

PRESENTATION OF THE DIRECTIVE PROPOSAL FOR THE PROTECTION OF TRADE SECRETS

**PRESENTATION OF THE PROPOSAL OF THE EUROPEAN COMMISSION AND COMPARISON WITH
THE AMENDMENTS PROPOSED BY THE EU PARLIAMENT AND BY THE COUNCIL OF THE EU**

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GERMAN-FRENCH-POLISH IP SEMINAR 2015 – THURSDAY, MARCH 19 2014



BASIS FOR THE DIRECTIVE

- **TRADE SECRETS DO NOT ENJOY EQUIVALENT LEVEL OF PROTECTION THROUGHOUT THE EU**
 - **Risk exists that stolen trade secrets (“TS”) will be used in third countries to produce infringing goods which subsequently compete with EU manufacturers and within the EU**
 - **Importance of a pan-European homogeneous definition for trade secrets**
- **THE PRINCIPLE OF PROPORTIONALITY SHOULD APPLY TO THE AWARD OF MEASURES AND EQUITABLE REMEDIES**
 - **Balance between punishing abusive behavior, AND protecting freedom of expression and information (*Art. 11 of the Charter of Fundamental Rights of the EU*)**

TRADE SECRET – DEFINITIONS (1)

- **A TRADE SECRET – ART. 2 (1)**
 - **Is a secret ! not generally known or not readily accessible**
 - *Exclusion of trivial information*
 - **Has commercial value because it is secret**
 - **Has been subject to reasonable steps by the holder to keep it secret**

Proposal of the EU Parliament:

- TS must be restricted to a secret consisting only of **undisclosed know-how** or **business information**
- TS should have **actual or potential** commercial value

TRADE SECRET – DEFINITIONS (2)

- **A TS HOLDER – ART. 2 (2)**

- Means any **NATURAL** or **LEGAL** person in control of such TS
- **Concept of lawful control of the trade secrets = key element**

- **AN INFRINGER – ART. 2 (3)**

- Means any **NATURAL** or **LEGAL** person who has *unlawfully* acquired, used or disclosed such TS

UNLAWFUL ACQUISITION, USE AND DISCLOSURE OF TS

- **ACQUISITION, USE AND DISCLOSURE CONSIDERED UNLAWFUL WHEN CARRIED OUT INTENTIONALLY OR WITH GROSS NEGLIGENCE**

- *Proposal of the EU Parliament: dropping of the “intentionally or with gross negligence” requirement → Often very difficult to prove **intention** or **gross negligence** in court*

- **ACQUISITION**, Art. 3(2) – various criteria

- *Proposal of the Council of the EU: dropping all criteria except (a) **Unauthorized access to, copying or appropriation** and (f) any other conduct contrary to **honest commercial practices***

- **USE or DISCLOSURE**, Art. 3(3) – various criteria

- **ART 3(5) – A THIRD PARTY WILL BE FOUND LIABLE IF HE CONSCIOUSLY AND DELIBERATELY PRODUCES, OFFERS AND/OR MARKETS INFRINGING GOODS**

- *Proposal of the EU Parliament: “when the person carrying out such activities knew [...] or should have known” → Aim of the proposal: to specify more thoroughly the responsibilities borne by “secondary infringers”.*

LAWFUL ACQUISITION, USE AND DISCLOSURE OF TS (1)

- **ART. 4 (1) – ACQUISITION OF TS WILL BE LAWFUL IN ANY OF THE FOLLOWING CASES**
 - **INDEPENDENTLY DISCOVERED OR CREATED**
 - **CONSEQUENT TO LAWFUL *REVERSE ENGINEERING* WHEN PRODUCT OR OBJECT HAS BEEN MADE AVAILABLE TO THE PUBLIC**
 - *Proposal of the EU Parliament: dropping the “lawful” criterion*
 - **CONSEQUENT TO LAWFUL EXERCISE OF INFORMATION AND CONSULTATION RIGHT BY RIGHT OF WORKERS REPRESENTATIVES**
 - *Proposal of the Council of the EU: deletion of this provision*
 - **ANY PRACTICE IN CONFORMITY WITH HONEST COMMERCIAL PRACTICES**

LAWFUL ACQUISITION, USE AND DISCLOSURE OF TS (2)

- **ART. 4 (2) – MEMBER STATES MUST ENSURE NO MEASURES NOR REMEDIES WILL BE ORDERED IN THE FOLLOWING CASES**
 - **LEGITIMATE USE OF THE RIGHT TO FREEDOM OF EXPRESSION AND INFORMATION**
 - **IN CASES INVOLVING A “WHISTLEBLOWER”**
 - **TS WAS DISCLOSED BY WORKERS TO THEIR REPRESENTATIVES AS PART OF THE LEGITIMATE EXERCISE OF THEIR REPRESENTATIVE FUNCTIONS**
 - *Proposal of the Council of the EU: deletion of this provision*
 - **FOR THE PROTECTION OF A LEGITIMATE INTEREST**

MEASURES, PROCEDURES AND REMEDIES

- **ART. 5 – GENERAL OBLIGATIONS**

- **TO PREVENT TS MISAPPROPRIATION MEMBER STATES SHOULD PROVIDE, IN ADDITION TO ADEQUATE DAMAGES, FOR MEASURES, PROCEDURES AND REMEDIES**

- *SUFFICIENT IN DURATION to eliminate any commercial advantage*
- *No measure of this type should nonetheless be available if the information covered by the TS is in THE PUBLIC DOMAIN for reasons extraneous to the defendant*

- **ART. 6 – PROPORTIONALITY AND ABUSE OF LITIGATION**

- **MEMBER STATES SHALL ENSURE THAT SUCH MEASURES, PROCEDURES AND REMEDIES**

1. *Be proportionate,*
2. *Avoid the creation of barriers to trade in the internal market*
3. *Provides for safeguards against abuse*

LIMITATION PERIOD

- **ART. 7 – ACTIONS FOR THE APPLICATION OF THE MEASURES, PROCEDURES AND REMEDIES**
 - May be brought at least one year but no more than two years after the date on which the applicant became aware, or had reasons to become aware, of the last fact giving rise to the action
 - Proposal of the EU Parliament: “within three years after the date [...] of the last fact giving rise to the action”
 - Proposal of the Council of the EU:
 - *Limitation period to be determined by each Member state*
 - *Limitation period may not exceed 6 years*

PRESERVATION OF THE CONFIDENTIALITY OF TS IN THE COURSE OF LEGAL PROCEEDINGS (1)

- **ART. 8 (1) – MEMBER STATES SHOULD PROVIDE**
 - **That any person participating in legal proceedings *relating to the UNLAWFUL ACQUISITION, USE OR DISCLOSURE OF A TS* be prevented from disclosing it**
 - **Disclosure only possible :**
 1. *Where litigious information is not considered TS for the purpose of this directive*
 - Proposal of the EU Parliament: “by a final decision”
 2. *Where the information becomes generally known or readily accessible*

PRESERVATION OF THE CONFIDENTIALITY OF TS IN THE COURSE OF LEGAL PROCEEDINGS (2)

- **ART. 8 (2) – MEMBER STATES SHALL ENSURE**
 - **THAT COMPETENT JUDICIAL AUTHORITIES MAY TAKE SPECIFIC MEASURES TO PROTECT THE CONFIDENTIALITY OF A TS DURING THE COURSE OF THE PROCEEDINGS**
 - **THAT THE SPECIFIC MEASURES INCLUDE AT LEAST THE POSSIBILITY**
 - a) *To restrict access to any document submitted by the parties or third parties, in whole or in part*
 - **Proposal of the Council of the EU / Proposal of the EU Parliament: provided that at least one person from each of the parties and their representatives have access to such document**
 - b) *To restrict access to hearings and corresponding records or transcript*
 - **Under exceptional circumstances: restriction to legal representatives and authorized experts only**
 - **Proposal of the Council of the EU / Proposal of the EU Parliament: provided that at least one person from each of the parties are included**
 - c) *To make available a non-confidential version of any judicial decision*

PRESERVATION OF THE CONFIDENTIALITY OF TS IN THE COURSE OF LEGAL PROCEEDINGS (3)

- **ART. 8 (2)**

- **WHEN EVIDENCE LAWFULLY IN CONTROL OF A PARTY IS KEY FOR THE DETERMINATION OF THE OUTCOME OF THE LITIGATION AND THE JUDGE HAS RULED THAT SUCH TS IS PROTECTABLE AND MAY NOT BE DISCLOSED**

- *The judge may nevertheless authorize such disclosure to the legal representatives of the other party, and to authorized experts*
- *Proposal of the Council of the EU / Proposal of the EU Parliament : dropping this provision, because parties should have a minimum degree of access to all documents relevant to the proceedings*

- **ART. 8 (3) – PROPORTIONALITY**

- **BALANCE BETWEEN THE LEGITIMATE INTERESTS OF THE PARTIES OR THIRD PARTIES, AND POTENTIAL HARM**

- *Proposal of the EU Parliament: Member States should provide that refusal of measures for the preservation of confidentiality may be the subject of an appeal*
- *Proposal of the Council of the EU: judicial authorities shall also take into account the need to ensure the rights to an effective remedy and to a fair trial*

INTERIM AND PRECAUTIONARY MEASURES

- **ART. 9 – THE FOLLOWING INTERIM AND PRECAUTIONARY MEASURES SHOULD BE MADE AVAILABLE BY MEMBER STATES**
 - **Competent judicial authorities should be able to order the**
 - a) Cessation or prohibition of a litigious use or disclosure of the TS*
 - b) Prohibition to produce, offer, market or use infringing goods*
 - c) Seizure or delivery of the suspected infringing goods as to prevent entry or circulation on the market*
 - **Additionally: judicial authorities may authorize the continuation of the alleged infringing acquisition, use or disclosure, subject to the lodging of guarantees**

INJUNCTIONS AND CORRECTIVE MEASURES

- **ART. 11 – WHEN A JUDGE WILL FIND THAT A TS HAS BEEN UNLAWFULLY ACQUIRED, USED OR DISCLOSED**
 - **Competent judicial authorities, at the request of the applicant, should be entitled to order**
 - a) The cessation, prohibition or disclosure of the TS*
 - b) The prohibition to produce offer, market, import, export or store infringing goods*
 - c) The adoption of any appropriate corrective measures with regard to the infringing goods*
- **ART. 11(3) – ENFORCEMENT AND COSTS OF ENFORCING INJUNCTIONS AND CORRECTIVE MEASURES**
 - **Member States shall provide that judicial authorities may order the delivery of all infringing goods to the TS holder or to charitable organizations**

PUBLICATION OF JUDICIAL DECISIONS

- **ART. 14 – PUBLICATIONS OF JUDGMENTS**

- **Judges may order such publication**

- *At the request of the applicant*
- *At the expense of the infringer*
- *As long as the confidentiality of the TS is preserved*

- **Assessing the proportionality of a publicity measure → balance between**

- *Harm caused to the infringer's privacy and reputation (if he is a natural person)*
- *The value of the TS*
- *The conduct of the infringer in the acquisition and disclosure of the TS*
- *The impact of the unlawful disclosure or use of the TS*
- *The likelihood of further unlawful disclosure or use of the TS*

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**THANK YOU FOR
YOUR ATTENTION**

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