common law breach of confidence, where an obligation of confidence is implied;
• Data Protection Act.

For a common law breach of confidence action, it is necessary for the claimant to show jointly that:

• the information itself is confidential (it has the ‘necessary quality of confidence’, it is not generally known or trivial);
• the circumstances are such that the defendant owes the claimant an obligation to keep the information confidential (often referred to as the ‘duty’ of confidence, which is usually implied by the nature of the relationship between the parties);
• the defendant has used or threatened to use the information without permission.

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1000 Coco v AN Clark (Engineers) Limited [1969] RPC 41, at 48.
1003 Theft Act 1968.
1004 Fraud Act 2006.
1006 Bribery Act 2010.
1008 Competition Act 1998.
1010 Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd [2012] EWHC 616.
Save for cases on government secrets, it is unnecessary to show ‘harm’ or ‘detriment’ from misuse or threatened misuse\textsuperscript{1012}. Criminal law provisions do not afford the protection of trade secrets as subject matter per se, that is, there is no criminal liability for misuse of trade secrets in the United Kingdom. However, certain conduct, which sometimes occurs in combination with trade secrets misuse, can be punishable under criminal law.

\textit{b) Provisions Applying to Criminal Proceedings (Theft Act, Fraud Act, Computer Misuse Act, Data Protection Act, Bribery Act)}

This criminal protection is achieved through the following legal avenues:

- theft of physical materials (Theft Act);
- fraud (Fraud Act);
- computer misuse (Computer Misuse Act);
- violations in data protection (Data Protection Act);
- information is obtained by bribery or corruption (Bribery Act);
- unauthorised disclosure of information by employees of the security and intelligence services and Crown Servants as, for instance, a civil servant, government minister, member of the Police or the Armed Forces (Official Secrets Act).

See also the common law offence of ‘conspiracy to defraud’, in circumstances where two or more people in concert (by virtue of the conspiracy) dishonestly use or disclose another’s trade secret.

\textit{c) Competition Act and Enterprise Act}

The Competition Act might apply in the event of disclosure, refusal of disclosure and licensing of trade secrets leading to violations of fair competition (anti-competitive agreements/conduct and abuse of dominant position).

On one hand, the Competition Act prohibits the sharing of competitively sensitive commercial information (Chapter I). On the other hand, the refusal by a dominant undertaking to disclose secret information (such as ‘interoperability standards’) to competitors may constitute an abuse of a dominant position (Chapter II).

The other major statute governing competition law in the United Kingdom is the Enterprise Act, which governs the United Kingdom merger control, as amended by the Enterprise and Regulatory Reform Act\textsuperscript{1013} (ERRA). The ERA came into force on 1 April 2014.

In the context of mergers and acquisitions, the validity of non-competition covenants and ancillary clauses (such as confidentiality agreements designed to protect trade secrets) may need to be assessed from a competition law perspective.

\textbf{1.3 SCOPE OF THE AVAILABLE PROTECTION AND RELATED EFFECTIVENESS}

As the protection of confidential information and trade secrets is based on case-law, the scope of protection will depend on the particular facts and circumstances of the case based on the evidence before the courts.

\textsuperscript{1012} Attorney General v Guardian Newspapers (No 2) [1990] 1 AC 109.
\textsuperscript{1013} Enterprise and Regulatory Reform Act 2013.
Despite this, the law is considered effective in the United Kingdom in light of procedural tools available for early interim relief, such as the preservation and production of evidence, and injunctive relief. The cross examination of witnesses is also a useful procedure to test the truthfulness of witnesses. Such procedural tools provide trade secrets owners with quick, efficient and effective remedies at a crucial stage of an action. The effectiveness of these remedies can often curtail the length of the dispute, with parties settling early.

Many trade secrets cases involve employees and ex-employees who, as part of their duties, have had access to information that the employer asserts to be highly confidential information. The courts have held that there is a strong public interest in holding employees to their contracts, but also allowing individuals to use the skills and knowledge obtained during the course of employment elsewhere. The courts are also conscious that breach of confidence/trade secrets actions can be used in an ‘oppressive manner’ to make it difficult for an employee to legitimately work and/or compete elsewhere.

This position was summarised by Lord Neuberger in the Supreme Court in Vestergaard Frandsen A/S v Bestnet Europe Ltd [2013] UKSC 31 as follows:

‘Particularly in a modern economy, the law has to maintain a realistic and fair balance between (i) effectively protecting trade secrets (and other intellectual property rights) and (ii) not unreasonably inhibiting competition in the market place. The importance to the economic prosperity of the country of research and development in the commercial world is self-evident, and the protection of intellectual property, including trade secrets, is one of the vital contributions of the law to that end. On the other hand, the law should not discourage former employees from benefiting society and advancing themselves by imposing unfair potential difficulties on their honest attempts to compete with their former employers’.

The courts are, therefore, focused on striking a balance when protecting an employer’s protectable interests in protecting its confidential information and trade secrets 1014.

2. PROCEDURAL RULES BEFORE NATIONAL COURTS ON THE PROTECTION OF TRADE SECRETS DURING LEGAL PROCEEDINGS

In the United Kingdom, procedural rules to protect trade secrets during litigation apply to civil, criminal and administrative proceedings.

Civil proceedings

The default position is that court hearings and documents referred in court are open to the public. This is referred to as the principle of ‘open justice’.

However, the principle has never been absolute 1015. The courts recognise and have powers to provide orders for controlling the disclosure of trade secrets in the course of proceedings. In practice, the courts are generally conscious that in a breach of confidence case the information subject to the dispute is

1015 Supreme Court in PNM v Times Newspapers Ltd [2017] UKSC 49.
confidential and should remain protected during the proceeding. To this end, they can apply the following measures:

- **confidentiality ‘clubs’ or ‘rings’**: confidential information is only accessible to a subset of individuals from the parties (including their legal representatives) who sign undertakings that govern the access to and use of information. However, although in certain circumstances it is possible to limit access to trade secrets to just the parties’ lawyers and experts, English courts often demand that at least one of the party’s in-house representatives has access to the information so as to be in a position to provide adequate instructions to their external lawyers. The in-house representative is typically an in-house lawyer and therefore subject to enforceable professional obligations. English courts are generally cautious in allowing individuals who are responsible for technical and business operations to see extremely sensitive information to avoid the risk that they use, whether wittingly or not, that information to unfairly compete with the claimant;
- **redaction**: confidential information and trade secrets are protected when contained in documents accessible by individuals not in a confidentiality club (including documents on the public court file) and/or referred to in open court;
- **orders maintaining confidentiality**: the courts deal with certain confidential information (for instance, a confidential number or table) by ensuring that it is not read aloud in court, restricting circulation of the information on paper to the parties and ordering that the material remains confidential despite the public hearing in which it is used;
- **private hearings**: an application for an order to exclude the public and members not in a confidentiality club from all, or more normally a part of, open, public hearings where confidential information and trade secrets are openly referred to (this is referred to as sitting in camera or ‘in private’ or in ‘closed court’).

Trade secrets owners are able to prevent disclosure by particularising the claims at a sufficient level of detail for the parties and the courts to determine the claim. Indeed, courts are likely to accept disclosure claims if a party makes a reasoned case for information not being disclosed. Significantly, the information provided in the claim gives details of the claimant’s confidential information/trade secrets. However, this disclosure would likely be protected under a confidentiality club or through redaction.

**Criminal proceedings**
The abovementioned provisions apply also to criminal proceedings.

**Administrative proceedings**
As for the legal framework on administrative proceedings, the Enterprise Act sets forth the rules determining the extent to which the Competition and Markets Authority (CMA) is permitted to disclose ‘specified information’ relating to any business of an undertaking.

It is also worth recalling the ‘Guidance on the CMA’s investigation procedures in Competition Act 1998 cases’ (the CMA’s Procedural Guidance). It is possible to submit a confidentiality claim to the CMA, if a person or company thinks that any information given to the authority is sensitive and that disclosing it might significantly harm the interests of the business or person. The CMA can accept or deny the claim to keep the information confidential.

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1016 IPCom GmbH & Co KG v HTC Europe Co Ltd and Nokia OYJ (Nokia Corp) v IPCom GmbH & Co KG [2013] EWCH 52 (Pat).
1017 Part 9 of the Enterprise Act.
1018 Section 7.8 of the CMA’s Procedural Guidance.
Moreover, the current CMA’s practice is to use both ‘confidentiality rings’, including enhanced forms known as ‘confidentiality rings plus’, and ‘disclosure rooms’. The CMA has recently published a summary of a roundtable discussion of experts on use of confidentiality rings and disclosure rooms. As opposed to confidentiality rings, disclosure rooms place additional ‘physical’ and ‘temporal’ restrictions (i.e. disclosure is provided only in a particular location and for a limited period of time).

3. TRADE SECRETS HOLDERS’ PERCEPTION

Overall, the system is perceived to provide for effective remedies and procedural flexibility. Moreover, English judges’ commercial approach appears to offer an appropriate forum for trade secrets owners to enforce their trade secrets. Therefore, if trade secrets holders have sufficient evidence to start a claim rather than simply a suspicion of misuse, it seems they are not generally deterred from bringing a case for trade secrets misuse before the court.

Despite this, a fact that potentially hinders trade secrets owners from commencing legal proceedings is the difficulty in proving damages.

4. PRECAUTIONARY MEASURES TAKEN BY OWNERS OF TRADE SECRETS TO PROTECT SECRECY

In the United Kingdom, most trade secrets owners tend to adopt precautionary measures to protect their confidential information. They may use:

- NDAs, particularly in business or technical collaborations;
- confidentiality clauses, usually set in employment contract and in contractor agreements;
- technical security measures;
- electronic measures, including file access logs, restricted file access, monitoring software, ability to download/copy paste information, electronic silos, trip wires;
- physical measures, including security guards, biometric access, ‘clean rooms’;
- legal/human resources policies and procedures, including training, pre-employment vetting and confidential information policy guidelines.

Section 7.15 of the CMA’s Procedural Guidance.


Trade secrets protection does not apply if a competitor develops the information independently and by legitimate means. To create evidence that the information was developed through such proper means (i.e. separately), and that trade secrets were not misappropriated, a company may employ ‘clean room’ techniques, most of which consist of isolating a team of engineers, designers and/or analysts, who are assigned a specific task, to be accomplished using publicly available tools, documents and materials. The activity carried out by the team is monitored, recorded and documented to show how the information was created, that is, by relying on publicly available resources.
If highly valuable information is at stake, parties may only disclose limited/numbered copies of the information to named recipients (and keeping a log of all recipients) or revealing information on a need-to-know basis to a small group of people.

The extent to which the abovementioned measures are applied, monitored and enforced can vary greatly within an organisation.

The adoption of such precautionary measures by the rights holders is taken into consideration by courts when assessing whether information can be considered as highly confidential and whether the recipient of such information was aware of its confidential nature. It is, therefore, perceived to be crucial for owners to put such measures in place.

5. REMEDIES

In the United Kingdom, civil, criminal and administrative remedies are available to protect trade secrets.

5.1 CIVIL ACTION

Under English law, legal proceedings for trade secrets infringements attain to breach of confidence. Therefore, to commence proceedings for trade secrets infringements, the owner has to establish if the trade secret has the quality of confidence as well as whether the trade secret has been imparted in circumstances of confidence and has been misused (e.g. disclosed to an unauthorised third party).

Within this scenario, the main remedies in a civil claim for misuse of a trade secret are as follows:

- an injunction to prevent further misuse or disclosure. The availability of injunctive relief for breach of confidence has been analysed at length by Arnold J in Vestergaard Frandsen A/S v Bestnet Europe Ltd. Typical interim injunction orders include: prohibition or restriction on the use of confidential information, search orders to uncover confidential material, delivery up orders and destruction of confidential material. If an award of damages at trial would be an adequate remedy and the defendant would be in a financial position to pay them, no interim injunction will normally

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1022 This principle was set out by Lord Greene MR in Saltman Engineering Co Ltd v Campbell Engineering Co Ltd (1948) 65 RPC 203, at p. 215: ‘the information, to be confidential, must, I apprehend, apart from contract, have the necessary quality of confidence about it, namely it must not be something which is public property and public knowledge’. See also Attorney General v Observer Ltd [1990] 1 AC 109, suggesting that the principle of confidentiality only applies to information that has not entered the public domain.

1023 Coco v AN Clark (Engineers) Ltd [1969] FSR 415, [1969] RPC 41, per Megarry J, pages 420-1. See also Arnold J’s ruling in Force India Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd [2012] RPC 29 (Ch), p. 224, stating that: ‘An equitable obligation of confidence will arise as a result of the acquisition or receipt of confidential information if, but only if, the acquirer or recipient either knows or has notice (objectively assessed by reference to a reasonable person standing in his shoes) that the information is confidential’.

1024 The third element required to establish a breach of confidence is the unauthorised use of the information to the detriment of the person communicating it. However, as noted in this report, whether ‘detriment’ is in fact a necessary condition is not altogether clear. See Coco v Clark (see before) per Megarry J, at p. 421.

be granted. The claimant must also establish that the balance of convenience (taking into account the damage caused to the defendant by such an injunction) favours its grant;\(^{1026}\)

- an injunction to stop the defendant from benefiting from the misuse (if applicable). This type of injunction is also known as 'springboard injunction' and it is often time-limited if the trade secret can be expected to have a limited lifetime. It would be possible for a court to limit the period of an injunction, for instance in situations where the defendant uses confidential information to get an illegitimate head start. The 'springboard' doctrine applies to information that has a limited degree of confidentiality, given that it can be ascertained by reverse engineering or by a process of compilation from public sources. In this situation, although an injunction may be granted, its duration should be limited to the time it would take someone to reverse engineer or compile the sources;\(^{1027}\)

- compensatory damages, that is, actual damage suffered by the claimant. 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 the loss. 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;\(^{1028}\)

- an account of profits. In the recent case CF Partners Limited v Barclays Bank Plc\(^ {1029}\), Hildyard J confirmed that the availability of the account of profits would depend on whether 'the rights of the claimant are of a particular powerful kind and/or such that his interest in full performance is particularly strong; and on whether those rights are asserted in an ordinary commercial context ('where a degree of self-seeking and ruthless behaviours is expected and accepted to a degree') or in the context of a relationship of special trust, such as was the case on Blake itself or such as in a fiduciary relationship'\(^ {1030}\);

- delivery up of the confidential information (often including an order for the provision of information as to what use has been made of the confidential information);\(^ {1031}\)

- destruction of copies of the confidential information.

These remedies may be available even after the information has become public, provided the party who used the information while it was still confidential had obtained a 'springboard' to market over others who waited to obtain the trade secrets legitimately.

The claimant has to elect whether it seeks damages by way of the lost profits or on account of the infringer's profits. Compensatory damages and accounts of profits are alternative measures, while injunctions can be cumulated to either damages or accounts of profits.

Injunctions are discretionary and the courts may decide they are not appropriate, as in cases where damages are an adequate and quantifiable remedy (which is relevant to interim injunctions) and/or the

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\(^{1027}\) Inter alia, Vestergaard (see before), and Kerry Ingredients (United Kingdom) Limited v Bakkavor Group Limited and others [2016] EWHC 2448 (Ch).


\(^{1029}\) CF Partners Limited v Barclays Bank Plc [2014] EWCH 3049 (Ch), at p. 1172.

\(^{1030}\) Attorney General v Blake [2001] 1 AC 268, [2000] 3 WLR 625, [2000] 4 All ER 385, pointing out that an account of profits, as a remedy for a breach of contract, will only be available in 'exceptional circumstances'. There is a certain degree of uncertainty about what will constitute 'exceptional circumstances'. It seems that a relevant question is whether the claimant had a legitimate (non-commercial) interest in preventing the defendant's profit making activity. By contrast, account of profits is a standard remedy in respect of the equitable wrongs of breach of trust or breach of fiduciary duty. See also Vercoe and Pratt v Rutland Fund Management Ltd [2010] EWCH 424 (Ch).

\(^{1031}\) Aon Ltd v JCT Reinsurance Brokers Ltd [2009] EWHC 3448 (QB).
information has become widely available (which is relevant to final injunctions). The courts may also decline to grant a permanent injunction where the injunction would be oppressive to the defendant.\textsuperscript{1032}

Overall, the enforcement of trade secrets occurs by way of court actions or arbitration (where applicable).

Proving misuse of confidential information in trade secrets cases might be difficult unless the claimant obtains ex parte search and seizure orders, enabling him or her to search for and preserve materials embedding misappropriated trade secrets. A claimant may in fact apply (without notice to the defendant) for a search order before proceedings begin in order to search for and preserve evidence. A search order permits the claimant’s legal representatives to enter the defendant’s premises without notice to search for materials containing misappropriated trade secrets. This requires strong evidence and that the process is supervised by an independent lawyer who reports directly to the court. It is also possible to obtain an order requiring a person to disclose the whereabouts of such materials. The person subject to such an order may be the wrongdoer but can also be an innocent individual who has the necessary information.

5.2 CRIMINAL ACTION

There is no general criminal law on wrongful use or disclosure of trade secrets, although, in some instances, the defendant may have committed a crime which will render liability to prosecution under specific criminal provisions.

Criminal actions are enforced by the Crown Prosecution Service (CPS), that is, the public prosecution service.

If the police suspect that a crime has been committed, it can apply to the court for search orders or search premises directly in serious circumstances.

Remedies for criminal crimes entail imprisonment and/or compensation of damages (fines), which vary according to the legal avenue as follows:

- theft of physical materials: up to seven years imprisonment, a fine or both\textsuperscript{1033};
- fraud: up to 10 years imprisonment, a fine or both. For less serious offences, the maximum fine is capped at GBP 5 000 (approximately EUR 5 735). Where the offence is more serious (which is likely with a trade secrets violation), an unlimited fine can be applied\textsuperscript{1034};
- computer misuse: up to two years imprisonment, a fine or both. For less serious breaches the maximum fine is GBP 5 000 (approximately EUR 5 735), while an unlimited fine can be applied to more serious offences\textsuperscript{1035};
- violation of data protection, that is, obtaining or disclosing personal data without the consent of the data controller: the court may impose unlimited fines for criminal offences under the Data Protection Act\textsuperscript{1036}.

In the United Kingdom, companies hold legal personalities and, as such, they can be convicted for criminal acts. According to case-law, companies can be considered liable:

\textsuperscript{1032} Shelfer v City of London Electric Lighting Co (No 1) [1895] 1 Ch. 287.
\textsuperscript{1033} Section 7 of the Theft Act.
\textsuperscript{1034} Section 9(6) of the Fraud Act.
\textsuperscript{1035} Sections 1-3 of the Computer Misuse Act.
\textsuperscript{1036} Section 55 of the Data Protection Act. The cap of GBP 5 000, provided in Section 55 of the Data Protection Act has been removed by the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) by means of Regulations 2015 No 664, which came into force on 12 March 2015.
if the crime has been committed by a person considered the 'controlling mind' of the firm (e.g. managing director) and in the course of the business;

if the offence is the result of an employee's action (except in cases in which the employer did not help, counsel or procure the crime).

If a company cannot be sentenced with imprisonment, fines are the applicable penalties.

5.3 ADMINISTRATIVE ACTION
Administrative proceedings attain to trade secrets violations causing restriction of competition. The ERRA (see paragraph 1.2 above) has provided for the creation of the CMA, which merged into one body all the functions of the Office of Fair Trading (OFT) and the Competition Commission (CC) on 1 April 2014.

The ERRA also strengthened the criminal penalties for cartel behaviour by removing the requirement that such behaviour is dishonest. Administrative actions can be commenced ex officio by the CMA or upon complaint.

To ascertain violation, the CMA has the power to enter premises, access documents or require any relevant person to provide the necessary documentation while inspecting premises.

6. ADDITIONAL INFORMATION

6.1 EFFECTS AND REGULATION OF DECISIONS PUBLICATION
Court decisions are usually publicly available, although details of confidential information/trade secrets are typically redacted. Such publicity may have a deterrent effect on further misuse and support a consistent development of the law.

6.2 COMPETENT COURTS
Trade secrets cases can and are heard by a number of courts. Courts that are competent to deal and have handled trade secrets (and confidential information) cases include the following:

- Chancery Division of the High Court, which contains a number of specialist courts, such as the Patents Court and Companies Court;
- Queen’s Bench Division of the High Court (QBD), which contains a number of specialist courts, such as the Mercantile Court, Commercial Court, Technology & Construction Court and Administrative Court;
- Employment Tribunal and, on appeal, the Employment Appeal Tribunal;
- First-tier Tribunal (General Regulatory Chamber) and, on appeal, Upper Tribunal (Administrative Appeals Chamber);
- Court of Appeal (civil);

1037 Section 188(1) of the Enterprise Act.
1038 Most of these courts are now part of the new ‘Business and Property Courts of England and Wales’. 
• Supreme Court;
• Court of Session (in Scotland);
• Competition Appeal Tribunal (administrative proceedings);
• Magistrates’ Court (criminal proceedings);
• Crown Court (criminal proceedings).

The factual context in which the dispute arises, the type of lawyer instructed by the claimant and the location of the claimant/lawyer, will often be strong factors in determining before which court the claim will be issued. For example, a breach of confidence/trade secrets claim arising in the context of an employment relationship will often be brought before the QBD. In this case, the claimant is more likely to instruct an employment lawyer who is used to operating in the QBD and the Employment Tribunal. In breach of confidence/trade secrets cases, where there are not necessarily employment issues and where the subject matter of the confidential information is more technical, an IP lawyer might be instructed. In these circumstances, the claim may be commenced in the Chancery Division.

From a rough review of the case-law published during the last five years involving confidential information and trade secrets (approximately 150), most cases were brought either before the QBD or the Chancery Division. A slight majority of those cases was brought before the QBD (approximately 60 cases mostly in the general list), compared to the Chancery Division (approximately 50 cases mostly in the general list; less than 10 were handled in the specialist Patents Court). Almost all of these cases would now fall within the Business and Property Courts.

As set out above, there is a diversity of courts that can hear breach of confidence and/or trade secrets cases. These are specialist courts that handle cases on specific subject matters (as regards the Patents Court of the Chancery Division or the Employment Tribunal) or non-specialised courts (as regards the general list of the QBD). There are no specialised courts on trade secrets.
V. OVERVIEW OF CASE-LAW

5.1 OVERALL CLAIMANT’S AND DEFENDANT’S PROFILES

According to the analysis of national case-law, the profiles of parties involved in trade secrets related disputes across the 28 MSs are as follows:

a) company v employee/former employee;
b) company v company;
c) competition authority v company;
d) parties bound by specific contractual obligations;
e) parties with no existing relationship before the dispute.

The parties involved in the cases analysed span over several economic sectors including retail, pharmaceuticals, transport, construction, design, manufacturing, software, high-tech, food and beverages, banking, tourism, cosmetics, nuclear energy, chemical, electronics and electrical.

a) Company vs Employee/Former Employee

Within this scenario, the company usually represents the claimant and the employee/former employee the defendant.

Cases on disputes between a company and an employee/former employee range from SMEs to large corporations, and have been identified across the following 24 MSs: Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

For example, in Greece, Romania and Sweden recent court decisions refer to the catering and food service industry (excluding construction) and service sector (due to low start-up costs and extensive client lists). In Greece: Decision No 1717/2013 of the Supreme Court: the claimant is a limited liability company operating in pastry products retailing both, nationally and internationally; Decision No 3122/2014 of the Single-Member Court of First Instance of Thessaloniki: the claimant is a company operating in the wine, alcoholic beverages and spirits trade; Decision No 1210/2016 of the Multi-Member Court of First Instance of Thessaloniki: the claimant is one of the leading companies in Greece in the sector of cafeterias and snack bars.

Large companies are those exceeding the parameters qualifying SMEs. In detail, SMEs are identified by the European Commission on the basis of the following two criteria: a) staff headcount; b) turnover or balance sheet total (In this respect, see: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_it).

Decision No 1303/04.03.2014 under civil Case No 18013/2012 of the Varna Regional Court — XXXV Panel, reaffirmed by Decision No 1551 of 5 November 2014 under civil Case No 1064/2014 of the Varna District Court, not considered for cassation appeal by Ruling No 128 of 7 April 2015 under civil Case No 1460/2015 of the Supreme Court of Cassation, Fourth Civil Division, Decision No 1199 of 24 February 2014 under civil Case No 5652/2012 of the Sofia City Court (entered into force).

Decision No 237/2012/2 confirmed by the Supreme Court in their Decision No VSRH IV Kž 195/2002-2, Decision No 378/07-2 confirmed by the Supreme Court in their Decision No VSRH Revr 88/2008-2.

See, inter alia, Decision No SH2017.V-82-15, Decision No U2012.1215H.

See, inter alia, Finnish Supreme Court, Criminal Case No KKO:2013:20 and District Court of Pirkanma — Tampere, Criminal Decision of 31 August 2017.
Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Poland, Romania, Slovenia, Spain, Sweden, the Netherlands, the United Kingdom.

By means of example, in Denmark claimants tend to be large companies while in Spain they are more likely SMEs. In Germany claimants include companies of different sizes.

One case in Finland involved a dispute between an SME and a former sales agent in the sector of printing services.

Other cases refer to litigation between a former employee who established a company in the same market of its previous employer, or who started working for a competitor. These disputes have been identified in: Belgium, Estonia, the Czech Republic, Finland, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg and Spain.

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1047 See, inter alia, Court D’Appel de Montpellier, Decision No 13/05047 of 17 September 2015 and Valeo v Li Li, Criminal Court of Versailles, 20 November 2007).

1048 See, inter alia, Federal Court of Justice, Decision of 13 December 2007, Case No ZR 71/05 and Federal Court of Justice of February 2009, Case No ZR 28/06.

1049 Decision No 1717/2013 of the Greek Supreme Court, Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division) and Decision No 3122/2014 of the Single-Member Court of First Instance of Thessaloniki.


1051 See, inter alia, Court of Turin, Decision No 11879/2011, Court of Bologna, Decision No 2340/2015, Court of Milan, Decision No 59079/2015 and Court of Milan, Decision No 74616/2011.


1054 Luxembourg Court Decision No 2788/2016 of 27 October 2016.

1055 Decision No 3295 of 28 October 2014 issued by the High Court of Cassation and Justice.

1056 Decision of the Supreme Court No VIII Ips 16/2016 of 21 June 2016, Decision of the Supreme Court No VIII Ips 211/2012 of 2 September 2013, Decision of the Supreme Court No VIII Ips 52/2012 of 16 April 2013.

1057 See, inter alia, PCD Madrid, 19 December 2016 No 441, SCD 14 November 2012 and PCD Castellón, 9 May 2014.

1058 Labour Court, 2 September 2009, AD 2009 No 63.


1060 See, inter alia, Vestegaard Frandsen A/S & Ors v Bestnet Europe Ltd & Ors, 2013, United Kingdom Supreme Court, JM Finn & Co Ltd v Holliday, 2013, EWHC 3450 and Tullet Prebon v BGC Brokers LP, 2009, EWHC 819.

1061 Helsinki Court of Appeal, criminal Case No R 14/924.

1062 Judgment of the Court of Appeal of Brussels of 5 September 2013, Chimiderouil Belgium SA v Emateo SPRL and Mr Groulard, Judgment of the President of the Commercial Court of Antwerp of 6 December 2012, Ritmo Interim NV v XTRA Interim BVBA.

1063 Supreme Court Decision of 9 December 2008 in civil Case No 3-2-1-103-08, p. 21.


1065 On 31 August 2017, the District Court of Pirkanmaa rendered its judgment in one of the largest trade secrets cases in Finland to date. The action was based on alleged violations of criminal law and involved the companies Nokian Tyres Plc and Black Donuts Engineering Oy.

1066 Decision No 1210/2016 of the Multi-Member Court of First Instance of Thessaloniki.

1067 Court of Milan, Decision No 59079/2015; Court of Milan, Decision No 4821/2011; Court of Milan, Decision No 74616/2011; Court of Bologna, Decision No 1658/2012.

1068 Luxembourg Court Decision No 2788/2016 of 27 October 2016.

1069 PCD Barcelona 11 December 2013: legal persons v former employees and the new company created by them. SCD 8 October 2007: company v former employees who set up a new company. PCD Madrid, 15 October 2010: company v former employees (working in other companies). PCD Madrid, 24 June 2015: company v company (created by a former employee). PCD Madrid, 21 February 2008: company v a company (a competitor) and a former
Further cases have been identified in Croatia, France\textsuperscript{1070}, Germany\textsuperscript{1071} and Spain\textsuperscript{1072} where the alleged violations were committed by former employees, by means of disclosing trade secrets to competitors, breaching of manufacturing secrets and breaching of trust or confidence.

\textbf{b) Company v Company}

Within this scenario, several cases refer to disputes occurred between competing companies. Such disputes could be identified in: Austria\textsuperscript{1073}, Belgium\textsuperscript{1074}, Bulgaria, Croatia, France, Finland\textsuperscript{1075}, Germany\textsuperscript{1076}, Hungary\textsuperscript{1077}, Latvia, Italy\textsuperscript{1078}, Poland\textsuperscript{1079}, Portugal\textsuperscript{1080}, Romania\textsuperscript{1081}, Slovenia\textsuperscript{1082}, Slovakia\textsuperscript{1083}, Spain\textsuperscript{1084} and the United Kingdom\textsuperscript{1085}.

In addition, cases have been identified for example in France, involving a company and its current and potential contractual partner. Potential contractual partners were involved in cases where unsuccessful negotiations between the parties occurred.

\textbf{c) Competition Authority v Company}

In Malta\textsuperscript{1086}, a specific case refers to the disclosure of trade secrets during competition proceedings. The claimant was the Maltese Office for Competition (part of the former Malta Competition and Consumer

employee that started to work for the competitor. PCD Barcelona, 12 June 2009: company v company and a former employee (whose relatives are the claimant’s former employees and started to work in the new company). PCD Valencia, 27 November 2012: company v another company and two former employees working for the competitor company.


\textsuperscript{1072} Decision of 19 December 2002, the Federal Court of Justice BGH, Case I ZR 119/00. The claimant and defendant were both companies in the wine and liquor business.

\textsuperscript{1073} Austrian Supreme Court, Decision No 4 Ob 165/16t of 25 October 2016.

\textsuperscript{1074} Judgment of the Commercial Court of Namur of 24 March 2014, Martin Mathys SA against Dothee SA, judgment of the Commercial Court of Brussels (11e ch.) of 3 November 2010, GSK against Novartis, judgment of the Court of Appeal of Brussels of 17 March 2010, Baobab Collection SPRL against B-Four Group.

\textsuperscript{1075} Finnish Supreme Court, Criminal Case No KKO:2013:17.

\textsuperscript{1076} Decision of 19 December 2002, the Federal Court of Justice BGH, Case I ZR 119/00. The claimant and defendant were both companies in the wine and liquor business.


\textsuperscript{1078} Court of Turin, ordinance of 17 July 2014 in the Case Mille Miglia Engineering s.r.l. v FOR.MI.CA s.r.l. / Officine Metallurgiche Cornaglia s.p.a. and Court of Milan, Decision No 32372016.

\textsuperscript{1079} Supreme Court of Poland, V CSK 176/13, of 13 February 2014.

\textsuperscript{1080} Decision No 766/06.4TYLSB of 26 September 2006.

\textsuperscript{1081} Decision No 155 of 16 March 2016 issued by Constanta Court of Appeal, Decision No 1892 of 16 November 2015 issued by the Bucharest Court of Appeal.

\textsuperscript{1082} Decision of the Supreme Court No III Ips 13/2015 of 31 August 2016, Decision of the Supreme Court No III Ips 75/2010 of 27 January 2011.

\textsuperscript{1083} Supreme Court Decision No 60bdo 10/2009.

\textsuperscript{1084} PCD Barcelona, 25 June 2013: company v another company who obtained confidential information of the first company thanks to the new company that bring and send computer files.

\textsuperscript{1085} Vestergaard Frandsen A/S (now called MVF 3 ApS) and others (Appellants) v Bestnet Europe Limited and others, 22 May 2013 (Defendants).

\textsuperscript{1086} Competition and Consumer Appeals Tribunal, judgment Rik, No 1/2011.
Affairs Authority charged with enforcing local and EU competition law) and the defendant was the main provider of energy electricity production and distribution services in Malta.

d) Parties Bound by Specific Contractual Obligations
Disputes involving parties being bound by specific contractual provisions have been detected in six MSs.

In detail, the case retrieved in Ireland\(^{1087}\) involved a dispute between a franchisor and franchisee. Moreover, a small number of cases in Bulgaria\(^{1088}\), Romania, and Spain\(^{1089}\) referred to disputes between the licensor and licensee. In the United Kingdom, some cases concerned companies that had access to information by means of a licence or joint ventures\(^{1090}\). Finally, in Finland\(^{1091}\) a case was about breach of an obligation of confidence and disclosure of trade secrets related to an agent agreement.

e) No Prior Relationship Between the Parties
In several cases in Slovenia\(^{1092}\) no previous relationship between the claimant and defendant existed.

### 5.2 EVIDENCE REQUIRED TO PROVE TRADE SECRETS MISAPPROPRIATION / INFRINGEMENT

In general, to obtain trade secrets protection it is necessary to provide sufficient evidence to demonstrate the alleged violation.

According to the data collected, one of the main elements that deter trade secrets owners from filing litigation action is the burden of proving the infringement.

**Civil proceedings**

Generally speaking, in civil proceedings it is necessary to prove (cumulatively):

1. the existence of a trade secret according to the definition thereof\(^{1093}\) (i.e. secrecy\(^{1094}\), economic interest for the owner to preserve the secrecy, will of the owner to preserve the secrecy of the information, appropriate measures to keep the information secret);

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\(^{1087}\) KM Franchising Ltd v Tedco Ltd & Ors, High Court Decision No 2013 1796 P of 12 July 2013.

\(^{1088}\) Decision No 674 of 26 June 2011 under Case No CPC-69/2011, (closed session) of the Commission for Protection of Competition, reaffirmed in the part regarding trade secrets by Decision No 64 of 4 January 2012 under administrative Case No 11032/2011 of the Supreme Administrative Court, reaffirmed by Decision No 7141 of 27 May 2013 under administrative Case No 3877/2012 of the Supreme Administrative Court. Licensor (one entity of the claimant’s company group, but not the claimant itself) v licensee (one entity of one of the defendant’s company group, but not the respective defendant itself), no relationship between the claimant and the other defendants.

\(^{1089}\) SCD 474/2017, 20 July 2017: licensor v former licensee and a new company created by the former licensee.

\(^{1090}\) Heraeus Medical GmbH v Biomet and others [2016] EWHC 1369.

\(^{1091}\) Helsinki Court of Appeal, criminal Case No R 14/924.


\(^{1093}\) For example, Italian courts have ruled that all requirements set out in Article 98 of the CPI must be met, being the cumulative presence thereof the element that essentially differs secret information from other commercial information (Court of Bologna, 20 March 2008, Court of Turin, 6 July 2012). In relation to the proof of the existence of a trade secret see: Court of Milan, 21 February 2011 and Court of Milan, 20 December 2010. Moreover, in Decision No 125 of 30 January 2017 issued by the Romanian High Court of Cassation and Justice, the Court held that the claimant did not prove the existence of trade secrets as provided by the Unfair Competition Act.

\(^{1094}\) Decision of the Court of Appeal of Luxembourg of 15 October 2003, No 27824 stated that the claimant has to demonstrate the secrecy of the information.
2) the infringement\textsuperscript{1095},
3) the unlawful activity of the defendant.

One of the main prerequisites for obtaining protection is to demonstrate the ownership of the trade secret claimed to be infringed\textsuperscript{1096}. The courts often consider relevant to prove that the owner made all reasonable efforts\textsuperscript{1097} and arranged suitable measures\textsuperscript{1098} to keep the information secret or that there was an actual knowledge by the infringer of the secrecy of the information\textsuperscript{1099}.

In the event of an action based on tort law the claimant is generally required to prove also the infringer's liability (in particular, his or her fault), the suffered damages and the correlation between infringement and damages.

In the event of infringement of contractual obligations, the claimant has to show the existence of a contractual obligation and its breach\textsuperscript{1100}.

During proceedings based on unfair competition, courts often require the claimant to demonstrate that the defendant acted with the intent to compete with the trade secrets holder or that the alleged infringer obtained specific benefits from the use of the secret information\textsuperscript{1101}.

In this respect, in a recent case in Croatia, the Supreme Court found that where the disclosure of data may damage the economic interests of a party, such data should be considered a trade secret regardless of the proof of the existence of internal company regulations classifying it as a trade secret\textsuperscript{1102}.

Courts often consider circumstantial evidence as sufficient to prove a trade secrets infringement\textsuperscript{1103}. Nevertheless, according to some MS case-law, all circumstances have to be proven by certain and indisputable evidence\textsuperscript{1104}.

In general, all kinds of evidence could be used to prove a trade secrets infringement\textsuperscript{1105}, including emails, contracts, documents, witness statements or statements from external experts.

\textsuperscript{1095}Decision of the Belgium Labour Court of Appeal of Mons (8th chamber) of 28 October 2015, in the Case S.P.R.L.T. v M Marc, Decision of the Belgium Labour Court of Appeal of Brussels of 27 April 2011 in the Case European and Belgian Public procurement SPRL v Mr F.N. that reject the request since the claimant did not prove the existence of any unfair act committed by defendant to divert claimant's customers.

\textsuperscript{1096}Decision of the Belgium Court of Appeal of Brussels of 5 September 2013, in the Case Chimiderouil Belgium SA v Emateo SPRL and Mr Groulard: the Court was not able to determine which parties owned the technology object of the dispute due to a lack of evidence thereof.

\textsuperscript{1097}Decision of the Hungarian Metropolitan Appeal Court No 8.Pf.20.027/2009/5 or Decision of the Finnish Market Court No 166/10 that rejected the claimant's claim for the lack of evidence in relation to the protection of confidentiality of the information.


\textsuperscript{1099}Decision of the Dutch Court of Appeal of The Hague of 14 May 2013 in the Case Shell v DWSW c.s., confirmed by the Supreme Court.

\textsuperscript{1100}Decision of the Bulgarian Bucharest Court of Appeal No 528 of 12 December 2012: the Court held that the claimant did not prove breach of confidentiality clauses and that none of the business partners of the claimant terminated the relationship with the latter in order to become a client of the defendants. In addition, see Decision of the French Court of Cassation (commercial chamber) of the 13 July 2010 in the Case ITP v Technip No 09-14.985.

\textsuperscript{1101}Decision No 23045, Italian Supreme Court, 30 October 2009.

\textsuperscript{1102}Supreme Court of the Republic of Croatia, Decision in the Case No Revr 88/2008 of 28 August 2008.

\textsuperscript{1103}For example, see the Italian decisions of Court of Milan, 3 October 1994; Court of Milan, 2 February 2000; Court of Appeal of Milan, 29 November 2002.

\textsuperscript{1104}See the Polish decision of the Court of Appeal in Kraków of 6 December 2013, I Aca 1196/13.
It is also possible that, during the proceedings, the court itself request an expert’s opinion to better examine the case. However, according to some MSs case-law, a court expert cannot be involved in the proceedings with the only intent to gain evidence in support of the claimant’s claims. Indeed, the claimant should prove the unlawful act without the support of the expert’s statement.

According to the national experts of the study, in the trade secrets holder’s perception, the difficulties in demonstrating the abovementioned aspects (in particular, in relation to suffered actual damages) constitute one of the main factors preventing actions from being brought before the competent court. In practice, a lack of evidence often causes the rejection of the claimant’s request.

In a recent case in Bulgaria, for example, the following evidence was submitted:

- the employment contract;
- the termination notice;
- the employer’s authorisation towards the defendant to access the company’s registers, containing customers’ personal data;
- an executed declaration of confidentiality and loyalty providing for the non-disclosure of confidential information and for non-performance of competitive activities;
- witness statement;
- the correspondence between the company of which the defendant became a shareholder and the former employer’s customers.

During the proceeding, the defendant (a former employee who became a shareholder in a new company with the same business activity of the claimant) claimed that the declaration of confidentiality and loyalty was void because, according to the practice of the Supreme Court of Cassation, the prohibition of performing competitive activities after the termination of the employment contract is invalid. The Varna Regional Court stated, however, that no trade secrets infringement had been proven. The Varna District Court as well as the Supreme Court of Cassation reaffirmed the decision.

In another Bulgarian case, the claimant submitted the following evidence:

- employment contract and order for its termination;
- executed declaration for non-disclosure of company secrets;
- job description of the defendant (a former employee of the claimant) and other former employees;
- decision of the CPC affirming that no violation of the competition rules by the defendant’s new employer has taken place;

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1105 See the Spanish decisions of the Provincial Court of Barcelona, 11 December 2013 (emails, minutes of meetings where the defendant was present); Provincial Court of Barcelona, 25 June 2013 (emails provided by a former employee of the defendant; a report by a computer expert about the theft of information from the claimant’s computer system and of emails sent from the computers of the company to the defendant); Supreme Court, 8 October 2007 (the number of customers lost and the billing lost).

1106 Court of Appeal of Piraeus (IP specialised division), Decision No 679/2015 (Greece); Court of Appeal of Antwerp, Decision of 27 September 2007 in Case No Jaarboek Handelspraktijken & Mededinging (Belgium).

1107 Decision No BH2009.154, Supreme Court.

1108 Decision No 1033/04.03.2014 under civil Case No 18013/2012 of the Varna Regional Court — XXXV Panel (Bulgaria).

1109 In this case, the defendant is the claimant’s former employee who became a shareholder in a company operating in the same business sector of the claimant, i.e. a new company.

1110 Decision No 1551 of 5 November 2014 under civil Case No 1064/2014 of the Varna District Court (Bulgaria).

1111 The Bulgarian Supreme Court of Cassation (Fourth Civil Division) rejected the cassation appeal with the Ruling No 128 of 7 April 2015 under civil Case No 1460/2015.

1112 Decision No 1199 of 24 February 2014 under civil Case No 5652/2012 of the Sofia City Court (Bulgaria).
contract for accounting services concluded by the defendant’s new employer and a third party;
• email/correspondence between the claimant and its customers;
• invoices issued by customers to the defendant’s new employer;
• website screenshots with job offers made by the defendant’s new employer;
• accounting expert report.

The defendant claimed that many former employees left the employer because of working conditions not to exploit trade secrets of the former employer with a competing company. The defendant further claimed to have chosen the new employer because of the better financial conditions it proposed. The Court found that the alleged misappropriated information did not constitute a trade secret and that no trade secrets infringement had been proven.

According to Estonian case-law, the claimant will prove the existence and content of its trade secrets and the unjustified disclosure and use by the defendant, while the defendant has the opportunity and the obligation to reasonably rebut the claimant’s allegations.\textsuperscript{1113}

In general,\textsuperscript{1114} measures to secure evidence (i.e. seizures, search or disclosure orders) are available when there is a risk that evidence may be destroyed or hindered in the future. In cases of danger, the interested parties may ask for a collection of evidence in advance (i.e. pre-trial taking of evidence), even before the filing of the claim.\textsuperscript{1115} However, in general, this requires strong evidence.

In Ireland, courts may grant a so-called Anton Piller Order\textsuperscript{1116} whenever serious damage would be caused or evidence would be lost otherwise. An Anton Piller Order may include pre-action measures such as a search warrant of premises or the seizure of evidence without prior warning. The aim is to prevent damage or the loss of evidence of the infringement before the trial starts. The evidence collected by virtue of such order can only be used for the purposes of the proceeding and the content thereof is kept confidential.

**Criminal proceedings**

In criminal proceedings, in all MSs evidence is collected by investigation authorities and courts either ex officio or at the request of the injured parties.

To ascertain criminal liability, it is necessary to demonstrate the existence of all elements of the infringement, including intention (i.e. fraud), which is eventually required for committing the crime. In particular, in some MSs\textsuperscript{1117}, the public prosecutor has to demonstrate that the infringer committed the offence ‘beyond any reasonable doubt’.

During investigations the public prosecutor has the power to order searches\textsuperscript{1118}, seize documents and examine accused persons or witnesses.

In a recent criminal case in Croatia\textsuperscript{1119}, the following evidence was used:

\textsuperscript{1113} Supreme Court of Estonia, Decision of 9 December 2008 in civil Case No 3-2-1-103-08.
\textsuperscript{1114} This applies to all MSs except for Belgium, the Czech Republic, Denmark, Estonia, Malta and Romania.
\textsuperscript{1115} Decision No 8.Pkt.27.151/2014/3, Supreme Court, according to which the aim of a preliminary collection is to secure evidence and this type of collection can be used only to support claims and not to define the extent of a future claim.
\textsuperscript{1116} An Anton Piller Order is a court order that can search premises and secure evidence without prior warning.
\textsuperscript{1117} Italy, Sweden, Finland, United Kingdom, Cyprus, Malta and Lithuania.
\textsuperscript{1118} This applies to all MSs apart from Latvia, Romania and Austria, where precautionary measures are not available within a criminal procedure.
\textsuperscript{1119} Municipal Criminal Court of Zagreb, Decision No Kv-237/02-3, confirmed by the Croatian Supreme Court with Decision VSRH IV Kž 195/2002-2.
The evidence was insufficient.

In a Finnish criminal case\textsuperscript{1120}, the defendants saved customer register and sales reporting data of the claimant on their personal memory sticks when negotiations about changing their jobs and moving from the claimant's company to a competitor were already ongoing. The defendants' memory sticks, in which they saved secret information, were used as evidence. Moreover, the defendants' employment agreements were submitted to the Court to prove that they contained confidentiality clauses. The Court interviewed the claimant company's employees about, for instance, the necessity of saving data on personal devices and whether the employees had been forbidden from doing so. Since it was a criminal case, evidence was primarily collected by the authorities. The defendants claimed that saving the data were necessary for remote working and defendant B claimed that it was necessary for calculating commissions. The defendants were sentenced for attempted violation of a business secret to three months of conditional imprisonment.

In a further criminal case\textsuperscript{1121} from Germany a former sales representative was called as a witness on behalf of the defendant. The defendant claimed that the (large) number of customers' details have been reproduced with the help of the telephone book and notes, which have been made after leaving the claimant's company. The Supreme Court held that the customers' names and addresses, of which the sales representative became aware of during its work for the claimant, are actually to be considered trade secrets under Section 17 of the UWG and ordered that the case be returned to the Court of Appeal for the decision.

In another Finnish criminal case\textsuperscript{1122}, the manufacturer of the defendant\textsuperscript{1123} used the claimant company's snowmobile suit pattern. According to the claimant, such pattern was obtained via unlawful means to manufacture snowmobile suits for the defendant. Moreover, there was a connection between the manufacturer used by the claimant and the manufacturer used by the defendant's company. During this criminal case, evidence was primarily collected by the authorities and included:

- photographs of the defendant's and claimant's snowmobile suits;
- the suit that the defendant sent to the manufacturer as a model;
- witness statements.

The Court ruled that the defendant must have known that the manufacturer was using the claimant's pattern. Indeed, the claimant had not yet launched the suit for sale, so, reverse engineering was not possible at the time of copying of the suit pattern. The defendant was sentenced to 50 day fines, reduced to 20 day fines due to 10 days' pre-trial detention. Moreover, the Court recognised damages but the amount has not been disclosed in the judgment.

\textsuperscript{1120} Finnish Supreme Court, Criminal Case No KKO:2013:20.
\textsuperscript{1121} Decision of 19 December 2002, the Federal Court of Justice BGH, Case No I ZR 119/00.
\textsuperscript{1122} Finnish Supreme Court, Criminal Case No KKO:2013:17.
\textsuperscript{1123} The defendant's company is located in Pakistan.
To ascertain an infringement, in all MSs competition authorities can carry out inspections or search premises or computer systems and seize documents or other relevant data.

In administrative proceedings, all kinds of evidence could be used to prove a trade secrets infringement, including emails, relevant documents, witness or experts' reports.

In a recent administrative case in Bulgaria, the following evidence was used:

- detailed study identifying the similarities between the basic technical parameters of the claimant's technology and the technology used by the defendants;
- licence agreement and appendices thereto;
- technical expert's report comparing the two technologies prepared by an engineer chemist;
- documentation of a tender procedure for the construction of the scrubber installation where the alleged infringement took place;
- OLAF's final report on the investigation of a defendant for usage of false information during the participation in the described tender procedure;
- arbitral award of the Singapore International Arbitration Centre rendered in a dispute arisen out of the licence agreement.

The defendants claimed that their own technology was different form the claimant's technology and challenged the admissibility of much of the evidence submitted by the claimant. They also requested for the submission of audit reports conducted by different Bulgarian authorities. The CPC stated that there was no infringement. The decision was reaffirmed by two panels of the Supreme Administrative Court.

In another Bulgarian administrative case, the claimant submitted the following evidence:

- defendants' employment contracts and orders for their termination;
- consultancy agreement of the claimant with the third party for the construction of a given project;
- order of the claimant’s CEO addressed to its employees prohibiting the disclosure of confidential information;
- contracts signed by the new company established by the defendants with third parties.

Although the defendants claimed that the new company they established did not possess any confidential information of the claimant, the CPC stated that the infringement took place. The decision was reaffirmed by two panels of the Supreme Administrative Court.

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\[1124\] Decision No 674 of 26 June 2011 under Case No CPC-69/2011, (closed session) of the Bulgarian Commission for Protection of Competition.

\[1125\] Decision No 64 of 4 January 2012 under administrative Case No 11032/2011 of the Bulgarian Supreme Administrative Court and Decision No 7141 of 27 May 2013 under administrative Case No 3877/2012 of the Bulgarian Supreme Administrative Court.

\[1126\] Decision No 1000 of 15 November 2007 under Case No CPC-436/2007, (closed session) of the Bulgarian Commission for Protection of Competition.

\[1127\] That is, contracts between the new company of the defendant and third parties have been submitted as evidence.

\[1128\] Decision No 2806 of 12 March 2008 under administrative Case No 12703/2007 of the Bulgarian Supreme Administrative Court, reaffirmed by Decision No 8730 of 15 July 2008 under administrative Case No 5489/2008 of the Bulgarian Supreme Administrative Court.
According to the HCC (i.e. the Greek Competition Authority), information on sale prices fixed by an undertaking are per se confidential. Indeed, their exchange is prohibited as it might contribute to a concerted practice among undertakings with regards to prices, even if this information could have been otherwise disclosed. So, if it is proven that there has been an exchange of pricelists among undertakings in a systematic manner (an undertaking sending to its competitor the list and the latter receiving it without objection or reservation), an illegal concerted practice involving confidential information occurs.

5.3 CROSS-BORDER ISSUES

Litigation cases involving trade secrets misappropriation might be of a cross-border dimension. This might occur, for example, when trade secrets are misappropriated in one MS but resulting goods or services are marketed in another MS or in third countries. Furthermore, employees may acquire highly sensitive business information, qualifying as trade secrets, from an employer based in a MS and then unlawfully disclose such information in another country.

To cite a few examples, in a British case misappropriation took place in the USA while in the Vestergaard Frandsen cases misappropriation expanded from Denmark to Germany, France, Italy, Austria and India. In a Spanish case, the trade secrets holder was a US company.

As to the determination of the competent jurisdiction in cross-border cases among MSs and for the recognition and enforcement of judgments in civil and commercial matters, including those related to trade secrets, litigation is regulated by Regulation (EU) No 1215/2012 (recast Brussels I Regulation) which has replaced Regulation (EC) No 44/2001 and has applied since 10 January 2015.

However, Regulation (EC) No 593/2008 (Rome I Regulation) and Regulation (EC) No 864/2007 (Rome II Regulation) provide for rules on applicable law in cross-border cases among MSs where trade secrets misappropriation is connected to the breach of, respectively, contractual or non-contractual obligations. The Rome I Regulation replaced Convention 80/934/ECC (Rome Convention), except for Denmark where said Convention is still applicable.

As regards litigation occurring between an EU MS and Iceland, Switzerland or Norway, the Lugano Convention, signed on 30 October 2007, applies. Finally, litigation between an EU MS and a third country is regulated by specific bilateral treaties or by local procedural and international laws.

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1129 The term ‘undertaking’ is used to mean company.
1138 Convention 80/934/ECC on the law applicable to contractual obligations opened for signature in Rome on 19 June 1980.
5.3.1 Applicable law

**Contractual obligations**

Trade secrets violations may occur through a breach of contractual obligations.

In such cases, usually, the applicable law regulating litigation is the law agreed by the parties in the signed contract, being included in an appropriate clause or deduced from relevant elements or circumstances. According to Article 3 of the Rome I Regulation, the parties can indeed choose the law that will govern a contract, having also the possibility to decide whether the law will be applicable to the whole contract or only to a part thereof.

In the absence of choice by the parties, Article 4 of the Rome I Regulation provides for specific criteria to be applied depending on the type of contract. Franchising contracts, which could include the licence of confidential know-how, will, for example, be governed by the law of the country where the franchisee has his or her habitual residence.

Where the contract is not regulated under the Rome I Regulation or where more than one of the above criteria could apply, the contract will be governed by the law of the country where the party that required to execute the contract has his or her habitual residence.

Finally, where the law applicable cannot be determined pursuant to the above mentioned general rules, the contract will be governed by the law of the country which it is most closely connected to.

With respect to case-law on applicable law in trade secrets cross-border litigation, in the Vestergaard case\(^{1140}\) held in France, the Court of Montpellier solved a conflict between Danish and French laws by considering the French law to be applicable on the basis of the Rome Convention.

According to the facts described in the court’s ruling, from 1998 to 2004, the largest part of the contractual relations between claimants and defendants had been regulated by verbal agreements, the so-called gentlemen agreements. Afterwards, in 2005, the parties signed a contract subject to Danish law. However, the defendants had their central administration in France at the time of the conclusion of the contract and their domicile was still in France at the time of the proceeding.

Since the choice of law of the parties could not apply for the facts occurred before 2005, and the parties did not reach an agreement on the applicable law in the course of the proceeding, the French Court stated that private international laws and the Rome Convention applied to the present case. In particular, the Court of Montpellier, according to Articles 3 and 4 of the Rome Convention, affirmed that in the absence of a choice by the parties with regard to the applicable law, the contract had to be regulated by the law of the country with which it was most closely connected. The Court, therefore, affirmed that: ‘The contract is presumed to present the closest links with the country where the party who is to provide the characteristic service, at the time of the conclusion of the contract, has his habitual residence or, in the case of a company, his central administration’\(^{1141}\). In conclusion, the French Court found the contract to be most closely connected to France due to the domicile of the defendants, and thus French law was determined to be the applicable law.

On the other hand, in the Vestergaard\(^{1142}\) case based in the United Kingdom, even if the laws of England, France and Denmark could apply, the parties agreed to argue the case on the basis of English law. The United Kingdom Chancery Division found: ‘Although there was a very ill-focused dispute on the parties’ statements of case as to whether the law which governed the relationship between Dr Skovmand

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1140 Court of Appeal of Montpellier, Decision No 13/05047 of 17 September 2015.
1141 Decision TGI, Montpellier, 17 September 2015, No 13-05047.
1142 Vestergaard Frandsen AS & Anor v Bestnet Europe Ltd & Ors [2009] EWHC 657 (Ch) (3 April 2009).
and VF was Danish law or French law and as to the relevant content of whatever law was applicable, during the course of the first hearing [...] an agreement was reached between the parties that they would proceed on the basis that, whatever the applicable law was, it would be assumed to be the same as English law. [...] In the result, the case has been argued entirely on the basis of English law.\textsuperscript{1143}

In a Greek civil case\textsuperscript{1144} the claimant was a general partnership company under liquidation located in Piraeus. The defendants were: 1) a limited liability company (LTD) with its statutory seat in Liberia and its current seat in Switzerland, 2) a LTD company with its seat in Liberia, 3) a LTD company with its seat in the Netherlands, 4) a Greek Société Anonyme with its seat in Piraeus, 5) two natural persons, being residents of Switzerland, 6) a natural person, being a resident of the USA, 7) a natural person, being a resident of the Netherlands, and, 8) 14 natural persons, being residents in Greece. The first defendant was a former business partner of the claimant, providing agency services for the distribution of Dutch milk in the Greek territory (also by means of local agents), under the supervision of the third defendant.

After the end of the cooperation between the claimant and the first defendant, the first three defendants established a new company in Greece with the same business purpose as the claimant, hiring also the claimant’s four employees. Subsequently, they also established a company in Switzerland and the Netherlands. The claimant, thus, started a legal proceeding alleging the violation of its trade secrets in Greece. The Greek Court argued that, according to the express clause of the employment contract, Greek law was applicable.

The Court, however, found that the employees’ significant experience, acquired due to their long-lasting employment agreement, could not be considered a trade secret. In addition, the claimant’s agents and transporters network were also not considered as confidential business information since no effort had been made by the claimant to keep them secret. Furthermore, there was no solicitation of employees as the employees asked on their own initiative to be hired by the fourth defendant when they were informed about the termination of cooperation between the claimant and the first defendant. Finally, the employees in question could not be considered as key employees in the claimant’s organisational structure.

**Non-contractual obligations**

As for litigation among MSs on non-contractual obligation, the Rome II Regulation\textsuperscript{1145} applies.

In particular, Article 6 of the Rome II Regulation applies to acts of unfair competition, including trade secrets infringements, establishing that the applicable law will be the law of the country in which ‘the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur’.

If litigation occurs, the parties can choose whether to follow such rule or to submit the dispute to the law of their choice\textsuperscript{1146}.

In some cases, the general rule of the Rome II Regulation may cause a fragmentation of claims. Indeed, where the misappropriated trade secret is exploited in more than one MS, damages may occur in all the countries involved. Accordingly, more than one law could be applicable. This fragmentation of claims

\textsuperscript{1143} Vestergaard Frandsen AS & Anor v Bestnet Europe Ltd & Ors [2009] EWHC 657 (Ch) (3 April 2009), Section 622.
\textsuperscript{1144} Decision No 473/2014 of the Court of Appeal of Piraeus.
\textsuperscript{1145} In accordance with Articles 31 and 32, the Rome II Regulation applies only to events giving rise to damage and occurring after 11 January 2009.
\textsuperscript{1146} Article 14 Regulation (EC) No 864/2007.
causes legal uncertainty in litigation involving trade secrets given the absence of harmonised law at EU level.\textsuperscript{1147} The following alternative criteria set forth by the Rome II Regulation can also be applied:\textsuperscript{1148}

- if both parties have their habitual residence in the same country at the same time when the damage occurs, then the law of that country will apply\textsuperscript{1149};
- if the tort or delict is manifestly closer connected with another country by virtue, for instance, of a particular pre-existing relationship between the parties (e.g. a contract) that is closely related with the relevant tort or delict. Accordingly, the law of that other country will apply\textsuperscript{1150}.

In a United Kingdom based trade secrets case, namely Innovia Films Ltd v Frito-Lay North America Inc.\textsuperscript{1151}, the Rome II Regulation applied to solve a conflict of laws between English and Texan law. The English Court distinguished between the events giving rise to damage occurring after 11 January 2009 and, therefore, falling within the Rome II Regulation, and events occurred before 11 January 2009. As to the events occurred before 11 January 2009, the Court held that: ‘[…] claims for breach of an equitable obligation of confidence did not arise in tort as a matter of English law in the context of considering whether they fell within Article 5(3) of the Brussels Convention (now Article 5(3) of the Brussels I Regulation). It follows that the applicable law must be determined in accordance with common law principles of conflicts of law’. The Court identified English law as applicable, since it was the law to which the defendant’s obligation of confidence and the rights deriving to its breach were most closely linked. The elements taken into account were:

a) the claimant (an English company) was the owner of the confidential information;
b) the confidential information was created in England, as the company’s employees were located in England;
c) the claimant disclosed the information to the defendant;
d) the defendant disclosed the information partly in (or at least from) England and partly in Texas.

As to the application of the Rome II Regulation, the English Court held that: ‘It is common ground that claims for breach of an equitable obligation of confidence fall within Article 6 of the Rome II Regulation when read together with Article 39 of Agreement on Trade Related Aspects of Intellectual Property Rights which forms Annex 1C to the Agreement establishing the World Trade Organisation signed in Morocco on 15 April 1994 (commonly known as ‘TRIPS’), to which the European Union and all its Member States are party. Article 6 of Rome II contains a specific choice of law regime for ‘a non-contractual obligation arising out of an act of unfair competition’, while Article 39 of TRIPS requires WTO Member States to protect undisclosed information ‘in the course of ensuring effective protection against unfair competition’\textsuperscript{1152}.

Both parties relied on the criterion set out in Article 4(3) of the Rome II Regulation (i.e. the closest link), recalled by Article 6, instead of Article 4(1) of the Rome II Regulation (i.e. the place where the damage occurred). The defendant argued that the tort was manifestly more closely connected with Delaware law as the alleged breached NDA signed by the parties indicated Delaware law as the governing law. On the contrary, the claimant argued that the claim was more closely connected with England taking into

\textsuperscript{1148} Article 4 of Regulation (EC) No 864/2007.
\textsuperscript{1149} Article 4(2) of Regulation (EC) No 864/2007.
\textsuperscript{1150} Article 4(3) of Regulation (EC) No 864/2007.
\textsuperscript{1151} Innovia Films Ltd v Frito-Lay North America Inc. [2012] EWHC 790.
\textsuperscript{1152} Innovia Films Ltd v Frito-Lay North America Inc., Section 109.
account the aforesaid elements. The English Court upheld the claimant’s arguments and found English law to be applicable.

In an Irish case\textsuperscript{1153} the position of the two defendants was different as to determine the applicable law and involved contractual and tortious claims. The first defendant was connected with the claimant by means of an employment contract subject to the Rome I Regulation, while the position of the second defendant, who was not bound by a contractual relationship with the claimant, was regulated by the Rome II Regulation. In this respect, the criterion of the place where the damage occurred was chosen. The damage ultimately suffered as a result of the actions of the defendant occurred in Ireland and, therefore, under the Rome II Regulation, Irish law was found to be applicable.

5.3.2 Enforcement of decisions

\textit{Enforcement of a foreign court’s decisions}

Another important issue stemming from cross-border proceedings is the enforcement of a foreign court’s decisions.

At EU level, Brussels I Regulation (EU) No 1215/2012 regulates cross-border recognition and enforcement of judgments based on the presumption of equivalent protection afforded by the MSs judiciary systems. In particular, according to said Regulation, a judgment given in an MS will be recognised and enforced in any other MS without the need to introduce a formal declaration of enforceability (\textit{exequatur}). Such declaration was envisaged under the previous Regulation (EC) No 44/2001 and then repealed by the new system.

However, much national legislation (like Italy, Portugal, Romania) allows only for final decisions (i.e. that are no longer appealable) to be recognised.

Regulation (EU) No 1215/2012 covers also decisions on injunctions and on damages, which are often issued by courts in trade secrets cases. Nevertheless, provisional injunctions do not benefit from automatic recognition and enforcement regimes when issued without the defendant having been heard and without the order having been notified before its enforcement.

Such exceptions do not apply for \textit{ex parte} injunctions ruling on the merits.

Further exceptions on the automatic recognition and enforcement regime are provided for judgments contrary to public policy of the MS of recognition and enforcement. Such exceptions have been rarely applied in MSs’ judicial practice. It may be applicable, in theory, to cases where an excess of punitive damages is granted.

In the study conducted at EU level in 2013, out of 537 companies interviewed 57 companies reported having obtained an injunction. Of these 57, only 10 (17.5 \%) companies were successful in enforcing an injunction in other MSs, while 16 (28 \%) reported not to be successful in all MSs where they tried\textsuperscript{1154}.

\textit{Enforcement of foreign arbitration decisions}

Arbitration decisions, either issued within the EU or in third countries, are not covered by Regulation (EU) No 1215/2012.

\textsuperscript{1153} AIB Plc & Ors v Diamond & Ors, [2011] IEHC 505.
The recognition of arbitration decisions is regulated by national laws within the framework of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The courts of the Contracting States have to recognise and enforce an arbitral award made in another contracting State. All EU MSs, as well as most non-EU countries, adhere to the New York Convention.

**Enforcement of non-EU courts’ decisions**

The recast Brussels I Regulation does not cover cases involving defendants placed outside the EU. In such cases, international conventions on jurisdiction and recognition and enforcement apply. However, the lack of harmonised legislation may lead to an unequal access to justice for EU trade secrets holders. The same situation stands for national laws on recognition and the enforcement of third countries’ decisions.

**Case-law: recognition and enforcement of foreign courts’ decisions**

As regards recognition and enforcement of foreign courts’ decisions, it is worth mentioning an Italian civil case decided by the Court of Milan, which addressed some of the cross-border issues described above.

The claimants (Heraeus Medical GmbH and Heraeus S.p.A.), respectively a German-based company and its Italian subsidiary, filed an application with the Court of Milan for the preliminary injunction and seizure of products related to an alleged misappropriation of trade secrets and know-how on bone cements and biomaterials used in dental care. In particular, the claimants argued that the defendants (Biomet Europe B.V. and Biomet Italy Srl), respectively a Dutch-based company and its Italian subsidiary, were marketing products resulting from the misappropriation of their trade secrets and know-how, infringing a German injunction decision issued against the defendant. The claimants based their request on the assumption that the cross-border injunction decision issued by the German Appeal Court of Frankfurt was also binding for the Italian Court and, therefore, provided grounds for the issuing of the requested interim measures.

The defendant replied that the decision had limited its effects to the German territory, and, therefore, the case in Italy should have been assessed separately and that in any case the information had not been misappropriated, since they were subject to a temporary obligation of confidence that had expired.

The Court of Milan rejected the preliminary injunction and seizure applications, stating that the German injunction decision did not have a cross-border nature and, therefore, could not imply binding effects for Italian jurisdiction. In the opinion of the Court of Milan, trade secrets, by virtue of their nature of untitled immaterial rights, are under the principle of territoriality and, therefore, their effectiveness is limited to a territorial extent. Such assumption is due to the lack of a homogeneous jurisdiction and regulation at EU level. Indeed, in the Directive it states that: ‘The differences in the legal protection of trade secrets provided for by the Member States imply that trade secrets do not enjoy an equivalent level of protection throughout the Union’. Accordingly, for a court’s decision to be enforced automatically in another MS, the acting judge will base its jurisdiction also on those facts of the infringement that took place outside the national boundaries. Such interpretation relies upon Article 45 of the Brussels I Regulation.

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1156 (EU) Regulation No 1215/2012.

1157 Court of Milan, No 323/2016.

1158 Article 45(2) of EU Regulation No 1215/2012 (Brussels I Regulation): ‘[…] In its examination of the grounds of jurisdiction referred to in point (e) of paragraph 1, the court to which the application was submitted shall be bound by the findings of fact on which the court of origin based its jurisdiction. […]’.
Consequently, the Court of Milan hold that in trade secrets cases, for a decision to be automatically enforced in another MS, the court’s ruling will expressly mention an extra-territorial effect. In the case at issue, the Court of Milan pointed out that the court of origin (the Appeal Court of Frankfurt) did not base its jurisdiction with regard to those facts of the infringement that took place outside the national boundaries (i.e. the ones related to the Italian territory). The German Court instead did not question the foreign aspects and considered the case a domestic matter, since the filed claims did not cover the misconduct that took place outside Germany and, in particular, that which took place in Italy. Indeed, no cross-border measures were requested in the course of the German proceeding.

In light of the above, the Court of Milan hold with the fact that there was a causation link between the misconduct that occurred within German territory (i.e. disclosure of trade secrets) and the misconduct that occurred in Italian territory (i.e. production, marketing and distribution of the resulting products). That the former misconduct was the precondition for the latter to occur was not determined to such extent.

In conclusion, in the present case, the Court of Milan was entitled to conduct an autonomous evaluation of the conduct that occurred on Italian territory.

The Heraeus case was also brought before the courts in the United Kingdom, Germany, the Netherlands, Austria and France, all of which confirmed the conclusions reached by the Italian Court.

In the United Kingdom based proceeding, the English Court decided various claims relating to the trade secrets dispute that was already ongoing in other MSs, and eventually subject to a decision of the German Court. The extra-territorial scope of the German decision was inexplicit (i.e. it was unclear if the judgment covered acts in the United Kingdom). Heraeus said that it covered acts both inside and outside of Germany (therefore also in the United Kingdom), while Biomet did not agree. In this case, the judge Mann J dismissed the claim of jurisdiction. He held that England and Wales was the appropriate forum to bring the case.

As summarised by the ruling of the Court of Milan, in the case held before the Court of Vienna, the Austrian Court denied the cross-border nature of the German injunction decision stating that: "[...] the defendants in the present case are not parties to this proceeding that is being conducted in Germany. The higher regional court of Frankfurt concerned itself only with alleged violations of the plaintiff’s industrial secrets in Germany, but not with any such violations outside Germany. The plaintiff in that case did not at all allege the existence of cross-border facts and circumstances. The higher Regional court of Frankfurt did not release any determination on the international jurisdiction of the German courts or on questions relating to conflict of law [...] extend to foreign territory [...] would necessarily have required an argument on issues of international jurisdiction and the applicable law". In the French based case, the Court of Paris stated that the findings of the German Court were not binding for the French Court that was required to conduct its own evaluation according to French law.

1159 Heraeus Medical GmbH & Anor v Biomet United Kingdom Healthcare Ltd & Ors, Court of Appeal — Chancery Division, 15 June 2016.
1161 Court of Milan, No 323/2016 (p. 7).
1162 Court of Milan, No 323/2016 (pages 7-8).
5.4 REMEDIES

5.4.1 Injunctions, measures sought/granted

Where misappropriation of trade secrets occurs, the possibility of obtaining rapid injunctive relief against the prospected infringer is of crucial importance for the rights holders. Ordinary litigation procedures may in fact last too long to effectively protect the trade secrets holders’ main interest of maintaining the economic value of trade secrets and the need to avoid continued misappropriation.

Notwithstanding the above, the present study has not retrieved a high number of cases where cease-and-desist/interim injunctions have actually been issued by courts. This might be due to several reasons.

First of all, companies are generally reluctant to disclose litigation where it has been the object of a trade secrets misappropriation since this kind of information might imply that such companies were not able to protect sensitive and economically valuable data. Thus, to avoid damage to reputation, companies normally prefer dealing with trade secrets misappropriation by means of extrajudicial settlements.

Another reason is that such measures are often requested at the very beginning of the litigation procedure or even before the proceeding on merit and, therefore, not many injunction orders are available in case-law databases.

Lastly, where judges disagree with the assumption that the information object of the dispute can be classified as a trade secret, the case will be dismissed without emerging as dealing with the matter.

As the general legal framework is concerned, the TRIPS, in the course of ensuring effective protection against unfair competition as established in Article 10bis of the Paris Convention (1967), provides that WTO Members will protect ‘undisclosed information’. However, the fact that the TRIPS does not provide for express rules on how such protection will be pursued has led to substantial differences between countries in the means to implement effective remedies.

At EU level, a first distinction can be made among MSs that recognise trade secrets as IPRs and MSs where the legal nature of trade secrets is still unclear. Italy and Portugal have express provisions related to trade secrets in their Industrial Property Codes. In Finland, trade secrets are also considered IPRs. Under Greek law, trade secrets are not considered IPRs per se but, in certain cases can enjoy protection under copyright law. The French Intellectual Property Code does not fully and explicitly address trade secrets protection but grants specific protection to manufacturing secrets (secrets de fabrique) 1164, punishing the disclosure or attempt to disclose manufacturing secrets committed by a company’s director or employee. Commercial trade secrets are, however, not covered by such narrow definition.

In relation to cases where trade secrets qualify as IPRs, MSs, in accordance with the Directive on Enforcement of Intellectual Property Rights (Directive 2004/48/EC), ensured for the necessary measures to allow judicial authorities to order prompt and effective provisional measures to prevent an infringement from occurring, and in particular to prevent entry into the channels of commerce in their jurisdiction of goods and to preserve relevant evidence in regard to the alleged infringement 1165. Such measures often include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or

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1163 Recently, it has emerged that hackers had stolen 57 million driver and rider accounts from Uber and that the company had kept the data breach secret for over a year after paying the hackers USD 100 000 to delete the acquired information. Even though it might be disputed whether such data could be qualified as trade secrets, such case stresses the tendency of large businesses to protect their reputation by means of extrajudicial settlements instead of recurring to litigation before the courts.

1164 Article L. 621(1) of the IPC, referring to Article L. 1227(1) of the Labour Code.

1165 See also Article 50 of TRIPS.
distribution of these goods and the documents relating thereto. Those measures will be taken, if necessary, without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rights holder or where there is a demonstrable risk of evidence being destroyed.

For all other MSs whose jurisdictions do not qualify trade secrets as IPRs the remedies available for misappropriation are variable and depend on national practices.

**Civil proceedings**

Cease-and-desist orders aimed at ending the illicit conduct of the alleged infringer are, in principle, an available remedy in all MSs. To cite a few examples:

- in Sweden, even though trade secrets are not expressly considered as IPRs, the Act on the Protection of Trade Secrets provides for several remedies, like preliminary relief measures like injunctions, under penalty of a fine and orders to return or destroy documentation and material containing the trade secret;
- in Luxembourg, a trade secrets holder can file a request for cease-and-desist injunctions before the President of the Commercial Court pursuant to unfair competition law, which guarantees a rapid remedy since the President can issue a permanent injunction which does not need to be confirmed in ordinary proceeding;
- in Croatia, no specific rules on injunctions related to trade secrets litigation, that is, general rules on injunctions, are applicable. A claimant may suggest any injunction that would achieve the purpose of eliminating the risk that the counterparty could disable or significantly impede fulfilment of the claim or the risk of imminent irreparable damage or violence;
- in Italy trade secrets owners can apply for the issuance of measures available for the enforcement of IPRs, requesting to cease the illicit conduct, the description or seizure of some or all of the items constituting an infringement as well as of the means used for their production or the elements of proof concerning the reported infringement. In carrying out such operations, the CPI expressly states that confidential information is safeguarded.

Details on trade secrets protection in all MSs are provided for in the national overviews of this study.

Injunctions are also available as interim relief, with the exception of Estonia and Malta, during preliminary proceedings, where the misappropriation claim is examined by the court to ascertain the so-called *fumus bonis iuris* (i.e. the probability that an infringement has occurred or is likely to occur) and eventually grant the trade secrets holder an immediate and effective remedy. This might be of particular interest for rights holders in MS such as Italy, Portugal, Spain and Greece, where the length of ordinary court proceedings is a deterrent to commence litigation.

However, cease-and-desist orders are not always available against third parties who acquired a trade secret in good faith and, thus, the owner might not always be able to prevent the commercialisation of goods resulting from trade secrets misappropriation. Injunctions against a third party in good faith are available in Austria, the Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Italy, Lithuania, Latvia and Portugal. In the other MSs the legislators hold that the need to protect the legitimate interest of third parties not aware of the secrecy of information outweighed the interest of proprietary rights.

1166 However, they would not be available as interim measures in Estonia and Malta. Cf. Baker & McKenzie (2013).

1167 Article 11 of the Trade Secrets Protection Act: ‘Anyone who has violated a trade secret under this Act may be prohibited by a Court, under penalty of a fine, to exploit or reveal the trade secret. Such a prohibition under penalty of a fine may, however, ordered only where an exploitation or a revelation would be a violation of the provisions of Article 2.’

1168 Articles 122, 123, 124 of the CPI.
The most blatant case is where trade secrets are protected under unfair competition rules and protection might not be invoqued against an infringer who is not a direct competitor.

Even where cease-and-desist remedies are available, although the trade secrets holder might be able to stop illicit conduct a third party is unlikely to be held liable for damages unless such party had acknowledged at a certain moment that a trade secret has been violated and, furthermore, that they did not refrain from using it.

Furthermore, cease-and-desist orders may be limited in time in certain MSs (Belgium, Bulgaria, Cyprus, Denmark, Greece, the Netherlands, Poland and Slovenia) or have to be confirmed within ordinary proceedings on merit. In Denmark, for example, injunctions are normally limited in time between two and three years from the commencement of the infringement. Bulgarian interim measures may not last more than three months, but such term might be renewed if necessary until the decision on merit.

In the United Kingdom, on the contrary, permanent interim injunctions, that is, not subject to a time limit, are awarded for trade secrets misuse, provided the relevant information remains confidential. A person who receives and uses confidential information, but does not appreciate that it is confidential, can be liable for using that information once acknowledged that it is indeed confidential. This is because in the United Kingdom and Ireland injunctions are considered as common law equitable remedies and, as such, courts are free to determine terms and duration thereof.

While the request of cease-and-desist injunctions may have the advantage of stopping illicit conduct, it is not always possible to claim damages, which have to be addressed in an ordinary proceeding on merit.

This is the case, for example, in Greece. In Decision No 3122/2014 of the Single-Member Court of First Instance of Thessaloniki, the claimant, a company developing commercial activity in the beverage sector asked the Court for an interim measure against a former seller-distributor, who, even before ending the contractual relationship, approached clients of the claimant to gain them as clients for its competing business. By doing so, the defendant disclosed the manufacturing costs of the claimant’s products. The claimant considered such information a trade secret, and damaged due to the disruption of cooperation with its clients and the resulting loss in turnover. The Court rejected the claim for the award of damages, a claim that cannot be presented in the course of an interim procedure, but recognised that a trade secret was violated and issued an order against the defendant to refrain in the future form repeating the illicit conduct.

In Belgium, decisions on cease-and-desist orders may not rule on damages either. In a judgment of the President of the Commercial Court of Antwerp, the claimant sued its former managing director (defendant) who founded its own company. The claimant argued that the defendant acquired and used its secret business information consisting of contacts, structure and needs of clients, pricing and profit margins for promoting its own company. The Court ruled that it appeared from the claimant’s evidence/documents that the defendant had transferred confidential company data and trade secrets to his own IT system, that he had used confidential information (specific customer needs) and that the customers did not agree with this use of their confidential information. The President, therefore, prohibited the defendant to solicit again the claimant’s customers using his former employer’s trade secrets (contacts, structure and needs of clients, pricing and profit margins), under penalty of EUR 10 000 per

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1169 See Chapter 5 on civil remedies.
1170 Accordingly, Vestergaard Frandsen & Ors v Bestnet Europe & Ors, [2011] EWCA Civ. 424.
1171 As concerns damages, the Court also referred to dispositions of Articles 919, 914, 920, 57, 59, 299 and 932 of the Greek Civil Code on the right to compensation.
1172 Judgment of the President of the Commercial Court of Antwerp of 6 December 2012, Ritmo Interim NV v XTRA Interim BVBA.
offence in the event of non-execution of the order. Damages could not be awarded because of the interlocutory nature of the proceeding.

Other interesting cases on the subject matter involve a Danish company, active in the production of insecticidal fabrics, which initiated legal proceedings in the United Kingdom and France for violation of its trade secrets by two former employees. Such trade secrets were contained in a database and were used by the defendants to produce competing products. In 2009, the English High Court issued an injunction against the defendants for misappropriation of trade secrets, also ordering to disclose the relevant sales figures to allow the claimant to seek an award of damages. However, for the subsequent versions of the defendant’s products, the High Court did not order an injunction since they constituted an advanced version which was the result of independent work and an injunction in this respect would have been considered as being disproportionate. The Court of Appeal upheld the lower decision on this point, stressing the principle that ‘measures to enforce intellectual property rights shall be proportionate. It is accepted that a claim for misuse of technical trade secrets such as the present is a claim to enforce an intellectual property right. So the Judge was right to consider proportionality’.  

In the case decided by the French courts, several employees were found to have breached the employer’s trade secrets and the Court ordered, inter alia, to cease the exploitation of any product developed from the claimant’s trade secrets and to terminate, at their own expense, any exclusive or non-exclusive licence agreement on products developed from the claimant’s trade secrets. The judge established a penalty of EUR 100 000 per day for each infringement of the order by the defendants after the pronouncement of the judgment. Moreover, the Court ordered to destroy all documents that the consultants had illicitly acquired from the employer to leak the company’s trade secrets. Finally, the Court ordered the publication of extracts of the decision in 10 professional journals, French or foreign, at the expense of the liable defendants.

In Italy, the Court of Turin ruled on unfair competition carried out using confidential information related to a technical process and solutions for machine calibration. In this case the parties were competitors (one claimant and two defendants). The sole shareholder and Director of defendant A was a former shareholder and employee of the claimant, and the President of BOD of defendant B was a former shareholder of the claimant. In particular, defendant A produced and sold two calibration machines to defendant B, which were identical to the claimant’s machines, characterised by particular technical processes and solutions. The Court condemned defendant A for unfair competition carried out through the use of confidential information of the claimant, issuing an injunction to cease the production, commercialisation and sale of the machines that were the object of the dispute for one year from the date of the order. The Court rejected the claims in relation to defendant B due to the lack of evidence in relation to its involvement in unfair conduct.

Regarding corrective measures, the applicable law of several MSs (Bulgaria, Cyprus, Estonia, Greece, Finland, Luxembourg, Malta) does not guarantee trade secrets owners that goods resulting from misappropriation of trade secrets will be destroyed or that the misappropriator will have to destroy or return the documents, instruments or materials containing or implementing the misappropriated trade secret.

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1173 Vestergaard Frandsen had already obtained in 2005 an injunction in Denmark against the competing company Intection A/S.
1175 Court of Appeal of Montpellier, Decision No 13/05047 of 17 September 2015.
1176 Court of Turin, ordinance of 17 July 2014 in Case Mille Miglia Engineering s.r.l. v FOR.MI.CA s.r.l. / Officine Metallurgiche Cornaglia s.p.a..
The implementation by individual MSs of the Directive may harmonise the possibility to obtain measures such as search and seizure orders for the preservation of evidence as is actually envisaged for IPRs. Indeed, as already pointed out, the difficulties of retrieving the necessary evidence of trade secrets misappropriation are one of the main reasons that deter owners to recur to litigation, and even where they do, the lack of necessary evidence is a frequent reason for the courts to dismiss the case.

**Criminal proceedings**

Injunctions and orders to seize infringing products or search evidence to prove criminal law offences are available in all MSs except Austria, Latvia and Romania. However, in contrast to civil law injunctions, it is the public prosecutor who decides if to recur to such remedies. The only exceptions in this respect are Bulgaria, Greece, Poland, Portugal and Slovakia, where the offended person may also apply for injunctive relief.

Criminal provisions are in nature not harmonised among MSs and the national procedures of public prosecution may vary according to practices and rules contained in the respective penal codes.

From the gathered data, no case-law emerged with reference to injunctions requested by trade secrets holders in connection with criminal law proceedings.

During criminal proceedings, it may occur that the prosecutors cannot find enough evidence during investigations to prove the trade secrets related offence and prosecute the alleged offender. On the contrary, were offences are sufficiently substantiated, imprisonment or pecuniary fines are applied to the trade secrets misappropriator.

The Italian Supreme Court confirmed a judgment of the Court of Appeal of Genoa which had convicted an employee for trade secrets violation according to Article 622 of the Italian Penal Code. Such employee had violated confidential databases of its employer before the termination of the employment contract, by copying customers’ lists, distributors and agents’ data, along with other confidential business information. Subsequently, the employee started to work for a competitor. The offences which the claimant attributed to such conduct were the illegal access to IT systems (Article 615ter of the Italian Penal Code), the revelation of trade secrets (Article 622 of the Italian Penal Code) and the general offence of theft aggravated by fraudulent means. The Supreme Court held that the general offence of theft could not be attributed to the case, since the original files remained a property of the employer, and that the conduct of the defendant could neither qualify as illegal access to IT systems because the employee legally accessed the employer’s database. However, the former employee’s conduct entailed the criminal offence of trade secrets disclosure since the claimant could prove that the employee’s conduct consisted not only in acquiring trade secrets, but also in employing them for his or her own profit or for the profit of a third party. The acquired trade secrets were, in fact, used by the employee in the new competing company, which acquired some former customers of the claimant. The employee was, therefore, convicted to six months imprisonment and the claimant sought injunctive relief before the civil courts.

1177 See, for example, Decision No 2082/2007 of the criminal Court of First Instance of Athens: two companies operating in cosmetics as complainants and, on the other side, as the defendants, three legal representatives of a company which concluded a franchising agreement with the complainants. At one point, the complainants decided to cease their collaboration with the defendants. The defendants were accused of having used the former employers’ computer program, containing clients’ personal data, sales figures and the trade marks of the complainants. However, the claimants were not able to prove their allegations and for this reason, the Court, in camera, decided that the penal procedure should be ceased.

1178 Italian Supreme Court, Judgment No 44840 of 21 December 2010.

In a very recent case in Finland, the District Court of Pirkanmaa ruled on the breach of confidence and infringement of trade secrets. The claimant was the company Nokian Tyres Plc and the defendants were the company Black Donuts Engineering, a competitor of the claimant and 10 Nokian Tyres’ former employees accused of breach of confidential information concerning the production process and violation of trade secrets of their former employer.

The defendants denied all charges affirming that the information on the manufacturing process was not a trade secret and that the claimant never tried to keep it secret. Moreover, they alleged that the manufacturing process was based on a common and standardised process which all tyre companies were using — Black Donuts Engineering not being an exception.

Despite the alleged defences, the District Court of Pirkanmaa established that an infringement took place and convicted Black Donuts Engineering for violation of a trade secret, misuse of a business secret and for attempted trade secrets violation. In particular, the Court condemned the CEO of Black Donuts Engineering to one year of conditional imprisonment for trade secrets misappropriation and for attempted trade secrets infringement. Moreover, the company’s CEO and two other directors were banned from conducting business for three to five years. The Court also sentenced another two defendants to pay fines and the CEO and seven other defendants to conditional imprisonment (from six months up to one year and six months).

In another ruling in Finland, the case was about breach of an obligation of confidence and disclosure of trade secrets. After the agent agreement between the claimant and the defendant had terminated, the defendant sold and marketed designs, blueprints and drawings that were identical to those owned by the claimant. The defendant claimed that the information it disclosed did not contain trade secrets and that it could use the information under the agreement with the claimant. The Court held that the defendant should have known that it was not allowed to use or disclose such information and condemned the defendant to a fine of 20 days.

5.4.2 Damages: available options and criteria for calculation

Pursuant to the TRIPS, its signatories have to provide the judicial authority to award damages and, in practice, compensation for suffered damages is available in all jurisdictions in the event of trade secrets misappropriation. However, damages may be difficult to prove.

The legal ground for claiming damages might be based on the occurrence of an infringement, the violation of contractual obligations, specific provisions within unfair competition law and other provisions regulating the misappropriation of trade secrets. In several of the retrieved cases, damages connected to trade secrets violations have emerged to be difficult to prove since the misappropriated information is an intangible asset. Consequently, the awarded compensation can be perceived as low by the rights holders.

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1180 District Court of Pirkanmaa — Tampere, Criminal Case Nokian Tyres Plc v Black Donuts Engineering Oy, Decision of 31 August 2017.

1181 Helsinki Court of Appeal, criminal Case No R 14/924.

1182 Some jurisdictions employ the so-called “day-fine system” for calculating the amount of applicable fines. According to such system, the court firstly assesses the severity of the offence and imposes the number of days for which the fine will be paid. The more severe the crime, the higher the number of days. Secondly, the court considers the financial position of the offender and sets the daily unit of the fine equal to a certain fraction of the person’s daily income. The total fine imposed on the offender equals the number of days (which is the same for all offenders committing the same crime) multiplied by the daily unit (which differs between offenders). This system allows that offenders pay the same amount of wealth, even if the nominal value of the fine is different.

1183 In Bulgaria, damage compensation is the sole final remedy available to the owner of a trade secret.
Referring to damages claimed on the basis of a breach of contract obligations, it is possible to request the liquidation of damages if they are provided for by the agreement. However, contractual liability is often limited to damages that were foreseeable at the time of conclusion of the contract.

In some countries, such as Belgium, Estonia, Finland, Lithuania, and Spain, it is possible to claim for unjust enrichment, that is, a general equitable principle that no person should be able to profit at another’s expense without making restitution for the reasonable value of benefits that have been unfairly received and retained. In other countries, such as Austria, Germany, Italy, Ireland, Lithuania, Poland, Sweden and the United Kingdom, the claimant has the right to request the account of profits obtained by the infringer.

The type of damages regulated by national legislations and awarded by national courts can be divided in the two main macro categories of compensatory (economic and moral) damages and punitive damages.

Compensatory damages refer to the payment of a certain amount of money necessary to compensate the trade secrets holder for the actual prejudice suffered. Economic damages include lost profits, unfair profits (gained by the infringer) or a lump sum based on a reasonable royalty which would have been applied to the legal exploitation of a certain right. To receive compensatory damages the claimant has to prove that a loss occurred and that it was attributable to the defendant’s conduct. Moral damages are awarded on the basis of elements other than economic factors, such as the moral prejudice or damage to the reputation caused to the trade secrets holder by the unlawful appropriation, use or disclosure of the secret data.

Punitive damages, on the other hand, aim to punish the infringer and deter him or her from further illicit conduct. Such damage is not intended to compensate the claimant and their calculation is not based on the claimant’s losses deriving from the trade secrets misappropriation. In continental Europe, in civil litigation punitive damages are generally not envisaged. In principle, punitive damages may be recovered in the United Kingdom and Ireland but case-law shows that judges rarely award them. Moreover, in Sweden, Romania, Poland and Hungary there are certain legal instruments (i.e. fines, civil sanctions or penalties) which may have similar effects (see Section 4 — The baseline of trade secrets litigation in the EU Member States).

**Methods for the calculation of economic damages**

Even though the possibility to obtain the award of economic damages exists in all MSs, the available methods to calculate damages vary among different countries. Many of the EU MSs do not have specific criteria in this respect and apply the general rule of extra-contractual liability, that is, accruing damages and loss of profits (*damnnum emergens* and *lucrum cessans*).

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1184 In accordance with Article 1116 of Civil Code of the Republic of Lithuania ‘damages may be of a threefold nature: (c) damages rising from the use of the trade secrets, when an economic entity or individual who has used the trade secrets illegally receives incomes’ (unjust enrichment).

1185 In PCD Barcelona, 25 June 2013, the damages awarded by the Court were as follows: damages (EUR 26 000), lost profits (to be determined at the moment of enforcing the judgment), unjust enrichment (EUR 176 729.88).

1186 In Lithuania not all incomes of which the trade secrets holder has been deprived (i.e. the incomes he or she would have received if the unlawful action was not committed) must be treated as lost incomes, but only those justified and reasonably expected to receive (the damages awarded by court can reach up to EUR 50 000 and more depending on the applicant’s claim and justification). In Greece, account of profits and unjust enrichment are alternative ways to calculate the loss of profits. In the Netherlands loss of profits excludes account of profits.

However, such traditional criterion does not appear to be effective in connection to trade secrets litigation, mainly due to the difficulty in proving the actual prejudice suffered by the rights holder as well as in proving the unjust enrichment of the infringer.

A few MSs (Austria, Denmark, Germany, Greece, Hungary, Italy, the Netherlands and the United Kingdom) use the method of calculation of damages based on the reasonable royalties that the claimant would have been paid if the trade secret had been fully licensed\textsuperscript{1188}. Such criterion is usually applied to calculate damages when intangible assets are involved in litigation and could have been potentially licensed by the infringer\textsuperscript{1189}.

In one Italian case\textsuperscript{1190}, the Court of Milan stated that the minimum criterion to determine the loss of profits (\textit{lucrum cessans}) is the price of the authorisation that the author of the infringement would have had to pay if he or she had obtained a licence from the owner of the infringed right. In another recent case\textsuperscript{1191}, the Court of Milan established that disgorgement of profit is applicable as residual criteria of calculation of damages, where the loss of profit criteria is not satisfying and if the claimant was able to evidence that the defendant’s profits overcome his or her loss due to the infringement.

In a Greek case, the Court followed the so-called principle of discrepancy (i.e. comparing the trade secrets owner’s economic situation before and after the infringement), determining the damages as EUR 14 400, which was obtained by multiplying the monthly fee of EUR 900 agreed by the claimant/franchisor with all the franchisees to the total period of unlawful use of the claimant’s trade secret\textsuperscript{1192}.

In another Greek case, the damages awarded corresponded to twice the remuneration usually paid for the use of the infringed software, which was an amount equal to 0.5 % of the company’s turnover\textsuperscript{1193}.

In some jurisdictions, like Italy, Finland and Portugal, where trade secrets are considered IPRs, there are specific provisions dealing with the compensation of damages related to IP proceedings, even those involving trade secrets disputes. In these cases, damages for trade secrets violation are calculated with the same rules that apply to any IPR infringement\textsuperscript{1194}.

Apart from the extra-contractual rule of accruing damages and loss of profits, the courts may decide on an equitable basis, taking into account the specific circumstances of the case.

\textsuperscript{1188} In the United Kingdom case \textit{Force India Formula One Team}, the damages were calculated on the basis of the reasonable amount that a willing licensor and a willing licensee would have agreed. In the present case, the United Kingdom High Court granted EUR 25 000 as damages.

\textsuperscript{1189} Article 13(1)(b) of Directive 2004/48/EC.

\textsuperscript{1190} Court of Milan, February 26, 2009.

\textsuperscript{1191} Court of Milan, July 16, 2011.

\textsuperscript{1192} Decision No 1210/2016 of the Multi-Member Court of First Instance of Thessaloniki.

\textsuperscript{1193} Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division). In this specific case, the awarded sum amounted to EUR 1 236 797.90.

\textsuperscript{1194} In Italy, Article 125 of the CPI: ‘Compensation for damages and restitution of profits of the author of the infringement. 1. Compensation due to the damaged party shall be set according to the provisions of Articles 1223, 1226 and 1227 of the Civil Code, taking into account all of the pertinent aspects, such as the negative economic consequences, including lost income, of the owner of the infringed right, the benefits achieved by the infringer, and in the appropriate cases, non-economic elements, such as the moral damage caused to the owner of the right by the infringement. 2. The judgment that rules on the compensation of damages may establish payment of an overall sum set based on the proceedings in the case and the presumptions that result from them. In this case the loss of profits shall however be determined as an amount not less than the royalties that the author of the infringement would have had to pay, had he obtained a license from the owner of the infringed right’.
**Compensation of economic damages — civil proceedings**

Civil law protection is the first line of defence against third-party misappropriation of trade secrets. Civil remedies may include damage compensation, which may be rendered in monetary form, including restitution of unjust enrichment. As mentioned before, the possibility to obtain material damages exists in all MSs.

The most common type of damages awarded by courts are compensatory economic damages. The different national court practices in awarding compensatory economic damages is reflected in the retrieved case-law.

In the Netherlands, a leading example is the Vestergaard case, which was issued in 2006 and subject to a Court of Appeal decision on damages 10 years later (2016). According to applicable national law, the material damages can be calculated on the basis of loss of profits, property, interests or rights and incurred costs and the claimant had to elect whether seeking damages by way of its lost profits or an account of the infringer’s profits. That is, compensatory damages and accounts of profits are alternative measures, while injunctions can be cumulated to either damages or accounts of profits. The claimant chose to apply for compensatory damages.

In France, the misappropriation of secret know-how led to a civil condemnation for unfair competition and the offender was, consequently, fined for approximately EUR 11.5 million\(^{1196}\).

In a Romanian case, the defendants had to pay the sum of RON 244 726.87 (approximately EUR 52 457) to the claimant calculated on the basis of loss of profits\(^ {1197}\). The Romanian Court took into account the income realised by the defendants in the period of infringement.

In Slovenia, the Court awarded the claimant with EUR 11 766.81, calculated on the basis of one defendant’s average salary in the last three months before the employment contract cancellation in accordance with the Employment Relationship Act\(^ {1198}\).

In a landmark case in Latvia\(^ {1199}\), started off as an action brought by the Competition Council, a former employer (SME) sought to receive damages based on the decrease in turnover and failure to acquire discount from the suppliers due to a trade secrets violation by several employees who established a competing retail company. The administrative courts in two instances ruled that the claimant could not claim damages because no direct connection between the defendant’s conduct and the claimant’s loss of turnover could be established. However, such reasoning was overturned by the Supreme Court. Until such decision, there was no court practice in awarding damages for unfair competition based on acquisition, utilisation or distribution of trade secrets of a market competitor. The case now waits to be adjudicated by the second instance court of the civil proceeding on the awarding of damages.

In Italy, the Court of Brescia awarded EUR 2 million damages for trade secrets infringement taking into account the loss of profits due to the infringement activity, compensation for other costs (such as expenses incurred to respond to the infringement) and damages to the owner’s goodwill\(^ {1200}\). In Italy, compensation due to the damaged party will be set according to the provisions of the Italian Civil Code\(^ {1201}\), taking into account all the pertinent aspects. Damages are, therefore, quantified taking into consideration different criteria such as actual loss and loss of profits, the unjust enrichment of the

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\(^{1195}\) In civil proceedings damages are available under Tort Law (Book 6, Article 162 of the Dutch Civil Code).


\(^{1197}\) Decision No 3295 of 28 October 2014 issued by the High Court of Cassation and Justice.

\(^{1198}\) Decision of 11 March 2016 in Case No SKA-521.

\(^{1200}\) Court of Brescia, 31 January 2013

\(^{1201}\) Articles 1223, 1226 and 1227 of the Italian Civil Code.
infringer and, in given circumstances, the immaterial loss suffered by the owner of the violated trade secret, the compensation for other costs (such as expenses incurred) and damage to the claimant’s goodwill. When ordering the payment of an overall sum the judge will determine the loss of profits as an amount not lower than the royalties that the owner of the infringed right would have been paid if the secret information had been fully licensed. As an alternative to compensation for the loss of profits or for an amount that exceeds that compensation, the owner of the infringed right may request recovery of the profits obtained by the infringer.

In a Greek case, the claimant was a LTD company registered in Piraeus and offering its services to maritime companies (e.g. organisational services, management of fares). The defendants were a Greek Société Anonyme maritime company, which had an agreement with the claimant for the use of its services, and a former employee of the claimant. Due to the nature of its activities, the claimant company was the owner of a software program for information management systems by which maritime companies could manage their bookings, schedule departments, issue tickets, manage check-ins, pricing policies, discounts and send information/documents to the Ministry of Shipping.

This program had been created by a group of employees of the claimant, including the defendant employee. As part of their contractual relationship, the claimant permitted the defendant company to use its program in the beginning for free and then upon payment of the fee of 0.5% of the defendant company’s annual income. Due to a dispute over the program fee, no new agreement was made between the parties for its use. However, the defendant continued to use it for about four months without paying the necessary fee and subsequently stopped using the program.

It was proven that the defendant company, with the assistance of the defendant employee, without the necessary licensing of the claimant, created a program with a different source code but with all the programs and subprograms of the claimant. According to the Court of Appeal and the court of first instance, the program, which was used by the defendant for about a year after the termination of the collaboration of the two companies, was not original but a copy of the original software program of the claimant. This action exceeded the legal purposes of reverse engineering and constituted an act of copying of the original. To this illicit action of the defendant company, the former employee assisted by offering its technical knowledge and thereby violating the duty of trust and confidentiality with regard to the trade secrets of the former employer. Taking into consideration the misappropriation of trade secrets, the Court hold that the compensatory damages awarded should correspond to twice the remuneration usually paid for the use of the software, which was an amount equal to 0.5% of the company’s income. In the specific case, the awarded sum amounted to EUR 1,236,797.90.

In the Netherlands, the Den Bosch Court of Appeal recently dealt with a case in which an employee started to work with a competitor, breaching, according to the claimant, a non-competition clause with his former employer. The employer asked for payment of the penalty applicable to the non-compete breach, while the employee argued that the non-competition clause was non-applicable because within fixed-term employment contracts such clauses are valid only if they include a written substantiation highlighting its necessity due to relevant business or service interests. The Court of Appeal, confirming the first instance decision, ruled against the employee. According to the Court, the employer’s interest lay in preventing the former employee from encouraging unfair competition. This is the case if the former employee acquired knowledge of his former employer’s business methods, customer lists and other trade secrets, and this knowledge is able to give an unjust competitive advantage for his or her new employer. Within this context, the interest of the non-compete clause lay in preventing an employee from competing directly with his previous employer by using the business information obtained. The Court did

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1202 Article 125(2) of the CPI.  
1203 Article 125(3) of the CPI.  
1204 Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division).  
acknowledge that the employee could thus acquire for him/herself or a third party (the new employer) an unjustified competitive advantage. In the event of breach of a confidentiality agreement, according to Dutch law, the company can claim damages for material loss and other disadvantages, as far as the law implies that there is an additional entitlement to compensation for such damages. The Court of Appeal established in the present case that missed profits could include loss of profits due to missed sales and reduced value of market share.

**Compensation of economic damages — criminal proceedings**

If only some MSs establish an extensive criminal framework which specifically deals with trade secrets violations, it is more difficult for the aggrieved person to obtain damages for the suffered prejudice under criminal law.

The possibility to file a claim for damages within the criminal proceeding is provided in most MSs. In some of them, as for instance Italy or the Czech Republic, a claim for damages may not be filed within the criminal proceeding if already filed in a pending civil one. In others, as Hungary, claiming damages in the course of the criminal proceeding, pending simultaneously a claim on the same matter, is not cause for the civil proceeding to be dismissed or suspended.

A few MSs do not provide the rights holders with the right of claiming damages under criminal law (Austria, Cyprus, Germany and Slovenia). In these MSs a civil claim for damages will be necessarily filed.

In a criminal case ruled by the Finnish Supreme Court, damages were awarded for the use of trade secrets illegally obtained by a third party. The manufacturer of the defendant’s company (located in Pakistan) used the claimant company’s snowmobile suit pattern. According to the claimant, such pattern was obtained via unlawful means to produce snowmobile suits for the defendant. Moreover, there was a connection between the manufacturer of the claimant and the one working for the defendant’s company. The Court ruled that the defendant must have known that the manufacturer was using the claimant’s pattern. Indeed, the claimant had not yet launched the suit for sale, and therefore reverse engineering was not possible at the time of copying the suit pattern. The defendant was sentenced to 50 day fines, reduced to 20 day fines due to 10 days’ pretrial detention.

The difficulties in obtaining compensation for damages related to trade secrets misappropriation during criminal law proceedings have been demonstrated in the case of Michelin. The competent French Court (Tribunal Correctionnel de Clermont-Ferrand) rejected the application of the Criminal Code provision on misappropriation of ‘manufacturing secrets’ (secrets de fabrique) but rather convicted the accused person for abuse of confidence (abus de confiance) condemning also the former employee to the payment of EUR 10 000 for damages to Michelin.

**Compensation of non-material damages (moral damages)**

In some MSs, it is possible to claim non-material damages (Bulgaria, the Czech Republic, the Netherlands, Hungary, Portugal, Greece, France, Italy, Latvia, Luxembourg, Slovakia, Sweden). As to

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1207 Austria, Cyprus, the Czech Republic, Denmark, Finland, France, Germany, Greece, Portugal, Romania, Spain and Sweden.
1210 Finnish Supreme Court, Criminal Case No KKO:2013:1.
1211 See footnote no. 1181.
1212 Tribunal Correctionnel de Clermont-Ferrand, Decision of 21 June 2010.
the criteria of calculation of moral damages, different solutions are provided by national legislation. In Italy, for example, it is established by the court on an equitable basis.\textsuperscript{1213}

However, as in Hungary, courts may take into account several factors when determining non-material damages: the gravity of the infringement, the degree of responsibility, the impact of the infringement on the aggrieved person and whether or not it was committed on one or more occasions.

As regards the Greek case, moral rights were not recognised\textsuperscript{1214} as the claim for restitution of moral damages due to the defendants' torts was too vague. The civil action of the claimant company was rejected by the Court of First Instance of Athens and the claimant's appeal was rejected as well. However, in the final instance, the Supreme Court reversed the previous decisions issued in first and second instance and found material damages to be granted.

In a leading case in Greece\textsuperscript{1215}, the Supreme Court ordered the defendants to pay moral damage to the claimant because their conduct harmed the claimant's commercial reputation and trust. The claimant was a company operating in pastry products, importing and retailing nationally and internationally, and which, thanks to extensive research and much effort, created a significant distribution and client network in Greece. The claimant hired the first defendant for the role of sales manager and for an indefinite time. The parties also concluded a confidentiality agreement for the period of employment and for two years after its termination. The agreement provided that, in the event of breach of the contractual obligations, the employee would have to compensate the employer for damage and loss of profit. After 10 months of employment, during which the employee was aware of the claimant's commercial trade secrets, the employee left the company. After the resignation, the defendant was hired by a competitor (second defendant) to which he or she revealed crucial commercial trade secrets (foreign suppliers list, clients list, invoices) of the former employer. Having this information, the second defendant approached all of the claimant's clients and obtained favourable prices by its suppliers (prices with the same discounts as the ones made to the claimant). The claimant filed a civil action requesting EUR 200 000 to be awarded for moral damage (and reserved rights to claim actual financial damage).

The Supreme Court found that the claims and evidence submitted were enough to prove that the torts (which are also crimes under the same provisions) of illicit communication (by the first defendant) and illicit use of trade secrets (by the second defendant) as well as the instigation to the first action by the second defendant took place. As a result, moral damage was granted. Since the Supreme Court was not competent to calculate and award damages, the dispute was sent back to the Court of Appeal to be re-examined.

In another recent Greek case\textsuperscript{1216} the Court recognised that an infringement of trade secrets gives the right to receive compensation for moral damages. For instance, EUR 6 000 was awarded to the company as moral damage, which was considered by the Court to be a fair and reasonable compensation taking into consideration the type, the seriousness, the circumstances and the extent of the breach.\textsuperscript{1217}

Furthermore, EUR 10 000 was awarded by the Court of Thessaloniki as moral damage in a case in which the defendant, with the assistance of the claimant's employee, without the necessary licensing of the claimant, created a program with a different source code but with all the programs and subprograms created by the claimant for its needs, which in fact constituted a copy of the original.\textsuperscript{1218}

\textsuperscript{1213} See in Italy: Supreme Court of Cassation, 11 March 1998, No 2677.
\textsuperscript{1214} Decision No 1717/2013 of the Supreme Court.
\textsuperscript{1215} Decision No 1717/2013 of the Greek Supreme Court.
\textsuperscript{1216} Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division), where EUR 10 000 were awarded as moral damages.
\textsuperscript{1217} Decision No 1210/2016 of the Multi-Member Court of First Instance of Thessaloniki.
\textsuperscript{1218} Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division).
**Compensation of damages in cross-border disputes**

As regards cross-border litigation, pursuant to the Rome II Regulation the applicable law on damages is mainly determined following the criterion of the 'law of the country in which the damage occurs' \(^{1219}\).

The application of the quoted criterion may lead more than one national law to be potentially applicable when damage occurs in more than one MS.

Accordingly, the applicable law may be different from the one of the rights holder’s country of origin. As a result, the rights holder may find himself or herself dealing with different legal regimes regulating damages in terms of the methods of calculation, recognition of moral damage and the possibility to obtain damages under criminal law.

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\(^{1219}\) Article 4(1) of Regulation (EC) No 864/2007 (Rome II Regulation).
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• Judgment of the Austrian Supreme Court, Decision 16 Ob 3/10; 22 June 2010, EUCLH No A.29;
• Judgment of the Austrian Supreme Court, Decision 9 Ob A6/(03a);
• OLG Innsbruck, 4 May 2005, 2 R 103/05x.

Additional references
• Judgment of the Austrian Supreme Court, Decision 17 Ob 21/09a — Manpower VIII, ÖBl 2010, 275;
• Judgment of the Austrian Supreme Court, Decision 8 Ob A311/01w — Kopieren der Kundendatei, ÖBl 2003, 127.

POLAND

Law references
• Act of 6 September 2001 Access to Public Information (AAPI), Journal of Laws No 112, Item 1198;
• Civil Code of 23 April 1964, Journal of Laws 1964, No 16, Item 93, as amended;
• Criminal Code (CrC) — Act of 6 June 1997, Journal of Laws No 88, Item 553, as amended; source: unofficial translation;
• Polish Act on the Law on proceedings before administrative courts of 30 August 2002, Journal of Laws No 153, Item 1270, as amended;
• Public Procurement Act (PPL) of 29 January 2004, Journal of Laws of 2004 No 19, Item 177, as amended;

Case-law
• Judgment of Appeals Court in Kraków of 6 December 2013, I Aca 1196/13;
• Judgment of the Polish Supreme Court of 3 October 2000, I CKN 304/0;
• Judgment of the Supreme Administrative Court of 5 July 2013, I OSK 511/13;
Judgment of the Supreme Court of 13 February 2014, V CSK 176/13;
Judgment of the Supreme Court of 13 October 2000, I CKN 304/00;
Judgment of the Supreme Court of 28 February 2007, V CSK 444/06;
Judgment of the Supreme Court of 31 January 2013, I C 1020/12;
Judgment of the Supreme Court of 5 September 2001, I CKN 1159/00;
Judgment of the Supreme Court of 6 June 2000, IPKN 697/99;
Judgment of the Supreme Court of 6 June 2003, IV CKN 211/01;
Judgment of the Supreme Court of 7 March 2003, I CKN 89/01.

PORTUGAL

Law references

- Civil Procedure Code, Law No 41/2013, as amended;
- Portuguese Code of Criminal Procedure, adopted by Decree-Law No 78/87 of 17 February 1987, as amended; source: unofficial translation;
- Portuguese Criminal Code (PCC), Law No 48/95, 15 March 1995, as amended; source: unofficial translation;

Case-law

- Decision No 766/06.4TYLSB of 26 September 2006.

ROMANIA

Law references

- Civil Code (Codul civil al României), Law No 287/2009 on the Civil Code, as amended;
- CCP, Law No 134/2010, as amended;
- Data Protection Act, Act No 677 of 21 November 2001, as amended;

Case-law

- Decision No 3295 of 28 October 2014 issued by the High Court of Cassation and Justice;
- Decision No 1892 of 16 November 2015 issued by the Bucharest Court of Appeal;
• Decision No 155 of 16 March 2016 issued by the Constanța Court of Appeal;
• Decision No 125 of 30 January 2017 issued by the Romanian High Court of Cassation and Justice.

SLOVENIA

Law references
• CPA (Zakon o pravdnem postopku), Official Gazette of the Republic of Slovenia No. 73/2007, as amended; source: unofficial translation;
• Criminal Code of the Republic of Slovenia, Official Gazette of the Republic of Slovenia No 55/2008; source: unofficial translation;
• Employment Relationship Act, Official Gazette of the Republic of Slovenia No 21/2013, as amended;
• Personal Data Protection Act (Zakon o varstvu osebnih podatkov — ZVOP), Official Gazette of the Republic of Slovenia No 59/99;
• Prevention of the Restriction of Competition Act, Official Gazette of the Republic of Slovenia No 36/08, as amended; source: http://www.varstvo-konkurence.si/pageuploads/ZPOmK-1-consolidated_version.pdf, Unofficial translation;

Case-law
• Decision of the Supreme Court No I Up 481/2012 of 18 December 2013;
• Decision of the Supreme Court No X Ips 70/2016 of 24 May 2017;
• Decision of the Supreme Court No I Up 455/2009 of 5 November 2009;
• Decision of the Supreme Court No III Ips 13/2015 of 31 August 2016;
• Decision of the Supreme Court No III Ips 75/2010 of 27 January 2011;
• Decision of the Supreme Court No VIII Ips 16/2016 of 21 June 2016;
• Decision of the Supreme Court No VIII Ips 211/2012 of 2 September 2013;
• Decision of the Supreme Court No VIII Ips 52/2012 of 16 April 2013.

SLOVAKIA

Law references
Case-law
- Supreme Court Decision No 60bdo 10/2009;
- Supreme Court Decision No VIII Ips 124/2006;
- Supreme Court Decision No VIII Ips 201/2000.

FINLAND

Law references
- Act on the Safeguarding of the Presentation of Evidence in Disputes concerning copyright and industrial property rights, Act No 344/2000, as amended;
- Act on the Openness of Government Activities, Act No 621/1999, as amended; source: unofficial translation;
- Act on the Publicity of Court Proceedings in General Courts, Act No 370/2007, as amended;
- Administrative Judicial Procedure Act (586/1996), as amended;
- Coercive Measure Act, Act No 450/1987, as amended;
- Employment Contracts Act, Act No 55/2001, as amended;
- Tort Liability Act, Act No 412/1974;

Case-law
- Decision of the Finnish Market Court No 166/10;
- Finnish Supreme Court, criminal Case No KKO:2013:17;
- Finnish Supreme Court, criminal Case No KKO:2013:20;
- Finnish Supreme Court, criminal Case No KKO:2014:50;
- Helsinki Court of Appeal, criminal Case No R 14/924;
- Nokian Tyres Plc and Black Donuts Engineering Oy, District Court of Pirkanmaa, 31 August 2017.

SWEDEN

Law references
- Code of Judicial Procedure (Ds 1998:000), as amended;
- Directive No 96/9/CE on the legal protection of databases;
- Public Access to Information and Secrecy Act (2009:400), as amended;
Case-law
- AD 1994 No 79 of the Labour Court;
- AD 1998 No 80 of the Labour Court;
- AD 2000 No 3 of the Labour Court;
- AD 2006 No 49 of the Labour Court;
- AD 2009 No 63 of the Labour Court;
- AD 2010 No 27 of the Labour Court;
- AD 2011 No 11 of the Labour Court;
- AD 2015 No 39 of the Labour Court of 17 June 2015, Case No B 126-2014;
- Case RH 2002:11;
- Case RH 2002:61;
- Decision of the Svea Court of Appeal, 14 May 1997, Case T 81/96;
- Decision of the Svea Court of Appeal, 29 December 2010, Case Ö 7342-10;
- Swedish Supreme Court NJA 1995 p. 347;
- Swedish Supreme Court NJA 2001 p. 362.

Additional references
- Decision of the Supreme Court, 18 October 2013, Case Ö 965-13;
- Decision of the Supreme Court, 13 July 2015, Case Ö 2172-13;
- Decision of the Supreme Court, 4 December 2016, Case T 5993-14.

UNITED KINGDOM

Law references
- Bribery Act 2010;
- Competition Act 1998;
- Computer Misuse Act 1990;
- Data Protection Act 1998;
- Enterprise Act 2002;
- Enterprise and Regulatory Reform Act 2013;
- Fraud Act 2006;
- Guidance on the CMA’s investigation procedures in Competition Act 1998 cases;
- Official Secrets Act 1989;
- Theft Act 1968.

Case-law
- American Cynamid Co v Ethicon Ltd [1974] FSR 312;
- American Cynamid Co v Ethicon Ltd [1975] AC 396;
- Aon Ltd v JCT Reinsurance Brokers Ltd [2009] EWHC 3448 (QB);
- Attorney General v Blake [2001] 1 AC 268;
- Attorney General v Blake [2000] 3 WLR 625;
- Attorney General v Blake [2000] 4 All ER 385;
- Attorney General v. Guardian Newspapers (No 2) [1990] 1 AC 109;
- Attorney General v Observer Ltd [1990] 1 AC 109;
- CF Partners Limited v Barclays Bank Plc [2014] EWHC 3049 (Ch);
- Coco v AN Clark (Engineers) Ltd [1969] FSR 415;
- Coco v AN Clark (Engineers) Ltd [1969] RPC 41;
- Douglas v Hello! Ltd (No 1) [2001] QB 967;
- Dowson & Mason Ltd v Potter [1986] 1 WLR 1419 (CA);
THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES

- DSM Anti-Infectives BV and Another v SmithKlineBeecham [2004] EWCA Civ. 1199;
- Faccenda Chicken v Fowler [1987] 1 All ER 617;
- JM Finn & Co Ltd v Holliday [2013] EWHC 3450;
- Force India Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd [2012] RPC 29 (Ch);
- Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd [2012] EWHC 616;
- Heraeus Medical GmbH v Biomet and others [2016] EWHC 1369;
- Innovia Films Ltd v Frito-Lay North America Inc. [2012] EWHC 790 (Pat);
- Interfirm Comparison (Australia) Pty Ltd v Law Society of New South Wales [1975] 5 ALR 527;
- Interfirm Comparison (Australia) Pty Ltd v Law Society of New South Wales [1975] 6 ALR 445;
- IPCom GmbH & Co KG v HTC Europe Co Ltd and Nokia OYJ (Nokia Corp) v IPCom GmbH & Co KG [2013] EWCHE 52 (Pat);
- Kerry Ingredients (United Kingdom) Limited v Bakkavor Group Limited and others [2016] EWHC 2448 (Ch);
- Lansing Linde Ltd v Kerr [1991] 1 WLR 251;
- Saltman Engineering Co Ltd v Campbell Engineering Co Ltd (1948) 65 RPC 203;
- Seager v Copydex (No 2) [1969] 1 WLR 809;
- Shelher v City of London Electric Lighting Co (No 1) [1895] 1 Chapter 287;
- Supreme Court in PNM v Times Newspapers Ltd [2017] UKSC 49;
- Talbot v General Television Corp Pty Ltd [1981] RPC 1;
- Tullett Prebon Plc v BGC Brokers LP [2009] EWHC 819;
- Vestergaard Frandsen A/S v Bestnet Europe Ltd [2009] EWHC 1456 (Ch);
- Vestergaard Frandsen A/S v Bestnet Europe Ltd [2010] FSR 2;
- Vestergaard Frandsen A/S and others v Bestnet Europe Ltd and others [2011] EWCA Civ 424;
- Vestergaard Frandsen A/S and others v Bestnet Europe Ltd and others [2013] UKSC 31;

Additional references
- Douglas v Hello! Ltd (No 6) [2003] EMLR 31 (Ch);
- DSM Anti-Infectives BV v Smithkline Beecham [2004] 2 CLC 900;
- Fraser v Evans [1969] 1 QB 349;
- Fraser v Thames TV Ltd [1984] QB 44;
- Ministry of Defence v Griffin [2008] EWHC 1542 (QB);
- Murray v Yorkshire Fund Managers Ltd [1998] 2 All ER 1015; [1998] 1 WLR 951;
- Nichrotherm Electrical Company Ltd v Percy [1957] RPC 207;
- O Mustad & Son v Dosen and Allcock [1963] 3 All ER 416; [1964] 1 WLR 109;
- Oxford v Moss [1979] 68 Cr App Rep 183;
- Phillips v Mulcaire [2012] UKSC 28; [2013] 1 AC1;
- Prince Albert v Strange (1849) 2 De Gex & Sm 652, 64 ER 293;
- Seager v Copydex Ltd [1967] 1 WLR 923;
- Seager v Copydex Ltd [1967] 2 All ER 415;
- Seager v Copydex Ltd [1967] RPC 349;
- Terrapin Ltd v Builders’ Supply Company (Hayes) Ltd [1967] RPC 375;
- Tullett Prebon Plc v BGC Brokers LP [2010] EWHC 484;
- Tullett Prebon Plc v BGC Brokers LP [2011] EWCA Civ 131;
ANNEX I: SELECTION OF CASES

This Annex is a collection of cases identified during the preparation of the study on ‘The baseline of trade secrets litigation in the EU Member States’.

These cases have been provided by the national experts of the study and selected on the basis of their importance towards the protection of trade secrets in the MSs. The publicity of decisions is regulated differently across MSs and not all court decisions could be disclosed in their integral version by the national experts of the study.

Accordingly, the following 16 cases have been identified:

- **BELGIUM:**
  - Judgment of the Commercial Court of Namur of 24 March 2014;
  - Judgment of the President of the Commercial Court of Antwerp of 6 December 2012, Ritmo Interim NV v XTRA Interim BVBA;
- **GERMANY:** Federal Court of Justice, Decision of 13 December 2007 in Case No I ZR 71/05 — Schweizmodulargenerator;
- **GREECE:**
  - Decision No 679/2015 of the Court of Appeal of Piraeus (IP specialised division);
  - Decision No 312/2014 of the Single-Member Court of First Instance of Thessaloniki;
- **SPAIN:** Civil judgment No 441/2016, Provincial Court of Madrid, Section 28, Rec 11/2015 of 19 December 2016;
- **FRANCE:** Court of Appeal of Montpellier, Decision No 13/05047 of 17 September 2015;
- **ITALY:**
  - Court of Milan, Decision No 323/2016;
  - Court of Bologna, Decision No 2340/2015;
- **LATVIA:** Decision of 11 March 2016 in Case No SKA-521;
- **NETHERLANDS:** Court of Appeal Den Bosch 10 February 2015, ECLI:NL:GHSHE:2015:445;
- **AUSTRIA:** Austrian Supreme Court, Decision No 4 Ob 165/16t of 25 October 2016;
- **FINLAND:**
  - District Court of Pirkanmaa — Tampere, criminal Case No Nokian Tyres Plc v Black Donuts Engineering Oy, Decision of 31 August 2017;
  - Finnish Supreme Court, Decision of 15 March 2013 in criminal Case No KKO:2013:17;
- **SWEDEN:** Labour Court Decision AD 2015 No 39;
- **UNITED KINGDOM:** Vestergaard Frandsen A/S & Ors v Bestnet Europe Ltd & Ors [2013] United Kingdom Supreme Court 31.

The following pages provide a description of each case together with a brief summary of the main related information.
1. BELGIUM: Judgment of the Commercial Court of Namur of 24 March 2014

<table>
<thead>
<tr>
<th>Court</th>
<th>Commercial Court of Namur</th>
<th>MS</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2014</td>
<td>MS</td>
<td>---------</td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Defendant</td>
<td>Company (competitor)</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Industry</td>
<td>Professional paint</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Manufacturing process (recipes for manufacturing 17 products)</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Theft</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes — recognised in a prior decision of the Court of Appeal of Liège</td>
<td></td>
<td>---------</td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — damages and payment of judicial costs and expertise fees</td>
<td></td>
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</tr>
</tbody>
</table>

This case refers to a decision issued by the Commercial Court of Namur on the compensation of damages and following a previous decision of the Court of Appeal of Liège.

The claimant was Martin Mathys SA, a Belgian company operating in the sector of professional paint for indoors as well as outdoors and solutions for the protection, renovation and decoration of interior and exterior walls, façades, floors and roofs. The defendant was Dothee SA, a Belgian company operating in the same sector of Martin Mathys SA and with no prior relationship with the claimant.

During the previous proceeding before the Court of Appeal of Liège, Martin Mathys SA filed a claim against Dothee SA for theft of trade secrets concerning its manufacturing process. In detail, the claimant accused the defendant of having unlawfully acquired information (recipes) for manufacturing 17 products.

The Court of Appeal of Liège recognised the information to be a trade secret: ‘the formulas detailing the manufacturing procedure for the 37 main products of the claimant are part of its trade secret and the defendant was not allowed to take with him fiches detailing the procedures to be followed for the manufacture of these products including precise dosages of each of the components’. Although the Court affirmed that Dothee SA’s behaviour was unfair, it did not pronounce the termination of the disputed practice, by pointing out that, because of the passage of time, prohibiting not only the disclosure but also the use of the trade secret would have inevitably conferred to the claimant a right equivalent to a patent. In addition, no damage was awarded as the Court was ruling in matter of cease-and-desist action (‘injunction action’).

Therefore, only the finding of the unlawfulness of the practice was established. For the rest, the Court invited Martin Mathys SA to start an action for damages.

Martin Mathys SA brought thus the case before the Commercial Court of Namur, requesting for compensation of damages.

To this regard, Dothee SA only contested the calculation of damages made by Martin Mathys SA since the previous Court of Appeal’s decision had already established its fault. In detail, the defendant questioned that the calculated damages were equal to the decline in sales volumes for 2002 and 2003 multiplied by its profit margin per kilogram. According to Dothee SA, such damages could not be taken into account as Martin Mathys SA’s sales volume decline was not proportionate to the sales volume made by Dothee SA for the corresponding products for 2002 and 2003. Dothee SA also added that, as the decline in Martin Mathys SA’s sales volume did not correspond to the sales made by Dothee SA, there was no causal connection between Martin Mathys SA’s decline in sales volumes and Dothee SA’s fault.

The Commercial Court of Namur awarded an amount assessed *ex aequo et bono* at EUR 450 000 (this amount corresponded to the one quantified by the judicial expert) and indicated that it represented the totality of the harm suffered by Martin Mathys SA and in causal connection with Dothee SA’s fault. The Court also considered that, as this amount was assessed *ex aequo et bono* and as it covered all the damages suffered by the claimant, including the passing of time, it should not award compensatory damages.

The Court also awarded EUR 16 500 for the judicial costs and EUR 8 270.89 for the expertise fees to Martin Mathys SA.

The provisional execution of the judgment was granted by the Court.
2. BELGIUM: Judgment of the President of the Commercial Court of Antwerp of 6 December 2012 ‘Ritmo Interim NV v XTRA Interim BVBA’

<table>
<thead>
<tr>
<th>Court</th>
<th>Commercial Court of Antwerp</th>
<th>MS</th>
<th>🇧🇪</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td>Claimant: Company</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Defendant: Company and former employee</td>
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<tr>
<td>Industry</td>
<td>Logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Business information (clients’ contacts, structure, needs, pricing, profit margins)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Transfer of confidential data and trade secrets on the IT system of the defendant and use of information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — termination of the illicit behaviour, pecuniary penalty in the event of non-fulfilment of the refrain order. Damages not awarded due to the interlocutory nature of the proceeding</td>
<td></td>
<td></td>
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</tbody>
</table>

The company Ritmo Interim BV sued the former employee Dr Steven Ghesquière, who had been the company’s managing director for seven years. Mr Ghesquière was dismissed on 13 April 2012 and founded the company ‘XTRA Interim BVBA’ on 6 June 2012.

According to the claimant, the former employee unlawfully acquired and used information that constituted Ritmo’s business secret (i.e. contacts, structure and needs of clients, pricing and profit margins) to promote the new company. The Court affirmed that it was proven both that Mr Ghesquière transferred the claimant’s confidential data and trade secrets on his own IT system as well as that he utilised confidential information (in particular, customer needs) without prior agreement with customers on the use of their personal information.

The President of the Court ordered the termination of the illicit behaviour, prohibiting Mr Ghesquière from soliciting the claimant’s customers again by using Ritmo’s trade secrets. The Court also established a penalty of EUR 10 000 per offence in the event of non-fulfilment of the prohibition order. Damages could not be awarded due to the interlocutory nature of the proceeding.
3. GERMANY: Federal Court of Justice, Decision of 13 December 2007 in Case No I ZR 71/05 — Schweißmodulargenerator

<table>
<thead>
<tr>
<th>Court</th>
<th>Federal Court of Justice</th>
<th>MS</th>
<th>🇩🇪</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
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<tr>
<td>Defendant</td>
<td>Former employee (setting up a company in the same sector of the former employer)</td>
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<tr>
<td>Industry</td>
<td>Electronics (ultrasound generators)</td>
<td></td>
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<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Technical documents and construction drawings, especially a particular circuit diagram</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Misappropriation of technical documents and production drawings to reproduce identical products and sell to the same customers at a lower price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>NA — the Federal Court of Justice ordered the case to be returned to the Court of Appeal</td>
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</tr>
</tbody>
</table>

In this case, the claimant and the defendant were both manufacturers and distributors of ultrasound generators. The defendant was a former employee of the claimant for whom he worked as engineer for two years before setting up his own company in the same sector.

In particular, the defendant was accused of having taken certain technical documents and construction drawings after the termination of his employment relationship with the claimant to reproduce identical generators. Moreover, he offered these generators to the claimant’s main customers at a lower price than the claimant.

The core issue of this decision was whether the adoption of a particular circuit diagram constituted a trade secrets breach. Indeed, only some parts of the circuit were covered by trade secret while others were included in the state of the art. In this regard, the Federal Court of Justice held that all technical information that was part of the technical state of the art could not be considered a trade secret. However, it was stated that a trade secrets infringement occurs when even only a part of a technical document constitutes a trade secret.

The Federal Court of Justice, overturning the decision of the Court of Appeal, considered the technical documents to be trade secrets and ordered the case to be returned to the Court of Appeal.
A Piraeus LTD company offering its services to maritime companies sued a Greek Société Anonyme maritime company and a former employee.

Due to the nature of its activities, the claimant company was the owner of a software program for information management systems by which maritime companies could manage their services (e.g. bookings, schedule departments, issue tickets, manage check-ins, pricing policies, discounts, send information/documents to the Ministry of Shipping). Such program was developed by a group of the claimant’s employees, including the defendant employee.

The claimant offered its services to the defendant company through a contractual relationship, according to which the latter could use the program in the beginning for free and, later on, upon the payment of a fee (calculated in relation to the 0.5 % of the defendant’s annual profits).

Due to a dispute related to the fee, the agreement between the parties was not renewed. However, the defendant used the program without paying for about four months and only after such period declared to stop using it.

It was demonstrated that the defendant company, helped by the claimant’s former employee and without the claimant’s necessary licensing, developed software with a different source code but with all the programs and subprograms created by the claimant.

According to the court of first instance and the Court of Appeal, the software (used by the defendant for about a year after the termination of the contractual relationship between the two companies) was a copy of the claimant’s original software program since it exceeded the legal purposes of reverse engineering. Moreover, as the claimant’s former employee supported the defendant company by offering his technical knowledge in developing the software, he violated the duty of confidentiality with regard to the former employer’s trade secret.

The damages awarded to the claimant corresponded to twice the fee usually paid for the use of the software. In the specific case, the fee corresponded to the 0.5 % of the company’s income and the total sum amounted to EUR 1 236 797.90.
5. GREECE: Decision No 3122/2014 of the Single-Member Court of First Instance of Thessaloniki

<table>
<thead>
<tr>
<th>Court</th>
<th>Single-Member Court of First Instance of Thessaloniki</th>
<th>MS</th>
<th>ΕΛΛΑΣ</th>
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<tbody>
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<td>Year of decision</td>
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<tr>
<td>Parties’ profile</td>
<td></td>
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<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
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<tr>
<td>Defendant</td>
<td>Former employee</td>
<td></td>
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<tr>
<td>Industry</td>
<td>Food &amp; Beverages</td>
<td></td>
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<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
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<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Business information</td>
<td></td>
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</tr>
<tr>
<td>Type of conduct</td>
<td>Breach of the confidentiality duty and non-compete obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — order to refrain from the illicit behaviour in the future</td>
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</tbody>
</table>

In Decision No 3122/2014, the Single-Member Court of First Instance of Thessaloniki, on a theoretical level, discerned two phases regarding the employee’s obligation of non-compete: the period during the employment agreement and the post-agreement period. During the former, the employee is held by an obligation of non-compete, the stipulation of which is not mandatory whereas, during the latter, this obligation ceases unless differently agreed. Afterwards, the employee’s obligation of confidentiality is addressed by the court as an ancillary obligation not to disclose any trade secrets known by employees due to their position in the company. Breach of this obligation constitutes a criminal offence, while the affected party is entitled to compensation.

As regards the factual basis of the case, the claimant, a company developing commercial activity in the drinks sector, asked the Court for an interim measure against a former seller-distributor of this company, who, even before ending the contractual relationship, approached the employer’s clients to make them clients of his mother’s business. By doing so, the former employee illicitly disclosed the manufacturing costs of the former employer’s products.

The claimant affirmed that such information was a trade secret and that the interruption of cooperation with these clients damaged the company, also causing a loss in turnover. Firstly, the Court did not recognise damages since such type of claim could not be presented during an interim procedure. However, the Court recognised the trade secrets infringement and ordered the defendant to refrain in the future from the illicit conduct.

<table>
<thead>
<tr>
<th>Court</th>
<th>Provincial Court of Madrid</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Companies and former employees</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Healthcare &amp; Life sciences</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of Dispute</td>
<td>Confidential commercial information</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Misappropriation of business secrets, commercial know-how, illicit acquisition of information related to employees, information related to customers, conduct contrary to good faith</td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>No — the claimant did not take the necessary measures to protect the trade secrets</td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Civil judgment No 441/2016 of 19 December 2016, issued by the Provincial Court of Madrid, resolved an appeal having its origin in the dispute between the company SVENSON S.L. (the claimant), the company INSTITUTO MÉDICO DERMATOLÓGICO S.L. (IMD) and MS. Esperanza (a former employee of the claimant). The dispute was about the violation of Articles 4 and 13 of Law No 3/1991 of the Unfair Competition Act and, in particular, the claimant filed a claim on misappropriation of business secrets, commercial know-how, illicit acquisition of information related to employees, information related to customers and conduct contrary to good faith.

According to the claimant, a SVENSON’s former employee (Mr Isidoro) left the company in 1990, started his own company (i.e. IMD) in the same business sector of the claimant and hired Ms Esperanza. Ms Esperanza held the position of Commercial Director in SVENSON and was a partner in SVENSON when she resigned. Moreover, after hiring Ms Esperanza, IMD began to take advantage of SVENSON’s confidential commercial information, especially those regarding employees and customers. Consequently, eight employees left SVENSON and were hired by IMD.

The Provincial Court of Madrid’s ruling rejected the claimant’s motivations stating, inter alia, that:

- on IMD, customer acquisition could not be considered disloyal;
- it was not demonstrated that the workers’ recruiting affected a very important part of the staff or hindered SVENSON’s performance in the market;
- it was not proven that customer information (customer list) was used by the competing company;
- workers’ information did not constitute privileged information and there was no evidence of its use beyond the worker’s identity;

• the supposed commercial know-how was not a business secret since it lacked competitive value and there was no evidence that measures were adopted to ensure the preservation of confidentiality.

As it has already been pointed out by the case-law, ‘benefit from contacts, including customers, that the worker had as a result of having worked for another employer cannot be considered an unfair competition circumstance’\textsuperscript{1222}. The Provincial Court of Madrid clarified such principle stating that: ‘Customers choose among the services offered by the market according to their interests, so the attraction of clients is not in itself reprehensible, unless reserved lists are used, which was not sustained in the dispute, because the illicit derives directly from contact with customers’.

With reference to the disclosure or exploitation of trade secrets, the Court stressed that clear willingness is necessary to preserve trade secrets and, consequently, measures taken for that purpose would have been analysed. In this respect, the Court cited Article 2 of the Directive: ‘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’. With reference to point (c), according to the Court’s point of view, companies can carry out various actions, not established within the Directive, to protect their trade secrets. These actions must be ‘adequate and reasonable to avoid the disclosure of information and must occur in two senses: externally, preventing third parties from accessing that information, as well as internally, having the necessary to access the trade secrets only the employees and collaborators who because of their functions should know or handle it and always subjected to a duty of secrecy’.

In conclusion, the claimant SVENSON S.L. did not take the necessary steps to protect its trade secrets and, consequently, the claim was dismissed.

\textsuperscript{1222} Judgment of the Supreme Court of 29 May 2008.
7. FRANCE: Court of Appeal of Montpellier, Decision No 13/05047 of 17 September 2015

<table>
<thead>
<tr>
<th>Court</th>
<th>Court of Appeal of Montpellier</th>
<th>MS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td>Claimant: Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Defendant: Company and former employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Textiles (insecticidal fabrics)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Cross-border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Trade secret</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Use of products developed by means of a misappropriated trade secret and signature of licence agreements related to such products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — termination of the illicit conduct, fine (in the event of violation of the Court’s order), destruction of documents illicitly acquired to disclose the trade secret, publication of extract of the decision at the expense of the defendants</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Firstly, in this case (Vestergaard case), the Court of Appeal of Montpellier addressed a preliminary issue concerning a conflict between Danish and French law. In particular, the Court affirmed that the French law was the applicable law on the basis of Convention 80/934/ECC (Rome Convention). 

According to the Court, from 1998 to 2004 most of the commercial relationships between the claimants and defendants were regulated by ‘gentlemen agreements’ (i.e. verbal agreements). In 2005 the parties signed a contract subject to Danish law even though the defendants had their central administration in France at the time of the conclusion of the contract. Moreover, their domicile was still in France at the time of the proceeding.

As the parties did not expressly choose the applicable law nor reach an agreement on this matter during the proceeding, the French Court stated that private international laws and the Rome Convention applied. In particular, the Court of Montpellier affirmed that, due to the lack of a choice by the parties with regard to the applicable law, the contract had to be regulated by the law of the country to which it was most closely connected and ‘the contract is presumed to present the closest links with the country where the party who is to provide the characteristic service, at the time of the conclusion of the contract, has his habitual residence or, in the case of a company, his central administration’.

According to the Court, the contract was most closely connected to France due to the defendants’ domicile in this territory.

As to the merits of the case, the Court affirmed that the employees infringed the employer’s trade secrets. Therefore, the Court ordered, inter alia, the cessation of the use of any product developed using the claimant’s trade secrets and also of any licence agreement (exclusive or non-exclusive) in relation to such products.

1223 Convention 80/934/ECC on the law applicable to contractual obligations opened for signature in Rome on 19 June 1980.
The Court established a penalty of EUR 100 000 per day for each future violation of the order by the defendants. Moreover, the Court imposed the destruction of all documents illicitly acquired to disclose the company’s trade secrets. Finally, the publication of extracts of the judgment in 10 professional journals, French or foreign, at the expense of the liable defendants was ordered.
8. ITALY: Court of Milan, Decision No 323/2016

<table>
<thead>
<tr>
<th>Court</th>
<th>Court of Milan</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Companies</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Companies</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Healthcare &amp; Life sciences</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Trade secret, chemical composition and technical specifications of bone cements</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Production, marketing and distribution of products resulting from a prior misappropriation of trade secrets and know-how</td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

In this case, the Court of Milan was required to issue a preliminary injunction and seizure related to an assumed misappropriation of trade secrets and know-how connected to bone cements and biomaterials used in dental care.

The claimants were Heraeus Medical GmbH and Heraeus S.p.A., respectively a German-based company and its Italian subsidiary. The defendants were Biomet Europe B.V. and Biomet Italy Srl, respectively a Dutch-based company and its Italian subsidiary.

The defendants were accused of the production, marketing and distribution of products resulting from the misappropriation of the claimants’ trade secrets and know-how as well as of infringing a prior German injunction decision issued against the defendant Biomet Europe B.V..

According to Biomet Europe B.V., the effect of such decision was limited to the German territory and, therefore, in Italy the case should have been assessed separately. Moreover, the defendant argued that there was no trade secrets infringement since the alleged secret information was subject to an expired confidential obligation.

The Court of Milan rejected the claimants’ requests and affirmed that the German decision did not have a cross-border nature and, therefore, did not produce effects for Italian jurisdiction. The Court’s decision relied on the principle of territoriality, according to which the effectiveness of untitled immaterial rights (as trade secrets) is limited to a territorial extent. Due to the lack of a homogeneous jurisdiction and regulation of trade secrets at EU level, a Court’s decision is directly enforceable in another MS only if the acting judge bases its jurisdiction also regarding the facts of the infringement which took place in the other MS.\(^2\)

\(^2\) Article 45(2) of EU Regulation No 1215/2012 (Brussels I Regulation): ‘[...] In its examination of the grounds of jurisdiction referred to in point (e) of paragraph 1, the court to which the application was submitted shall be bound by the findings of fact on which the court of origin based its jurisdiction. [...]’; source: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R1215&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R1215&from=EN)
The Court of Milan argued that the Appeal Court of Frankfurt (which was the Court of origin) did not base its jurisdiction also with regard to the facts of the infringement that took place outside the German boundaries (i.e. those related to the Italian territory). Indeed, the German Court did not examine the issue of the applicable law, considering the case a domestic matter.

In addition, the claims filed in the German proceeding did not cover the infringement that occurred outside the German territory and, in particular, that which took place in Italy. As a matter of fact, no cross-border measure was requested during the German proceeding.

Lastly, the illicit behaviour respectively related to the German and Italian proceeding was different from an objective and subjective point of view. The link between the infringement that occurred in Germany (i.e. disclosure of trade secrets) and the violations that occurred in Italy (i.e. production, marketing and distribution of the resulting products) as well as the fact that the first behaviour is the precondition for the second one was not a decisive factor to such extent. The Court of Milan found, thus, the German injunction decision not to be binding.

In conclusion, there was one multi-step conduct, of which the German judge examined just one phase. The Court of Milan was consequently entitled to conduct a separate and autonomous assessment of the conduct that occurred in Italy and rejected the claimant’s requests due to the lack of requirements necessary to issue the preliminary measures.
### 9. ITALY: Court of Bologna, Decision No 2340/2015

<table>
<thead>
<tr>
<th>Court</th>
<th>Court of Bologna</th>
<th>MS</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Defendant</td>
<td>Companies and former employee</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Sport-specialised industrial manufacturing (skialp bindings)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Technical information (files and technical drawings)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Production and commercialisation of a product (a skialp binding) resulting from the unlawful acquisition and use of secret technical information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes — even though the information at issue could not be considered a trade secret (the claimant had not taken proper measures to keep it secret), the Court established that an unfair competition practice had occurred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — termination of the illicit conduct and compensation for damages suffered</td>
<td></td>
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</tbody>
</table>

The claimant was ATK Race S.r.l. (ATK), a company operating in sport-specialised industrial manufacturing (skialp bindings). The defendants were TASCi S.r.l. single-member company (TASCi), Mr Bazzani, former director of ATK and co-designer of the ‘NX’ skialp binding and Nuovi Orizzonti s.a.s. di Rizzo Riccardo & C. distributor of TASCi S.r.l.

ATK filed a claim for unfair competition practices, boycotting, illicit acquisition and use of secret business information by TASCi S.r.l. Affirming the violation of Article 2598 of the c.c., and Articles 98 and 99 of the CPI, the claimant requested the Court of Bologna (first instance court) to order:

- the termination of the illicit behaviour by retrieving the product from the market with special regard to the files and technical drawings of the ‘NX’ skialp binding unlawfully related to the ‘Haereo GO’ skialp binding designed, produced, commercialised and advertised by the defendants;
- the compensation of related damages;
- a pecuniary penalty for any violation of the abovementioned inhibitory;
- the publication of the court’s decision.

In detail, ATK reported that TASCi, as already established within the preliminary proceedings, produced and commercialised the ‘Haereo GO’ skialp binding upon unlawful acquisition and use of secret technical and business information by Mr Bazzani. The claimant stated that ‘Haereo GO’ had the same functional, technical and design features of ‘NX’ skialp binding and that its commercialisation had caused ATK both pecuniary and non-pecuniary prejudice. On the one hand, it led to the unlawful acquisition of market shares by TASCi and, on the other hand, it damaged ATK’s commercial reputation and image.

TASCi affirmed that the technical details at issue did not represent trade secrets as publicly known and commonly used within the industry at the time of production and commercialisation of ‘Haereo GO’. In addition, the defendant stated that the technical information felt into Mr Bazzani’s professional knowledge and experience acquired while working in ATK and, as such, could be legitimately used during his new employment at TASCi.
The Court of Bologna stated that the technical details were not a trade secret as per Articles 98 and 99 of the CPI because of the absence of the third requirement established by law. Indeed the CPI states that information qualifies as trade secret if it is secret (not publicly available or easily accessible or deductible by an average expert), has economic value due to its secrecy and has been subject to adequate measures to keep it secret. The Court affirmed that ATK’s technical details were secret and of economic value, but that the claimant did not take the necessary measures to avoid their disclosure. The fact that ATK’s technical details were stored in Mr Bazzani’s personal laptop and the access to such details was protected by a password, were judged as being insufficient measures to keep the trade secret’s confidentiality. To this regard, the Court stated that, to fulfil the requirement requested by the law and thus be protected, the technical details should have been stored in an ATK database managed by the company instead of Mr Bazzani’s personal laptop. In addition, ATK did not take any measure to prevent Mr Bazzani to misuse the confidential information at issue. Therefore, the Court rejected ATK’s claim of illicit acquisition and use of secret business information.

However, Article 99 of the CPI establishes that unfair competition practices occur in any case of misuse of confidential information or know-how that can produce potential or actual competition damage, even though the requirements established by Article 98 CPI are not or only partially met. Consequently, the illicit appropriation of confidential information related to the manufacturing process or materials used to produce a competitor’s product may represent an unfair competition practice, even if the information at issue is not a business secret.

In this respect, the Court determined that TASCi and Mr Bazzani committed unfair competition practices by using ATK’s confidential information to produce the ‘Haereo GO’ skialp and to quickly access the skialp bindings market thanks to the exploitation of ATK’s confidential technical data. The Court ordered the termination of the illicit conduct, by ceasing the production, commercialisation and advertisement of the product and by withdrawing the product from the market.

The defendant Nuovi Orizzonti S.r.l. was not held liable of any illicit conduct as it acted only as a distributor of the product without any involvement in the abovementioned illicit activities.

Finally, both the claim for boycotting the competitor and the one for damages (pecuniary and non-pecuniary) were rejected. Only suffered damages were recognised to ATK for the costs incurred to obtain the proof of the illicit conduct (i.e. to purchase the ‘Haereo GO’ skialp binding). The publication of the decision and the additional pecuniary penalty were not applied as they were considered non-proportional to the conduct.
10. LATVIA: Decision of 11 March 2016 in Case SKA-521

<table>
<thead>
<tr>
<th>Court</th>
<th>Supreme Court</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2016</td>
<td></td>
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<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Employees</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>NA.</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Trade secret</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Creation of a new competing retail company (acquisition, use and disclosure of trade secret)</td>
<td></td>
</tr>
</tbody>
</table>
| Infringement took place | No — First Instance Court and Court of Appeal: no direct link between the termination of the defendants’ employment and the claimant’s decrease in turnover was ascertained  
Yes — Supreme Court  
Still pending — Court of Appeal |    |
| Penalty           | Yes — damages (Supreme Court) |    |

In this case, the claimant was a former employer (SME) that sued former employees by claiming for compensation of damages. In particular, the request for damages was based on a decrease in turnover and failure to acquire discount from its suppliers due to the creation of a new competing retail company by employees who infringed trade secrets.

The First Instance Court and the Court of Appeal rejected the request for compensation of damages stating that no direct link between the termination of the defendants’ employment and the claimant’s decrease in turnover could be recognised.

However, the Supreme Court overturned such decisions. This was the first judgment awarding damages for unfair competition based on acquisition, use or disclosure of trade secrets of a competitor. The case is now waiting to be decided again before the Court of Appeal.

According to the Dutch Work and Security Act (Wet werk en zekerheid)\(^{1225}\), non-competition clauses within fixed-term employment contracts are valid only if the clause includes written substantiation highlighting that the non-compete clause is necessary due to relevant business or service interests.

The Den Bosch Court of Appeal recently tried to lay down the circumstances that entail substantial business or service interests. In this case an employee started to work with a competitor, breaching, according to the claimant, a non-competition clause with his former employer. The employer asked for the payment of the penalty applicable to the non-compete breach, while the employee argued that the non-compete clause was non-applicable. In the first instance, the sub-district court ordered the employee to pay a reduced penalty. The employee lodged an appeal against this decision.

The Court of Appeal also ruled against the employee. According to the Court, the employer’s interest lay in preventing the former employee from encouraging unfair competition. This is the case if the former employee acquired knowledge of his or her former employer’s business methods, customers’ lists and other trade secrets, and this knowledge is able to give an unjust competitive advantage for his or her new employer.

Within this context, the interest of a non-compete clause will be preventing an employee from competing directly with his or her previous employer by using the business information which he or she would not have obtained if he or she had not worked for that former employer, thus acquiring for him/herself or a third party (the new employer) an unjustified competitive advantage.

In the case at issue the Court held that the former employer had a limited interest in the non-competition clause since he or she could not prove the existence of particular company secrets of which the employee could have learned in the course of his or her duties. However, the Court did acknowledge that the employee could, to a limited extent, have built relationships with particular customers or contacts of his or her former employer.

The Court of Appeal ruled that the non-competition clause was enforceable (only) during the first six months after the end of the employment contract.

Under the Work and Security Act, employers will provide reasons as to why a non-competition clause is necessary. Employers will check how knowledge of their mode of operation, customers and company secrets could foster competition by the employee.

In the event of breach of a confidentiality agreement, the company can claim damages. Such damages consist of material loss and other disadvantages, the latter as far as the law implies that there is an additional entitlement to compensation for such damages. The aforementioned material loss includes losses suffered as well as missed profits. The Court of Appeal established that missed profits may include loss of profits due to missed sales and reduced value of market shares.

1227 Article 6:96(1) of the Dutch Civil Code.
### 12. AUSTRIA: Austrian Supreme Court, Decision No 4 Ob 165/16t of 25 October 2016

<table>
<thead>
<tr>
<th>Court</th>
<th>Austrian Supreme Court</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Company (competitor)</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Industrial manufacturing (entry control systems)</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Data</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Illicit retrieving of data (trade secrets) by intrusion into another’s computer system</td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>NA.</td>
<td></td>
</tr>
</tbody>
</table>

This case was about the illicit retrieving of data (trade secrets) by intrusion into another’s computer system.

In particular, the claimant and the defendant were competitor companies producing and commercialising ticket and entry systems for skiing areas, stadiums and similar establishments to the same customer circles. The claimant offered its customers a management service of an internet server for the storage of their client’s data. Access to the data was protected by a user name and password.

During a visit to a customer, a defendant’s employee took a picture of the customer’s computer screen showing the server for data storage. From this picture, the defendant’s employee was able to trace the internet address (i.e. URL) of the server and started to connect to such server bypassing the password required by the system.

The defendant argued, in the defence, that such information was not a trade secret since it could be easily reachable and there was no evidence of the illicit act, also considering that the customer allowed taking a photo of the computer display.

However, the Austrian Supreme Court ruled that such data could be considered a trade secret since all necessary requirements were fulfilled (i.e. it was commercial or technical information, it was known only by a limited number of identified persons, it was kept confidential and there was an economic interest in the confidentiality of the information).

The existence of a security system failure, as apparently present in this case, did not allow the conclusion that the trade secrets holder had no interest in keeping the data secret. In particular, according to the Court, the definition of ‘trade secret’ as provided in the Directive does not entail that the owner must be successful in keeping its confidential information secret but will take reasonable steps to maintain the information as secret.

In this case, the proof of the will to keep the information secret could be assumed from the trade secrets holder’s behaviour: providing a logging system with a username and password demonstrates that only a limited number of identified persons knows the information.
13. FINLAND: District Court of Pirkanmaa — Tampere, Criminal Case ‘Nokian Tyres Plc Against Black Donuts Engineering Oy’, Decision of 31 August 2017

<table>
<thead>
<tr>
<th>Court</th>
<th>District Court of Pirkanmaa-Tampere</th>
<th>MS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of decision</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Company and former employees</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Industrial manufacturing (tyres)</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Production process, trade secret, business secret</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Breach of confidentiality obligation, violation of trade secrets</td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — prohibition from conducting business, fines, conditional imprisonment</td>
<td></td>
</tr>
</tbody>
</table>

The claimant was the company Nokian Tyres Plc and the defendants were the company Black Donuts Engineering Oy (a competitor of the claimant) and ten Nokian Tyres’ former employees and Black Donuts’ current employees.

The case was about the breach of a confidentiality obligation related to information on the production process and violation of trade secrets committed by ten employees of Black Donuts Engineering who were previously employed by Nokian Tyres.

The defendants affirmed that information on the manufacturing process was not a trade secret and that the claimant never tried to keep it secret. According to the defendants, the manufacturing process was based on a common and standardised process and all tyre companies utilised the same production process.

Despite the alleged defences, the District Court of Pirkanmaa stated that an infringement took place and convicted Black Donuts Engineering for violation of a trade secret, misuse of a business secret and for attempted trade secrets violation. In particular, the Court condemned the CEO of Black Donuts Engineering to one year of conditional imprisonment for trade secrets misappropriation and for attempted trade secrets infringement. Moreover, the company’s CEO and two other directors were banned from conducting business for three to five years. The Court also sentenced two defendants to pay fines and the CEO and seven other defendants to conditional imprisonment (from six months up to one year and six months).
14. FINLAND: Finnish Supreme Court, Decision of 15 March 2013 in the Criminal Case No KKO:2013:17

<table>
<thead>
<tr>
<th>Court</th>
<th>Finnish Supreme Court</th>
<th>MS</th>
</tr>
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<tbody>
<tr>
<td>Year of decision</td>
<td>2013</td>
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</tr>
<tr>
<td>Parties’ profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Company (competitor using a trade secret unlawfully obtained by a supplier)</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Clothing</td>
<td></td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
<td></td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Design (snowmobile suit pattern)</td>
<td></td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Manufacturing of product (snowmobile suit) by using a misappropriated design</td>
<td></td>
</tr>
<tr>
<td>Infringement took place</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — fines, detention, damages</td>
<td></td>
</tr>
</tbody>
</table>

The claimant argued that the manufacturer of the defendant company (located in Pakistan) used the claimant company’s snowmobile suit pattern. In particular, the claimant affirmed that such pattern was unlawfully obtained to produce snowmobile suits for the defendant. Moreover, there was a connection between the two manufacturers.

During this criminal case, evidence was primarily collected by the authorities and included photographs of the defendant’s and claimant’s snowmobile suits, the suit that the defendant sent to the manufacturer as a model and witnesses’ statements.

The Finnish Supreme Court stated that the defendant must have known that the manufacturer was using the claimant’s pattern even if the defendant claimed that it was not aware of that circumstance. Indeed, at the time of the infringement, the claimant did not launch the suit on the market, so, reverse engineering was not possible.

The Court condemned the defendant to 50 day fines\(^\text{1228}\), reduced to 20 day fines due to 10 day pretrial detention. Moreover, the Court recognised damages for the use of trade secrets illegally obtained by a third party.

\(^\text{1228}\) See footnote no. 1181.
15. SWEDEN: Labour Court Decision AD 2015 No 39

<table>
<thead>
<tr>
<th>Court</th>
<th>Labour Court</th>
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</thead>
<tbody>
<tr>
<td>MS</td>
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</table>

<table>
<thead>
<tr>
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<tbody>
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<td>Parties’ profile</td>
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<tr>
<td>Claimant</td>
<td>Company</td>
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<tr>
<td>Defendant</td>
<td>Former employee</td>
</tr>
<tr>
<td>Industry</td>
<td>NA.</td>
</tr>
<tr>
<td>Type of issue</td>
<td>Non-cross-border</td>
</tr>
<tr>
<td>Object of dispute</td>
<td>Customer database, business information</td>
</tr>
<tr>
<td>Type of conduct</td>
<td>Essential parts of the former employer’s database transferred on the employee’s personal computer</td>
</tr>
<tr>
<td>Infringement took place</td>
<td>No — only infringement of the Copyright Act but not of the Act on the Protection of Trade Secrets</td>
</tr>
<tr>
<td>Penalty</td>
<td>Yes — pecuniary penalty connected to the infringement of the Copyright Act</td>
</tr>
</tbody>
</table>

An employee, before resigning and being hired by a competitor, transferred essential parts of the former employer’s customer database to a file saved on his personal computer. The employee exported large amounts of data from the customer database to Excel files on the personal Dropbox account and computer desktop at home.

The question ruled by the Labour Court was whether this action constituted an unauthorised use of a copyrighted work according to the Copyright Act, an unauthorised use of a database protected by the *sui generis* database right, or whether such conduct was covered by trade secrets misappropriation under the Act on the Protection of Trade Secrets.

The Labour Court stated that the employees’ conduct could not qualify as trade secrets misappropriation since, after the termination of the employment contract, employees can be liable only in the presence of ‘extraordinary circumstances’ (Section 7 of the TS Act). Such circumstances were not present in the case at stake. Furthermore, the customer database did not constitute a copyright work according to the Copyright Act, since the database did not express the author’s creative work. However, the Court found that protection could be granted according to the so-called *sui generis* database right ex Article 49 of the Copyright Act. According to the EU-Directive 1230, a database is protected if it constitutes the author’s own intellectual creation by reason of selection or arrangement of contents. As regards databases, the criteria of ‘individuality’ is fulfilled if the author has put its personal touch on the database, by selecting the data contained in the database and making free and creative choices. The Labour Court found, therefore, that the customer database was covered by such *sui generis* protection, since the acquisition, review or presentation of the data (information) contained in the database in terms of quality or quantity represented a significant investment.

The Court found that the former employee’s conduct was not permitted under the employment contract and constituted a breach of Article 49 of the Copyright Act. Consequently, the defendant was sentenced to pay a fine of SEK 200 000 (approximately EUR 20 000).

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1229 Decision of 2015/06/17, Case No B 126-2014.
1230 Directive No 96/9/CE on the legal protection of databases.
However, the Labour Court shared the First Instance District Court’s view, according to which the actions carried out by the employee did not constitute a disclosure of trade secrets. Section 7 of the Swedish Protection of Trade Secrets Act stipulates that anyone who wilfully or through negligence exploits or reveals an employer’s trade secret, of which he or she was informed in the course of the employment and which he or she knew, or ought to have known, that was not allowed to be revealed, will compensate the damage caused by his or her action. Where the action took place after the termination of the employment, the former employee incurs in liability only if there are extraordinary circumstances.

Although information acquired from the database was held to be a trade secret, the former employer was not liable for trade secrets infringement as he or she did not use nor reveal such information.
16. UNITED KINGDOM: Vestergaard Frandsen A/S & Ors v Bestnet Europe Ltd & Ors [2013] United Kingdom Supreme Court 31

<table>
<thead>
<tr>
<th>Court</th>
<th>Supreme Court</th>
<th>MS</th>
<th>England</th>
</tr>
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<tbody>
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<td>Year of decision</td>
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<td>Parties’ profile</td>
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<td></td>
<td></td>
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<tr>
<td>Claimant</td>
<td>Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defendant</td>
<td>Company, former employees and former consultant</td>
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<td>Industry</td>
<td>Textile (insecticidal fabrics)</td>
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<td>Type of issue</td>
<td>Cross-border</td>
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<td>Object of dispute</td>
<td>Use of products developed by means of a misappropriated trade secret and signature of licence agreements related to such products</td>
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<tr>
<td>Type of conduct</td>
<td>Breach of duty of confidence</td>
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<tr>
<td>Infringement took place</td>
<td>No — the Supreme Court was called to determine if also the third defendant was liable for breach of confidence. The Supreme Court held that the duty of confidence was not breached as the employer did not acquire the confidential information, neither were they aware that the infringing products were produced using such information</td>
<td></td>
<td></td>
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<tr>
<td>Penalty</td>
<td>Yes — the Court of Appeal condemned the other defendants to pay a penalty. In this case the Supreme Court confirmed the findings of the Court of Appeal and did not condemn also the other former employee</td>
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</tbody>
</table>

A Danish company, Vestergaard Frandsen (in the following, Vestergaard), producing insecticidal fabrics, initiated legal proceedings in Denmark, the United Kingdom and France for trade secrets violation by two former employees and a former consultant. Such trade secrets were contained in a database called Fence.

The defendants had established a new company and had started to produce competing products, using the information contained in the Fence database. The two former employees’ contracts contained provisions requiring them to respect the confidentiality of Vestergaard’s trade secrets. After being sued by Vestergaard in Denmark, they founded another company in the United Kingdom, Bestnet Europe Ltd (in the following, Bestnet).

In 2009 the Danish company sued them also in the United Kingdom. The English High Court found that the information of the Fence database could qualify as trade secrets, and ordered an injunction against the defendants for the misappropriation thereof. In detail, the Court also ordered to disclose the relevant sales figures of Bestnet’s first generation products (NetProtect, an anti-mosquito bed net) to allow the claimant to seek an award of damages. However, the High Court did not order an injunction for the subsequent products of the defendants, since they represented an advanced version which was also the result of independent work, and an injunction was considered unequal as a measure.

In 2011, the Court of Appeal confirmed all the findings of the first instance, except for the following: it considered that one of the two former employees was not aware that some pieces of information used to manufacture Bestnet’s products were Vestergaard’s trade secrets.

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1231 Vestergaard Frandsen had already obtained in 2005 an injunction in Denmark against the competing company Intection A/S.
Vestergaard appealed to the Supreme Court arguing that the employee should have been held liable for breach of confidence on three different bases:

(i) according to the employment contract, which provided for an obligation of confidentiality;
(ii) for having participated in an activity involving misuse of Vestergaard’s trade secrets;
(iii) for having participated in a breach of confidence, as the employee had worked for the trade secrets owner, and then helped to build and work for the companies that were responsible for the breaches of confidence.

The Supreme Court dismissed the appeal, stating that the employee did not acquire the confidential information herself and that she was unaware that the ‘NetProtect’ product had been developed using Vestergaard’s trade secrets.

The explicit confidentiality clause included in the employment contract could not support Vestergaard’s appeal before the Supreme Court, as the confidential information unlawfully used to develop the ‘NetProtect’ was plainly neither ‘information relating to [her] employment’ nor ‘knowledge gained in the course of [her] employment’\(^\text{1232}\). Indeed, such knowledge had been gained by the other defendant (the consultant) in the course of their consultancy work for Vestergaard.

The Supreme Court considered the scope of the duty of confidence, establishing that an action for breach of confidence is based ultimately on conscience and that a person can only be liable if he or she agrees with the misappropriation of confidential information or if he or she participates to some action being aware that it involves the misuse of confidential information.

The Supreme Court hold that: ‘\textit{Particularly in a modern economy, the law has to maintain a realistic and fair balance between (i) effectively protecting trade secrets (and other intellectual property rights) and (ii) not unreasonably inhibiting competition in the market place. The importance to the economic prosperity of the country of research and development in the commercial world is self-evident, and the protection of intellectual property, including trade secrets, is one of the vital contributions of the law to that end. On the other hand, the law should not discourage former employees from benefitting society and advancing themselves by imposing unfair potential difficulties on their honest attempts to compete with their former employers}’\(^\text{1233}\).”

\(^\text{1232}\) Paragraph 30 of the Decision.
\(^\text{1233}\) Paragraph 44 of the Decision.
ANNEX II: DATA GATHERING QUESTIONNAIRE TEMPLATE

INDEX

Section I: General information on trade secrets
1) Jurisdiction
2) Preservation of trade secrets during litigation
3) Trade secrets holders’ perception
4) Additional information

Section II: Information on trade secrets single cases
5) Court
6) Overall applicant and respondent’s profile
7) Object of disputes
8) Data on disputes
9) Cross-border issues
10) Remedies, measures sought/granted
11) Trade secrets holders’ reactions to alleged cases of misappropriation
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section I: General information on trade secrets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1. Jurisdiction</strong></td>
<td>1.1. What is the definition of ‘trade secret’ according to your jurisdiction?</td>
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<tr>
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<td>Please provide the following information:</td>
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<tr>
<td></td>
<td>1.2. Source of law for trade secrets protection</td>
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<tr>
<td></td>
<td>1.3. Scope of the available protection</td>
</tr>
<tr>
<td></td>
<td>1.4. Related effectiveness</td>
</tr>
<tr>
<td></td>
<td>1.5. Estimation on the volume of trade secrets litigation (at least for the period 2006-2016)</td>
</tr>
<tr>
<td><strong>2. Preservation of trade secrets during litigation</strong></td>
<td>Please provide an answer to the following questions:</td>
</tr>
<tr>
<td></td>
<td>2.1. How is the protection of trade secrets achieved during litigation procedures?</td>
</tr>
<tr>
<td></td>
<td>2.2. Is it possible to protect trade secrets from disclosure during litigation?</td>
</tr>
<tr>
<td><strong>3. Trade secrets holders’ perception</strong></td>
<td>Please provide an answer to the following questions:</td>
</tr>
<tr>
<td></td>
<td>3.1. Does any other issue that you would like to raise regarding your jurisdiction on trade secrets exist?</td>
</tr>
<tr>
<td></td>
<td>3.2. Does the existing legal system (regulation and case-law) deter trade secrets holders from bringing an action before the competent judicial authorities? (e.g. for lack of protection of confidentiality, for lack of appropriate remedies, for the difficulties in proving damages or the general low value of damages awarded, etc.)</td>
</tr>
<tr>
<td><strong>4. Additional information</strong></td>
<td>Please provide an answer to the following questions:</td>
</tr>
<tr>
<td></td>
<td>4.1. What type of precautionary measures are most often taken by owners of trade secrets to protect secrecy (e.g. NDAs, confidentiality clauses in agreements, technical security measures)?</td>
</tr>
<tr>
<td></td>
<td>4.2. What are the remedies for violations according to your jurisdiction (administrative, civil and criminal)?</td>
</tr>
</tbody>
</table>
4.3. How are trade secrets controlled in your jurisdiction?
4.4. What is the average time to obtain a decision/closure in a proceeding related to trade secrets?
4.5. What are the effects and regulation of the decision publication?
4.6. Can you provide any comment on the connection between labour law and trade secrets in your jurisdiction?
4.7. Does any interaction exist between privacy laws and trade secrets in your jurisdiction?

Section II: Information on trade secrets single cases

5. Court

Please provide the following information related to Court(s) dealing with trade secrets matters (i.e. Civil Courts, IP specialised Courts, Labour Courts):

5.1. Name and contacts
5.2. Location
5.3. Type of Court (specialised/non-specialised)

6. Overall applicant and respondent's profile

Please describe both the applicant's and the respondent's profile in terms of:

6.1. Type (legal person or individual, large company, SME, university, other entity)
6.2. Geographical location or residence
6.3. Economic sector
6.4. Relationship and terms between applicant and respondent (i.e. licensor v licensee, business partners, employer v employee, no relationship between parties, other)

7. Object of Disputes

7.1. What is the nature of the trade secrets litigation (e.g. business information, manufacturing process, know-how)?

8. Data on Disputes

Please provide an answer to the following questions:

8.1. Was the information claimed to be a trade secret found to be valid?
8.2. What type of evidence is required to be submitted before the Court?
### 8. Did the infringement in fact take place?

8.3. Did the infringement in fact take place?

8.4. What type of conduct occurred (e.g., reverse engineering, economic espionage, breach of an obligation of confidence, theft of trade secrets, breach of law, other)?

8.5. What kind of defence was alleged by the Respondent?

### 9. Cross-border issues

Please describe cross-border issues by taking into account the following elements:

9.1. Parties from other EU countries

9.2. Conduct took place in more than one Member State

9.3. Conduct had consequences in more than one Member State

9.4. Whether or not disputes on Court jurisdiction have occurred

9.5. Whether or not disputes on the applicable law have occurred

### 10. Remedies, measures sought/granted

Please provide the following information:

10.1. Amount of damages awarded by the Courts to Applicants and calculation method(s)

10.2. Type of injunctions issued against the illicit use of the trade secret and related time limit

10.3. Provision of corrective measures

### 11. Trade secrets holders’ reactions to alleged cases of misappropriation

As regards the outcomes of the issues raised, please provide information and comments on:

11.1. Whether litigation happened

11.2. Any settlement that occurred before or during procedures

11.3. Whether the Parties refrained from litigation

11.4. Effectiveness of non-disclosure and non-use agreements
ANNEX III: TABLES

This Annex summarises a set of selected information included within the study for all 28 EU MSs.

Selected information refers to laws containing the definition of ‘trade secret’ and granting protection to trade secrets, procedural rules ensuring protection to trade secrets during litigation, the courts competent on trade secrets disputes and the profile of parties involved in trade secrets disputes.

Accordingly, the following five tables are provided:

- Table 1. Definition of a ‘trade secret’;
- Table 2. Source of law for trade secrets protection;
- Table 3. Protection of trade secrets during proceedings;
- Table 4. Competent courts;
- Table 5. Parties’ profile.
### TABLE 1. DEFINITION OF A ‘TRADE SECRET’

<table>
<thead>
<tr>
<th>MS</th>
<th>Formal Definition</th>
<th>Other Law(s)</th>
<th>Case-law</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TS Law</td>
<td>N</td>
<td>Name of the Law(s)</td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>2</td>
<td></td>
<td>- BLPC (State Gazette No 102/2008)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Bulgarian Access to Public Information Act (State Gazette No 55/2000)</td>
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<tr>
<td>Czech</td>
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<td></td>
<td>- Civil Code (Law No 89/2012 of 3 February 2012)</td>
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<tr>
<td>Republic</td>
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<tr>
<td>Denmark</td>
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<td>Germany</td>
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<tr>
<td>Estonia</td>
<td>1</td>
<td></td>
<td>- Estonian Competition Act (RT I 2001, 56, 332)</td>
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<td>Ireland</td>
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<td>Greece</td>
<td>2</td>
<td></td>
<td>- Law No 2290/1995</td>
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<td></td>
<td>- Greek Industrial Property Law (Law No 1733/1987)</td>
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<tr>
<td>Spain</td>
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<td>France</td>
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<td>- IPC</td>
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<td>Croatia</td>
<td>1</td>
<td></td>
<td>- Data Secrecy Protection Law (Official Gazette No 108/96)</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
<td></td>
<td>- Industrial Property Code (Legislative Decree No 30 of 10 February 2005)</td>
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<tr>
<td>MS</td>
<td>Formal Definition</td>
<td>Case-law</td>
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<td><strong>TS Law</strong></td>
<td><strong>Other Law(s)</strong></td>
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<tr>
<td>Cyprus</td>
<td></td>
<td></td>
<td>N</td>
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<tr>
<td>Latvia</td>
<td>2 (commercial secret)</td>
<td>- Commercial Law (effective as of 1 January 2002)</td>
<td>- Freedom of Information Law (effective as of 20 November 1998)</td>
</tr>
<tr>
<td>Lithuania</td>
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<td>- Civil Code of the Republic of Lithuania (Law No VIII-1864/2000)</td>
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<tr>
<td>Luxembourg</td>
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<td>Hungary</td>
<td>1</td>
<td>- Hungarian Civil Code (Act V of 2013)</td>
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<tr>
<td>Malta</td>
<td>1 (fiduciary obligation)</td>
<td>- Maltese Civil Code (Chapter 30 of the Laws of Malta)</td>
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<td>Netherlands</td>
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<td>- DPC (Act of 3 March 1881)</td>
<td>- Dutch Civil Code (1992)</td>
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<td>- Industrial Property Code (Decree-law 143/2008 of 25 July 2008)</td>
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<td>Romania</td>
<td>1</td>
<td>- Unfair Competition Act (Law No 11 of 29 January 1991)</td>
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<td>2</td>
<td>- Slovenian Companies Act (Official Gazette of Republic of Slovenia No 65/2009)</td>
<td>- Prevention of Restriction of Competition Act (Official Gazette of Republic of Slovenia No 36/2008)</td>
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<td>Formal Definition</td>
<td>Other Law(s)</td>
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<td>N</td>
<td>Name of the Law(s)</td>
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<td>Criminal Code of Finland (Law No 39/1889)</td>
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<td>1</td>
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<td>Act on Protection of Trade Secrets (Lag (1990:409) om skydd för företagshemligheter)</td>
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<td>United Kingdom</td>
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### TABLE 2. SOURCE OF LAW FOR TRADE SECRETS PROTECTION

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<tr>
<th>MS</th>
<th>Specific Law on Trade Secrets</th>
<th>Unfair Competition Law</th>
<th>Competition Law</th>
<th>IP Law</th>
<th>Civil Code</th>
<th>Labour Law</th>
<th>Contract Law</th>
<th>Criminal Law</th>
<th>Common Law on Breach of Confidence</th>
<th>Others</th>
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<td>Greece</td>
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<tr>
<td>Spain</td>
<td>x (for IP and commercial matters)</td>
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<tr>
<td>France</td>
<td>x (for IP matters)</td>
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<td>Croatia</td>
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</table>
### The Baseline of Trade Secrets Litigation in the EU Member States

<table>
<thead>
<tr>
<th>MS</th>
<th>Civil Proceedings</th>
<th>Criminal Proceedings</th>
<th>Administrative Proceedings</th>
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<td></td>
<td>Specialised Court</td>
<td>Non-specialised Court</td>
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<td>Italy</td>
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<td>Netherlands</td>
<td>x (for IP matters)</td>
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<td>Finland</td>
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<td>Sweden</td>
<td>x (for disputes TS — IPRs)</td>
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<td>x (for disputes TS — IPRs)</td>
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<tr>
<td>United Kingdom</td>
<td>x (for IP matters)</td>
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</table>
### TABLE 5. PARTIES’ PROFILE

<table>
<thead>
<tr>
<th>MS</th>
<th>Company (claimant) v Employee/Former Employee (defendant)</th>
<th>Company (claimant) v Company (defendant)</th>
<th>Competition Authority (claimant) v Company (defendant)</th>
<th>Parties bound by specific contractual obligations (claimant/defendant)</th>
<th>Parties with no existing relationship before the dispute (claimant/defendant)</th>
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</thead>
<tbody>
<tr>
<td>Belgium</td>
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<td>Czech Republic</td>
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<td>Denmark</td>
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ANNEX IV: AVERAGE TIME TO OBTAIN A DECISION/CLOSURE IN A PROCEEDING RELATED TO TRADE SECRETS

This Annex presents the average duration of trade secrets litigation across the 28 EU MSs, as per the information provided by the national experts contacted for the sake of this study.

Where available, information is provided for civil, criminal and administrative proceedings. In other cases, general information on the average duration of proceedings is reported. Information not available at the time of the study has been indicated as ‘NA’.

<table>
<thead>
<tr>
<th>MS</th>
<th>Average duration of trade secrets litigation</th>
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</thead>
<tbody>
<tr>
<td><strong>Belgium</strong></td>
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<tr>
<td><strong>Civil proceedings</strong></td>
<td>As regards interlocutory or cease-and-desist actions, the trade secrets holder may request an injunction from the President of the commercial court to order the cessation of the violation or to stop the unfair trade practice. As injunctions are enforced under penalty, they are an effective means to oblige the infringer to stop the violation. Ancillary measures can also be imposed by the President of the court. Significantly, there exist limitations on the jurisdiction of the President handling a request for an injunction of a trade secrets holder. For example, he or she cannot rule on the question of compensation for damages suffered. The judgment is generally rendered between three and eight months after initiation of the case. In the event of extreme urgency and obvious and serious prejudice, a party can file a unilateral request and obtain a preliminary order between one and five days. The action on merits (including the claim for damages) is a measure used to obtain a decision on the substance of a case. The claimant will demonstrate the damage suffered. As it may be difficult to quantify economic and moral damages, most judges assess the suffered damages <em>ex aequo et bono</em>. This type of proceedings can be very long, lasting between 12 and 24 months in the first instance and up to four years in the event of an appeal.</td>
</tr>
<tr>
<td><strong>Criminal proceedings</strong></td>
<td>Criminal actions are also possible in Belgium. To ensure that the case is investigated, the trade secrets holder must file a criminal complaint before the investigation judge. This type of proceedings can last between one and four years in the first instance. If an appeal is lodged by one of the two parties, an additional two years might be counted. Proceedings last a further two years in the event of a request of judicial expertise.</td>
</tr>
<tr>
<td><strong>Administrative proceedings</strong></td>
<td>The timeline of the administrative proceedings depends on the competition offence at stake. In the first instance, the BCA usually renders its decision between 40 days and three years. The decisions of the Competition College and its President can be appealed before the Court of Appeal of Brussels. The Court of Appeal renders its decision between four months and three years. There is no specific timeline provided by law, however, Book IV of the Code of Economic Law provides that the decision should be provided in reasonable time.</td>
</tr>
</tbody>
</table>
## Average duration of trade secrets litigation

<table>
<thead>
<tr>
<th>MS</th>
<th><strong>Civil proceedings</strong></th>
<th><strong>Criminal proceedings</strong></th>
<th><strong>Administrative proceedings</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>Civil proceedings usually take between nine months and one year for each of the three possible instances.</td>
<td></td>
<td>The terms within which the procedures before the CPC are completed vary between six and nine months and the subsequent appeal before the Supreme Administrative Court varies between six months and one year per instance. The average time to obtain a final decision is approximately three years.</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>General information</td>
<td>In general, the average time to obtain a decision depends on the court where the action is filed. In particular, the average duration of proceedings is seven days for issuing preliminary measures, between one and two years for first instance judgments and between one and two years for appeal judgments.</td>
<td>As regards administrative proceedings, the average duration is about two years.</td>
</tr>
<tr>
<td>Denmark</td>
<td>General information</td>
<td>Preliminary measures can typically be obtained between two and four months. In the first instance, a court decision on the merits can be obtained between one and two and a half years.</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Civil proceedings</td>
<td>The average time to obtain a final decision in civil cases is between three and a half and five years. Such duration is articulated in a period between one and one and a half years in the first instance, between one and one and a half years in an appeal and between one and a half and two years for a final appeal with the Federal Court of Justice.</td>
<td>Administrative proceedings last, on average, between one and two years, the variation mostly depending on the duration of the FCO’s investigations.</td>
</tr>
<tr>
<td>Estonia</td>
<td>General information</td>
<td>First instance proceedings may take between one and two years. The appeal may take the same time. The last phase before the Supreme Court may also take another year.</td>
<td>As regards proceedings conducted by the ECA, the relative duration can vary between two months and two years. In general, more complex cases are likely to take over a year.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Civil proceedings</td>
<td>In civil proceedings, if an <em>ex parte</em> injunction is sought, it can be obtained immediately upon application (one or two days). An application for a preliminary injunction could be heard in a matter of weeks with the decision following shortly thereafter.</td>
<td>A full hearing could take between nine and 18 months with a decision normally following in about...</td>
</tr>
</tbody>
</table>
### Greece

**Civil proceedings**

Where civil cases are concerned, a recent amendment of the Greek Civil Procedural Code, with the abolition of adjournments and of oral proceedings, aims to minimise the time needed to issue a decision. In fact, since 2016 all cases are examined by the court only by filing a civil action, the pleadings and all the documents of proof including affidavits. The practice so far shows that in the first instance the court takes about two years to issue a decision. In an appeal, final decisions are usually obtained between two and three years following the first instance court decision. However, interim measures, if granted, are issued within six months.

**Criminal proceedings**

Criminal proceedings move very slowly and the case may be pending for at least five years before a decision of the court of first instance is issued. In the second instance, a decision takes between one and a half and two years to be issued.

**Administrative proceedings**

With specific regard to administrative proceedings, the average time from the filing of the complaint to the issuance of the decision is approximately four years for a decision in the first instance and three years for a decision in the second instance.

### Spain

**General information**

The average time to obtain a decision in IP disputes depends on the court where the action is filed. Proceedings can last on average between 12 and 18 months in the first instance and eight additional months in the second instance. The courts in Barcelona are considered the fastest.

**Administrative proceedings**

As regards administrative proceedings, the average duration is one and a half years, extendable in the event of complexity.

Commercial courts take between one and two years to issue a final decision starting from the date of filing of the claim. If the ruling is appealed, the Court of Appeal could take at least one or two more years, which means that the total time to obtain a decision could be up to four years.

If the case exceptionally reaches the Supreme Court it can take eight years in total to have a final ruling.

### France

**General information**

A first instance decision is usually issued within two years. In the event of urgent measures (e.g. preliminary injunctions) the judgment may be pronounced in a few months.

**Administrative proceedings**

Administrative proceedings, on average, last 16 months (data referring to 2010).

### Croatia

**General information**

The time to obtain a decision in trade secrets proceedings varies case by case, depending also on the type of procedure.

On average, the overall proceeding lasts between four and six years. Such time is articulated in a period between two and four years for first instance decisions and of approximately two years for second instance decisions.

With specific regard to labour disputes, the average duration is one year, rising to three years in the event of appeal.
<table>
<thead>
<tr>
<th>MS</th>
<th>Average duration of trade secrets litigation</th>
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<tbody>
<tr>
<td>Italy</td>
<td><strong>Civil proceedings</strong>&lt;br&gt; In general, a civil litigation can take up to eight years to reach the final decision, considering the first instance proceeding, the appeal proceeding and a possible Supreme Court ruling. The duration of the first instance is usually between three and four years, while the second instance may last other two years. Another two years is considered for the last instance.&lt;br&gt; However, the average time to obtain a decision in preliminary injunction proceedings is much shorter (between one and six months).&lt;br&gt; However, the law provides, in given situations, the possibility for a decision taken during the initial precautionary proceedings to become final, with incomparable time saving.&lt;br&gt; <strong>Criminal proceedings</strong>&lt;br&gt; NA.&lt;br&gt; <strong>Administrative proceedings</strong>&lt;br&gt; Administrative proceedings take about 18 months to be completed. The same duration will be considered, on average, for the appeal proceeding.</td>
</tr>
<tr>
<td>Cyprus</td>
<td><strong>General information</strong>&lt;br&gt; Although the trial of cases lasts between two and 10 years if an appeal is filed, cases involving trade secrets (and mainly involving the issuance of urgent injunctions) are handled within a shorter time.&lt;br&gt; <strong>Administrative proceedings</strong>&lt;br&gt; The duration of proceedings varies according to, for example, the complexity of the case, the number of documents involved, the witnesses involved.&lt;br&gt; Significantly, the creation of a commercial court is envisaged, which will be in charge of dealing with IP disputes. Thus, a reduction in the duration of proceedings is expected over the next few years.</td>
</tr>
<tr>
<td>Latvia</td>
<td><strong>Civil proceedings</strong>&lt;br&gt; The average time does not differ from the length of other court disputes: in civil cases the decision in the first instance is obtained between one and a half and two years.&lt;br&gt; <strong>Criminal proceedings</strong>&lt;br&gt; In criminal cases obtaining a decision may take between two and four years.&lt;br&gt; <strong>Administrative proceedings</strong>&lt;br&gt; According to competition law, the Competition Council will provide a final decision within six months from the day when the proceedings started. Such duration can be extended up to an additional 18 months only in the event of objective reasons.</td>
</tr>
<tr>
<td>Lithuania</td>
<td><strong>General information</strong>&lt;br&gt; The average time to obtain a decision in a proceeding related to trade secrets depends on the complexity of the case, procedural actions (e.g. whether the court experts’ opinion is ordered for the calculation of damages) and whether the court judgment has been appealed to the further instances.&lt;br&gt; <strong>Civil proceedings</strong>&lt;br&gt; On average civil litigation in first instance courts lasts for about one year. Appeal and cassation might lengthen the duration up to two additional years.&lt;br&gt; <strong>Criminal proceedings</strong></td>
</tr>
<tr>
<td>MS</td>
<td>Average duration of trade secrets litigation</td>
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</tbody>
</table>
| Luxembourg  | **Civil proceedings**  
               Civil preliminary injunctions can be obtained between one and two months.  
               **Criminal proceedings**  
               NA.  
               **Administrative proceedings**  
               The overall duration of administrative proceedings is between three and five years. |
| Hungary     | **General information**  
               Courts proceedings usually are completed between two and five years.  
               **Administrative proceedings**  
               HCA proceedings would last between one and a half and two years. |
| Malta       | **Civil proceedings**  
               Where civil cases are concerned, court cases typically run into several years: the first instance may take between three and four years and the appeal instance generally takes between five and six years.  
               **Criminal proceedings**  
               NA.  
               **Administrative proceedings**  
               On average, administrative proceedings before the Maltese Competition Authority last between nine months and one year. |
| Netherlands | **General information**  
               From a general point of view, the time needed to obtain a decision depends on the type of case, taking longer when the infringement of trade secrets is part of a more complex case (i.e. cross-border litigation, evidence preservation and patent infringement).  
               Interim injunctions might be granted and are typically swift (14 days). Normally these are followed by a case on the merits, which may last up to two years. The final decision is mostly obtained within six weeks after the handling of the case has ended.  
               **Administrative proceedings**  
               On average, administrative proceedings last two years. |
| Austria     | **Civil proceedings**  
               Proceedings before civil courts may last between several months and over one year in the first instance.  
               **Criminal proceedings**  
               Proceedings before criminal courts may last between several months and over one year in the first instance. |
<table>
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<tr>
<th>MS</th>
<th>Average duration of trade secrets litigation</th>
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<td><strong>Poland</strong></td>
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<tr>
<td>General information</td>
<td>On average, proceedings may take between one and a half and two years for a first instance decision and between six and 10 months for a second instance decision.</td>
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<tr>
<td>Administrative proceedings</td>
<td>Proceedings for interim injunctions are relatively quick, usually ranging between a few days and one to two months.</td>
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<td>There appears to be two main factors able to affect the timing of proceedings: the workload of the region where the court is located and the need to obtain a court expert’s opinion. For example, in Warsaw a first instance proceeding may last up to three years (if an expert is appointed) and between one and a half and two years (if an expert is not appointed). The second instance judgment may be delivered in about one and a half years.</td>
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<tr>
<td><strong>Portugal</strong></td>
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<tr>
<td>General information</td>
<td>In general terms, first instance proceedings may take between one and three years, depending on the complexity of the case.</td>
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<tr>
<td>Administrative proceedings</td>
<td>There are no time limits for the PCA to issue a decision. Decisions taken by the PCA can be appealed, in most cases, to the commerce court.</td>
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<tr>
<td><strong>Romania</strong></td>
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<tr>
<td>General information</td>
<td>The duration of trade secrets litigation may vary between several months and three years depending on the evidence proposed before the judge and on whether all the trial stages are followed. Specifically, in the first instance, civil and criminal courts may take up to two years to issue a decision.</td>
</tr>
<tr>
<td>Administrative proceedings</td>
<td>As regards preliminary injunctions, the competent court may decide in the absence of the parties. In this case a first enforceable decision might be available within 15 days. The court may also summon both parties, in which case a first enforceable decision is obtained within two months.</td>
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<tr>
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<td>As regards administrative proceedings, their duration depends mostly on the complexity of the cases and whether or not the parties may reach a settlement. Investigations may last between one and three years or, in some cases, even more.</td>
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<tr>
<td><strong>Slovenia</strong></td>
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<tr>
<td>General information</td>
<td>On average, the duration of proceedings can be estimated in a period ranging between one and three years, depending on several factors as, for instance, the nature of the claim, the complexity of the matters at issue, the type of remedies used (regular or extraordinary). Moreover, preliminary injunctions last between three days and three months.</td>
</tr>
<tr>
<td>Administrative proceedings</td>
<td>With specific regard to violations of competition provisions, the average duration of proceedings is between one and a half and two years.</td>
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<tr>
<td><strong>Slovakia</strong></td>
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<tr>
<td>Civil proceedings</td>
<td>Proceedings in civil courts can last, on average, between 18 and 24 months.</td>
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<td>Criminal proceedings</td>
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## THE BASELINE OF TRADE SECRETS LITIGATION IN THE EU MEMBER STATES

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<th>MS</th>
<th>Average duration of trade secrets litigation</th>
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<tr>
<td><strong>Finland</strong></td>
<td><strong>Administrative proceedings</strong>&lt;br&gt;The Anti-Monopoly Office of the Slovak Republic will issue a decision within six months from the starting date of the process. In complex cases, the Anti-Monopoly Office of the Slovak Republic can extend such time limit to 24 months.</td>
</tr>
<tr>
<td><strong>Civil proceedings</strong>&lt;br&gt;Civil proceedings last between six and 12 months in the first instance (district courts), between two and three years in the appeal phase and up to two years in the Supreme Court phase. However, precautionary measures (injunctions) may be granted urgently.</td>
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<tr>
<td><strong>Criminal proceedings</strong>&lt;br&gt;Criminal cases may be pending before courts for several years (e.g. in recent cases the duration of the court proceedings exceeded two years).</td>
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<tr>
<td><strong>Administrative proceedings</strong>&lt;br&gt;NA.</td>
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<tr>
<td><strong>Sweden</strong></td>
<td><strong>General information</strong>&lt;br&gt;A first instance decision usually takes up to one year.</td>
</tr>
<tr>
<td><strong>Administrative proceedings</strong>&lt;br&gt;Proceedings before the Swedish Competition Authority can take several years, usually lasting between one and two years, if they are not complex.</td>
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<td><strong>United Kingdom</strong></td>
<td><strong>General information</strong>&lt;br&gt;On average, cases that go to trial may take around 18 months to reach a first instance decision from the issue of an action (duration similar to IP cases).&lt;br&gt;Cases may settle earlier if the trade secrets misappropriation is addressed with an interim injunction, a delivery up hearing or if evidence of misuse has been secured by execution of a search order. In these circumstances, the termination of the litigation is a matter of weeks.&lt;br&gt;Cases may also last longer, especially when monetary compensation is involved. To this regard, a leading example is the Vestergaard case, which commenced in 2006 and lasted, subject to a Court of Appeal’s decision on damages, until 2016.</td>
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<td><strong>Administrative proceedings</strong>&lt;br&gt;Administrative proceedings last on average several years.</td>
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