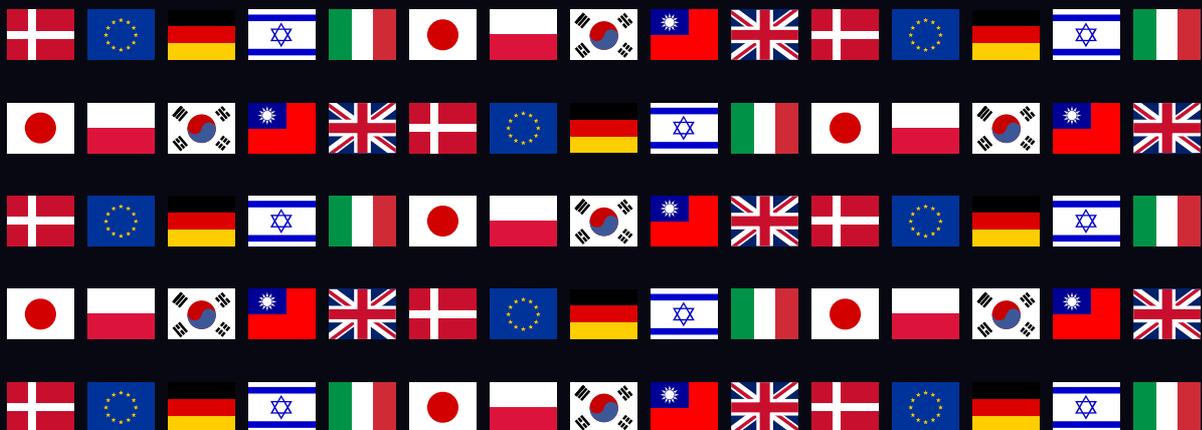


# TRADE SECRETS

Denmark, European Union,  
Germany, Israel and 6 more



# Trade Secrets

Consulting editors

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*Carpmaels & Ransford LLP*

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Quick reference guide enabling side-by-side comparison of local insights, including protection; misappropriation; enforcement; remedies; and recent trends.

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# Table of contents

## PROTECTION

Legislation and legal definition

Ownership

Secrecy

Commercial value

Protective measures

Best practices

## MISAPPROPRIATION

Definition

Exclusions

Elements of misappropriation

Burden of proof

Extraterritorial acts

## ENFORCEMENT PROCEEDINGS

Causes of action

Court jurisdiction

Procedural considerations

Limitation periods

Secondary liability

Obtaining and preserving evidence

Expert evidence

Confidentiality during litigation

Defences

Appeal

Costs

Litigation funding

Alternative dispute resolution

Enforcement risks

## REMEDIES

Injunctions

Damages

**Other civil remedies**

**Criminal remedies**

**Administrative remedies**

**UPDATE AND TRENDS**

**Key developments and future prospects**

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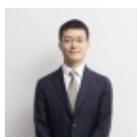


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## PROTECTION

### Legislation and legal definition

What legislation governs the protection of trade secrets in your jurisdiction? How is a 'trade secret' legally defined?

#### DENMARK

CLEMENS ADVOKATFIRMA

In Denmark, the most important piece of legislation governing the protection of trade secrets is Act No. 309 of 25 April 2018 on Trade Secrets (the Trade Secrets Act).

The Trade Secrets Act, which came into force on 9 June 2018, contains rules on protection against illegal acquisition, use and disclosure of trade secrets.

The Trade Secrets Act is based on – and implements – Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

In addition to the Trade Secrets Act, the Danish Criminal Code contains provisions regarding, inter alia, industrial espionage and penalties for serious misuse and unlawful disclosure of trade secrets.

A 'trade secret' is defined in the Trade Secrets Act as information that (1) is secret (ie, not generally known among or readily accessible to persons within the circles that normally deal with the information in question; (2) has a commercial value because it is secret; and (3) has been subject to reasonable measures of secrecy.

*Law stated - 09 August 2023*

#### EUROPEAN UNION

FRESHFIELDS BRUCKHAUS DERINGER

The term 'trade secret' describes a wide range of information that extends beyond technological knowledge regarding commercial data such as information on customers, suppliers, business plans, market research, strategies and new products, provided that such information is undisclosed and intended to remain confidential. Businesses across all sectors use confidentiality as both a business competitiveness and innovation management tool and value trade secrets as much as other means of protecting their innovation-related activities, such as patents, design rights, copyrights or other types of intellectual property. Small and medium-sized enterprises (SMEs) rely heavily on trade secrets in particular.

With the rapidly increasing digitalisation of the entire economy as well as the widespread availability of technologies such as artificial intelligence, trade secrets have become increasingly more relevant for businesses as a compliment or an alternative to intellectual property rights to protect valuable know-how and business information – often referred to as the 'currency' of today's knowledge and data economy. Increased digitalisation, connectivity and globalisation has also resulted in an increase of exposure of businesses to trade secret misappropriation in the form of 'cyber theft', data breaches and industrial espionage.

However, before the Trade Secrets Directive, legal protection against the unauthorised acquisition, use and disclosure of trade secrets in the European Union was, compared to the recourse available against the infringement of intellectual property rights, underdeveloped and inconsistent across EU member states. This combination of a comparatively low level of protection and the lack of a uniform framework for trade secrets negatively affected European businesses' ability to innovate, and on the whole, to properly function in the internal market.

The above-mentioned considerations were the backdrop against the adoption of Directive 2016/943/EU (Trade Secrets Directive) on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. The Trade Secrets Directive had to be implemented into national law by all EU member states by 9 June 2018. The Trade Secrets Directive established a homogenous set of minimum standards of

protection across the European Union; namely, EU member states may provide for more far-reaching protection, provided that compliance with certain mandatory exemptions and safeguards set out in the Trade Secrets Directive (eg, exemptions in respect of freedom of expression and whistle-blowing or the maximum limitation period of six years) is ensured. This means that EU member states have a certain amount of flexibility when implementing the Directive into their respective national laws.

The Trade Secrets Directive deals only with civil remedies against the unlawful acquisition, use and disclosure of trade secrets. EU member states' laws and regulations on criminal sanctions or the use of trade secrets in administrative, public procurement or other national proceedings before governmental or other public authorities are out of scope and remain unaffected. Unfair competition laws, based on Directive 2005/29/EC (Unfair Commercial Practices Directive) on unfair business-to-consumer commercial practices in the internal market, also remain unaffected and may apply, depending on the circumstances, in addition to the Trade Secrets Directive.

At the heart of the Trade Secrets Directive, a uniform definition of what constitutes a 'trade secret' is introduced, building on the definition included in article 39 of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of 15 of April 1994 (amended on 23 January 2017), by which both the European Union and all of its member states are bound. According to article 2 of the Trade Secrets Directive, 'trade secret' means information that:

- 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;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances by the person lawfully in control of the information to keep it secret.

According to the recitals, the definition should be construed to cover know-how, business and technological information where there is both a legitimate interest in keeping them confidential and an expectation that such confidentiality will be preserved. It intends to exclude trivial information as well as experience and skills gained by employees in the normal course of their employment.

The definition is not only similar to the definition found in article 39 of the TRIPS Agreement but also to the definition contained in the US federal Defend Trade Secrets Act of 2016.

*Law stated - 07 August 2023*

## GERMANY

## COHAUSZ & FLORACK

Trade secrets are mainly covered by the new Trade Secret Act (GeschGehG), which implements Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of confidential know-how and confidential business information (business secrets) against unlawful acquisition, use and disclosure, and entered into force on 26 April 2019. Trade secrets may also be protected in parallel by claims based on other acts (for example, by the Act Against Unfair Competition). However, these acts regularly have a different scope of protection outside of the GeschGehG and therefore usually require special accompanying circumstances.

Under section 2, paragraph 1 of the GeschGehG, 'trade secret' is legally defined as:

*'information that is not, either as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons in the circles that normally deal with the kind of information and that is therefore of commercial value; that is subject to reasonable steps under the*

*circumstances, by its rightful owner, to keep it secret; and where there is a legitimate interest in confidentiality.'*

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

The protection of trade secrets is governed by the Commercial Torts Law, 5759-1999 (the Law) and the Commercial Torts Regulations (Remedies and Procedures), 5760-1999 (the Regulations). Chapter two of the Law, which refers specifically to the misappropriation of trade secrets, defines 'trade secret' as follows :

*'Commercial information, of every kind, which is not in the public domain, and is not easily discoverable by lawful means by others, the secrecy of which grants its owner a business advantage over its competitors, provided that its owner implements reasonable measures to keep the information secret.'*

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

The main source of law regulating the protection of trade secrets is the Italian Industrial Property Code (Legislative Decree No. 30 of 10 February 2005).

In particular, article 98 of the Industrial Property Code provides the legal definition of trade secrets, stating that this term includes any technical and commercial information that meets the following requirements:

- it is secret in the sense that it is not, as a whole or in the precise configuration and assembly of its components, generally known among or readily accessible to experts and operators in that field;
- it has commercial value because it is secret; and
- it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

In addition to the provisions contained in the Industrial Property Code, trade secrets are protected under article 623 of the Italian Criminal Code, which punishes, with up to two years' imprisonment, anyone who, having become aware of trade secrets by reason of their status or occupation or by having unlawfully obtained them, discloses or uses the trade secrets for their own (or a third party's) benefit.

Furthermore, to seek protection against the violation of trade secrets, one may also invoke the general provisions concerning acts of unfair competition contained in article 2598 of the Italian Civil Code.

Finally, as a member of the European Union, Italy is also subject to European legislation (regulations and directives) concerning trade secrets.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The Unfair Competition Prevention Act (the Act) governs the protection of trade secrets. The Civil Code also applies to more general aspects, such as the statute of limitations and tort and contract law principles.

A 'trade secret' is defined in the Act as 'a production method, sales method, or any other technical or operational information useful for business activities that is kept secret and is not publicly known'.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

In Poland, 'trade secret' is legally defined only in the Unfair Competition Act from 16 April 1993. Under the Unfair Competition Act, a trade secret is information that jointly meets the following criteria:

- it is technical, technological and organisational information of the enterprise or other information of economic value;
- it has not been disclosed to the public; and
- the entitled entity has taken necessary measures to maintain confidentiality with respect to this information.

All three requirements (ie, economic value, confidentiality and appropriate measures to keep information confidential) are indispensable in order for the trade secret to enjoy legal protection. The three criteria can be construed in many ways; thus, it is not always clear whether all requirements are in fact met.

- Economic value is not legally defined in Poland. However, the common understanding is that information of economic value influences an enterprise's market value.
- Confidentiality means that the information is not generally known or easily accessible for persons who usually deal with this type of information. As a result, information that has been disclosed to the public or can be found by any competitor through the usual and permitted means loses its legal protection in terms of trade secrecy.
- Appropriate measures mean the entitled entity must demonstrate a will and effort to keep the information in confidence. The entrepreneur must take sufficient protective measures to keep the information confidential.

Additionally, except from the protection granted by the Unfair Competition Act from 16 April 1993, the trade secrecy enjoys further protection based on the following Polish acts of law.

- The Civil Code of 23 April 1964 (article 72(1) section 1): if during negotiations a party has disclosed confidential information, the other party shall be obliged not to disclose or communicate it to others and not to use the information for its own purposes.
- The Industrial Property Law of 30 June 2000 (article 64 section 3): A patent for an invention concerning a manufacturing process also covers products directly obtained through this method. It is presumed that the product that can be obtained by the patented process was manufactured by that process; however, the defendant can provide evidence to the contrary. When admitting such evidence, the defendant's legitimate interest in protecting his production and trade secrets should be taken into account.
- The Industrial Property Law of 30 June 2000 (article 79): the provisions on the licence of intellectual property rights shall also apply to the licence of an unpatented invention constituting a trade secret (so the licence protection will apply).
- The Commercial Companies Code of 15 September 2000 (article 428 section 2): the board of directors may refuse to provide information to a shareholder if this could damage the company by revealing technical, commercial or organisational secrets of the company.
- The Public Procurement Law of 11 September 2019 (article 18 section 3): as a rule, the public procurement procedure is public, but information constituting a trade secret shall not be disclosed if the contractor, along with the submission of such information, stipulated that the information cannot be disclosed and demonstrated that the information constitutes a trade secret.
- The Labour Code of 26 June 1974 (article 100 section 2) the employee is obliged to keep confidential any information that, if disclosed, could expose the employer to damage.

*Law stated - 04 August 2023*

In Korea, trade secrets are governed by the Unfair Competition Prevention and Trade Secret Protection Act (UCPA). The UCPA defines a trade secret as 'information, including production methods, sales methods or other technical or business information useful for business activities, which is not known publicly, is managed as a secret, and has independent economic value' (article 2(2) of the UCPA).

*Law stated - 04 September 2023*

## **TAIWAN**

## **LEE AND LI ATTORNEYS AT LAW**

The Trade Secrets Act is the main legislation governing the protection of trade secrets in Taiwan. The Criminal Code also has some relevant articles. Moreover, when there is an intellectual property lawsuit or a commercial lawsuit that involves trade secrets, the Code of Civil Procedure, Commercial Case Adjudication Act and Intellectual Property Case Adjudication Act also contain several articles to protect trade secrets in the litigation process. 'Trade secret' usually means any method, technique, process, formula, program, design or other information that may be used in the course of production, sales or operations of trade and meets the following requirements:

- it is not generally known to persons involved in information of this type;
- it has economic value, actual or potential, due to its secretive nature; and
- its owner has taken reasonable protective measures to maintain its secrecy.

*Law stated - 08 August 2023*

## **UNITED KINGDOM**

## **CARPMAELS & RANSFORD LLP**

The United Kingdom has two separate regimes for protecting trade secrets, which operate in parallel:

- common law of confidentiality (breach of confidence); and
- Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) (the Regulations). The Regulations came into force in the United Kingdom on 9 June 2018 and implemented the EU Trade Secrets Directive (EU) 2016/943.

The essential principles of common law doctrine of the law of confidence have been long settled, with *Coco v AN Clark (Engineers) Limited* defining confidential information (and breach thereof) as information that:

- has a 'necessary quality of confidence';
- was provided in circumstances giving rise to an obligation of confidence; and
- was used without the authorisation of the holder.

Case law has traditionally drawn a distinction between information with a sufficiently high degree of confidentiality to be classed as a 'trade secret' and 'mere confidential information' ( *Faccenda Chicken Limited v Fowler and Others* [1986] FSR 291 ). Recent case law has indicated that now, the best definition of a trade secret is that set out in the Regulations, suggesting the common law is falling into step with the Regulations.

Regulation 2 defines a 'trade secret' as information that:

- 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;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

The definition of 'trade secrets' in the Regulation is derived from article 39(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights .

As a result, the United Kingdom definition of 'trade secret' shares its DNA not only with that of the EU but also the United States and other countries.

*Law stated - 19 September 2023*

## Ownership

### How is ownership of a trade secret established?

#### DENMARK

#### CLEMENS ADVOKATFIRMA

The Trade Secrets Act does not operate with the concept of 'ownership' to trade secrets in the same sense as legislation on intellectual property rights contains provisions regarding ownership of intellectual property rights.

Instead, the Trade Secrets Act uses the term 'trade secrets holder', which means any natural person or legal entity lawfully controlling a trade secret. In principle, this means that the same trade secret can be controlled by more than one trade secrets holder. This is in line with the general principles of trade secrets law according to which it is possible – subject to the concrete circumstances – that more than one person or legal entity can claim rights to the same trade secret on the same technology or commercial information.

A natural person or a legal entity will be regarded as a lawful trade secrets holder if the trade secret in question is obtained by:

- independent discovery or creation;
- observation, disassembly, etc of a product or object that has been lawfully made available to the public or that is lawfully in the possession of the natural person or legal entity;
- exercising workers' rights or workers' representatives' rights to information and consultation in accordance with EU and national laws and practices; and
- any other practice that, under the circumstances, is in conformity with honest commercial practices (eg, obtaining secret information through specific expertise within a certain business area).

*Law stated - 09 August 2023*

#### EUROPEAN UNION

#### FRESHFIELDS BRUCKHAUS DERINGER

The Trade Secrets Directive is silent on how ownership of a trade secret is established, but it defines the 'trade secret holder' as any natural or legal person lawfully controlling a trade secret. This would include, for instance, the person who created the trade secret, its employer or a person who acquired the trade secret from the original holder by way of transfer or licence.

Notably, and contrary to other forms of intellectual property protection, the Trade Secrets Directive does not grant an exclusive right to the trade secret holder but merely offers protection against the unlawful acquisition, use and disclosure – not limiting third parties' rights to obtain access to the same information, for example, by way of independent research or reverse engineering (to the extent lawful under applicable national law).

*Law stated - 07 August 2023*

#### GERMANY

#### COHAUSZ & FLORACK

The GeschGehG and Directive (EU) 2016/943 do not use the term owner. While secret know-how has been qualified as

economic asset closely resembling an ownership right, it has not been qualified as full property right. The new act has narrowed this gap further since it contains provisions dealing with the fungibility of secret information. However, the term used is 'holder' ( Inhaber ). The trade secret holder is any natural or legal person lawfully controlling a trade secret (see section 2, paragraph 2 of the GeschGehG). This means that, with regard to the same information, more than one holder may exist provided that the trade secret was acquired lawfully and the holder exercises control, which is more than actual knowledge of the secret and comprises legal and factual dominion, such as by the employer in a labour relationship. Such control may be the basis of licensing a trade secret.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

Section 5 (in Chapter two of the Law) defines the owner of a trade secret as 'including someone who has legal possession of a trade secret'. This definition of ownership is broad, since it provides to any person legally holding a trade secret the right to sue in case of misappropriation of the trade secret.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

Trade secrets are unregistered intellectual property rights and therefore there is no public register certifying their existence and ownership.

In any event, anyone who holds a set of information that meets the requirements of article 98 of the Industrial Property Code, either having developed it independently or by means of reverse engineering operations or having acquired the ownership by way of a contract, shall be deemed to be the lawful owner of the trade secrets.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

Under the Act, the concept of 'ownership' of a trade secret is not recognised. Instead, those (persons or entities) whose business interests have been, or are threatened to be, infringed on by misappropriation or illegal disclosure shall have the right to seek an injunction.

In practice, the scope of those persons or entities qualified for such injunction right is usually identical to those (persons or entities) who lawfully keep the trade secret in secrecy (for convenience, such persons or entities are referred to as 'holders' of trade secrets hereinafter).

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

An entity entitled and protected by the Unfair Competition Act in view of trade secrecy is an entrepreneur – a natural or legal person or organisational unit without legal personality, who, conducting (even incidentally) commercial or professional activity, participates in business activity. The concept of entrepreneur in this act is much broader than in other legal acts.

Trade secrets are disposable under Polish law and can be transferred individually (eg, simple sale of the information) or even as a part of an enterprise or organised part of the enterprise via sale of shares or sale of assets. Trade secret can also constitute a contribution in kind to the company made by a shareholder.

It should be noted that the new owner of a trade secret must also meet all three criteria to enjoy protection (ie, economic value, confidentiality and appropriate security measures requirements).

*Law stated - 04 August 2023*

**SOUTH KOREA****BAE, KIM & LEE LLC**

While the UCPA does not provide for the specific standards for determining the ownership of a trade secret, one who is in possession of a trade secret is generally deemed to have the ownership of the trade secret.

*Law stated - 04 September 2023*

**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

Registration is not required under the law for trade secret protection. But some owners register with some institutes to prove trade secret ownership as well as the content thereof. As long as the owner can prove it created the trade secret, it can declare ownership thereof. Further, the contract between parties can also establish the ownership of a trade secret between parties. If the trade secret is the result of research or development conducted by an employee for the performance of work, the trade secret shall belong to the employer unless otherwise provided for in the employment contract. If a trade secret is the result of research or development by an employee outside the performance of employment, but is the result of utilising the employer's resources or experience, the employer may make use of such a trade secret in its business after paying a reasonable compensation to the employee. If a party engages another party (non-employee) to conduct research or development that resulted in a trade secret, the ownership of the trade secret shall be determined by the terms of the engagement contract. If the ownership is not specified in that contract, the trade secret shall belong to the engaged party; however, the engaging party shall be entitled to make use of such trade secret within his or her business scope.

*Law stated - 08 August 2023*

**UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

To date, the UK courts have refused to call trade secrets a form of property. As a result, the person who possesses a trade secret is a 'trade secret holder', defined as 'any person lawfully controlling a trade secret' (Regulation 2). In litigation, a claimant will need to establish a legitimate interest in the protection of the information.

*Law stated - 19 September 2023*

**Secrecy**

What criteria are used to establish the state of secrecy of a trade secret before misappropriation or disclosure?

**DENMARK****CLEMENS ADVOKATFIRMA**

It follows from the Trade Secrets Act that a trade secret is information that is not generally known or readily available within the relevant competitive environment. Also, the information in question must have been subject to reasonable measures of secrecy.

Insignificant information, knowledge and skills that employees typically acquire during employment are not considered to be trade secrets. Also, information that is generally known or readily available to persons in the circles that usually deal with similar types of information is not regarded to be a trade secret. Overall, the court must assess the information on a case-by-case basis.

*Law stated - 09 August 2023*

**EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

The Trade Secrets Directive does not provide for specific criteria. The trade secret holder will have to demonstrate that:

- the information in question was not generally known among, or is not readily accessible to, persons within the circles that normally deal with such information; and
- the information has been subject to reasonable steps under the circumstances to keep it secret.

Guidance on the practical application of both criteria will have to be developed by national courts and ultimately the Court of Justice of the European Union (CJEU).

*Law stated - 07 August 2023*

## GERMANY

## COHAUSZ & FLORACK

The GeschGehG provides for the requirements in section 2(1) of the GeschGehG to be met. Unlike the absolute 'novelty' requirement set out in Germany's patent law, information is protected as trade secret if it 1) is not easily accessible to third parties active in the relevant field of knowledge and 2) has a commercial value. The threshold for establishing such value will usually not be very high. However, while under the old law only a perceivable will to maintain secrecy was required, the GeschGehG now requires that steps have been taken by the holder to maintain secrecy under the circumstances. A lack of appropriate confidentiality measures has the consequence that the protection of a trade secret based on the GeschGehG is lost.

The required steps are not defined in the act and criteria have only been partly defined through case law since 2019. Hence, there are no uniform requirements for the protection of trade secrets and the courts decide on a case-by-case basis. Adequate protection does not require the best possible protection, so as not to restrict the concept of secrecy too much. The trade secret holder should at least be able to prove that a protection concept tailored to the respective trade secrets was applied. In this respect, pure general references to technical IT security measures or access controls to the business premises typically do not meet the requirements for demonstrating an appropriate confidentiality protection concept. With regard to the criteria to be used to establish the state of secrecy in a protection concept, the legal literature recommends implementing a three-part distinction between top secret (highest protection level), important (medium protection level) and sensitive (low protection level) information.

Minimum standards defined by case law are, for example, complying with a need-to-know principle, eliminating emerging data leaks, and prohibiting employees from storing electronic files (without password protection) on private data carriers.

Further, generally held employment contract provisions that extend boundlessly to all company information received during the employment relationship ('catch-all clauses') are seen as critical if relevant trade secrets are disclosed on the basis of such agreements.

Further examples of possible confidentiality measures, mentioned by the legislator in the explanatory memorandum to the GeschGehG, are technical access barriers (access locks, spatial access protections, cybersecurity measures, etc), general internal guidelines and instructions, and labour law security mechanisms.

*Law stated - 09 August 2023*

## ISRAEL

## GILAT BAREKET & CO, REINHOLD COHN GROUP

The definition of 'trade secret' in the Law sets forth three criteria that must be met to establish the secrecy of the trade secret before misappropriation or disclosure:

- the information is not in the public domain, and is not easily discoverable by lawful means;
- the secrecy of the information provides its owner with a business advantage over its competitors; and
- the owner must implement reasonable measures to keep the information secret.

*Law stated - 13 September 2023*

**ITALY****JACOBACCI AVVOCATI**

The legal definition of secrecy is provided by article 98 of the Italian Industrial Property Code, which defines as secret any information that is not, as a whole or in the precise configuration and assembly of its components, generally known among or readily accessible to experts and operators in that field.

Generally known information means any information that is already in the public domain in the field or that becomes known as a result of an act of disclosure by the rights holder or a third party. However, the fact that several parties may have knowledge of the same information does not preclude the existence of secrecy as long as, due to the limited number of holders, the information may continue to be defined as not generally known, and that competitors cannot access it except by undertaking demanding research, or by acquiring it from the holders.

Secondly, information that is not easily accessible, as interpreted by case law, has to be assessed in the light of the costs and time that a competing company would have to invest if it wanted to obtain the same information independently; thus, information is considered to be not easily accessible when one must dedicate considerable time and investments to obtain it, to be assessed in relation to the specific industry.

Finally, with reference to the notion of experts and operators in the sector, it is necessary to point out that the notion of 'state of the art' must be understood in a relative sense, and not in an absolute sense, as in patent matters. For these purposes, therefore, it is necessary to consider the figure of a qualified operator who is aware not of all the information that is abstractly accessible, but only of the information actually known or easily knowable in the sector, as well as that information that can easily be deduced from the same.

*Law stated - 11 August 2023*

**JAPAN****ANDERSON MŌRI & TOMOTSUNE**

To qualify as a 'trade secret' protected under the Act, information must be kept secret by the holder. The holder's subjective intention to keep the information as a secret alone is not sufficient to meet this requirement. The information must be actually and objectively kept secret by appropriate measures that are deemed reasonable in the circumstances in a way that the holder's intention can be objectively recognised. Also, the information must not be publicly accessible or obtainable by a third party with reasonable efforts (including by easy reverse engineering).

In practice, the following factors are often taken into consideration:

- whether the access to the information is limited; and
- whether the person who does access the information can recognise that the information is a secret.

Also, the following circumstances would support the secrecy of information:

- marking as 'confidential';
- storage in cabinets that can be locked;
- control by passwords;
- creation of a list of trade secrets; and
- execution of a confidentiality agreement.

*Law stated - 07 September 2022*

**POLAND****ERNST & YOUNG**

The information is considered a secret when it is not generally known, or, in case of non-public information, if it is not easily accessible to persons who normally deal with this type of information.

The confidential nature of the information constituting a trade secret is extinguished in case of publishing. The publishing of information may have the same detrimental effect whether it is done domestically or internationally. Furthermore, even partial publication may lead to the loss of confidentiality of the trade secret. In case only a part of the formerly confidential information is publicly available and, based on this partial information, it becomes possible for third parties to reproduce the entire trade secret, the confidentiality of the whole trade secret is lost. Possible reproduction of information includes reverse engineering, which is generally a permitted method of trade secrecy acquisition by third parties. As such, entitled entrepreneurs should make sure that any information published is checked against possible acts that may lead to reproduction of the trade secret and reverse engineering.

*Law stated - 04 August 2023*

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**SOUTH KOREA****BAE, KIM & LEE LLC**

Trade secrets must not have been disclosed prior to misappropriation or disclosure. However, disclosure of trade secret to a person or an entity under a duty of confidentiality does not affect the secrecy of the trade secret.

*Law stated - 04 September 2023*

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**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

The state of secrecy of a trade secret may only be established if it is not generally known to persons in the same field of business. According to the practice in Taiwan, trade secrets can further be divided into two categories (ie, 'commercial information' and 'technical information'). 'Commercial information' usually refers to information such as client lists, points of sales, costs of goods purchased, cost analysis, and 'technical information' usually refers to technical skills, manufacturing process or formulae.

In principle, the state of secrecy of the commercial information can be established if the information is acquired through considerable investments in manpower, funding or time, and if the business may obtain a competitive edge through such information. It is not a requirement that other businesses in the same field should have no access to or knowledge of such information. However, the rights holders of technical information usually must prove their exclusive knowledge of said information to establish the state of secrecy.

Moreover, if such information only indicates the name, address, or other basic contact information of the client but does not involve the client's preferences, special needs, backgrounds, or any internal information, and such information also can be obtained in a certain way in the market, then it is possible to be rejected by the court as a trade secret to be protected.

*Law stated - 08 August 2023*

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**UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

Under the common law, confidential information is required to have 'a necessary quality of confidence ... namely it must not be something which is public property and public knowledge' ( Saltman Engineering Co v Campbell Engineering Co (1948) ). This idea of secrecy is developed and outlined in the Regulations, which provide that trade secrets are information that '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' (Regulation 2(1)).

Under the English common law, there is no requirement that the confidential information has a commercial value (though it would, in practice, be rare for a case to reach the courts unless it had such value). Rather, evidence that access to the information was restricted and documents marked as confidential are relevant to an assessment of secrecy. There is an interplay between the definitions above and the requirement in the Regulations that 'reasonable steps' had been taken to keep a trade secret confidential.

Examples of information that may be protected as a trade secret include:

- customer lists (Trailfinders Limited v Travel Counsellors Limited & Ors [2020] EWHC 591 (IPEC));
- chemical formulae (Johnson & Bloy (Holdings) Ltd v Wolstenholm Rink plc [1989] FSR 135);
- engineering drawings, designs and inventions (unless published in applications for patents or registered designs);
- specific or technical (or both) data (Celgard, LLC v Shenzhen Senior Technology Material Co Ltd [2020] EWHC 2072 (Ch), upheld on appeal [2020] EWCA Civ 1293); and
- recipes (eg, that for the specifically Scottish soft drink, Irn Bru).

*Law stated - 19 September 2023*

## Commercial value

### How is the commercial value of a trade secret established?

#### DENMARK

#### CLEMENS ADVOKATFIRMA

The Trade Secrets Act does not contain any provisions in which it is determined how the commercial value of a trade secret is established.

However, it follows from the preamble of the EU Directive upon which the Trade Secrets Act is based that information should be considered to have a commercial value, for example, where its unlawful acquisition, use or disclosure is likely to harm the interests of the person lawfully controlling it by weakening that person's scientific and technical potential, business or financial interests, strategic positions or ability to compete.

It is generally assumed that the assessment of whether information has a commercial value should be made leniently, as the secret nature of the information in question makes it difficult to carry out a comprehensive valuation.

*Law stated - 09 August 2023*

#### EUROPEAN UNION

#### FRESHFIELDS BRUCKHAUS DERINGER

According to the recitals, this requirement would be met regardless of whether the commercial value is actual or potential. For example, a trade secret should be considered to have commercial value, where its unlawful acquisition, use or disclosure is likely to harm the interests of the person lawfully controlling it (in that it undermines that person's scientific and technical potential, business or financial interests, strategic positions or ability to compete).

Essentially, this would also capture information relating to unlawful or dishonest commercial practices (eg, information about past non-compliance with certain legal requirements). While such information may pass the above tests to qualify as having commercial value deriving from its secrecy (given that unauthorised disclosure would undoubtedly hurt the holder), it would be questionable to grant trade secret protection in such a case. The person disclosing such information may justify disclosure not only based on the Trade Secrets Directive's safeguards on proportionality and abuse of process, but also on the exception for the purpose of revealing misconduct, wrongdoing or illegal activity, provided that such person acted for the purpose of protecting the general public interest (article 5(b)).

*Law stated - 07 August 2023*

#### GERMANY

#### COHAUSZ & FLORACK

There is no legal definition of the 'commercial value of a trade secret' required for information to be protected as a trade secret. The threshold should, however, be very low and information should only be excluded if it is 'irrelevant' and has no value from an economic point of view.

*Law stated - 09 August 2023*

**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

Since the trade secret is an intangible asset, its approximative value may be established through an assessment (LCA 6500/19 Dr Sharon Gavriel v Vered Eshed (published on 7 May 2020)). The value of the trade secret may be established by expert opinion, possibly based on accounts provided by the defendant, and may take into consideration (where appropriate) the time the defendant saved in not developing the information independently. Section 15 of the Law empowers the court to order the defendant to provide the plaintiff with accounts. According to section 1 of the Regulations, it is possible to request such accounts during interlocutory injunction proceedings.

*Law stated - 13 September 2023*

**ITALY**

**JACOBACCI AVVOCATI**

Information is considered to have an economic value – satisfying the requirement of article 98(b) of the Industrial Property Code – if it puts the company that holds it in a privileged position compared with competitors that do not have it, for example, by saving costs or production time or improving the quality of products or services.

*Law stated - 11 August 2023*

**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The element of commercial value does not require the holder to use the information actually in an ongoing business activity, but the holder must show that the information is at least potentially useful from objective standards for business activities in the future. To establish this requirement, rights holders can offer testimonies by their employees, submit a written statement by its employee to that effect, or argue that the nature of the information itself supports commercial value.

*Law stated - 07 September 2022*

**POLAND**

**ERNST & YOUNG**

There is no legal definition of the commercial value of a trade secret. The most popular approach is to construe that the information of economic value is the information that influences the enterprise's market value. This is a different approach from the one defined in Directive 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, where the economic value of the confidential information comes from its secrecy itself. The EU approach is close to the minority's view under Polish law – some practitioners believe that the economic value of the information stems from the sole fact that the entrepreneur has legitimate business not to disclose the secret.

*Law stated - 04 August 2023*

**SOUTH KOREA**

**BAE, KIM & LEE LLC**

To constitute a trade secret, the information must have an 'independent economic value'. Information of independent economic value may include not only technical information but also business information, such as cost information, customer information and product development plans. If the possession of trade secrets gives the holder of the information an advantage over competitors (such as a 'head start' or 'lead time' advantage), independent economic value would be deemed to exist (the advantage does not need to be permanent or even significant). The UCPA does not stipulate specific methods for assessing the economic or commercial value of a trade secret. In general, the commercial value of a trade secret is determined in view of the various factors relating to the competitive advantage to be gained from possessing the trade secret.

*Law stated - 04 September 2023*

**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

In principle, the commercial value of a trade secret can be established where said trade secret may be used in the course of production, manufacture, sales or operations of trade and, therefore, create economic benefit or business value. Also, if proved, the commercial value may be established even if the trade secret has not yet been put into use. In a civil judgment rendered by the Intellectual Property Court (IP Court) (Case No. 107-Ming-Yin-Shang-2), the IP Court confirmed that a client list will have potential commercial value if such list contains the client's special needs, background or preferences that cannot be acquired from the internet or general public channels. Regarding the exact amount of the commercial value, it shall be decided by the court on a case-by-case basis. In some cases, an independent surveyor may assist in assessing the commercial value.

*Law stated - 08 August 2023*

## UNITED KINGDOM

## CARMAELS & RANSFORD LLP

Under the common law, it is not necessary to establish a particular 'commercial value' of a trade secret. Under the Regulations, a defining feature of a trade secret is information that 'has commercial value because it is secret'. In practice, since the Regulations came into force in 2018, the courts in the United Kingdom have not placed much emphasis on establishing the commercial value of a trade secret.

The point at which the parties in litigation will consider the commercial value of a particular trade secret is in remedies, such as:

- assessment of damages: which will be measured in terms of lost profits, an account of profits or royalty payments; and
- injunctive relief, for example springboard injunctions: a springboard injunction prevents the wrongdoing party, usually a former employee, from using the unlawfully acquired or used trade secret in their new business and thereby gaining a 'head start' on something they might otherwise have achieved later without misusing the claimant's trade secrets. The injunction will be for a fixed duration after the information becomes properly available to the public, with the effect that the infringer is stopped from using the trade secret while other third parties are free to use the information, thereby removing the advantage obtained from the misuse.

*Law stated - 19 September 2023*

### Protective measures

What criteria are used to determine whether the rights holder has adopted reasonable protective measures to prevent disclosure and misappropriation of trade secrets?

## DENMARK

## CLEMENS ADVOKATFIRMA

Neither the Trade Secrets Act nor the EU Directive on which the act is based contains any concrete or specific criteria for the determination of whether the rights holder has adopted reasonable protective measures to prevent disclosure and misappropriation of trade secrets.

However, all relevant circumstances must be considered when assessing whether reasonable protective measures have been adopted or not. This includes circumstances regarding the type and value of the trade secret, the scope and nature of the measures concerned, including their intensity, duration and whether they can be considered customary within the relevant type of business.

*Law stated - 09 August 2023*

## EUROPEAN UNION

## FRESHFIELDS BRUCKHAUS DERINGER

The Trade Secrets Directive does not provide any specific guidance on that, and it will be up to either the national

courts or ultimately the CJEU to develop a set of criteria to ascertain the demanded standard to meet the 'reasonable steps' requirement set out in article 2. Looking at available case law in both EU member states and literature, there does seem to be some consensus that such a determination must be made holistically while taking all relevant circumstances into consideration, including for example, the size and sophistication of the business controlling the trade secret as well as the relevance and nature of it. In general, it could be expected that the courts do not apply an overly strict standard requiring that the trade secret be kept secret successfully but would rather look at whether, on the whole, the holder has applied organisational, technical and legal measures that can reasonably, under the circumstances, be expected.

*Law stated - 07 August 2023*

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**GERMANY**

**COHAUSZ & FLORACK**

The GeschGehG does not require specific protective measures. The required minimum steps by the holder under the circumstances required for protection as a secret are emerging on a case-by-case basis, in other words, as precedents. Reasonable protective measures will probably be defined by reference to actual practice in the concerned industry sector and with regard to the category of trade secret concerned. Because duties to maintain secrecy are usually included in labour and service agreements and in non-disclosure agreements with commercial partners that may involve communication of confidential information, such legal precaution will usually be required. However, recent case law by labour courts points into the direction that broad catch-all secrecy provisions in labour contracts alone may not be sufficient and that the concerned information may need to be more precisely defined therein. It may also not be excluded that certain internal information management measures may be required, such as access to secrets on a need-to-know basis and the identification and categorisation of trade secrets based on importance. This highlights the need for inventory, documentation and classification of information; organisational measures such as intellectual property compliance management, including instruction of employees and monitoring and controlling of security measures (the presentation of a protection concept has already been considered a basic requirement in some court decisions); restriction of the persons getting access to information; non-disclosure agreements (NDAs) that are not too general; technical access protection (password and encryption); and evidence-securing measures to enable legal prosecution, such as digital watermarking and signatures.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

It has been ruled that the more the secret is susceptible to being disclosed, the greater are the measures required (CC 30839-02-11 S.P.G Moked Communications Ltd v Elta Systems Ltd (published on 18 September 2016)). Therefore, the owner of the secret is required to apply adequate means of protection in accordance with the level of risk that such information would be disclosed. One common protective measure is the execution of non-disclosure agreements, since the absence of such agreement might lead to the conclusion that the owner of the secret did not take reasonable means to keep its information secret (see eg, CC 30839-02-11 S.P.G Moked Communications Ltd v Elta Systems Ltd (published on 18 September 2016); and CC 3180-03-10 Dr Rina Luvel v Fam Corner Ltd (published on 20 May 2013)). The registration of a customer database with the Privacy Protection Authority, which imposes duties on the database owner to keep the database safe from third parties, may be deemed a protective measure (CA 34442-03-20 Strauss Water Ltd v Netanel Shmuel Malka (published on 4 February 2022) – currently under appeal). In addition, it was recently decided that limited access to documents may be deemed reasonable means to keep the information secret (WDJ 10239-03-20 Y. Amit Systems Ltd v Oleg Laingbord (22 January 2023) – an appeal is pending).

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

Article 98(c) of the Industrial Property Code – concerning the adoption of adequate protection measures – requires a

concrete assessment of the measures adopted by the owner of the information to prove its intention to maintain the secrecy of such information.

In particular, according to the case law on the subject, the owner of the secret information must adopt protective measures both inside the company, for example, by having a written policy regulating the behaviour of employees or anyone who has access to such information, and outside the company, for example, by entering into confidentiality clauses with customers and suppliers.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

Under Japanese law, taking protective measures is not an independent requirement, but rather is incorporated in the element of secrecy.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

Firstly, the entitled entrepreneur must have a clear will to keep the trade secret in confidence. However, the sole will is never enough. The entrepreneur must take reasonable and justifiable steps to keep the information in secret. The protective steps can be both technical and organisational and should be objectively adequate – they must be interpreted considering all relevant circumstances (eg, the nature of the confidential information; the size of the entitled entrepreneur; its resources; and other issues at hand). As there is no general catalogue of protective measures that are considered adequate, a case-by-case analysis is always necessary to establish the adequacy of protective measures.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

The UCPA originally stated that ‘considerable efforts to maintain secrecy’ were required. This was amended in January 2015 to ‘reasonable efforts to maintain secrecy’. The UCPA was amended again in 2019 to further relax the required level of the protective measures to ‘information managed as a secret’. In a Supreme Court decision predating the 2015 amendment, the Court ruled that ‘considerable efforts to maintain secrecy’ means that the ‘information is marked or is made known to be confidential and access authority and access methods are restricted and that the information should be kept and managed objectively, such as by imposing a duty of confidentiality on the recipient’ (Supreme Court Decision 2006Do7916 dated 9 July 2009). Over the years, physical management of the trade secret (eg, marking as confidential information, prohibiting carrying out of the trade secret material or access by outsiders by installing locking devices or firewalls, or granting varying levels of access to trade secrets), human management (eg, training on management of confidentiality to employees) and institutional management (eg, establishment of internal regulations related to confidentiality) have been recognised as important factors in finding for existence of secrecy in the information.

Due to scarcity of case law under the 2019 revised UCPA, there is currently no clear legal authority on the level of protective measures required for the information to be deemed to have been ‘managed as a secret’. It also remains to be seen whether the courts will continue to apply the higher threshold from the pre-2015 Supreme Court case.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Reasonable protective measures usually are required to be sufficient to demonstrate that subjectively, the rights holder of a trade secret has the intention to protect such trade secret, and that objectively, a third party is unable to access such trade secret with ease. However, there is no clear line on what constitutes reasonable protective measures, and therefore they shall be decided by the court on a case-by-case basis, and the standards may differ depending on the

type of secret, the actual operation of the business and the general social consensus. That being said, court precedents have provided some examples of what may be considered reasonable protective measures, such as the signing of non-disclosure agreements, classification of documents as 'confidential' or 'restricted', or the setting of authorisation accounts, passwords, access restrictions or similar security measures to protect computer information. The rights holders should divide the trade secrets into different groups or levels depending on their degree of confidentiality, and should not use the same measures for all matters since the court might consider that there is no difference between a secret matter and a non-secret matter, and thus no reasonable protective measures are taken.

*Law stated - 08 August 2023*

## UNITED KINGDOM

## CARMAELS & RANSFORD LLP

A holder of trade secrets must take 'reasonable steps' to maintain the secrecy of the information. However, neither the Regulations nor UK courts have provided specific guidance on what constitutes 'reasonable steps'. That said, the Regulations are broadly in line with the way in which the common law of confidential information and trade secrets has developed in the United Kingdom, meaning that case law can provide some guidance, namely: (1) telling the recipient to keep information secret; (2) limiting access to that information; and (3) not simply relying on technical barriers to protect it. Each of these steps is expanded upon below.

To create an obligation for the recipient to keep information confidential, it must be shared by the holder in 'circumstances importing an obligation of confidence' ( *Coco v AN Clark (Engineers) Ltd* ). This can be achieved through confidentiality agreements, confidentiality provisions in relevant agreements (such as employment contracts or supplier agreements) and marking documents containing trade secrets as 'confidential'.

For information to qualify as a trade secret in common law, the owner must have 'limit[ed] the dissemination of it or at least not encourage[d] or permit[ted] widespread publication' ( *Lansing Linde v Kerr* [1991] 1 WLR 251). For example, a confidential information policy that categorises the types of confidential information held by the business specifies which members of staff can access that information (restricting access as necessary) and sets out any restrictions that apply to the use of that information.

The Regulations allow the acquisition of a third party's trade secret if it has been obtained through 'observation, study, disassembly or testing' (eg, reverse engineering) a publicly available product or object (provided whoever carried out the observation, study, disassembly or testing was not under any legal duty not to do so). Similarly, under the common law cases, the courts have found that reverse engineering may not be a breach of confidential information if it is 'easy to reverse engineer' ( *Cray Valley Ltd v DeltechEurope Ltd* [2003] EWHC 728 (Ch) as cited in *Kerry Ingredients (UK) Ltd v BakkavorGroup Ltd & Ors* [2016] EWHC 2448 (Ch)).

*Law stated - 19 September 2023*

### Best practices

What best practices and internal policies should rights holders consider to ensure maximum protection of their trade secrets?

## DENMARK

## CLEMENS ADVOKATFIRMA

It is a requirement for the protection of information as a trade secret that the holder can prove that reasonable measures have been taken to protect the company's confidential information. This will depend on a concrete

assessment of the type of information and the extent of the actions taken by the company.

In general, companies should establish policies, internal procedures, and business processes aimed at protecting trade secrets. The company should categorise which information is valuable and could harm its competitive position in the market. In doing so, the company should control access to this information to ensure its adequate confidentiality. Also, the company should carefully consider limiting the access and availability of the information to employees and management members for which such access is relevant and necessary.

In addition, it is relevant for the company to establish a procedure for dealing with trade secret misappropriation, as the Trade Secrets Act sets a six-month time limit for requesting preliminary measures and bringing an action after the trade secret holder has become aware of the misuse and there is a sufficient basis for taking such measures.

*Law stated - 09 August 2023*

## EUROPEAN UNION

## FRESHFIELDS BRUCKHAUS DERINGER

A comprehensive and adequate system to protect the secrecy of business information and know-how is key for two reasons:

- article 2 of the Trade Secrets Directive requires that the holder prove that under the circumstances, reasonable steps have been taken to keep the information in question secret; otherwise, such information will not even be considered a 'trade secret', and thus legal protection will not be available; and
- due to their nature and in the absence of any exclusive right awarded by law, trade secrets are only valuable as long as they are not widely available.

Even though the holder may have legal recourse under the Directive in the case of misappropriation, in practice, it is actually often difficult to remediate trade secret theft; therefore, establishing a sophisticated system to protect unregistered know-how and confidential business information is also a compliance and board-level issue (similar as under Regulation (EU) No. 2016/679 (General Data Protection Regulation) (GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data). Because of this, businesses are well advised to carefully implement a tailored protective approach to update their systems regularly and document all measures for evidentiary purposes. In case an actual breach of these protective measures is identified, the potential gap in security should be closed without delay and the necessary steps should be taken to prevent further unauthorised access to confidential information.

While the Trade Secrets Directive does not offer direct guidance on best practice for protective measures, it is widely accepted that a solid protective concept requires a holistic approach and should be based on the following three measures.

- Identify the trade secrets and categorise them under their commercial relevance so that measures, such as access restrictions and information barriers, can be applied meaningfully;
- develop internal procedures and a policy on how to handle sensitive information while keeping such policy updated in line with operational and legal developments;
- make sure that the staff – where the primary risk for trade secret theft lies – is on board: inform employees adequately, offer training on how to deal with trade secrets and document employees' consent with the internal policies;
- take great care of incoming and departing employees:
  - according to article 4(4) of the Trade Secrets Directive, the use of a trade secret may be considered unlawful whenever the person using it knew or ought to have known, under the circumstances, that the trade secret had

been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully. In other words, whenever new employees bring know-how with them, it should be carefully checked against this secondary liability risk; and

- departing employees are typically a high-risk factor, especially if the circumstances for the termination of their employment were not amicable. A variety of court cases show that such employees may be incentivised to collect certain trade secrets with the intent of using them for competitive purposes with either a future employer or for their own competing activities. Businesses are well advised to not only remind departing employees of their obligations with regard to trade secrets but also to monitor their activities during their remaining time of employment (to the extent legally permissible); and
  - implement access restrictions based on a need-to-know basis. This will reduce the practical risk of unauthorised disclosure and make it easier to track the flow of information within the company. This may also include the segregation of R&D and sales units (black-boxing) and ring-fencing measures (information barriers) around important projects.
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- The organisational measures, such as a trade secret policy and access restrictions, must be implemented on an IT level – the information and document management system must be designed accordingly;
  - the use of firewalls and encryption technologies is key, in particular for mobile devices, bring-your-own-device and home-office equipment;
  - working-from-home policies should be checked against and aligned with the company's trade secret policy (eg, how to handle print-outs, virtual meetings, phone calls, etc), especially in light of the developments caused by the covid-19 pandemic;
  - monitoring and tracking the access, use and flow of sensitive information within and outside the company (ie, the exchange with customers, suppliers and other external partners) is key for identifying and proving cases of possible trade secret theft as well as being able to document that 'reasonable' protective measures within the meaning of the Trade Secrets Directive have been put in place; and
  - most businesses will have internal technological measures in place regarding how to handle personal data under the GDPR. These procedures can often be used as a basis for how to handle trade secrets, but they are however different in scope and purpose; overlaps and potential conflicts should be assessed carefully.
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- Review existing partner, customer and supplier agreements with a focus on their confidentiality provisions, and, if required, revise such agreements;
  - ensure that adequate non-disclosure agreements (NDAs) are used in the course of business where required and that such NDAs sufficiently cover the information (eg, the potential intellectual property rights associated with it) that is to be exchanged. NDAs should also be managed in a way that ensures that the business can keep track of the legal framework in exchange for the sharing information with third parties (in respect to its own obligations regarding third-party information as well); and
  - confidentiality clauses in employment contracts should be reviewed and strengthened if necessary; standard provisions often run the risk of being unenforceable under applicable law because they are too broad or unspecific. Provisions regarding intellectual property, trade secrets and non-compete clauses should also be aligned to ensure that they complement each other.

The above-mentioned measures must be precisely tailored to the needs of each individual business, and should be reviewed and updated regularly.

**GERMANY****COHAUSZ & FLORACK**

Trade secret rights holders should not limit protective measures to confidentiality agreements alone, and should also take steps to manage the handling of trade secrets by organisational measures. They must also be able to prove to the satisfaction of a court that they have taken the appropriate measures to protect their trade secrets to prove their claims. This requires policy and internal protection measures within the organisation of the right owner. Some of these measures are:

- systematic use of NDAs whenever trade secrets are shared with third parties, such as employees, suppliers, cooperation partners and external consultants, that reasonably specify the categories of secret information. If clauses with employees are broad and unspecific, secrets should be specifically addressed when the employee leaves the company;
- physical and IT access restrictions to trade secrets on a need-to-know basis (role model); and
- classification of trade secrets considering their value and sensitivity and applying customised measures concerning the different levels of secrecy, namely:
  - the higher the level of secrecy, the more restrictive the numbers of persons who are given access should be; and
  - the higher the technical access protection, the more specific NDAs governing the confidentiality of the trade secrets should be.

The above ultimately requires that there are processes in the rights holder's organisation that serve to identify and document trade secrets with a view to categorising their importance so that they may be assigned a relevance level, which, in turn, determines the level of protective measures. These processes also comprise the management of NDAs and the information disclosed and received under each such agreement.

Such documented measures also assist in proving and defining the concerned trade secret in the event of misappropriation – an enforcement aspect that too often causes practical difficulties, except in simple clear-cut cases, such as misappropriated customer databases.

Law stated - 09 August 2023

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

- Signing of confidentiality agreements with third parties receiving access to the trade secrets.
- Restricting access to the trade secrets by physical means (eg, having the relevant documents kept in locked closets or rooms) or by technological means (such as passwords).
- Giving access to the trade secrets only on the basis of need so as to allow persons to perform their duty.
- Documenting the trade secrets – on one hand, documenting the trade secret reveals it, but on the other hand, such documentation actually defines the information that cannot be disclosed.
- Mentioning on the documents containing the trade secrets that they are secret.
- Keeping a list of persons who receive access to the documentation

detailing the trade secret and having them sign a document declaring that they received access to the trade secret. Such documents can then serve as evidence that a trade secret was disclosed to a specific person.

The above practices are also relevant to situations where the rights holder deals with government authorities.

As to M&A and foreign investment transactions, it is recommended to include confidentiality and non-compete clauses in agreements signed prior to the execution of due diligence by third parties to restrict the unauthorised use or disclosure of trade secrets. In addition, the documents containing trade secrets disclosed in the framework of due diligence may be encrypted and uploaded to a safe environment for view purposes only, thus enabling the rights holder to keep control over their access.

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

As regards internal company measures, the rights holder should include specific confidentiality clauses in its contracts with employees, which would supplement the general employee obligation of loyalty provided for in article 2105 of the Italian Civil Code, specifying in detail what kind of information is to be considered confidential. In addition, it would be useful to put in place non-competition agreements with employees to limit the risk of them leaving to work for competing companies, with the obvious risk of disclosure and use of the trade secrets belonging to the former employer.

A further useful measure within the company is the implementation of policies that regulate in detail the use of the company's IT tools, the criteria for classifying information (confidential and non-confidential), and access to the company by third parties.

As regards relations with third parties (private parties or public authorities), it is advisable to sign confidentiality agreements with these third parties, expressly classifying as confidential all information that is exchanged. In addition, in the event technical drawings are exchanged, it is important to mark them with labels that clearly indicate the identity of the owner of the rights in such materials.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

The element that rights holders most often have difficulties in proving is the state of secrecy. Best practices would be to take protective measures as robustly as practicable, including:

- to implement internal information security policies and regulations;
- to ensure that employees have executed an employment agreement that contains confidentiality clauses, or a separate confidentiality agreement;
- to ensure that you execute a confidentiality agreement with your business partners;
- to control access to confidential information by IDs, passwords and physical measures (eg, cabinets that can be locked), and limit access to employees who really need to know confidential information;
- to mark confidential information as 'secret' or 'confidential', or prepare a list of confidential information if marking is not practicable;
- to encourage employees not to leave confidential information on desks or other places visible from outside;
- to track use, transmission and copy of confidential information; and
- to respond to information leakage swiftly.

**POLAND****ERNST & YOUNG**

The nature of a trade secret, its holder and the environment and industry in which the secret holder operates hugely influence the nature of protective measures that should apply to the trade secret. However, there are universal best practices to be followed by every entitled entrepreneur to protect the trade secrecy it holds:

- identification and documentation of trade secrets is a protective measure that ensures easier proof of protection in case the confidentiality of the trade secret is breached – Polish law does not explicitly require prior recording of the subject matter of the secret as a prerequisite for protection, but lack of its recording generally makes it much more difficult to prove a breach;
- formalised secrecy policies such as information classification, marking and handling information assets;
- labeling key documents as 'confidential' or 'secret';
- granting access to confidential information only to persons who have a need-to-know in order to carry out the tasks entrusted to them;
- conclusion of NDAs (non – disclosure agreements);
- restricting access to physical premises in which secret documents are held and used;
- clean desk policy introduction and execution; and
- restricting access to electronic files through password protection and other security measures.

*Law stated - 04 August 2023*

**SOUTH KOREA****BAE, KIM & LEE LLC**

For protection of trade secrets, the following procedures may be considered.

- Confidentiality agreements should be executed with both new hires and existing employees.
- Departing employees should be required to sign an agreement acknowledging that taking or using any material from the company is prohibited. In addition, access should be restricted to company materials for a certain period before the employee leaves the company, and all electronic devices used by the employee should be retrieved and kept for a certain period of time.
- A non-compete agreement should be executed with employees containing a provision expressly prohibiting the departing employee from transferring to a position at a competing company for a certain period. However, since such prohibition is against occupational freedom, which is a guaranteed right under the Korean Constitution, the prohibition period should be reasonably limited. In this regard, a non-compete period exceeding one year is rarely recognised by Korean courts.
- The company's trade secret should be marked as confidential and physical export should be restricted. This is the most important aspect of the best practice and mainly concerns the management of electronic and computer systems, including the following measures:
  - prohibiting the copying of files onto unapproved devices or transferring files to external email addresses;
  - requiring approval for exporting files;
  - using a digital rights management system to prevent unapproved persons from viewing files;
  - managing the list of emails and files sent from an internal server to an external source;
  - using a watermark to show that the material is confidential when printed;
  - granting varied levels of access authority to internal data for each employee, according to the importance and confidentiality of the data; and
  - blocking access to the company's servers or offices from outside (firewalls, locks, etc).
- In relation to mergers and acquisitions, and foreign investment transactions, a confidentiality agreement should be signed with the other party and (if applicable) related external professionals (lawyers, accountants, etc). Any

company materials should be provided in a virtual data room setting to prevent unintended copying or duplication.

*Law stated - 04 September 2023*

## **TAIWAN**

## **LEE AND LI ATTORNEYS AT LAW**

Under local practice in Taiwan, below are the internal policies that rights holders may consider taking to reasonably protect his or her trade secrets:

- keep trade secrets in a secure location, which can only be accessed by authorised persons;
- ensure that trade secrets may only be accessed by employees who need such access for their jobs;
- adopt a visitor management system, to monitor or control visitors to the company;
- adopt a lock or password for trade secrets;
- adopt policies or procedures for employees' reviewing or return of trade secrets;
- adopt a management system for employees' usage of mobile or portable devices (USB, mobile hard disc, etc);
- enhance security tools (eg, strengthen the internet firewall);
- divide company documents into different groups depending on the degree of their secrecy or confidentiality;
- sign confidentiality agreements with each employee;
- publish internal rules regarding confidential obligations;
- sign a non-disclosure agreement before any dealing, presentation or mergers and acquisitions;
- add 'confidential' or a similar remark on any documents and media involving trade secrets before any presentation or delivery of such documents to the government or third parties; and
- implement other necessary safety policies.

*Law stated - 08 August 2023*

## **UNITED KINGDOM**

## **CARPMAELS & RANSFORD LLP**

A first step to any approach to trade secrets management is for the rights holder to know what they have. If a retrospective assessment is required, this may be achieved through a trade secrets audit. Once the rights holder knows what they have, generally the best approach is to keep the distribution of trade secrets on a 'need to know' basis.

If a disclosure must be made, the best way to ensure that the information is confidential is through a written contract containing:

- a clear definition of the confidential information;
- obligation(s) to keep the information secret;
- the circumstances in which and persons to whom the confidential information can be disclosed;
- what happens to the confidential information or records if the agreement ends; and
- the duration of agreement.

Examples of application of these general recommendations are below.

Employment contracts should contain clear and robust provisions expressly setting out an employee's confidentiality obligations during and post-employment. Contractual definitions of confidentiality should be considered carefully and, where appropriate, tailored to the role and business unit. Care should be taken to ensure that the definition is appropriately narrow and specific.

Policies for use and management of confidential information should be maintained and kept up to date.

Employee access to confidential information should be carefully controlled to be appropriate to the position and role of

the employee. Mark appropriate documents as confidential.

Start with a good non-disclosure agreement (NDA). This can be either one way or mutual, depending on whether both parties will be sharing confidential information or if the information will just be disclosed by the target company. Check that the agreement is fit for purpose: one of the difficulties of drafting NDAs can be to ensure that the 'purpose' is sufficiently clear and contained, and make sure that the exceptions align with the requirements of the deal, namely, when confidential information can be disclosed to a third party and to whom.

The data room will be the key location for the sharing of confidential information in a deal. Being mindful of who has, and who needs to have, access to the data will be a useful thing for investor and target alike to ensure that they don't disclose – or receive – too much and to the wrong people. Access to a data room can also be functionally limited, such as limiting whether viewers can copy, print or just view material in the data room.

At the end of the process, particularly if the deal is not successful, both parties may want to be able to keep an archive copy of the confidential information (with extremely limited access) so that they know what was disclosed and can identify this later if required. Parties should also take care to manage the lifecycle of any NDAs – knowing when the confidentiality obligations will end.

*Law stated - 19 September 2023*

## MISAPPROPRIATION

### Definition

What constitutes misappropriation of trade secrets?

## DENMARK

## CLEMENS ADVOKATFIRMA

It is a misappropriation under the Trade Secrets Act to acquire, use or disclose a trade secret without the consent of the trade secret holder.

For example, misuse of a trade secret occurs if the trade secret is acquired by unauthorised access, appropriation or copying of documents, electronic files, objects or material.

The Trade Secrets Act safeguards against misappropriation of trade secrets by persons with lawful access to the business. This includes, for instance, employees, suppliers and visitors. Also, the Trade Secrets Act contains provisions regarding the unlawful use and disclosure of trade secrets acquired through unauthorised access to the information in question.

Furthermore, the use or disclosure of a trade secret without the consent of the trade secret holder shall be considered unlawful if the trade secret is used or disclosed by a person who has acquired the trade secret unlawfully or breached a contractual duty not to use or disclose the trade secret.

*Law stated - 09 August 2023*

## EUROPEAN UNION

## FRESHFIELDS BRUCKHAUS DERINGER

On one hand, article 4 of the Directive 2016/943/EU (Trade Secrets Directive) distinguishes unlawful acquisition, and on the other, unlawful use and disclosure.

The acquisition of a trade secret without the consent of the trade secret holder is considered unlawful when there is:

- unauthorised access to, appropriation of or copying of any documents, objects, materials, substances or electronic files that are lawfully under the control of the trade secret holder and which either contain the trade

- secret itself or where it is possible that the trade secret can be deduced; or
- any other conduct which, under the circumstances, is considered contrary to honest commercial practices.

The use or disclosure of a trade secret is considered unlawful whenever it is carried out without the consent of the trade secret holder by a person who:

- has acquired the trade secret unlawfully;
- is in breach of a confidentiality agreement or other duty which involves the requirement to not disclose the trade secret; or
- is in breach of a contractual or other duty that limits the use of a trade secret.

Secondary liability can occur when the acquisition, use or disclosure of a trade secret is considered unlawful because a person knew or ought to have known, under the circumstances, that the trade secret had been obtained directly or indirectly by a person who was using or disclosing the trade secret unlawfully. The same applies to the production, offering or placement on the market of infringing goods as well as the import or export or storage of infringing goods for those stated purposes.

*Law stated - 07 August 2023*

## **GERMANY**

## **COHAUSZ & FLORACK**

Sections 3 to 5 of the Trade Secret Act (GeschGehG) implement essentially the wording of Directive (EU) 2016/943. Sections 3 and 5 address lawful acts regarding trade secrets. Section 4 defines prohibited acts.

Accordingly, misappropriation comprises unauthorised access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced as well as any other conduct that, under the circumstances, is considered contrary to honest commercial practices.

Further, misappropriation is the use or disclosure of a trade secret that has been acquired unlawfully as set out before or being in breach of a duty not to disclose or use the trade secret.

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, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning set out before. This shall, in particular, apply if the use consists of the production, offering, placing on the market or import, export or storage for these purposes of products whose design, features, functionality, manufacturing process or marketing is based, to a significant extent, on an unlawfully obtained, used or disclosed trade secret.

*Law stated - 09 August 2023*

## **ISRAEL**

## **GILAT BAREKET & CO, REINHOLD COHN GROUP**

Section 6(b) of the Commercial Torts Law, 5759-1999 (the Law) defines the acts that constitute a misappropriation of trade secrets as follows:

1. The taking of a trade secret without its owner's consent by unlawful means, or the use of the trade secret by the taker. For this purpose, it shall make no difference whether the secret was taken from its owner or from another person having knowledge of the trade secret.
2. Use of a trade secret without its owner's consent, the use being contrary to a contractual or fiduciary obligation

imposed upon the user towards the owner of the secret.

3. The receiving or the using of a trade secret without its owner's consent, the receiver or user knowing, or it being self-evident at the time of receipt or use, that the secret was transferred to such person in a manner prohibited under paragraphs (1) or (2) or that the secret was transferred to any other person in such prohibited manner prior to reaching the receiver or user.

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

According to article 99 (1) of the Industrial Property Code, without prejudice to the provisions regulating acts of unfair competition contained in article 2598 of the Civil Code, the abusive acquisition, use or disclosure of trade secrets to third parties constitutes a violation of the legitimate owner's rights. The term 'abusive' covers breaches of contractual or legal obligations as well as any act contrary to fair competition practices, such as obtaining confidential information from a former employee of a competing company.

According to article 99 (1-bis) of the Industrial Property Code, the acquisition, use or disclosure of trade secrets is considered unlawful even when the party that acquired, used or disclosed them, at the time of the acquisition, use or disclosure, knew or, under the circumstances, should have known that the trade secrets had been obtained directly or indirectly from another party who was using or disclosing them unlawfully.

Finally, according to article 99 (1-ter) of the Industrial Property Code, the production, offer, marketing, importation, exportation or storage of goods infringing trade secrets is considered unlawful when the party who carried out said activities knew or, under the circumstances, should have known that the trade secrets had been used unlawfully.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MÖRI & TOMOTSUNE

Misappropriation of trade secrets is a part of the broader concept of 'unfair competitions' defined in the Unfair Competition Prevention Act (the Act). Unfair competitions involving trade secrets include the following categories:

1. acquiring a trade secret by theft, fraud, duress or any other wrongful method (collectively, 'wrongful acquisition'), or using or disclosing a trade secret acquired through wrongful acquisition. The latter includes disclosure to a specific third party in confidence;
2. acquiring a trade secret with the knowledge, or without the knowledge due to gross negligence, that wrongful acquisition was involved with such trade secret, or using or disclosing a trade secret acquired in that way;
3. using or disclosing an acquired trade secret after becoming aware, or failing to become aware due to gross negligence, that wrongful acquisition was involved with such trade secret;
4. using or disclosing a trade secret disclosed by the business operator holding such trade secret for the purpose of acquiring an illicit gain or causing damage to the holder;
5. acquiring a trade secret with the knowledge, or without the knowledge due to gross negligence, that the trade secret is disclosed through improper disclosure or that improper disclosure was involved with such trade secret, or using or disclosing a trade secret acquired in that way. 'Improper disclosure' is defined as disclosure of a trade secret as described in (4) or in breach of a legal duty to maintain its secrecy;
6. using or disclosing an acquired trade secret after becoming aware, or failing to become aware due to gross negligence, that improper disclosure was involved with such trade secret; and
7. selling, delivering, displaying for the purpose of sale or delivery, exporting, importing or providing through telecommunication a product produced by using a technical trade secret in a way described in (1) to (6). This does not include cases where a transferee of such product engages in any of the foregoing acts if the transferee is not aware without gross negligence that the product was produced through such improper use of technical trade secret.

**POLAND****ERNST & YOUNG**

Under Polish law, disclosure, making use of or obtaining other persons' information constituting a trade secret of an enterprise constitutes the act of unfair competition and constitutes a legal basis for civil claims, in case such activity is made in breach of law or good practice and if it threatens or infringes the interest of the entitled person.

On the other hand, in case of lawful acquisition of the information constituting a trade secret, the misappropriation of trade secrets will occur when at the time of its disclosure, use or obtaining of such information the acquirer knew or could have reasonably known of the unlawful origin of the information acquired.

In some cases, the misappropriation of trade secrets may also constitute a criminal offence according to the provisions of the Unfair Competition Act.

*Law stated - 04 August 2023*

**SOUTH KOREA****BAE, KIM & LEE LLC**

The Unfair Competition Prevention and Trade Secret Protection (UCPA) provides that an act of improper acquisition, use or disclosure of trade secrets may constitute misappropriation of a trade secret. Improper disclosure may involve use or disclosure of a trade secret with or without knowledge due to gross negligence in breach of a duty to maintain secrecy.

*Law stated - 04 September 2023*

**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

Based on the Trade Secrets Act, the following can be considered misappropriation:

- acquiring a trade secret by improper means;
- acquiring, using, or disclosing a trade secret, knowingly, or unknowingly due to gross negligence, that it is a trade secret originally acquired by improper means;
- using or disclosing an acquired trade secret, knowingly, or unknowingly due to gross negligence, that it is a trade secret originally acquired by improper means;
- using or disclosing a trade secret by improper means after legally acquiring it; or
- using or disclosing a trade secret without due cause under the circumstances that the person has a duty of confidence imposed by law.

The term 'improper means' usually refers to theft, fraud, coercion, bribery, unauthorised reproduction, breach of confidence, inducement of others to breach the duty of confidence, or any other similar means.

*Law stated - 08 August 2023*

**UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

The phrase 'misappropriation' is not used in the Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) (the Regulations), but the acquisition, use or disclosure of a trade secret is unlawful where the acquisition, use or disclosure constitutes a breach of confidence in confidential information.

The provisions of the Regulations mean that a person may acquire trade secrets legally, for example through their employment, and then subsequently use or disclose the trade secrets unlawfully, perhaps by using information from an old job in a new one – a frequent example is the misuse of customer lists.

*Law stated - 19 September 2023*

## Exclusions

Are any activities explicitly excluded from the scope of trade secret misappropriation?

### DENMARK

CLEMENS ADVOKATFIRMA

Under the Trade Secrets Act, three exceptions are excluded from the scope of trade secret misappropriation:

- If the acquisition, use, or disclosure is made to exercise the right to freedom of information or expression.
- If the acquisition is to detect wrongdoing, irregularities, or unlawful activities to protect the public interest. This exception covers, among other things, whistleblowing.
- It is also not considered trade secret misappropriation, under certain circumstances, if an employee discloses trade secrets to its representatives.

Regarding independent discovery and reverse engineering, it should be kept in mind that the acquisition of a trade secret is considered lawful in instances where the trade secret is obtained through independent creation or discovery. The same applies in situations where the trade secret is obtained by disassembly of a product that has been made available to the public. This includes reverse engineering.

*Law stated - 09 August 2023*

### EUROPEAN UNION

FRESHFIELDS BRUCKHAUS DERINGER

Yes. The Trade Secrets Directive clearly provides several carve-outs and exceptions. Certain means of acquisition are expressly stipulated as lawful, ie, when the trade secret in question is obtained by:

- independent discovery or creation;
- reverse engineering, namely, the observation, study or disassembly of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;
- exercising workers' or workers' representatives' rights to information and consultation under EU and national law and practices; or
- any other practice which, under the circumstances, must conform to honest commercial practices.

Also, article 5 stipulates specific cases in which an application for measures based upon the Trade Secrets Directive shall be dismissed. These exceptions are:

- for exercising the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, including respect for the freedom and pluralism of media;
- whistle-blowing, in other words, for revealing misconduct, wrongdoing or illegal activity, provided that the respondent acted for the purpose of protecting the general public interest;
- disclosure by workers to their representatives as part of a legitimate exercise by which those representatives and their functions are under EU or national law, provided that such disclosure was necessary for that exercise; and
- for the purpose of protecting a legitimate interest recognised by EU or national law.

Directive (EU) 2019/1937 on the protection of persons who report breaches of EU law (Whistleblowing Directive) contains in its article 21 an exclusion of liability for whistle-blowers, provided that the whistle-blower had reasonable

grounds to believe that the reporting or public disclosure of (confidential) information was necessary for revealing a breach of EU law pursuant to the Whistleblowing Directive. The Whistleblowing Directive had to be transposed by the EU member states into national law by 17 December 2021. Therefore, when considering a whistler-blower exception for trade secrets misappropriation, both article 5 of the Trade Secrets Directive and article 21 of the Whistleblowing Directive – and a potential interplay between their transpositions into national law – may have to be taken into account.

Also, under article 1(2) the Trade Secrets Directive shall expressly not affect:

- The exercise of the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, including respect for the freedom and pluralism of media.
- The application of EU or national rules that require trade secret holders who act in reasons of public interest to disclose information, including trade secrets, to either the public, administrative or judicial authorities for the purpose of the duties of those authorities. In this context, the transparency provisions (in a broader sense) mentioned under article 1(2) lit. b must be considered. This means that the respective obligations exist regardless of whether the information to be disclosed is protected under the Trade Secret Directive. As a consequence the information is either no longer protected as a trade secret due to a lack of secrecy resulting from its disclosure (as in the case for most obligations stated in Regulation (EU) 2022/2065 of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act)) or that the respective special legal regulations, such as the Draft Data Act (in particular articles 4 and 5 of the Draft Data Act), take precedence over the provisions of the Trade Secrets Directive (albeit data access may require third parties to agree to appropriate protective measures to preserve confidentiality).
- The application of EU or national rules which require or allow EU institutions and bodies of national public authorities to disclose information submitted by businesses where those institutions, bodies or authorities are held pursuant to and must be in compliance with the obligations and prerogatives set out in EU or national law.
- The autonomy of social partners and their right to enter into collective agreements that are in accordance with EU and national law and practices.

Last, the Trade Secrets Directive is not intended to restrict the mobility of employees and shall not offer any ground for limiting employees' use of information that does not constitute a trade secret or their use of their experience and skills acquired honestly during the normal course of their employment. In practice, there is not always a clear delineation, and this requires courts to carefully distinguish between general applicable skills and experience on one hand, and sensitive information that is specific to the holder's business on the other.

*Law stated - 07 August 2023*

## GERMANY

## COHAUSZ & FLORACK

Activities explicitly excluded from the scope of trade secret misappropriation are:

- independent discovery or creation;
- observation, investigation, dismantling or testing of a product or object that has been made publicly available or is in the lawful possession of the observer, examiner, dismantler or test person without any obligation not to obtain a trade secret in such manner;
- where this is done to protect a legitimate interest, in particular:
  - the exercise of freedom of expression and information, including respect for the freedom and plurality of the media;
  - for the purpose of detecting any illegal activity or professional or other misconduct, where the obtaining, use or

disclosure would be likely to protect the general public interest; and

- in the context of disclosure by employees to the employee representatives, if this is necessary to enable the employee representatives to perform their duties; and
- acts permitted by law, under a statute or by contract.

*Law stated - 09 August 2023*

## ISRAEL

## GILAT BAREKET & CO, REINHOLD COHN GROUP

- According to section 6(c) of the Law, the revealing of a trade secret by reverse engineering shall not of itself be considered as unlawful means under section 6(b)(1) and is therefore excluded from the scope of trade secret misappropriation. 'Reverse engineering' is defined in the Law as 'disassembly or analysis of a product or process with the aim of deciphering a trade secret in reverse action'.
- According to section 7(a)(1), a person shall not be liable for misappropriation of a trade secret if the know-how embedded in the trade secret reached them in the course of their employment by the trade secret owner and such know-how became part of their general professional skills.
- In addition, according to section 7(a)(2), a person shall not be liable for misappropriation of a trade secret if the use of the trade secret is justified as a matter of public policy. This might serve as an exception in the event of whistleblowing.
- According to section 8(a), a person who purchased and received a trade secret in good faith and for consideration shall not be liable under section 6(b)(3) for using the trade secret, unless the court is of the view that liability should be imposed for misappropriation of a trade secret in order that justice be done between the parties.

Independent discovery does not fall within the definitions provided in the Law, and there is no explicit exception in its respect.

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

Article 99(1) of the Industrial Property Code explicitly excludes from the scope of trade secret misappropriation the acquisition of trade secrets in an independent manner. According to the common viewpoint of legal doctrinal and case law, independent acquisition includes both independent discovery and reverse engineering practices, with the clarification that part of the case law and legal doctrine considers reverse engineering practices unlawful only if they required particularly high time and cost investments, constituting in that case a parasitic exploitation of other parties' efforts and knowledge.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

The protection does not apply to cases where a person who acquired a trade secret in connection with a transaction

uses the trade secret obtained through the transaction within the scope of authority to use, if that person does not know without gross negligence that wrongful acquisition or improper disclosure was involved with such trade secret.

Because the definition of unfair competition only targets the exploitation of someone else's information, it does not contain independent discovery, which means that trade secrets are not protected against independent discovery. Also, because the definition only catches wrongful acquisition, improper disclosure and exploitation of trade secrets wrongfully acquired or improperly disclosed, reverse engineering is also lawful as long as the analysed information has been properly acquired.

Although there is no statutory exception to whistleblowing activities, information about illegal activities or information violating the public order is not commercially valuable, and thus is excluded from trade secrets.

*Law stated - 07 September 2022*

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## POLAND

**ERNST & YOUNG**

There is a number of exclusions from the scope of trade secret protection. According to article 11 section 7 of the Unfair Competition Act, it is not forbidden to acquire trade secret information through:

- an independent discovery, production or observation;
- research;
- disassembling; or
- testing an object that is in the public domain or is owned by a person who acquired it legally.

Reverse engineering is not regulated by the Unfair Competition Act. It is considered to be a permitted way of acquiring information. However, decompilation of a computer program is an exception to this rule as it is restricted by the Polish Copyright Law.

Additionally, disclosure, use or acquisition of a trade secret is not considered an act of unfair competition if it was made:

- in order to protect a legitimate interest protected by law;
- in the scope of exercising the right of freedom of expression;
- for the purpose of disclosing irregularities, misconduct or violations of the law for the protection of public interest; or
- to the employee representatives (trade union) in connection with the fulfilment of their functions under provisions of law if it was necessary for the proper performance of those functions.

*Law stated - 04 August 2023*

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## SOUTH KOREA

**BAE, KIM & LEE LLC**

While the UCPA does not specify any particular activities that would be excluded from the scope of trade secret misappropriation, there is a Supreme Court decision from 1996 finding that reverse-engineering may constitute trade secret misappropriation according to the circumstances (Supreme Court Decision 96Da16605, dated 23 December 1996).

*Law stated - 04 September 2023*

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## TAIWAN

**LEE AND LI ATTORNEYS AT LAW**

According to the draft Whistle-blower Protection Act, if the affairs disclosed by a whistleblower involve country secrets, trade secrets or other information that the whistleblower should keep confidential, the whistleblower will not be bound

by the relevant civil, criminal, administrative liabilities. The Whistle-blower Protection Act was proposed by the Executive Yuan in Taiwan in 2019 but has not yet been passed or come into force. Further, if the party has a coercive obligation to disclose the trade secrets under the laws (eg, a court order), the disclosure to the necessary extent thereof will not be considered as misappropriation.

According to a criminal judgment rendered by Supreme Court, even if a third party can obtain the related technology information of a product through reverse engineering, it still cannot be directly concluded that such information is not a trade secret. That is because, if conducting the reverse engineering may incur considerable costs (such as money, time, professional equipment, or professional knowledge), it shows that such information does not come easily, and a third party still has to make considerable efforts to get such information. Therefore, such information may be considered as a trade secret and thus shall be protected.

*Law stated - 08 August 2023*

## UNITED KINGDOM

## CARPMAELS & RANSFORD LLP

The Regulations include certain exclusions from trade secret misappropriation, which include the public interest and the safeguard of fundamental rights (see Regulation 12(2)).

These exceptions in the Regulations codify certain common law exemptions including public interest disclosures. Under the common law regime, the court would consider the balance of harms between the disclosure of the trade secret or the harm to the public interest in the information remaining secret (( Lion Laboratories Ltd v Evans [1984] 2 All ER 417).

UK law recognises certain limited protections for whistleblowing, which may allow such a disclosure to be made and not attract liability for breach of confidence. However, the whistleblowing regime in the United Kingdom is currently under review, with the conclusion of an evidence gathering stage scheduled for Autumn 2023 .

The Regulations allow the acquisition of a third party's trade secret if it has been obtained through 'observation, study, disassembly or testing' (eg, reverse engineering) a publicly available product or object (provided whoever carried out the observation, study, disassembly or testing was not under any legal duty not to do so). Similarly, under the common law cases, the courts have found that reverse engineering may not be a breach of confidential information if it is 'easy to reverse engineer' ( Cray Valley Ltd v DeltechEurope Ltd [2003] EWHC 728 (Ch) as cited in Kerry Ingredients (UK) Ltd v BakkavorGroup Ltd & Ors [2016] EWHC 2448 (Ch)).

*Law stated - 19 September 2023*

### Elements of misappropriation

How can the rights holder prove trade secret misappropriation?

## DENMARK

## CLEMENS ADVOKATFIRMA

The Trade Secrets Act prohibits the acquisition, use and disclosure of a trade secret without the consent of the trade secret holder. The trade secret holder must prove that an unlawful acquisition of a trade secret has occurred. An illegal acquisition may be through unauthorised access, copying or appropriating documents, objects, materials and electronic files. If the trade secret is disclosed or used in breach of a confidentiality agreement or other contractual obligation, this also constitutes misappropriation, which the trade secret holder must prove.

*Law stated - 09 August 2023*

## EUROPEAN UNION

## FRESHFIELDS BRUCKHAUS DERINGER

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023***GERMANY****COHAUSZ & FLORACK**

In substantive proceedings, evidence can be provided via expert opinions, inspection (particularly of goods or documents provided), party hearing (but only in exceptional cases), documents and witnesses. In preliminary proceedings, the hearing of witnesses or parties can be replaced by affidavits.

*Law stated - 09 August 2023***ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

To prove misappropriation of a trade secret, the rights holder must prove that the trade secret was known to the defendant or that they had access to it; and that the information that the defendant was using is essentially similar to the information that is the subject of the trade secret. If the above applies, the defendant will be presumed to have used the trade secret in question (according to section 10 of the Law).

*Law stated - 13 September 2023***ITALY****JACOBACCI AVVOCATI**

The most effective way to prove trade secret misappropriation is to demonstrate that the other party is in possession of confidential documents owned by the rights holder in violation of a contract or a legal obligation. This is generally achieved by filing a judicial application for an ex parte inspection, in order to obtain full evidence of the infringement or some additional information on the extent and the economic importance of the infringement or the involvement of third parties, including the infringer's suppliers and clients.

A further approach that is useful for proving trade secret misappropriation is demonstrating that the alleged infringer has placed on the market new products that are identical or similar to those of the rights holder in a very short period of time, compared to the period that would be necessary to develop such products: in this regard, useful elements of proof are the placing on the market of such products in a period immediately following the hiring of former employees of the rights holder company and the non-existence (or insufficiency) of expenses in research and development contained in the company balance sheet of the alleged infringer.

*Law stated - 11 August 2023***JAPAN****ANDERSON MŌRI & TOMOTSUNE**

If the information leakage is directly traceable, the rights holder can submit the signs of the leakage such as email, an internet log of the relevant transmission and a record of facsimile. The rights holder can also offer testimonies (or written statements of facts) by someone who did, witnessed or heard about the act of misappropriation or was in charge of the relevant information management system.

If an act of misappropriation is conducted in a secret and untraceable way, the rights holder should consider proving:

- that its products or the business activities manufactured or conducted with its trade secrets are unique;
- that the misappropriator's products or activities are identical or substantially similar to the rights holder's products or activities, or could not be realised without referring to the rights holder's trade secrets; and
- that the misappropriator has the opportunity to access the rights holder's confidential information.

To mitigate the difficulties of proving misappropriation by use of trade secrets, the Act provides a presumption: if a technical trade secret of methods for manufacturing products or evaluating or analysing information has been acquired in violation of the Act, and the acquirer has manufactured such products that can be manufactured with that secret or

provided services of evaluation or analysis of information with that secret, then the acquirer is presumed to have misappropriated that secret by using it.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

Basic means of evidence in cases of violation of trade secret are personal evidence (ie, witness statements, explanations of the accused party or expert opinions) and material evidence (in this case it will usually be documents or correspondence). Documents in legal proceedings are divided into public documents and private documents depending on whether they were drawn up by an official body or the relevant authorities.

If a case for infringement of trade secret will fall within the jurisdiction of the intellectual property court, there are specific measures in place within the separate civil proceedings in intellectual property cases, which are:

- summons for information;
- preservation of evidence; and
- disclosure or the release of evidence.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

A rights holder can establish a claim for trade secret misappropriation by proving that the trade secret has been disclosed or leaked by the alleged wrongdoer by way of copying or transferring confidential information outside the business. However, as there is no discovery process in Korea, it is difficult to prove in a civil action that the wrongdoer has personally copied or transferred confidential information. Alternatively, the rights holder may file a criminal complaint to have a government agency conduct search and seizure to secure evidence, in which case the rights holder would be able to submit the evidence obtained from the criminal proceeding to a civil action.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

The rights holders may collect relevant evidence, including, but not limited to, samples or infringers' marketing advertisements, to prove trade secret misappropriation. If evidence collection is difficult, the rights holders may consider filing a petition with the courts for the preservation of evidence. Once the courts approve the rights holders' evidence preservation petition, the rights holders may, together with the court judge or clerk, enter the infringers' office or factories to collect the relevant evidence, and the infringers will not be notified of the visit in advance. For instance, a pharmaceutical manufacturer may, through the evidence preservation procedure, collect and preserve evidence such as batch samples, manufacturing process information or manufacturing records. According to statistics published by the Judicial Yuan, the chance of the IP Court's granting of an evidence preservation petition is around 55 per cent to 60 per cent. However, the results of such court procedure are quite different depending on the different factors in each case. Some owners will also try to engage investigators or investigation companies to conduct the collection of evidence by themselves.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

To prove trade secret misappropriation, a rights holder (claimant) will need to convince a court of the following:

The claimant will first need to establish a legitimate interest in the protection of the information, namely that the

claimant is the lawful holder of the information. This might mean providing information about how the trade secret was developed (and by whom).

The claimant will need to prove that the information in question qualifies as a trade secret, namely:

- That the information has commercial value because it is secret: it may be easier to convince the court of the value of certain kinds of information, two common examples being recipes, such as those for KFC's special blend of herbs and spices, or Google's algorithm for its search engine. In other cases, such as those involving customer lists, the claimant may need to invest more effort in showing the court that the information is truly a trade secret. Under the common law, customer lists have been held to be confidential in combination with other information – such as customer contracts (*Universal Thermosensors v Hibben* [1992] 3 All ER 257) or where indexed into contact cards (to the extent that the claimant 'could not have carried them away in this head' (*Roger Bullivant Ltd and others v Ellis and others* [1987] ICR 464)), but in other cases, a customer's details were not considered confidential (*Faccenda Chicken Ltd v Fowler* [1986] IRLR 69).
- That the claimant has taken reasonable steps to maintain the secrecy of the information, for example, through the use of password-protected storage, confidential information policies, and restricting access to the information.

The claimant will need to show the nature of the misuse. In the case of unlawful use or disclosure this is likely to have two parts:

- Access: demonstrating that the defendant had access to the confidential information, for example because the defendant is an ex-employee who previously lawfully accessed the information during their employment.
- Unlawful use: the Regulations include a definition of 'infringing goods' – meaning 'goods, the design, functioning, production process, marketing or a characteristic of which significantly benefits from a trade secret unlawfully acquired, used or disclosed'. Although there is no case law yet discussing infringing articles under the Regulations, it is likely that the court's assessment would take a similar approach to that under the common law breach of confidence. Under the common law, to show that confidential information has been used to produce an infringing article in this regard, the inclusion of deliberate mistakes, whether in lists of customers, maps, or software code, can serve as useful 'tells'. These can be relatively subtle, such as traces of a piece of software being translated from one programming language to another, for example through redundant code or non-native syntax (*PQ Systems Europe Ltd & Or v Jeff Aughton* [2023] EWHC 581 (Pat)).

*Law stated - 19 September 2023*

## Burden of proof

How is the burden of proof distributed in trade secret misappropriation claims?

### DENMARK

### CLEMENS ADVOKATFIRMA

The trade secret holder must prove that there has been an unlawful acquisition, use or disclosure of the trade secret. In Danish law, the basic principle is that the burden of proof is on the party making a claim. It is therefore up to the trade secret holder to procure the necessary evidence.

*Law stated - 09 August 2023*

### EUROPEAN UNION

### FRESHFIELDS BRUCKHAUS DERINGER

The Trade Secret Directive does not provide a burden of proof rule and leaves that to the EU member states' national laws. Only in respect of preliminary measures in article 11 is it stated that EU member states shall ensure that the competent judicial authorities have, in respect to preliminary or injunctive measures, the authority to require the applicant to provide evidence that could reasonably be considered available to ensure with a sufficient degree of certainty that:

- a trade secret exists;
- the applicant is the trade secret holder; and
- the trade secret has been acquired unlawfully, is being unlawfully used or disclosed, or the unlawful acquisition, use or disclosure of the trade secret is imminent.

In all, the Trade Secrets Directive requires EU member states to implement civil proceedings in respect of a trade secret violation based on the principle of proportionality, which also implies a fair distribution of the burden of proof.

*Law stated - 07 August 2023*

## GERMANY

## COHAUSZ & FLORACK

Before German civil courts the claimant bears the burden of proof for any facts supporting their claim. In trade secret misappropriation proceedings, this includes proving that the legal requirements are met, according to which the relevant information is considered a trade secret, as well as all circumstances from which a misappropriation act of the defendant arises. Further, the statement of facts must have a certain substance and must not be too vague. Otherwise, there is no obligation of the defendant to contest the facts asserted by a claimant in detail. If the statement of claims is sufficiently detailed and the defendant does not contest in detail regarding factual assertions of which it may have knowledge, the facts asserted by the claimant are considered as being admitted. The defendant may not deny factual assertions against its better knowledge.

Accordingly, the claimant must assert and be able to prove all facts establishing the trade secret as such, its misappropriation, and damages. The defendant must assert and be able to prove defences such as the lawful procurement of the concerned information from a third source or the prior possession of such information.

Even regarding facts for which the other party bears the burden of proof, a substantiated refutation may require offering counterevidence.

For common law lawyers, it is important to bear in mind that the court will only entertain evidence that supports written factual assertions that in its view are relevant for the decision and contested. The court will normally issue an order directing and limiting witness or expert evidence. Adducing evidence concerning other contested facts by witness (cross-) examination is not foreseen in German civil procedure. Accordingly, the issue of burden of proof is closely related to the duty to substantiate factual assertions in writing before the hearing date and to identify meticulously the offered (witness) evidence concerning specific assertions. Discovery is not available in German courts. Only specific identified documents may be requested from the other party, if available and relevant.

It is important to note that German civil proceedings do usually not comprise disclosure duties (discovery) and that requests for document production are only granted on very narrow grounds for specifically identified documents that are not in the possession of the requesting party. Notwithstanding, German courts have developed and granted by way of interlocutory pretrial relief claims for inspection at the site where the misappropriation takes place using a court-appointed expert and measures that protect the findings from the petitioner's taking cognisance unless explicitly allowed by the court. This remedy was first developed for patent infringement cases but should also be available for trade secret misappropriation despite not being provided for in the GeschGehG itself. The petitioner must show sufficient probability of misappropriation to the court. Another route for obtaining evidence for civil proceedings is criminal proceedings based on a criminal complaint by the aggrieved party that later, through its attorney, requests an

inspection of the file held by the prosecutor's office.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

The burden of proof in trade secret misappropriation claims rests on the rights holder, who must prove that, on the balance of probabilities, the alleged trade secret misappropriation occurred. The defendant will be presumed to have used the trade secret if the rights holder proves that the trade secret was known to the defendant or that they had access to it, and the information that the defendant was using is essentially similar to the information that is the subject of the trade secret (section 10 of the Law). The evidential burden may shift to the defendant at the evidence stage.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

The rights holder has to prove, first, that the right claimed meets all the requirements for protection set forth in article 98 of the Industrial Property Code and can therefore be qualified as a trade secret. Second, it has to prove that the alleged infringer has unlawfully acquired, disclosed or used the trade secrets.

As for the alleged infringer, to avoid liability, it will be sufficient to prove the absence of one of the requirements of article 98 of the Industrial Property Code with regard to the information in question or the lawfulness of the disputed conduct.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

In civil lawsuits involving trade secret misappropriation claims, the rights holder owes the burden of proof for the misappropriation of the trade secret at issue. More specifically, the rights holder is required to prove the following facts:

- secrecy of the trade secret;
- unavailability of the information to the public;
- commercial value; and
- the act of misappropriation.

If the rights holder seeks monetary damages, the rights holder must additionally establish:

- an intention or negligence of the misappropriator;
- the amount of damages incurred; and
- the causation between the misappropriation and the damages.

On the other hand, the burden of proof is on the alleged misappropriator with respect to:

- the statute of limitations;
- abuse of right or bad faith;
- negligence of the rights holder (which could reduce the amount of damages); and
- an exception to trade secret protection.

In practice, the alleged misappropriator is required to provide reasonable explanations and submit evidence as to how and why it has obtained the information at issue. The failure to do so may cause the judge to suspect that the alleged misappropriator has misappropriated a trade secret.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

The entity seeking judicial protection of its trade secrets must prove that the information in fact constitutes a trade secret and that the misappropriation occurred. To do so, the plaintiff must prove that:

- the information has economic value;
- the information has not been disclosed to the public prior to the breach; and
- necessary measures to maintain confidentiality of the confidential information were taken.

It must also be established:

- that such information has been disclosed, made use of or obtained by the defendant in violation of law or good practice; and
- that the above threatens or infringes the plaintiff's or his customer's interest.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Under Korean law, a plaintiff claiming trade secret misappropriation bears the burden of proof.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

As a part of a civil liability claim, the general rules specified under the Code of Civil Procedure apply. The claimant bears the burden of proof regarding the facts that he or she alleges in his or her favour unless the law provides otherwise or where the circumstances render it manifestly unfair. Nevertheless, if a party has made a preliminary showing that his or her trade secret has been or is likely to be infringed, and the other party denies the allegation, the court may order the other party to raise specific reasons for the denial, and where the other party fails to do so without good cause, the court may, subject to the circumstances, deem such allegation of misappropriation to be true. In Taiwan, trade secret owners sometimes will file criminal complaints with the Public Prosecutor's Office so that police raids can be conducted against named defendants, in which the evidence relating to the complaints can be searched and seized. The public prosecutor usually will request the trade secret owners to fill out and file a 'case detail explanation form' and then collect evidence based on that form, and the collected evidence, if any, can be considered as part of the rights holders' proof.

In addition to the case detail explanation form, according to a civil judgment rendered by the IP Court in December 2021, if the right holder wants to claim that his or her trade secret has been infringed, it must be proved that such information relates to important business production, sales or operations. In a civil judgment rendered by the Supreme Court in July 2022, since the company and the purchasing manager have signed a legal and valid non-competition agreement, if the manager violates the above agreement and works for a competitor of the original company, that company may directly request the manager to pay the stipulated compensation without proving the trade secret thereof has been misappropriated.

*Law stated - 08 August 2023*

**UNITED KINGDOM****CARMAELS & RANSFORD LLP**

The usual standard of proof in civil cases is the 'balance of probabilities', meaning that the claimant must show their case to be more likely than that of the defendant.

In trade secrets cases, this will typically require the claimant to show:

- that they are the lawful holder of a trade secret;
- that there was a trade secret to protect; and
- that the defendant accessed the trade secret without authorisation, used the trade secret without authorisation or disclosed the trade secret unlawfully. The burden of proof then shifts to the defendant to defend the claim – for example through showing that they were in possession of, and were able to use, the trade secret lawfully, or perhaps by showing that they independently developed the relevant product alleged to incorporate the trade secret.

*Law stated - 19 September 2023*

**Extraterritorial acts**

Can acts taking place outside your jurisdiction support a charge of trade secret misappropriation?

**DENMARK****CLEMENS ADVOKATFIRMA**

In determining whether a misappropriation of trade secrets has taken place, and if so, what the relevant remedies should be, it is possible that Danish courts will not only take into account misappropriation acts that have taken place in Denmark but also misappropriation acts that have occurred outside of Denmark. For instance, when determining a financial compensation to the trade secret holder, the court may consider damaging acts that have taken place outside of Denmark, but which have a negative impact on the trade secret holder's business in Denmark.

*Law stated - 09 August 2023*

**EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

The Trade Secrets Directive is silent on its (extra) territorial scope as it is not directly applicable by nature and needs to be individually transposed into national law by the EU member states. Consequently, applicable law and jurisdiction in cross-border disputes of trade secret misappropriation will be determined based on established national conflict of laws as well as EU rules, namely, the Regulation (EC) No. 864/2007 (Rome II) on the law applicable to non-contractual obligations and Regulation (EU) No. 1215/2012 (Brussels Ia) on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters regime. Based on general conflict of laws rules, the law of the country in which the respective damage occurs may apply (irrespective of the country in which the event given rise to the damage occurred). Regarding jurisdiction, it is established by CJEU case law that plaintiffs may bring an action before a court not only in the place of the event giving rise to the damage but also where the damage occurred (however, in the latter case, the scope of a damage claim in relation to the trade secret misappropriation may be limited to those damages occurred in such EU member state).

Acts taking place outside of the European Union may give rise to charges of trade secret misappropriation before a court within the European Union under the laws of the respective EU member state.

*Law stated - 07 August 2023*

**GERMANY****COHAUSZ & FLORACK**

If the territorial international competence of a German court in civil proceedings can be established, facts occurring outside of Germany may be considered. Since international jurisdictions concerning torts under German and EU

procedural law require a factual nexus of the trade secret misappropriation with Germany, acts or omissions that take place outside of Germany will need to be part of the trade secret misappropriation triable under the GeschGehG. If there is a valid choice of venue clause that also covers the tort of trade secret misappropriation, acts or omissions occurring outside of Germany may also be considered. Evidence is taken according to the German Code of Civil Procedure and the regulations concerning the taking of evidence outside of Germany by German courts.

Further, if the German court has international jurisdiction, depending on the specific circumstances, the German court may apply foreign law regarding trade secrets.

*Law stated - 09 August 2023*

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**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

Acts taking place outside of Israel can support a charge of trade secret misappropriation if the taking of the trade secret (section 6(b)(1) of the Law) or its transfer or its use (section 6(b)(2) of the Law) was in Israel.

*Law stated - 13 September 2023*

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**ITALY****JACOBACCI AVVOCATI**

Under Italian law, only acts that take place within the Italian territory are punishable. However, acts that take place outside of Italy can certainly support a claim of trade secret misappropriation, particularly when part of the alleged conduct takes place within Italian jurisdiction. A possible case could be a company misappropriating a competitor's trade secrets within a different jurisdiction and then using them within Italy; in this case, in order to demonstrate the unlawfulness of the use of trade secrets and request the cessation of the use within the Italian territory, it would certainly be useful to prove that trade secrets were misappropriated (even in another jurisdiction) and therefore were not independently developed.

*Law stated - 11 August 2023*

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**JAPAN****ANDERSON MŌRI & TOMOTSUNE**

With respect to tort claims based on trade secret misappropriation, there are several views as to whether the Act applies to extraterritorial acts. One view that has been adopted by several court decisions is that whether the Act applies to extraterritorial acts is determined pursuant to the general conflict of laws rule regarding torts, which provides that the law of the place where the result of the wrongful act occurred (or, if the occurrence of the result at such place was ordinarily unforeseeable, the law of the place where the wrongful act was committed) shall apply. According to this view, the Act may apply to extraterritorial acts of misappropriation if the result of the misappropriation occurred in Japan.

With respect to the criminal aspects of trade secret misappropriation, the Act specifically sets forth criminal sanctions against certain extraterritorial acts of misappropriation of trade secrets held by a rights holder doing business in Japan.

*Law stated - 07 September 2022*

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**POLAND****ERNST & YOUNG**

Under the Unfair Competition Act, foreign natural and legal persons shall also benefit from the rights resulting from this act under international agreements binding the Republic of Poland or on the basis of reciprocity.

In particular, according to Regulation (EU) No. 864/2007 on the law applicable to non-contractual obligations (Rome II), where an act of unfair competition affects exclusively the interests of a specific competitor (eg, in case of trade secret misappropriation) as a general rule the applicable law shall be the law of the country in which the damage occurs, irrespective of the country in which the damaging event occurred and irrespective of the country or countries in which the indirect consequences of that event occur.

*Law stated - 04 August 2023***SOUTH KOREA****BAE, KIM & LEE LLC**

The UCPA also applies to extraterritorial trade secret misappropriation. In addition, misappropriating a trade secret for use in a foreign country is subject to aggravated punishment. Moreover, the choice of law may be determined according to the principles of private international law in view of the specific circumstances and facts of each case.

*Law stated - 04 September 2023***TAIWAN****LEE AND LI ATTORNEYS AT LAW**

The territorial principle applicable under the Trade Secrets Act is that either the location of the misappropriation act or the place where the result of the misappropriation act occurs should be within Taiwan. If said act occurs outside Taiwan but the result occurs in Taiwan, Taiwan courts usually will assume the jurisdiction. Moreover, where a trade secret lawsuit involves the internet or network, then even if the alleged act occurs outside Taiwan, Taiwan courts may have jurisdiction if the location of the website IP, email server, or data transmission host is in Taiwan. However, the Trade Secrets Act has a reciprocity clause. Taiwan courts may refuse to assume jurisdiction if the country of the foreign owner does not provide reciprocal protection to the Taiwanese company or person. In summary, if the location of the misappropriation act and the place where the result of the misappropriation act occurs are both outside Taiwan, Taiwan courts will not assume jurisdiction.

*Law stated - 08 August 2023***UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

Yes, it is possible for a trade secrets claim to be brought in the United Kingdom based on a misappropriation that occurred outside the United Kingdom.

This was confirmed in the 2020 case of Celgard, LLC v Shenzhen Senior Technology Material Co Ltd [2020] EWHC 2072 (Ch), in which the claimant was based in the United Kingdom and the defendant was based in China (which is also where the unlawful use of the trade secrets occurred). The claimant was able to show a nexus with the United Kingdom, and thereby the court's jurisdiction, because a key client of the claimant was in the United Kingdom, and for that reason the United Kingdom was the place in which the claimant suffered damage.

*Law stated - 19 September 2023***ENFORCEMENT PROCEEDINGS****Causes of action**

What causes of action are available and commonly asserted against misappropriation and unauthorised disclosure of trade secrets in your jurisdiction?

**DENMARK****CLEMENS ADVOKATFIRMA**

The available and commonly asserted causes of action against misappropriation and unauthorised disclosure of trade secrets in Denmark is the violation of any of provisions included in the Trade Secrets Act or a breach of confidentiality obligation in a contract (or a combination of both).

*Law stated - 09 August 2023***EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

Directive 2016/943/EU (Trade Secrets Directive) requires EU member states to provide for the measures, procedures

and remedies necessary to ensure the availability of civil redress against the unlawful acquisition, use and disclosure of trade secrets (article 6).

This includes provisional and precautionary measures (articles 10 and 11), injunctions and corrective measures (articles 12 and 13), damages (article 14) and the publication of judicial decisions (article 15). Further, the Trade Secrets Directive requires EU member states to ensure that the competent judicial authorities impose sanctions on any person who fails or refuses to comply with any measure adopted under articles 9 (preservation of confidentiality of trade secrets in the course of legal proceedings), 10 and 12.

EU member states may provide more far-reaching protection against the unlawful acquisition, use or disclosure of trade secrets as long as the safeguards that are explicitly outlined in the Trade Secrets Directive, which protect the interests of the other parties, are respected.

Sanctions under criminal law (which exist in several EU member states) are not addressed by the Trade Secrets Directive.

*Law stated - 07 August 2023*

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## **GERMANY**

## **COHAUSZ & FLORACK**

The Trade Secret Act (GeschGehG) provides for a whole range of statutory claims in the case of misappropriation or unauthorised disclosure of trade secrets, such as injunction, destruction or release of the documents, items, materials, substances or electronic files, recall or permanent removal or destruction of infringing products, information claims and claims for damages.

In the case of claims for damages, in the assessment of damages, the profit that the infringer has made from the infringement of the right may also be taken into account. Further, the claim for damages may be based on the amount that the infringer would have had to pay as appropriate remuneration if he or she had obtained consent to obtain, use or disclose the trade secret.

If the violation of trade secrets results from the breach of a confidentiality agreement, there may be contractual claims on which the claims can also be – and are typically – based.

*Law stated - 09 August 2023*

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## **ISRAEL**

## **GILAT BAREKET & CO, REINHOLD COHN GROUP**

The causes of action generally asserted against misappropriation include the tort of misappropriation of trade secret, as well as breach of contract (mostly breach of employment contract, non-disclosure agreements), breach of fiduciary obligation, unjust enrichment and breach of duty to act in good faith.

*Law stated - 13 September 2023*

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## **ITALY**

## **JACOBACCI AVVOCATI**

In the Italian legal system, in the event of misappropriation of trade secrets, an injured party can raise claims against an alleged infringer based both on contractual actions, concerning breach of a contract (generally of a confidentiality clause), and on non-contractual actions, if no contract exists the conduct of one party is nevertheless punishable under article 99 of the Industrial Property Code. In both cases, it is possible to file a preliminary action before the court claiming (1) an ex parte inspection at the alleged infringer's premises, to obtain evidence of the infringement or some additional information on the extent and the economic importance of the infringement or the involvement of third parties, or (2) the cessation of the allegedly unlawful conduct, or both. It is also possible to file an action on the merits not only to obtain confirmation of the measures issued in the preliminary action, but to obtain compensation for any damages suffered.

*Law stated - 11 August 2023*

**JAPAN****ANDERSON MŌRI & TOMOTSUNE**

Tort, unjust enrichment and breach of contract (if such contract exists) are commonly asserted causes of action.

Under the Unfair Competition Prevention Act (the Act) and the Civil Code, an act of trade secret misappropriation is considered to be a type of tort. Also, it is considered unjust enrichment because the misappropriator is benefited with economical gain from improper use of the rights holder's trade secret.

Also, if the misappropriator and the rights holder have a contract (eg, an employment agreement, service agreement, licence agreement and franchise agreement), and the contract expressly or implicitly provides a duty of confidentiality, an act of misappropriation may constitute a breach of contract.

*Law stated - 07 September 2022*

**POLAND****ERNST & YOUNG**

Under Polish law, both civil and criminal proceedings may be brought against the person who violates a trade secret.

The civil action may be based on article 18 of the Unfair Competition Act or on general rules of compensation for damage stated in the Polish Civil Code. In the first case, the plaintiff may demand:

- cessation of the prohibited activities;
- elimination of the effects of the trade secret breach;
- the making of a single or a series of statements with appropriate content and in a proper form;
- repairing of the damage inflicted, according to general principles or by payment of a sum of money in the amount corresponding to the remuneration which would be due based on the granting of consent by the authorised party for the use of the trade secret;
- release of unjust benefits according to general principles of law;
- an order for payment of an adequate amount of money for a specific public purpose connected with supporting Polish culture or protection of national heritage (if the defendant was at fault); or
- that the defendant make the information about a judgment or its contents publicly available in a specified manner and to the specified extent.

*Law stated - 04 August 2023*

**SOUTH KOREA****BAE, KIM & LEE LLC**

The Unfair Competition Prevention and Trade Secret Protection (UCPA) provides causes of action based on unauthorised use or disclosure of trade secrets. Such unauthorised use or disclosure can be made by a breach of contract. Where the alleged wrongdoer had a duty to maintain secrecy under a non-disclosure agreement or any other agreement that creates a confidentiality obligation, breach of such agreement is also a cause of action.

*Law stated - 04 September 2023*

**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

The common causes of action usually include breach of contract, tort and unjust enrichment. Regarding claims for breach of contract, most of the time, it would be the breach of contractual duty of confidence, and the rights holder may also apply for an injunction, if applicable.

Under article 11 of the Trade Secrets Act, where there is an actual or threatened misappropriation, the rights holder may apply to the court for the injunction for the removal or prevention of such misappropriation. Also, if a trade secret is misappropriated, the rights holder may, together with the application for the removal of the misappropriation, request from the court the destruction or other necessary dispositions of products derived from such misappropriation or items exclusively used for such misappropriation.

Article 12(1) of the Trade Secrets Act provides that one who intentionally or negligently misappropriates a trade secret of another shall be liable for damages. If the misappropriation also constitutes an unjust enrichment, namely, where one person is enriched at the expense of another without justified legal ground, the rights holder may claim for the return of the benefit obtained by the wrongdoer.

Furthermore, under paragraph 5 of article 12 of the Taiwan Labor Standards Act, if the employee deliberately discloses any technical or confidential trade secret information of the employer, thereby causing damage to the employer, the employer may terminate the labour contract without advance notice or severance pay.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

When litigating trade secrets in the United Kingdom, claimants may have a choice of claims to assert including:

- statutory misuse of trade secrets under the Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) (the Regulations);
- common law breach of confidence; and
- breach of contractual confidentiality requirements (eg, a non-disclosure agreement (NDA) or other confidentiality clause).

There may be tortious claims relating to inducing or procuring breach of contract or other related claims.

*Law stated - 19 September 2023*

**Court jurisdiction**

What criteria are used to establish the courts' jurisdiction over trade secret disputes? Are there any specialist courts for the resolution of trade secret disputes?

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**DENMARK**

**CLEMENS ADVOKATFIRMA**

In Denmark, ordinary courts have jurisdiction in civil cases. The ordinary courts are the district courts, the regional high courts and the Supreme Court.

Also, legal disputes between traders in which trade secrets play a significant part may be brought before the Danish Maritime and Commercial High Court unless the parties have agreed otherwise. Decisions from the Danish Maritime and Commercial High Court can be appealed to the regional high courts or, in certain cases, directly to the Supreme Court.

*Law stated - 09 August 2023*

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**EUROPEAN UNION**

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

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**GERMANY**

**COHAUSZ & FLORACK**

In Germany, where the defendant is domiciled in Germany (natural persons) or has its seat of establishment in Germany (legal entities) the regional court in whose district the defendant has his or her general place of jurisdiction has exclusive jurisdiction in the first instance for actions before the ordinary courts. In the case of trade secret disputes against current or former employees that are connected to the employment relationship, labour courts have exclusive

jurisdiction.

The federal states are empowered to assign jurisdiction to one regional court by decree for the districts of several regional courts to establish specialist courts for the resolution of trade secret disputes. Such courts have already been established in some states.

Internationally, if the defendant is domiciled or established outside of Germany, the German court will establish its international jurisdiction under Regulation (EU) No. 1215/2012 of 12 December 2012. Concerning delicts or quasi-delicts, section 2 thereof establishes that a person or entity domiciled in another member state may be sued at the place where the harmful event occurred or may occur. If this place is in Germany, section 15(2) of the GeschGehG establishes exclusive jurisdiction, at the place where the tortious act is being committed. EU and German law allow a choice of forum clauses for establishing jurisdiction.

*Law stated - 09 August 2023*

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## ISRAEL

## GILAT BAREKET & CO, REINHOLD COHN GROUP

There are no specialist courts for the resolution of trade secret disputes. Trade secret disputes can be brought before various courts, depending on the nature of the dispute and the amount of the remedies requested by the rights holder. In general, civil matters in which the amount of the remedies exceeds 2.5 million shekels are held at district courts, while disputes up to that amount are brought before magistrate courts. However, should the dispute be between an employer and its employee, the jurisdiction is with the Labour Court, regardless of the amount.

*Law stated - 13 September 2023*

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## ITALY

## JACOBACCI AVVOCATI

The criteria used to establish the courts' jurisdiction over trade secret disputes are set out in article 120 of the Italian Industrial Property Code. In particular, the owner of the trade secrets may file a legal action against the alleged infringer before the court: (1) in the place of residence or domicile of the defendant, which in the case of companies corresponds to the place of the registered office, or (2) in any place where the defendant advertises, promotes or markets the disputed product or service. As anticipated, these are two alternative criteria that are left to the total discretion of the plaintiff.

Second, pursuant to article 134 of the Industrial Property Code, cases concerning intellectual property – and therefore also concerning trade secrets – are to be heard in the specialised business section of the courts, which is composed of judges who are experts in these matters. There is a specialised business section in all of the larger Italian courts.

*Law stated - 11 August 2023*

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## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

The following are the situations where Japanese courts have international jurisdiction over trade secret cases. These rules are set forth in the Code of Civil Procedure, namely:

- where the defendant is a natural person and the domicile or, if the domicile is unknown, the residence, is in Japan. If both the domicile and the residence are unknown, or the defendant has no residence, where the defendant had been domiciled in Japan before the lawsuit was filed (unless the defendant established a domicile outside Japan thereafter);
- where the defendant is an entity and its primary office is in Japan. If the entity has no primary office or its location is unknown, where its representative or someone principally in charge of its business is domiciled in Japan;
- where the defendant has an office in Japan and the lawsuit relates to that office;
- where the defendant is doing business in Japan and the lawsuit relates to that business;
- where the object of the claim (ie, the information at issue) is in Japan, or an asset subject to seizure in

preparation for the payment of monetary damages is in Japan;

- where the act of misappropriation took place in Japan or the damage to the plaintiff realised in Japan; and
- in breach of contract cases, where the place of performance of the contract is in Japan.

The Code of Civil Procedure does not provide any exclusive jurisdiction of specialist courts. Therefore, within the territory of Japan, a plaintiff can file a lawsuit in a court that has jurisdiction over the defendant or the claim according to general rules for civil lawsuits (eg, a court that has jurisdiction over the place of domicile of the defendant, the place of the act of misappropriation or the place of realisation of loss or damage to the plaintiff).

It is noted, however, that, if a lawsuit can be filed in a court located in the eastern half of Japan, the Tokyo District Court has jurisdiction too. Similarly, the Osaka District Court has jurisdiction over cases that can be filed in a court located in the western half of Japan. This is to allow parties to choose the Tokyo District Court and the Osaka District Court, which have special divisions that exclusively handle intellectual property related cases.

*Law stated - 07 September 2022*

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## **POLAND**

**ERNST & YOUNG**

According to the separate civil procedure for intellectual property cases, which was implemented in 2020, the special divisions in five district courts have jurisdiction over trade secret disputes (in Gdańsk, Katowice, Lublin, Poznań and Warsaw). The court in Warsaw has sole jurisdiction over trade secret disputes of a technical nature (ie, highly complex cases).

*Law stated - 04 August 2023*

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## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

There is no specific provision on the jurisdiction applicable to trade secret disputes. Unlike in patent infringement litigation, there is no special court dedicated to the resolution of trade secret disputes. The court's jurisdiction will be determined in accordance with the Civil Procedure Act and the Criminal Procedure Act.

*Law stated - 04 September 2023*

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## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

The Intellectual Property Court (IP Court) was established in 2008 to handle intellectual property disputes and offences. Under article 3 of the Intellectual Property and Commercial Court Organisation Act, which was amended in April 2023, the IP Court has jurisdiction over disputes arising from the Trade Secrets Act, including first and second instance civil cases, and second instance criminal cases.

According to article 54 of the Intellectual Property Case Adjudication Act, which was newly amended in February 2023, the IP Court also has jurisdiction over first instance criminal cases arising from the Trade Secrets Act, such as those involving criminal acts as described in article 13-1 of the Trade Secrets Act (ie, any person committing an act for the purpose of an illicit gain from the trade secret holder or inflicting a loss on the trade secret holder). Moreover, the IP Court now also has jurisdiction over second instance criminal cases arising from the National Security Act in relation to obtaining, using or disclosing the trade secrets of national core key technologies.

In principle, provided that either the place of the alleged misappropriation or the place of the alleged results of misappropriation is within Taiwan, the Taiwan court may assume jurisdiction, at the discretion of the judge reviewing the individual case.

*Law stated - 08 August 2023*

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## **UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

There are no specialist courts for trade secrets matters in the United Kingdom. The court used for these cases will depend on the value and complexity of the case. Some of the options available to the parties are:

- county courts: regional courts for civil matters – typically for claims under £100,000;
- Intellectual Property Enterprise Court: a centralised court that is intended to cover specialist commercial and intellectual property matters but is aimed at serving SMEs with caps on legal costs recovery of £60,000 and damages of £500,000; and
- High Court (Business and Property Courts): the High Court maintains specialised list for different subject areas, but trade secrets claims may be heard in several lists (including those relating to commercial, Chancery and IP matters). The High Court will generally be used if the value of the claim exceeds £100,000 or is particularly complex (or both).

There is some overlap in the availability of the different courts allowing the parties to identify the best forum for the specific dispute.

To establish the UK courts' jurisdiction, there will need to be a nexus with the United Kingdom. This might be due to a governing law clause (where the misuse stems from breach of contractual clause relating to trade secrets), or the location of the parties or act of misappropriation. In *Celgard, LLC v Shenzhen Senior Technology Material Co Ltd* [2020] EWHC 2072, it was also held that the UK courts had jurisdiction to hear a claim for trade secrets misappropriation due to the location of the damage arising from the unlawful activity.

*Law stated - 19 September 2023*

## Procedural considerations

What is the typical format and timetable of proceedings?

### DENMARK

### CLEMENS ADVOKATFIRMA

District courts handle more than 97 per cent of all cases before Danish courts as courts of first instance. Getting a case to court is a process that takes time, and parties can often wait a long time for a trial date. The national average time for civil cases in Denmark is currently a little less than two years. Some cases can be dealt with significantly faster, but it takes time to get a dispute resolved by the courts.

*Law stated - 09 August 2023*

### EUROPEAN UNION

### FRESHFIELDS BRUCKHAUS DERINGER

The typical format and timetable of proceedings concerning a trade secret misappropriation are not regulated in the Trade Secrets Directive and depend on the respective national procedural laws. However, since the Trade Secrets Directive requires member states to ensure the availability of provisional measures and given the fact that a trade secret's protection is dependent on its continued secrecy, a trade secret holder will usually apply for a preliminary injunction to stop or prevent any ongoing or imminent trade secret violation. On the other hand, a claim for damages would likely need to be asserted in a proceeding on the merits. In any case, a trade secret holder is well advised to apply for specific protective measures in accordance with article 9 of the Trade Secrets Directive to ensure that confidentiality is also preserved in the course of legal proceedings (eg, restricted access to hearings and documents, or 'confidentiality clubs', ie, restrictions on the persons participating in the proceedings to use or disclose any (alleged) trade secret).

*Law stated - 07 August 2023*

**GERMANY****COHAUSZ & FLORACK**

Regarding interlocutory injunctions, a decision may usually be obtained within a couple of days from filing the request for ex parte relief. However, owing to a recent change of federal case law, the court may decide to grant an interlocutory injunction only after having heard the other party within short periods. This may result in a duration of up to two or three months until a decision is made. If an ex parte injunction is issued and the respondent objects, one can expect an oral hearing within a time frame of two months. If the other party was heard and the decision on interlocutory relief is rendered by way of a judgment, a decision by the court of appeal may be expected within six to 12 months. Given that the German court system up to the appeal stage is organised on the level of the German states, there are notable differences concerning court practice and duration of the proceedings.

For the main proceedings, one may expect a first instance decision within 12 months and a decision upon appeal within six to eight months.

However, owing to the federal structure of the German court system and the heterogeneity among the competent courts there may be substantial differences regarding duration. The main factor having an impact on duration is probably the complexity of the facts. Factually complex technical trade secret misappropriation cases may have a considerably longer duration, especially if there is a need for the court to appoint an expert and to hear numerous witnesses of the fact.

*Law stated - 09 August 2023*

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

Since trade secret disputes are civil matters, these are conducted in accordance with the Civil Procedure Regulations, 5779-2018 and include the following stages:

- Filing of statements of claim by the parties – this stage includes submission of the statement of claims by the rights holder, which is followed (within 60 days) by the defendant's statement of defence. The rights holder is then entitled (but not obliged) to file (within 14 days) a statement in reply.
- Preliminary discussion – in this stage, the parties are required to hold meetings to attempt to reach an agreement or reduce the scope of the dispute.
- Preliminary proceedings – this stage includes discovery and written interrogatories.
- Pretrial – the pretrial is mainly intended to delineate the issues in dispute, settlement discussions, and such.
- Filing of evidence – the evidence shall be filed in the form of affidavits and expert opinions. The rights holder submits its evidence, followed by the defendant's evidence. The rights holder's evidence in rebuttal can be filed upon the court's permission.
- Trial – this stage includes cross-examinations of the affiants and experts whose affidavits or opinions were filed as evidence.
- Summations – the summations are to be oral by default, but the court may order to have them in writing.

Proceedings might take about three years until a final decision is issued and sometimes more, depending inter alia on interim proceedings.

*Law stated - 13 September 2023*

**ITALY****JACOBACCI AVVOCATI**

From a general point of view, there are two types of civil action that can be invoked for the protection of trade secrets.

In urgency proceedings, it is necessary to file an action against the alleged infringer, containing a description of the right claimed and the grounds of urgency, as well as the claims to be submitted before the court, which generally

consist of a request (even ex parte) for inspection, seizure or cessation of the unlawful acts. If the judge grants the measures requested ex parte, the plaintiff may, accompanied by the bailiff, enter the opposing party's premises to execute the measures granted. Afterwards, the defendant may reply to the plaintiff's claims by filing a statement of defence, following which the judge will schedule a hearing to discuss the case and confirm (or revoke) any measures already granted. Where necessary, the judge may order a further exchange of briefs between the parties and a subsequent oral hearing to discuss the matter. It is also possible, at that point, that the judge will decide to initiate a technical expertise phase, in which a neutral court-appointed expert would evaluate the technical evidence on the existence of infringement or misappropriation. At the end of the technical expertise phase, or after the hearings, the judge will issue a decision, which may then be appealed by the parties within 15 days. In any case, for some of the measures issued by the interim judge (of first or second instance), such as an order to seize the materials or goods, it is necessary to initiate proceedings on the merits within 20 days of the issue of the interim decision. The duration of the interim proceedings (first instance or appeal) is approximately three to five months from the time of filing; if a technical expertise phase is conducted, the average duration extends to six to nine months.

As regards ordinary proceedings on the merits, it should be noted that Legislative Decree No. 149/2022 has significantly modified Italian civil proceedings commenced after 28 February 2023, including trade secret infringement actions. Trade secret infringement actions are initiated once the claimant serves the writ of summons on the defendant. The defendant may appear in the action by filing a statement of defence with counterclaims and objections, and may also seek to join third parties that are allegedly involved in the matter, at least 70 days before the first hearing. This hearing cannot take place before 120 days have passed after service of the writ if the defendant is based in Italy (150 days if the defendant is based abroad). Within 15 days of the expiration of the term for filing the statement of response, the court shall carry out some preliminary verifications (eg, related to the validity of the power(s) of attorney, the validity of the writ of summons, etc) and highlight to the parties the issues that need to be discussed in their supplementary briefs. Not later than 40, 20 and 10 days before the first hearing, the parties shall exchange three supplementary briefs as provided by article 171-ter of the Italian Civil Procedure Code, formulating their pleadings and objections on the basis of the opposing party's arguments (first brief); introducing evidence (documents) and evidence requests (witnesses examinations) to support their claims (second brief); and rebutting the arguments and evidence provided by the other party (third brief). After these three rounds of briefs, the first hearing takes place, and pursuant to new article 183 of the Italian Civil Procedure Code, the parties need to personally attend the hearing. The court shall attempt to promote settlement of the litigation. If settlement is not possible, the proceedings move forward, and in almost all trade secret litigation cases the court will appoint a technical expert, skilled in the field of the specific trade secret(s) in dispute, to provide a technical opinion on the allegations in question. In the technical expertise phase, the parties are represented by their technical experts, who usually submit two technical briefs to the court-appointed expert. After examining the technical submissions, the court expert will issue a final opinion that, even if it is not binding on the judge, often provides a sort of anticipation of the outcome of the litigation, as the judge tends to follow the conclusions of the technical expert. The parties have the opportunity to discuss the court technical expert's report before the judge, who will then schedule a remittal hearing. The parties shall file, 60, 30 and 15 days before said hearing respectively, their statement of pleadings; final statements of defence; and rebuttals. At the hearing, the case is referred to the court, which should issue its decision within the following 60 days (this term is not mandatory). At the request of either party, during the remittal hearing, the court may schedule a hearing for the oral discussion and assign a term for the filing of the statement of pleadings (30 days before said hearing) and for final notes (15 days before said hearing). At the time of writing, it is not possible to assess the typical duration of the proceedings on the merits, as the new civil proceedings rules have only been in effect for a few months.

Finally, it is worth noting that the previous procedure is still applicable to proceedings brought before 28 February 2023:

- the defendant shall file its statement of response at least 20 days before the first hearing;
- the first hearing shall be scheduled at least 120 days after the service of the writ of summons (150 if the defendant is based abroad);

- after the first hearing, the parties exchange three rounds of defensive briefs. The terms are 30 days from the assignment of the terms for the first brief, 30 days from the first brief for the second brief, and 20 days from the second brief for the third brief. Their contents are the same as those of the supplementary briefs described above;
- the technical expertise phase is still applicable and common; and
- the term for the final statement is 60 days from its assignment and the rebuttal shall be filed within the following 20 days.

*Law stated - 11 August 2023*

## **JAPAN**

## **ANDERSON MŌRI & TOMOTSUNE**

Typically, it takes approximately six to 12 months from filing a complaint to obtain a final decision at the first instance. The first court hearing is typically held around 30 to 40 days after the complaint is filed, and subsequent hearings are typically held every 30 to 40 days. Before each hearing date, the court usually instructs either party or both parties to submit briefs and supporting evidence to rebut the counterparty's previous arguments. After both parties have almost exhausted their written arguments and documentary evidence, if the court finds it necessary to examine witnesses, a hearing date for witness examinations is set. Typically, before or after such witness examinations, the presiding judge discloses to the parties the court's tentative findings and thoughts on the merit of the case and encourages the parties to make an amicable settlement in the court proceeding.

*Law stated - 07 September 2022*

## **POLAND**

## **ERNST & YOUNG**

In the court proceedings, the parties state their positions in writing. As a general rule, the parties should present all claims and evidence in the lawsuit and the statement of defence respectively.

A typical litigation process consists of the following stages.

- Pre-trial actions:
  - pre-judicial notice;
  - possible mediation; and
  - possible applications for precautionary measures.
- Proceedings before the court of first appeal:
  - filing of the lawsuit;
  - delivery of the lawsuit to the defendant and possible filing of a statement of defence by the defendant;
  - possible further exchange of pleadings;
  - pre-trial hearing (attempt to settle the dispute without a trial, preparation of a trial plan);
  - trial; and
  - judgment of the court of first instance.
- Proceedings before the court of second appeal:
  - filing of the appeal;
  - delivery of the appeal to the other party and possible filing of a response to the appeal;
  - possible further exchange of pleadings;
  - trial; and
  - judgment of the court of second instance.
- Possible cassation appeal to the Supreme Court (not available in all cases).

Considering that the intellectual property cases have only been assigned to special courts since 2020, statistics on the

duration of proceedings in such cases are not yet reliable. According to current statistics, the majority of cases in the court of first appeal are dealt with within two to 12 months after the case is registered with the court. However, it is not uncommon to wait a year for the first hearing date to be set.

*Law stated - 04 August 2023*

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## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

An estimated timeline for a trade secret misappropriation litigation varies depending on the docket load or complexity of the facts of the case. Typically, a civil action on merits takes about 12 to 18 months from the filing of the complaint to the issuance of the court's decision. An action seeking preliminary injunction usually takes about six to 12 months.

*Law stated - 04 September 2023*

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## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

To file a civil lawsuit, a statement of claim shall indicate the following items:

- the parties and their statutory representatives;
- the subject matter and the background facts giving rise to the claim; and
- the demand for the reliefs sought.

Also, it is advisable to include a statement on the grounds for the court's jurisdiction as well as the applicable procedure. For a criminal trade secret case, the public prosecutor will request the trade secret owners to fill out and file a case detail explanation form.

Generally, it takes around eight months to one-and-a-half years for the court to render the judgment in the first instance (the actual time may be shorter or longer depending on the complexity of each case).

*Law stated - 08 August 2023*

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## **UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

The timeline, particularly at the commencement of proceedings, is governed primarily by the Civil Procedure Rules (CPR). However, judges in UK proceedings may, and often do, take an active approach to case management, the result being that the parties and the court shape the procedure and timetable to fit the needs of the specific matter.

Claims are commenced when the claimant files (with the court) and serves (on the defendant(s)) a claim form and particulars of claim. The defendant will then have a period of time to acknowledge and defend the claim (typically 14 days to acknowledge the claim and 28 days to file a defence, but these time frames can be varied). The claimant may then reply to the defendant's defence. Shortly after these documents (referred to as pleadings) have been filed and served, the parties ordinarily appear in court for a case management conference, where the timetable to trial will be set. In particular, the following elements will be determined on a case-by-case basis:

- witnesses: the number of witnesses, the form of evidence that they give (eg, just written evidence or also oral evidence at court), and the timetable for delivery of witness evidence;
- experts: the number of experts, the specific field on which experts will be engaged, and whether each party will have their own expert or if there will be a 'joint expert' for both parties; and
- disclosure: whether there will be any disclosure, and what will be included in any disclosure (eg, the period of time within which the parties must search for relevant documents) – the CPR include five disclosure models from which parties can pick. In the main, the court takes a conservative approach to disclosure – expecting parties to limit disclosure wherever possible.

Trials for trade secrets will be determined by a judge (rather than a jury). The length of the trial will again be a matter for agreement between the court and the parties, but trials in the Intellectual Property Enterprise Court will normally be limited to two days, while trials of more complex disputes in the High Court may often be longer.

The length of the whole process, from initiation of proceedings to trial, hearing and potentially an appeal, can vary hugely, at quickest taking only months to get to first trial, but in other cases taking years depending on the facts and the actions of the parties.

*Law stated - 19 September 2023*

## Limitation periods

What limitation periods apply for trade secret misappropriation claims?

### DENMARK

### CLEMENS ADVOKATFIRMA

The limitation period for trade secret claims is subject to the general rules of the Danish Limitation Act . The limitation period is typically three years but, in some cases – depending on the specific circumstances – the limitation period may be longer.

In respect of provisional decisions on prohibitions and injunctions, it is important to note that applications for such measures must be filed with the court within six months after the trade secrets holder has become aware of an unlawful misappropriation of the trade secret holder’s confidential information to an extent that the trade secret holder has sufficient grounds to file such applications.

*Law stated - 09 August 2023*

### EUROPEAN UNION

### FRESHFIELDS BRUCKHAUS DERINGER

EU member states shall determine the rules regarding the limitation periods that are to be applied to substantive claims and actions for the application of the measures, procedures and remedies provided for in the Trade Secrets Directive, whereby the duration of the limitation period shall not exceed six years (article 8).

Article 8 of the Trade Secrets Directive does not limit the time in which certain information can be protected as a trade secret. Instead, the limitation period found in article 8 only applies to substantive claims and actions for the application of the measures, procedures and remedies outlined or determined in the Trade Secrets Directive (Case T-643/13).

*Law stated - 07 August 2023*

### GERMANY

### COHAUSZ & FLORACK

The limitation period for trade secret misappropriation claims is typically three years beginning at the end of the year in which the claim has arisen and the claimant has become or should have become aware of the circumstances giving rise to the claim, but not longer than 10 years from arising of the claim.

Under certain circumstances, the limitation period for claims to surrender unjustifiably obtained advantages is six years after its accrual.

*Law stated - 09 August 2023*

### ISRAEL

### GILAT BAREKET & CO, REINHOLD COHN GROUP

According to the Statute of Limitations Law, 5718-1958, the limitation period for filing a lawsuit for trade secret misappropriation is seven years, beginning on the day on which the cause of action arose. However, if the facts

constituting the trade secret misappropriation were not known to the rights holder, for reasons that were not dependent on them and that even with reasonable care the rights holder could not have prevented them, the limitation period shall begin on the day on which the rights holder became aware of these facts.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

According to article 99 (1-quarter) of the Italian Industrial Property Code the limitation period for a trade secret misappropriation claim is five years from the date of the unlawful act. If the claim is based on a breach of contract (such as a breach of a confidentiality clause), the limitation period is 10 years.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The right to seek damages arising from torts extinguishes:

1. if the right is not exercised within three years after the rights holder or its legal representative becomes aware of the misappropriator and the damage caused; or
2. 20 years from the time of the tortious act.

In the case of continuous misappropriation, Japanese law deems that an act of misappropriation takes place and the loss or damage corresponding to it realises every day. Therefore, even if a part of the claim that accrued more than three years or 20 years before the commencement of the lawsuit has been extinguished by the statute of limitations, the rest of the claim can still be exercised.

The right to seek an injunction of continuous misappropriation extinguishes in the case of (1) above, or 20 years from the commencement of the continuous misappropriation.

The Civil Code provides that the right to seek contractual remedies extinguishes:

1. five years after the claimant becomes aware that it can exercise the right; or
2. 10 years after the right becomes exercisable.

Point (1) does not apply to claims that accrued on or before 31 March 2020, or claims whose underlying contract was executed on or before 31 March 2020.

The same limitation periods apply to unjust enrichment claims.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

Claims for infringement of trade secret are subject to a statute of limitations of three years.

This period runs from the date on which the right holder became aware, or by exercising due diligence could have become aware of the damage and of the person responsible for it. This period shall however not exceed 10 years from the day on which the event giving rise to the damage occurred.

However, where the act constitutes a criminal offence, the limitation period for a claim for damages shall not expire later than 20 years from the date on which the criminal offence was committed.

**SOUTH KOREA****BAE, KIM & LEE LLC**

A trade secret misappropriation claim is barred if it is not brought within three years of when the misappropriation is discovered or 10 years from the commencement of the misappropriation.

*Law stated - 04 September 2023***TAIWAN****LEE AND LI ATTORNEYS AT LAW**

The statute of limitations differs depending on the cause of action. Regarding claims for contractual claims and unjust enrichment, the limitation period is 15 years. However, article 12(2) of the Trade Secrets Act provides that the right to claim for damages resulting from torts should be exercised within two years of the date when the rights holder has knowledge of both the act of misappropriation and the identity of the party liable for the damages, or within 10 years of the act of misappropriation.

*Law stated - 08 August 2023***UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

An action for trade secret misappropriation must be brought within six years (five years in Scotland) of the later of the day on which the unlawful acquisition, use or disclosure of the trade secret ceases, or the day that the trade secret holder knows or could reasonably be expected to know about the infringing activity (Regulation 5(1)). If the claim stems from breach of an NDA, the limitation period is six years from the date of the breach, while if the claim is for the common law tort of breach of confidence, the limitation period is six years from the date upon which the defendant suffers damage (this will often be later than the date upon which the breach occurred).

*Law stated - 19 September 2023***Secondary liability**

To what extent can someone be liable for inducing or contributing to trade secret misappropriation? Can multiple parties be joined as defendants in the same suit?

**DENMARK****CLEMENS ADVOKATFIRMA**

Any natural or legal person who misuses a trade secret may be liable under the Trade Secrets Act. A civil case may be initiated against more than one defendant. For example, if the trade secret holder believes that several former employees have misused trade secrets, the trade secret holder can bring an action against the former employees jointly, asking the court to deal with the claims against all the former employees together.

*Law stated - 09 August 2023***EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

The Trade Secrets Directive defines an 'infringer' as any natural or legal person who unlawfully acquires, uses or discloses a trade secret (article 2(3)). Any such person can be liable in principle. The question as to whether inducing or contributory behaviour will lead to liability must be answered from a national law perspective as the Trade Secret Directive is silent in this regard.

However, under article 4(4) of the Trade Secrets Directive, acquiring, using or disclosing a trade secret is (also) unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully. This provision effectively allows for secondary liability claims, where the recipients knew (or

ought to have known) that the trade secret was unlawfully obtained. This requires careful consideration during the course of transactions (eg, due diligence) and employment relationship matters (eg, when onboarding employees from a competitor).

*Law stated - 07 August 2023*

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**GERMANY**

**COHAUSZ & FLORACK**

Any natural or legal person who unlawfully acquires, uses or discloses a trade secret is liable. This may also include employees and representatives of a company. Further, instigators and assistants of the infringers can be liable under certain circumstances. If there is no jurisdiction of different courts, multiple parties can be joined as defendants in the same suit if they are entitled or obliged for the same factual and legal reason.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

According to the Commercial Torts Law, 5759-1999 (the Law), the taking, transferring or receiving of a secret in circumstances where the person receiving it knows, or it is self-evident, that the transfer or use of the trade secret is made without the consent of its owner, amounts to infringement. Hence all said actions constitute primary liability. Moreover, since the Torts Ordinance applies on the chapter of the Law referring to trade secret misappropriation, liability can also be imposed on persons who collaborate with the infringer by facilitating the infringement or inducing the infringement, such as joint tortfeasors or aiders and abettors (see section 11 of the Law and CA 817/77 Beecham Group Ltd v Bristol-Myers Co , 33 (3) P.D. 757 [1979], where a foreign manufacturer was joined to a patent infringement action against its local distributor).

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

The Italian Industrial Property Code expressly regulates the behaviour of parties aside from the party that misappropriated trade secrets.

In particular, article 99 (1-bis) provides that a person who, at the time of acquiring, using or disclosing trade secrets, was aware or should have been aware of the fact that they were trade secrets obtained from a third party who, in turn, had unlawfully acquired or disclosed them, is also liable for infringement. The typical case is that of a former employee who independently steals confidential information and makes it available to the new employer; in such a case, the new employer has the burden of verifying the information made available by the employee, since otherwise it too would be held liable for infringement under article 99 (1-bis).

Apart from the express provision mentioned above, in general, a third party may be held jointly liable for trade secret misappropriation if its conduct has significantly contributed to the commission of the unlawful act, such as in the case where the employer has induced the employee to steal trade secrets from the competing company.

Multiple parties can be joined as defendants in the same suit.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

A person who induces or contributes to trade secret misappropriation is liable to the same extent the primary misappropriator is liable. Such person could be subject to an injunction, and must pay monetary damages to the rights holder jointly and severally with the primary misappropriator. All such parties can be joined as co-defendants in one lawsuit, but the rights holder can opt to file separate lawsuits against such parties as long as it does not constitute double-dipping.

An act of inducing or contributing to a breach of contract by someone else may constitute an independent tort, and a person who is engaged in such act may be held liable as a tortfeasor.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

In Polish law the comparative negligence rule applies: if the injured party has contributed to the occurrence or increase of the damage, the obligation to repair the damage shall be reduced accordingly to the circumstances, including the degree of fault of both parties.

Several parties may act as defendants in a single case if the subject matter of the dispute is one of the following:

- rights or obligations common to them or based on the same factual and legal basis (eg, in case of joint and several liability); or
- claims or obligations of one kind, based on the same factual and legal basis, if the jurisdiction of the court is justified for each of the claims or obligations separately as well as for all of them jointly.

According to Polish law, the joint and several liability must result either from the content of the legal act (eg, contract) or from the law. Polish law provides for certain cases of joint and several liability, namely when several persons are liable for a damage caused by a tort.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Multiple parties can be held jointly and severally liable for trade secret misappropriation, depending on their involvement to the misappropriating act. A party can also be subject to a criminal penalty for aiding or abetting the misappropriation, depending on the degree of involvement.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Under article 12(1) of the Trade Secrets Act, where there are two or more parties that jointly conduct the act of misappropriation, such parties shall be jointly and severally liable for the damage compensation. Also, the nature of the misappropriation is tort and the Civil Code already stipulates that the instigators and accomplices are deemed as joint tortfeasors; therefore, the parties committing or contributing to the act of misappropriation shall be held liable. In a civil judgment rendered by the IP Court in May 2020 (Case No. 108-Ming-Yin-Shang-2), the IP Court confirmed that a former general manager (in charge of and specialising in the company's technical affairs) and a former vice president (in charge of and specialising in the company's marketing affairs) of a company jointly infringed the company's trade secrets, as they conspired and were considered to have foreseen the acts of misappropriation.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

It is possible for multiple parties to be joined as defendants in the same claim. This is common in cases in which there are multiple individuals or a combination of individuals and corporate parties involved in the misuse of trade secrets or unlawful use of confidential information (or both).

The Regulations do not include express claims against third parties. However, in English law it is possible to be liable for tortious claims relating to inducing or procuring breach of contract or other related claims. Under the Scots law of

'delict' it is possible to bring a claim against a party who intentionally and without lawful justification induces or procures someone to breach a contract with another person if damage has resulted to that other person – this may be used in the case of breach of contractual confidentiality obligations.

*Law stated - 19 September 2023*

## **Obtaining and preserving evidence**

What mechanisms are available to obtain and preserve evidence from defendants and third parties in trade secret litigation?

### **DENMARK**

### **CLEMENS ADVOKATFIRMA**

The rules allowing a right holder to apply for a provisional search and seizure order to enter another party's premises to search for, copy and retain evidence in respect of an alleged infringement of an intellectual property right do not apply in cases concerning misappropriation of trade secrets.

The court may, upon application by the trade secret holder, order the opposing party or a third party to produce documents if the documents contain something the trade secret holder wishes to use as evidence. Also, the court will hear witnesses and it may also – in some instances – be possible to file written statements from witnesses.

Furthermore, it may in some cases be relevant and possible to apply to the court for the appointment of an independent survey expert. This could, for instance, be relevant if it is necessary to obtain an independent expert's view of whether the information in question fulfils the requirements of being regarded as a trade secret.

If the misuse of trade secrets is considered unlawful under the Danish Criminal Code, other possibilities exist to obtain and secure evidence in criminal proceedings. For example, seizure or confiscation may be carried out in criminal proceedings if certain conditions have been met.

Those who come into possession of trade secrets during legal proceedings are bound by confidentiality. Disclosure of the confidential information may lead to criminal liability.

*Law stated - 09 August 2023*

### **EUROPEAN UNION**

### **FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

### **GERMANY**

### **COHAUSZ & FLORACK**

The violation of trade secrets is a criminal offence under certain conditions. If there is sufficient suspicion of a crime, the criminal prosecution authorities can investigate and secure evidence through a criminal complaint. Simply, the owner of the trade secrets then has a legitimate interest in inspecting the files and thus access to the evidence.

If there is a certain probability of misappropriation of trade secrets, the owner of the trade secrets may also have an inspection right, such as by having an expert who is commissioned by the court to inspect and assess an object that may have been manufactured using unlawfully obtained trade secrets.

Further, the court may order a party or a third party to produce deeds or other documents in his or her possession to which a party has referred. However, in this case, it must be possible to specify the document to be produced.

*Law stated - 09 August 2023*

### **ISRAEL**

### **GILAT BAREKET & CO, REINHOLD COHN GROUP**

Section 16 of the Law empowers the court to appoint an official receiver when it was proved (by affidavit or another testimony) that there is a serious suspicion that a wrong is committed. Such official receiver may be authorised to enter the premises of the defendant or those of a third party to search and seize goods produced while the wrong is committed or that were used for the purpose of committing a wrong, or to seize evidence where there is a reasonable suspicion of concealment of evidence.

In addition, a rights holder may consider requesting an interim injunction.

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

The most suitable method to prove trade secret misappropriation is to demonstrate that the other party is in possession of confidential documents belonging to the rights holder in violation of a contract or a legal obligation.

This is generally achieved by filing a judicial application for an ex parte inspection (articles 129-130 of the Italian Industrial Property Code) at the alleged infringer's premises, in order to obtain evidence of the infringement or additional information on the extent and the economic importance of the infringement or the involvement of third parties, including the infringer's suppliers and clients.

In the course of the proceedings, it is possible to ask the court to order the defendants or third parties to produce specific documents that are relevant to the case (eg, accounting records), if this does not cause serious prejudice to the party to which the request is directed, and if the fact to be proved cannot be proved in any other way.

It is also possible, with the judge's authorisation, to summon third parties to testify as witnesses or even to formulate specific questions to be answered by the defendants' legal representative.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

A party may move for a court order obliging the other party to produce documents held by the other party that are necessary for proving misappropriation or calculating the amount of damages. A failure to comply with the order does not lead to any sanctions, but may cause the judge to suspect that the party is trying to conceal certain facts unfavourable to such party.

The same set of rules apply to the submission of objects (eg, accused products) for inspection by the court.

The court may, upon a motion by a party to a lawsuit, order an expert to give his or her opinion on the calculation of damages. The parties will be obliged to provide explanations necessary for the opinion.

A party may move for a court to issue a request for voluntarily producing documents. This is used when a third party (non-party to the lawsuit), especially a public agency, corporation or legal entity holds the relevant documents. Although this is not a legally binding order, such a third party often voluntarily fulfils the request because the request is made in the name of the court.

A party may move for a court order obliging the other party or a third party to produce documents held by it. A violation may lead to certain sanctions, and all documents except certain exempted documents are subject to this order. However, because documents containing technical or occupational secrets are listed as one of the exempted categories of documents, the rights holder should usually rely on the production of documents under the Act instead.

The same set of rules applies to the submission of objects (eg, accused products) for inspection by the court.

To preserve relevant evidence before a lawsuit is filed, a party may file a petition for an examination of evidence in advance.

For example, if the misappropriator is expected to destroy data once a lawsuit is filed, the judge may visit its factory and record the data stored there.

*Law stated - 07 September 2022*

## **POLAND**

**ERNST & YOUNG**

Within the framework of separate civil proceedings in intellectual property cases (which also include trade secret misappropriation claims), there are the following precautionary measures.

- Preservation of evidence – the plaintiff may request the preservation of evidence in an appropriate manner, in particular by collecting the goods, materials, tools used for production or distribution, documents and a detailed description of these items, combined with taking samples of them.
- Disclosure or the release of evidence – a plaintiff may request the disclosure or handing over evidence in possession of the defendant, in particular banking, financial or commercial documents, to be used to uncover and prove facts.
- Call for information – the plaintiff may request the court to order the infringer (or any other person) to provide information on, among others, the origin and distribution networks of the goods or services if this is necessary to assert the claim.

Additionally, evidence may be preserved (prior to the commencement of court proceedings on request, and also ex officio in the course of proceedings), where there is a concern that the evidence will become impracticable or too difficult to take, or in any other case where it is necessary to establish an existing state of affairs.

*Law stated - 04 August 2023*

## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

As there is no discovery process in Korea, it is difficult for a plaintiff to compel defendants or third parties to produce evidence that may have an adverse effect on them. Under the Civil Procedure Act, while a party may request from the opposing party or a third party specific documents that are identified during the course of a proceeding, the extent of documents subject to such a request is more limited in scope than under the US discovery system. For any evidence relating to damage, a civil court may order the other party to produce any documents necessary for calculating the damage suffered due to misappropriation upon the other party's request. The ordered party may, however, refuse to follow the order if there is a valid reason to justify its refusal. As such, a more common practice is for the plaintiff in a civil litigation to initiate a criminal action and use any evidence obtained from the search and seizure by an investigation agency in the civil case.

*Law stated - 04 September 2023*

## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Article 368 of the Code of Civil Procedure provides that, where it is likely that evidence may be destroyed or its use in court may be difficult, or with the consent of the opposing party, the claimant may move the court for the preservation of such evidence. Where necessary, the party who has a legal interest in ascertaining the status quo of a matter or object may move for expert testimony, inspection or perpetuation of documentary evidence. If the subject evidence is in the possession of a third party, the claimant may also move the court to order the third party to produce such

evidence.

The court may, when preservation of evidence is ordered, inspect, examine or preserve documentary evidence. If the opposing party refuses to comply with the order for the preservation of evidence without due cause, the court may, to the extent necessary, enforce such order or request assistance from the police. Further, where the trade secrets of an opposing party or a third party may be damaged due to the order for the preservation of evidence, the court may, upon a motion by the claimant, the opposing party or the third party, restrict or prohibit the presence of the persons on the premises where the evidence is preserved, preserve the evidence separately, and limit access for the review of such evidence.

However, in a civil ruling rendered by the IP Court in April 2022, if the claimant claims that he or she has a legal interest in ascertaining the status quo of a matter or object and it is thus necessary to preserve the evidence, but he or she fails to prove such legal interest, then the court may reject his or her application for the preservation of such evidence.

Nevertheless, trade secret owners in Taiwan will sometimes try to file criminal complaints with the Public Prosecutor's Office so that police raids can be conducted against the infringers, in which evidence relating to the complaints can be searched and seized.

*Law stated - 08 August 2023*

## UNITED KINGDOM

## CARPMAELS & RANSFORD LLP

The Regulations specify a range of interim measures that may be available in trade secrets claims to obtain and preserve evidence from defendants and third parties (Regulation 11). The measures in the regulations are supplemented by established common law measures. These include search orders allowing the claimant to search physical premises for infringing materials or evidence of trade secret misappropriation (or both), and orders for non-destruction and disclosure (which may be pre-action and against third parties).

*Law stated - 19 September 2023*

### Expert evidence

What rules and standards govern the admissibility of expert evidence?

## DENMARK

## CLEMENS ADVOKATFIRMA

The Danish Administration of Justice Act regulates the possibility of using expert evidence. The parties can obtain expert statements on general facts and unilateral statements on the facts of the case. Both types of declarations are expert evidence.

Expert statements on general facts are opinions of a relevant organisation or institution. It is based on the information available and regards general technical, business or person-oriented issues. The statement should be obtained in agreement with the other party. If the parties cannot agree, permission must be obtained from the court. The evidential value will depend on the specific assessment of the court.

Unilateral statements are obtained without the involvement of the opposing party. The fact that the opposing party has not had the opportunity to defend its interests may affect the evidential value of the statement (and the admissibility of the statement). A distinction is made between pretrial and post-trial statements. Pretrial statements are generally admissible, while post-trial statements are generally not. In the latter case, the party may instead file an application for the appointment of an independent survey expert, which will generally be possible in trade secret litigation (although typically not in preliminary proceedings).

*Law stated - 09 August 2023*

**EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

**GERMANY****COHAUSZ & FLORACK**

Expert evidence is ordered either ex officio or upon party application in court proceedings, if there is a lack of expertise of the court. In such cases, an expert opinion submitted by a party does not substitute expert evidence ordered by the court. Party-appointed expert reports are essentially treated as party submissions and not as compelling means of proof.

*Law stated - 09 August 2023*

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

The Civil Procedure Regulations, 5779-2018 and the Evidence Ordinance [New Version], 5731-1971, both referring specifically to expert evidence, govern the admissibility of expert evidence, including expert evidence in trade secrets litigation. The parties can include expert evidence in the framework of their evidence by submitting expert opinions. Such opinions may refer to different aspects of the trade secrets in question, such as technical aspects (for example, an expert opinion aimed to prove that the defendant copied secret information from the rights holder's computer (WDJ 22657-04-16 Decoline Decorative Coatings Ltd v Hod Salama (29 January 2017))), the value of the trade secret, its uniqueness and any potential damages resulting from its misappropriation. The court may also independently decide to appoint an expert if it deems such evidence necessary to the case. Experts whose opinions were filed are then cross-examined during the hearing.

*Law stated - 13 September 2023*

**ITALY****JACOBACCI AVVOCATI**

Both the plaintiff and the defendant may file a party expert opinion supporting their respective claims, during both interim proceedings and proceedings on the merits. Their evaluation depends upon the type of proceedings at issue.

Indeed, in urgency proceedings, characterised by a summary assessment, the evidentiary impact of party experts' opinions is greater (especially for the purpose of granting ex parte orders) than in ordinary proceedings.

On the other hand, in ordinary proceedings, party experts' opinions are treated in the same way as defensive arguments and left to the judge's cautious evaluation.

Furthermore, the judge, at the request of a party or of their own motion, may appoint a court technical expert to obtain a technical report from a neutral point of view.

*Law stated - 11 August 2023*

**JAPAN****ANDERSON MŌRI & TOMOTSUNE**

Expert evidence is theoretically admissible as long as it is relevant and the court considers it necessary; but, in practice, expert evidence is not often used by parties in Japanese lawsuits. Whether expert evidence is admitted in a particular lawsuit and (even if admitted) the evidential power thereof is up to the court's discretion.

*Law stated - 07 September 2022*

**POLAND****ERNST & YOUNG**

If the proceedings require special knowledge that is relevant to the case, the court shall appoint an expert (a permanent or case-specific expert witness) and seek his or her opinion. Due to the specific nature of trade secrets, which often

relates to industry matters that are complex, it is common for the court to seek an expert opinion in such cases.

The parties may submit private expert opinions (ie, opinions of an expert not appointed by the court in the case), but these may not constitute evidence – they are treated only as the position of the party submitting such an opinion.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Courts have the discretion to determine the admissibility of expert evidence. If a court determines that an objective expert opinion is needed in the litigation process, it will appoint an expert witness who will submit an expert testimony, and the court may use the expert testimony as evidence. In practice, a technical investigator is often dispatched by the Korean Intellectual Property Office, who provides an opinion on technical issues. There are no special rules governing expert evidence that are applicable only to trade secret litigation, and the foregoing rules of admissibility of expert evidence apply to trade secret cases as well.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

It is quite common in Taiwan for a court to appoint an expert where special knowledge or experience is required.

As a part of the evidence investigation, the party who wishes to call an expert should first file a petition to the court. Further, since the party-appointed expert usually would receive remuneration from such party, the other party may question the credibility or validity of testimony provided by the party-appointed expert. Therefore, the courts usually prefer to have a court-appointed expert selected from an independent institute.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

There are no specific rules relating to the use of expert evidence in the Regulations. Expert evidence is available in trade secret cases in the United Kingdom.

The rules governing instruction of experts in civil litigation are set out in CPR 35, Practice Direction 35 and the Civil Justice Council Guidance for the Instruction of Experts in Civil Claims. This will usually be agreed as part of the court's case management role in the early stages of a claim (but the parties may seek permission to enter expert evidence at other points). The evidence will ordinarily be given in the form of a written expert report, which the expert must prepare personally. Experts may also be cross-examined orally at trial.

A party's ability to rely on expert evidence must be agreed by the court. In *L'Oreal (U.K.) Limited, L'Oreal SA v Liqwd Inc, Olaplex, LLC* [2019] EWCA Civ 1943, a party attempted to introduce expert evidence after the judgment had been handed down but before the order ending the case had been sealed. The Court of Appeal, in reviewing the judge's decision not to allow the expert evidence into the case at that stage, confirmed that the decision whether to admit the expert evidence was within the judge's case management powers and in accordance with the overriding objective, this being to enable the court to deal with cases justly and at proportionate cost.

Under CPR 35, the key duty of any expert is to assist the court (rather than to further the argument of either of the parties). The emphasis on impartiality requires litigants to instruct experts very carefully so as not to influence the expert's opinion.

*Law stated - 19 September 2023*

## Confidentiality during litigation

### What measures may the court and litigants take to protect trade secrets during litigation?

#### DENMARK

#### CLEMENS ADVOKATFIRMA

A general rule is that publicity is carried out as far as possible. This means that the public, as a starting point, has access to court hearings and that anyone can freely reproduce the proceedings in public. However, the parties' interest in discretion may be satisfied to a certain extent, which could certainly be relevant in litigation concerning misappropriation of trade secrets.

The court may decide that the doors can be closed if giving evidence would expose someone to unnecessary prejudice, including if the evidence is about trade secrets.

Also, the Trade Secrets Act contains specific provisions aiming at protecting trade secrets, which have been made available to any person employed in a public service or profession and who is involved in legal proceedings concerning trade secrets.

*Law stated - 09 August 2023*

#### EUROPEAN UNION

#### FRESHFIELDS BRUCKHAUS DERINGER

Article 9 of the Trade Secrets Directive requires EU member states to implement rules that ensure the protection of trade secrets in legal proceedings, which are then applied by the competent judicial authorities on a case-by-case basis upon request or on their own initiative.

This 'toolbox' includes restricted access to hearings, documents, and the publication of redacted versions of judicial decisions (article 9(2)), as well as 'confidentiality clubs' (article 9(1)), namely, the persons participating in the proceedings are not permitted to use or disclose any (alleged) trade secret).

An EU member state can also establish stricter measures in this respect. Some EU member states (eg, Austria) have also implemented options to strictly limit the access to a trade secret to court-appointed experts only, which could lead to a situation where the defendant of a proceeding might not be able to gain access to confidential information regarding the trade secret at all.

*Law stated - 07 August 2023*

#### GERMANY

#### COHAUSZ & FLORACK

The court may, at the request of one of the parties, classify information as confidential information, if that information may be a trade secret. The requesting party must identify the trade secrets (in the case of documents, it additionally submits a censored version without disclosure of trade secrets) and show credibly that the information is a trade secret (the requirements for credibility are not too high). The parties, their attorneys, witnesses, experts, other representatives and all other persons involved in trade secret litigation or having access to documents of such litigation have to keep confidential information classified as confidential and shall not use or disclose such information outside of judicial proceedings unless they have obtained knowledge of it outside of such proceedings.

At the request of the party, the court may also restrict access in whole or in part to a certain number of reliable persons to documents submitted or presented, or to the oral proceedings.

*Law stated - 09 August 2023*

#### ISRAEL

#### GILAT BAREKET & CO, REINHOLD COHN GROUP

The measures to be taken to protect trade secrets during litigation are regulated in the framework of section 23 of the

Law.

- Section 23(a) empowers courts to order that a trade secret (of a litigant or even a third party) will not be published.
- Section 23(b) empowers courts to provide protective orders regarding the manner in which evidence containing trade secrets shall be submitted.
- If the court is of the opinion that orders under sections 23(a) and 23(b) would not be sufficient to protect the trade secret, it may issue an order relating to the non-disclosure of evidence containing trade secrets, provided that the interest in non-disclosure of the evidence is greater than the need to disclose it for the purposes of doing justice (section 23(c)).

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

First of all, the general principles on civil proceedings apply, which prohibit lawyers, consultants and court auxiliaries from disclosing facts or information known by reason of their position or role.

Second, article 121-ter of the Industrial Property Code provides for special rules on trade secrets. In particular, the judge, upon request of a party and by means of a specific order, may expressly prohibit the parties, their lawyers and technical consultants, witnesses and any person having access to the acts and documents of the proceedings in progress, from using or disclosing certain information that the judge deems confidential. In addition, the judge, again upon request of a party, may (1) limit access to the hearings and to the acts and documents of the proceedings to a limited number of persons, (2) order the redaction or omission of the confidential information relating to the trade secrets in the final decision of the proceedings made available to third parties.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

Under the Code of Civil Procedure, a party may move for a court decision to prohibit persons other than the parties from inspecting or making copies of the case records (which are generally available to the public for inspection) on the ground that the records contain a trade secret.

The Act provides that the court may issue a protective order to preserve the secrecy of trade secrets contained in briefs and evidence. The addressees of such order could be: the parties, the parties' respective representatives, officers, employees, attorneys and litigation assistants.

The moving party must make a prima facie showing that the use of such trade secret for purposes other than to carry out the lawsuit or the disclosure of such trade secret would harm the party's business activities using such trade secret. A person who violates a protective order will be subject to criminal sanctions, namely, imprisonment for up to five years or a fine of up to ¥5 million, or both.

If it is expected that a witness (including the parties or its representatives who take the stand) would not be able to give sufficient testimony regarding trade secrets because of the harm to business activities of a party caused by the testimony, and it is impossible to render an appropriate judicial decision on whether there has been a misappropriation without such testimony, the court may conduct such testimony in a non-public hearing upon the consent of all the judges constituting the panel.

*Law stated - 07 September 2022*

**POLAND****ERNST & YOUNG**

As a general rule, court proceedings in Poland are open in nature, but there are mechanisms that are aimed at protecting trade secrets during proceedings. The court may decide to exclude the open character of a hearing. In civil proceedings, a party may request to hold a hearing behind closed doors if circumstances constituting trade secrets may be disclosed. In criminal proceedings, on the other hand, the court may decide to exclude publicity if the openness of the trial could infringe an important private interest.

Polish law, however, does not provide for the possibility of exclusion of openness internally (ie, between the parties). This means that it is not possible to exclude the opposing party's access to witness testimony or other evidence. However, under the Unfair Competition Act, disclosure or use of trade secrets is a criminal offence when the perpetrator became acquainted with the trade secret through participation in the hearing or other actions in the judicial proceedings or through access to files of such proceedings, if publicity has been excluded in the proceedings. The penalty for such offence is a fine, restriction of liberty or deprivation of liberty of up to two years.

*Law stated - 04 August 2023*

**SOUTH KOREA****BAE, KIM & LEE LLC**

Under article 14-4 of the UCPA, the court may order the parties to the litigation not to use or disclose any confidential information or trade secrets acquired during the litigation for any purpose other than in relation to the litigation. Moreover, under article 163 of the Civil Procedure Act, the court may restrict any person who is not a party to the litigation from accessing any confidential portion of the litigation records.

*Law stated - 04 September 2023*

**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

There are several measures provided under the Trade Secrets Act, the Intellectual Property Case Adjudication Act, the Code of Civil Procedure and other relevant regulations to protect the secrecy of trade secrets during litigation. For example, the court may refuse or limit access to reviews, transcription or videotaping of litigation materials if such materials include trade secrets.

The litigants may also apply to the court for the issuance of a confidentiality preservation order. The person subject to a confidentiality preservation order shall not use the trade secrets for purposes other than those related to the case, nor disclose said trade secrets to persons not subject to the order. Violation of the order may be subject to a sentence of imprisonment or detention of not more than three years, or a fine of not more than NT\$1 million upon a criminal complaint.

The court, as it deems appropriate, may close the trial to the public or restrict access to the files of the litigation-related information, or both.

The Trade Secrets Act was amended in January 2020 to apply a new 'investigation confidentiality protective order' to trade secret cases. According to the newly added article, the prosecutor investigating a trade secret case may, if he or she deems it necessary, issue an investigation confidentiality protective order to relevant parties (including suspects, defendants, victims, complainants, agents ad litem, defence attorneys, expert witnesses, witnesses or other associated persons) having access to the investigation contents. A person violating an investigation confidentiality protective order shall be punished by imprisonment for up to three years, short-term detention or a fine of up to NT\$1 million.

To further comprehensively protect trade secrets, according to paragraph 3 of article 36 of the Intellectual Property Case Adjudication Act, which was newly amended in February 2023, the IP Court may, with the other party's petition, impose a confidentiality preservation order on the person(s) who originally did not receive a confidentiality preservation order if the IP Court finds it necessary and the party holding the trade secret failed to make such petition after court's notification.

**UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

The Regulations and the common law provide a range of mechanisms for protecting confidential information during legal proceedings. These include:

- confidentiality clubs in which the circulation of confidential documents is restricted to a limited number of people;
- holding hearings in private; and
- producing redacted versions of judgments (which are public) to ensure that any confidential information or trade secrets referred to therein remain secret (Regulation 10(5) of the Regulations).

In determining an application for such measures, the Regulations require the courts to consider:

- the proportionality of the requested measure;
- the need to ensure the right to an effective remedy and to a fair trial;
- the legitimate interests of the parties; and
- any potential harm for the parties.

The parties may also want to take practical steps such as separating confidential information required to be included in any documents filed at court, such as a particulars of claim or witness statement, into a confidential annex to which access may be restricted to the agreed confidentiality club.

The court will also have the option to seal the court file entirely such that third parties cannot obtain any documentation in relation to the case – appealing to the parties but likely to be difficult to get a court to agree to in all but the most secret of trade secret cases.

Particularly in cases where the trade secret is originally disclosed subject to an NDA, the parties may agree that any dispute over misuse of the trade secret be dealt with by confidential arbitration. As arbitration is private, this option keeps even the existence of the dispute itself off the public record.

*Law stated - 19 September 2023*

**Defences**

What defences are available and commonly asserted against trade secret misappropriation claims?

**DENMARK****CLEMENS ADVOKATFIRMA**

The Trade Secrets Act provides a range of defences in the event of misappropriation of trade secrets. The defences can apply in both civil and criminal cases.

In many cases, the defendant will dispute that the information in question is secret or that other requirements of being regarded as a 'trade secret' are not met.

Also, the defendant will often try to argue that the defendant's use of the trade secret was not unlawful.

*Law stated - 09 August 2023*

**EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

The Trade Secrets Directive includes several requirements that protect information as a trade secret. Common lines of defence include:

- these requirements have not been met, in other words, the information is not secret, has no commercial value or was not subject to reasonable measures of protection;
- the exclusions outlined in the Trade Secrets Directive, namely, situations where the means of acquisition are expressly stipulated as lawful (eg, independent discovery or creation, reverse engineering, etc);
- specific cases in which an application for measures based on the Trade Secrets Directive shall be dismissed (eg, exercising the right to freedom of expression and information, whistle-blowing, etc); and
- specific public interest situations (eg, the application of EU or national rules requiring trade-secret holders to disclose information to the public).

Other defences, which would need to be recognised under the Trade Secrets Directive, include the statute of limitation (against injunctions or corrective measures) or to argue that pecuniary compensation (instead of cessation) is sufficient to remedy the infringement (article 13(3)). This is particularly relevant where a person has originally acquired a trade secret in good faith only to discover at a later stage (eg, upon notice being served by the original trade secret holder) that the trade secret derived from sources using or disclosing the relevant trade secret in an unlawful manner.

*Law stated - 07 August 2023*

**GERMANY****COHAUSZ & FLORACK**

Common defences in civil proceedings are:

- the asserted trade secrets of the claimant are not being used;
- the asserted trade secrets of the claimant do not fulfil the statutory requirements for being qualified as such under the GeschGehG (eg, because they are in the public domain);
- the asserted trade secrets of the claimant were not misappropriated because they were obtained by independent efforts of the respondent or lawfully from a third source;
- procedurally, the inadmissibility of the prayers for relief (eg, the cease-and-desist claim) for being too broad or too vague;
- concerning damage claims, contestation of the facts on which the damage claims are being based and quantified; and
- that the statutory claims under the GeschGehG are excluded because their fulfilment would be disproportionate in the individual case, taking into account, in particular, the value or other specific feature of a trade secret, the confidentiality measures taken, conduct of the infringer in obtaining, using or disclosing the trade secret, the consequences of unlawful use or disclosure of a trade secret, and the legitimate interests of the owner of a trade secret and the infringer, as well as the consequences that the fulfilment of the claims may have for both of them, the legitimate interests of third parties, or public interest.

*Law stated - 09 August 2023*

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

The defendant may claim in defence that the information alleged to be a trade secret does not meet the requirements under section 5 of the Law (eg, that the information is in the public domain, that it is easily discoverable by lawful means or that it does not provide its owner a business advantage over its competitors). In addition, the defendant may claim that their actions do not constitute misappropriation under the Law (eg, the action of reverse engineering is

excluded from the actions deemed as misappropriation – section 6(c) of the Law). Lastly, the defendant may claim that there is no liability for other reasons, for example, that the know-how deemed as trade secret became part of their general professional skills – section 7(a)(1) of the Law.

*Law stated - 13 September 2023*

## ITALY

**JACOBACCI AVVOCATI**

The first and most important defence to be put forward is to contest the existence of any of the requirements of article 98 of the Industrial Property Code with respect to the alleged trade secrets in dispute. In particular, it is strategically effective to challenge (1) the requirement of secrecy, proving that the alleged trade secrets of the other party are information generally known or easily accessible to experts and operators in the field, and (2) the requirement of protective measures, proving that the alleged owner of the information has not adopted reasonable measures to protect the secrets.

A further line of defence is to prove that the acquisition of the other party's trade secrets was lawful. In this regard, it would be useful to prove, for example, that the acquisition was made by means of an ordinary reverse engineering activity, or not in breach of a contractual relationship that was in place between the parties.

*Law stated - 11 August 2023*

## JAPAN

**ANDERSON MŌRI & TOMOTSUNE**

Typical defences include the following:

- existence of publicly available information similar to the trade secret;
- independent discovery; and
- lawful acquisition.

Technically speaking, these are not 'defences' because the rights holder bears the burden of proving that these elements do not exist. However, in practice, the alleged misappropriator is required to provide reasonable explanations and submit evidence as to why its act does not constitute a misappropriation.

Less common defences include:

- statute of limitations;
- abuse of right or bad faith;
- negligence of the rights holder – this could reduce the amount of damages depending on the degree of contribution; and
- an exception to protection.

*Law stated - 07 September 2022*

## POLAND

**ERNST & YOUNG**

Common defence strategies include demonstrating that:

- there has been no infringement because the information in question does not constitute a trade secret (eg, proving that the information was known to public or professionals, that the authorised entity did not take appropriate measures to keep the information confidential or that the information has no commercial value);
- the acquisition of the information did not constitute an act of unfair competition or a criminal offence (eg,

because it was the result of an independent discovery));

- the use was made with the right holder's consent;
- the actions of the defendant did not threaten or infringe the plaintiff's or his customer's interest; and
- disclosure, use or obtaining the information by the defendant did not violate the law or good practice.

*Law stated - 04 August 2023*

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## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

The most common defence to a trade secret misappropriation claim is proving that the plaintiff's information does not constitute a trade secret because the information (1) is already publicly known; (2) has not been maintained or controlled as a secret; or (3) does not have any independent economic value. Before amendments were made to the UCPA, the second element, which requires a security measure, was frequently disputed because of the high threshold of a sufficient security measure that required 'considerable effort'. Since the amendments to the UCPA, this standard has been lowered, although a clear precedential case stating what constitutes a sufficient security measure has not been determined.

Another common defence is that the acquisition, use or disclosure of the alleged trade secret was not improper. Under article 13 of the UCPA, if the acquisition, use or disclosure of a trade secret does not involve improper means, a plaintiff is not entitled to seek an injunction, an order requiring the defendant to destroy the information, damages or restoration of reputation.

*Law stated - 04 September 2023*

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## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Regarding the scope of protection defence, the defendants commonly argue that the alleged trade secrets are already in the public domain as a result of the behaviour of a third party, or that the rights owner did not take reasonable protective measures to maintain the secrecy of the trade secrets. Consequently, the alleged trade secrets have lost their nature of secrecy and are thus not protected by the Trade Secrets Act. Concerning the conduct of misappropriation, the defendants sometimes argue that they acquired the alleged trade secrets by their own independent research or that the information or skills involved are distinct from the alleged trade secrets.

*Law stated - 08 August 2023*

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## **UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

For many claimants, the hardest part about a trade secrets case is to identify their trade secret(s) with sufficient particularity and to show that they are, in fact, trade secrets.

For a defendant, this presents an opportunity to challenge whether the claimant really has a trade secret to misuse. The defendant will consider each element of the definition of 'trade secret' defined in the Regulations to show that the information in question did not meet that threshold. For example, showing that the information:

- is not secret – and that, as a body or in the precise configuration and assembly of its components, it is already generally known among, or readily accessible to, persons within the circles that normally deal with the kind of information in question;
- does not have commercial value because it is secret; and
- has not been subject to reasonable steps under the circumstances, by the claimant, to keep it secret.

In employment related cases (ie, those in which ex-employees are alleged to have stolen trade secrets from their former employers), a common tactic has been to challenge contractual confidentiality and restraint of trade clauses. In

one case, *Invista Textiles (UK) Ltd & Anor v Botes & Ors* [2019] EWHC 58 (Ch), the relevant definition of confidential information included 'business methods, technical information and know-how which is not available to the public generally' and 'any document marked as confidential'. The defendants in this case were able to successfully challenge the breadth of this definition. The court found that the definition was 'wide and uncertain' and could include know-how that fell within the skill and experience of the employee that under the common law he or she was permitted to use post-employment.

In addition, whistleblowing and public interest exceptions to confidentiality may be relied on to defend claims of breach of confidence in certain situations. The whistleblowing regime in the United Kingdom is currently under review, with the possibility of new legislation in the next few years.

*Law stated - 19 September 2023*

## Appeal

What avenues of appeal are available following an adverse decision in a civil suit? Is new evidence allowed at the appeal stage?

### DENMARK

### CLEMENS ADVOKATFIRMA

The Danish legal system is based on a two-instance principle. The two-instance principle means that the parties can generally appeal a decision from the court in first instance to a higher instance. If the parties wish to appeal to a third instance, they must apply to and obtain approval from the Appeals Permission Board.

The Danish Administration of Justice Act regulates the admission of new evidence. New evidence may be allowed at the appeal stage if the opposing party allows it, or the court gives permission.

The court may grant permission if it is considered excusable that the evidence was not presented before or if the refusal could cause unnecessary damage to the party. The court may also allow new evidence if the opposing party has sufficient opportunities to defend its interests. In most cases, the submission of new evidence at the appeal stage will be accepted.

*Law stated - 09 August 2023*

### EUROPEAN UNION

### FRESHFIELDS BRUCKHAUS DERINGER

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

### GERMANY

### COHAUSZ & FLORACK

An ex parte interlocutory injunction in the form of a court order is appealed by a filed opposition and is decided by the first instance court that issued the order. The decision on the opposition is rendered as a judgment and may be appealed. First instance judgments issued may be appealed.

To be admissible, new factual assertions and evidence must be filed as early as possible in the appeal proceedings together with an explanation why they could not be introduced during the first instance. The grounds of admission are stated in the German Code of Civil Procedure. In interlocutory injunction proceedings, new evidence is allowed at the appeal stage without restriction, provided that the late submission is not regarded as a lack of urgency.

*Law stated - 09 August 2023*

### ISRAEL

### GILAT BAREKET & CO, REINHOLD COHN GROUP

In trade secret misappropriation litigation, as in other civil proceedings, judgments of a magistral court granting final

relief can be appealed (as of right) to a district court, and such district court's judgment can then be appealed by leave of the Supreme Court. Judgments of a district court granting final relief can be appealed (as of right) to the Supreme Court. In general, new evidence is not allowed at the appeal stage since the review of the appellate court is limited to legal determinations and flawed conclusions. However, the appellate court may authorise the submission of new evidence in exceptional cases – when such new evidence may affect the outcome of the appeal and that one of the following occurs: (1) it was not possible to locate the evidence with reasonable diligence and submit it to the first instance on an appropriate date; or (2) the submission of evidence is necessary to prevent miscarriage of justice (section 144 of the Civil Procedure Regulations, 5779-2018).

*Law stated - 13 September 2023*

## ITALY

## JACOBACCI AVVOCATI

In the event of an adverse decision in the interim proceedings, it is possible to file an appeal (referred to in Italian procedure as the *reclamo*) against the unfavourable decision, requesting a panel of three judges to review the case. Pursuant to article 669-terdecies of the Civil Procedure Code, it is possible in the interim appeal stage to submit new evidence that can be assessed by the judges, since in any case, for some of the measures indicated in the interim decision, to maintain their effect it will then be necessary to initiate proceedings on the merits.

As regards the phase on the merits, it is possible to appeal against the decision of the first instance and, if necessary, to then appeal the second instance decision to the Supreme Court of Cassation, which, unlike the first and second instances, does not evaluate the facts of the case, but only the correct application of the law. In the event of an appeal against a decision on the merits, pursuant to article 345 of the Civil Procedure Code, it is not possible to submit new evidence unless the party proves that for reasons beyond its control it was not able to submit it in the previous stage of proceedings.

*Law stated - 11 August 2023*

## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

A district court decision can be appealed to a high court that has jurisdiction over the place where the district court sits. A high court reviews both the finding of facts and the application of law.

A high court decision can be appealed to the Supreme Court:

- as of right if there is a fundamental defect in the decision or in the procedure (eg, a violation of constitutional law, illegal formation of the court panel, lack of international jurisdiction and lack or inconsistency of reasons for the decision); or
- as a petition to accept the appeal if the high court decision conflicts with a prior Supreme Court decision (if there is no Supreme Court decision on point, a high court decision) or if there is an important legal issue in the case.

The Supreme Court only reviews legal issues.

Parties can submit new evidence at the high court stage, though not at the Supreme Court stage. However, a high court may dismiss such evidence or relevant arguments:

- if the submission is untimely (ie, could have been submitted earlier, including in the district court proceedings);
- due to the submitting party's intentional failure or gross negligence; and
- if the submission would seriously delay the completion of the lawsuit.

*Law stated - 07 September 2022*

**POLAND****ERNST & YOUNG**

In Poland, generally all proceedings may have two stages, which means all judgments may be appealed. An appeal against a first instance court judgment may be filed to a court of appeal.

The appellate court generally judges the case based on the information already collected at the court of first appeal. Therefore, in proceedings before the second appeal court, taking new evidence is extremely unlikely. First and foremost, in civil proceedings, the second appeal court may disregard new facts and evidence if a party could have raised them in the proceedings before the first instance court, unless the parties could not use them in the first appeal court. In addition, in civil proceedings, new facts and evidence may only be presented by the first pleading to the appellate court. The appeal by the counterparty may only present new facts and evidence opposing the appeal in its first pleading (the response to the appeal).

*Law stated - 04 August 2023***SOUTH KOREA****BAE, KIM & LEE LLC**

A plaintiff may bring its claim for trade secret misappropriation to a district court and appeal to a high court in the case of an adverse decision. New evidence is allowed at high court level. A party that receives an adverse decision in the high court may appeal to the Supreme Court, which is the last instance in Korea. New evidence is not allowed at Supreme Court level.

*Law stated - 04 September 2023***TAIWAN****LEE AND LI ATTORNEYS AT LAW**

In principle, the party who receives an adverse decision may appeal to the High Court (appellate court), which is the second instance. If the case is reviewed by the IP Court in the first instance, the appellate court is still the IP Court, with different judges. The case in the second instance will be reviewed by a panel of three judges, while only one judge reviews the case in the first instance.

Both the first instance and the second instance are trials of the facts (ie, not revisio in jure ); therefore, new evidence generally will be allowed in the second instance, provided that such new evidence can be deemed as submitted for the purposes of supplementing that already presented in the first instance.

However, only cases with a claim value that exceeds NT\$1.5 million can be appealed to the Supreme Court, which is the third instance. Also, since the third instance is a trial of law, the losing party of the second instance may only appeal to the third instance on the ground that the judgment made by the second instance is in contravention of the law.

*Law stated - 08 August 2023***UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

Judgments from the High Court or the County Court may be appealed to the Court of Appeal. There is no automatic right of appeal. The party must be given permission to appeal – permission can be given by the court in which the case was heard or, if it has been refused, by the Court of Appeal.

Under the relevant court procedure rules (CPR 52.3(2)), permission to appeal will only be given where the court considers that the appeal would have a real prospect of success, or there is some other compelling reason for the appeal to be heard.

New evidence is not automatically allowed at appeal as the appeal is normally limited to points of law.

It may be possible to appeal further to the Supreme Court under certain circumstances. It will be unusual for a trade secrets case to be appealed to the Supreme Court because cases will only be heard on points of law and if there is a public interest in the appeal.

**Costs**

What is the typical cost range of a trade secret misappropriation suit? Can a successful litigant recover costs and attorneys' fees?

**DENMARK****CLEMENS ADVOKATFIRMA**

There is no 'typical' cost range. There are several costs associated with litigation, and the costs will depend on the concrete circumstance of the case. The costs include legal fees for the parties' attorneys as well as court fees. The court fees are determined based on the estimated value of the claims that the parties have laid down. In addition, there may be costs for obtaining statements or survey reports from experts.

A successful litigant will be able to cover some or all of the costs and attorneys' fees. However, in terms of recovery of attorneys' fees, the courts determine the amount of such fees based on a standard schedule or fee guidance, which often results in fixing of an amount that is significantly lower than the actual attorneys' fees paid by the litigants.

*Law stated - 09 August 2023*

**EUROPEAN UNION****FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

**GERMANY****COHAUSZ & FLORACK**

There is no 'normal' cost range. Court fees and recoverable attorney fees are determined based on the value at stake, which varies depending on the economic importance of the matter for the claimant. The claimant must provide an estimate of the amount in dispute and the court will fix the amount based on the information on file. Since in trade secret misappropriation cases part of the claims will not be for money, they need to be appraised. Based on the amount at stake, a successful claimant will be able to recover fees set by the German Attorney Fee Act (RVG), which sets variable lump sums for certain procedural steps, which are determined by court order. Moreover, court fees will have to be paid in accordance with the Court Fee Act (GKG). If the claimant only partially prevails, the court will determine the portions in which each party has to bear costs. In most instances, a party and their representatives will agree on a higher remuneration that better reflects the work done. The difference between the fixed amount and the paid higher fee is not recoverable from the other side. The recoverable costs are very moderate in comparison with other countries.

For example, if the amount at stake is set at €10 million, a fully winning claimant could recover, excluding eventual VAT, under RVG and GKG, roughly €211,806, plus recoverable out-of-pocket expenses unless the case justifies representation by an attorney at law and a patent attorney. In the latter case, recoverable costs would double.

Interestingly, in litigation cases, German attorneys at law are not permitted to charge fees below the amounts set by the RVG.

*Law stated - 09 August 2023*

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

As with other civil matters, the cost range of a trade secret misappropriation suit depends on, among other factors, the complexity of the proceedings, the number of affiants or experts, and whether any interim petitions are submitted. Attorneys' fees and costs can be awarded to the successful party at the discretion of the court. When awarding costs, the court will have regard to the conduct of the parties. In addition, the courts have discretion to award costs against

any party that unduly protracted the proceedings by making spurious claims.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

The fees involved in a trade secret misappropriation suit depend on the type of proceedings.

The average fees for interim proceedings are generally in the range of €15,000 to €25,000 (plus fees for the party technical expert, if any), and the average fees for proceedings on the merits are in the range of €35,000 to €60,000 (plus fees for the party technical expert, if any).

Pursuant to article 91 of the Civil Procedure Code and except in exceptional cases, the judge will order the losing party to reimburse the costs and attorneys' fees paid by the winning party (though in practice, often the amount awarded by the judge is much less than the costs actually incurred by the winning party).

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The cost would consist of the court costs (primarily stamp fees) and attorneys' fees. The court fees depend on the economic value of the suit. Attorneys' fees vary depending on an arrangement with a law firm.

A successful litigant may recoup court costs (eg, stamp fees to file a complaint and witness fees) by initiating a separate proceeding to calculate their amount. A successful rights holder can recoup a part of his or her attorneys' fees as a part of the damage incurred by the rights holder. In practice, the amount of such attorneys' fees granted by the courts as a part of the rights holder's damage is usually up to around 10 per cent of the proved amount of damage (eg, the lost profit of the rights holder, excluding the attorneys' fees) incurred by the rights holder due to the misappropriation of the trade secret at issue.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

Lawsuits and appeals are generally subject to fees in Poland and their payment is a formal requirement for the court to accept the lawsuit or appeal.

In civil cases concerning property rights, a fixed fee shall be charged for a pleading based on the value in dispute, from 30 to 1000 zlotys (in cases that involve dispute of a value between 500 and 20,000 zlotys). If the value of the object in dispute or the value of the object of appeal exceeds 20,000 zlotys, a proportional fee shall be charged on the pleading (5 per cent of the dispute value, but not more than 200,000 zlotys).

The losing party will usually bear the costs of the proceedings. If the dispute is lost in part, the court may decide on the parties' proportionate share of the costs.

The costs of the proceedings include, among others, the costs of a trial conducted by a party in person or by an attorney, the lawyer's representation and his or her fees. Those amounts depend on the complexity of the case and the evidence taken – in particular, how many expert opinions were issued during the proceedings.

The minimum attorneys' fees are established by law and are usually awarded by the courts in this amount.

The court may exempt a party from proceedings costs in whole or in part if that party is unable to bear the costs. However, use of this possibility requires a specific motion and proof of the inability to bear the costs of proceedings.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

The cost of a trade secret misappropriation action depends on the amount a plaintiff claims as a 'value of the litigation',

which is called a stamp fee. In addition to the stamp fee, a service fee for the delivery of the complaint to the defendant is also charged and can range from approximately US\$10,000 to US\$500,000. A prevailing party may be entitled to recover the costs of the litigation as well as attorneys' fees from the non-prevailing party. However, there is an upper limit to the attorneys' fees that can be recovered, which is calculated according to the value of the litigation.

*Law stated - 04 September 2023*

**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

The court fee for filing the lawsuit in the first instance is around 1.1 per cent of the claim (the exact amount will be decided by the court), and the court fee for appealing to the second instance and the third instance are both around 1.65 per cent of the claim (the exact amount will be decided by the court).

The attorney fee, in principle, shall be borne by the claimant itself unless otherwise agreed upon between the parties. The exception is that the winning party may ask the losing party to reimburse its attorney fee in the Supreme Court to the amount approved by the court. However, the attorney fee that can be reimbursed in the Supreme Court shall not be more than 3 per cent of the claim value or NT\$50,000, whichever is lower.

*Law stated - 08 August 2023*

**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

Costs of trade secrets litigation are extremely variable meaning it is not possible to give an accurate cost range. A successful litigant can usually recover costs (including legal fees) from the losing party.

The court has wide powers to award costs as it sees fit (CPR 44) and will consider all the circumstances of a case, including the conduct of the parties, the manner in which a party has pursued a claim and whether the parties have complied with court procedure. Costs will usually be awarded on the 'standard basis' – meaning costs must be proportionate to be recovered – with the result that a typical cost award is often no more than two-thirds to three-quarters of the actual costs incurred. In some circumstances, including where a settlement offer has been rejected by the party who eventually loses at trial (or at least, does not obtain as good a result as it was offered), costs can be awarded on an 'indemnity basis' – meaning the winning party recovers almost all of its costs.

*Law stated - 19 September 2023*

**Litigation funding**

What litigation funding options are available?

**DENMARK**

**CLEMENS ADVOKATFIRMA**

Neither the Trade Secrets Act nor any other Danish legislation contain general rules aimed at regulating litigation funding in Denmark. Hence, litigation funding, including third-party funding, is admissible provided that all legal ethical rules and procedural law rules are complied with. Until now, third-party litigation funding has not been frequently used in Denmark, but it seems that this way of funding litigation is gaining ground.

*Law stated - 09 August 2023*

**EUROPEAN UNION**

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

**GERMANY**

**COHAUSZ & FLORACK**

Third-party funding is not restricted by regulations. However, attorneys at law are severely restricted in their ability to enter into contingency fee agreements by ethical regulations in Germany.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

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Litigation funding options such as contingency fees are available. Furthermore, the doctrine of champerty, although acknowledged by courts, is interpreted in a narrow manner, and thus other sources of funding may be used. Case law on this issue is scarce (CA 2871/00 M Daoud Churi v Mercantile Discount Bank (2003)).

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

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Although it is possible to implement any type of litigation funding (including third-party funding and contingency fee agreements), these practices are not widespread in Italy, due to the fact that the sums judicially awarded rarely consist of large amounts.

These types of arrangements are even rarer in the case of disputes over trade secrets, since it would be very complicated to estimate the amount of any damages that might be awarded by the court.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

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Contingent fees are permitted as long as they are reasonable. A combination of fixed fees (payable upon the commencement of the case) and contingent fees (a certain percentage of the amount of award) is common in Japanese practice, aside from time charge.

The Code of Civil Procedure provides that payment of court fees can be delayed upon a court's decision if a party to a lawsuit is suffering economic difficulties. Also, Japan Legal Support Centre provides economic support to persons who do not have enough money to pay attorneys' fees.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

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There is no regulation in Poland on litigation funding or third-party funding.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

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While third-party funding is not prohibited, funding by a party that is not a party to the suit could implicate issues related to criminal liability of breach of trust.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

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Currently, there is no litigation funding mechanism available in Taiwan. Contingency fee agreements shall be subject to the consent of the parties, but such agreements are not usual in Taiwan.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

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Litigation funding, including through third-party funding and contingency fee arrangements, is generally available in the

United Kingdom for commercial cases, although it will depend on the precise facts of the case and the relevant litigation funder.

However, recent case law has called into question the enforceability of most litigation funding agreements ( R (on the application of PACCAR Inc and others) v Competition Appeal Tribunal and others [2023] UKSC 28). Following this decision, commentators have suggested that litigation funders may, at least, need to change their agreements but that there may also be a requirement for new legislation to clarify litigation funders' obligations. This is a current and evolving matter and we expect litigation funders to work to provide alternative ways forward to ensure that they can continue to operate in the UK market.

*Law stated - 19 September 2023*

## Alternative dispute resolution

What alternative dispute resolution (ADR) methods are available to resolve trade secret disputes?

### DENMARK

**CLEMENS ADVOKATFIRMA**

The parties may settle a trade secret dispute amicably before a trial or at any time during the proceedings. A settlement is a binding voluntary agreement between the parties without judgment by the court. A settlement is binding and cannot be appealed later.

As an alternative to a lawsuit, the parties can use conflict mediation. The court may offer mediation during a case. If the parties have not initiated legal proceedings, they may also contact a mediator themselves (ie, without the involvement of a court).

*Law stated - 09 August 2023*

### EUROPEAN UNION

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

### GERMANY

**COHAUSZ & FLORACK**

All alternative dispute resolutions methods are available for resolving civil trade secret disputes. The most frequently practised ADR method is arbitration, which, in a purely national context, often includes settlement discussions facilitated by the arbitrators and triggered by sharing their preliminary views on relevant aspects of the case, when the parties agree or request it. Such requests are common. Of course, that practice would be unusual in international cases. Mediation, early evaluation or early (non-binding or binding) determination by experts are practised, if the parties agree.

Notwithstanding this, in most trade secret misappropriation cases there is no existing agreement on any such ADR method. Considering the grave nature of the claims, the parties would be unlikely to reach an agreement subsequent to ADR.

*Law stated - 09 August 2023*

### ISRAEL

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

The parties may agree to have the dispute handled by a mediator or by an arbitrator. Such options should be considered since mediation and arbitration proceedings remain confidential.

*Law stated - 13 September 2023*

**ITALY**

**JACOBACCI AVVOCATI**

Alternative dispute resolution (ADR) methods are rarely utilised in Italy, as they are not required by law before taking legal action.

In any case, a first alternative remedy is mediation, governed by Legislative Decree No. 28 of 4 March 2010, a procedure in which an impartial mediator assists the parties to find a compromise, agreeing to settle the dispute amicably.

A second remedy is arbitration, in which an impartial arbitrator (or a panel of several arbitrators) decides the dispute with a binding decision. The use of this procedure is generally provided for by contract, including the location, language, rules of the procedure and method of appointment of arbitrators.

In any event, either before or during the litigation, the parties may enter into a settlement agreement to resolve the disputed issue.

*Law stated - 11 August 2023*

**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

In Japan, it is very typical for a court to recommend settlement within court proceedings. Typically, after several court hearings, at which each party submits written arguments and evidence, the presiding judge discloses to the parties the court's tentative findings and thoughts on the merit of the case, and encourages both parties to agree to an amicable resolution.

Mediation by court is governed by the Civil Conciliation Act. The mediation panel is composed of three mediators, one of which is a judge and the other two are former judges, lawyers and other persons experienced in or knowledgeable about dispute resolution. If the parties reach an agreement, the agreement can be enforced in the same way as a binding court decision.

If both parties agree, they can request mediation at the Tokyo District Court or the Osaka District Court, where the panel consists of judges and lawyers experienced in the field of intellectual property law.

If both parties agree, they can also refer a dispute to a resolution by arbitration. The party that has won a favourable arbitral award may enforce it with the involvement of a court under the Arbitration Act .

*Law stated - 07 September 2022*

**POLAND**

**ERNST & YOUNG**

There are alternative dispute resolutions available in Poland. The parties may proceed to mediation. The dispute may be also resolved by the court of arbitration.

The Polish legal system prefers mediation as a method of dispute resolution and the court encourages the parties to use this method. In addition, one of the formal requirements of a civil lawsuit is to include information on whether the parties have attempted mediation or another out-of-court method of resolving the dispute and, if such attempts have not been made, to explain the reasons why.

*Law stated - 04 August 2023*

**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Both arbitration and mediation are available ADR methods. For arbitration proceedings, the Commercial Arbitration Board is the most common private arbitration board in Korea. In addition, the following administrative arbitrations are available: industrial technology dispute resolution by the Ministry of Trade, Industry and Energy; arbitration and

mediation of technology disputes between small and medium-sized enterprises (SMEs) by the Ministry of SMEs and Start-ups; and mediation of disputes over industrial property rights by the Committee established by Korean Intellectual Property Office. An application for mediation may also be filed with the court.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

If there is an arbitration agreement, the parties may choose to submit the trade secret dispute for arbitration. The Arbitration Act in Taiwan, in principle, follows the 1985 UNCITRAL Model Law. The Chinese Arbitration Association established in 1955 is the major arbitration institution in Taiwan.

Alternatively, the parties may choose to initiate court mediation before or after the case is pending in court. If an agreement is successfully reached in the mediation, it has the same legal effect as a final judgment and thus the parties would be bound by it. On the other hand, if no agreement can be made from the court mediation, the application for court mediation will be deemed as the initiation of a civil lawsuit. In this way, the parties' interests in statute limitations are protected.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

Parties need not use the court to resolve trade secrets disputes but may use alternative dispute resolution procedures such as mediation and arbitration. These approaches will not have the power to award injunctive relief, but may have other benefits such as being held in private.

*Law stated - 19 September 2023*

**Enforcement risks**

To what extent may enforcement of trade secret rights expose the rights holder to liabilities such as unfair competition?

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**DENMARK**

**CLEMENS ADVOKATFIRMA**

The Trade Secrets Act does not contain any specific rules on the liability of the trade secret holder.

However, there are rules in other legislation on liability for, for example, unfair competition. According to such rules, a trade secret holder may become liable if the right holder uses unfair commercial practices or if the right holder's commercial practices can be considered misleading.

In addition, every trader must observe good marketing practices. The concept of good marketing practice is a legal standard, which changes over time. It requires companies to act in a common-sense manner and to compete fairly. They must not act to cause unfair competition or harm to others.

*Law stated - 09 August 2023*

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**EUROPEAN UNION**

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as this is regulated in the laws of the EU member states.

*Law stated - 07 August 2023*

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**GERMANY**

**COHAUSZ & FLORACK**

Generally, to no extent, especially insofar as the enforcement of monetary relief is concerned. However, under the

German Unfair Trade Practices Act, a party must be careful to avoid spreading misleading information in the market concerning the existing judgment or arbitral award and its bearing, since this could give rise to cease-and-desist and damage claims. Regarding cease-and-desist claims, there is a theoretical possibility that EU or German antitrust and cartel law concerning abuse of a dominant position in the relevant market comes to bearing. However, in German court proceedings, such a defence would need to be raised before the final judgment is issued. Concerning foreign judgments or arbitral awards that require recognition by the competent German court before execution, a defence of abuse of a dominant position in the relevant market could eventually be raised on (international) public policy grounds. The outcome will depend on the facts of the specific atypical case.

If interlocutory relief is initially granted but then lifted because the relief was not justified, the petitioner must compensate the other side for actual damages, irrespective of any fault. Infringers who act without intent or negligence may prevent a cease-and-desist or recall order by paying a commensurate amount of money based on licence fee analogy (section 11 of the GeschGehG).

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

Trade secrets are statutory rights and therefore their enforcement does not constitute unfair competition. In some cases, where the interest of protecting the owner's trade secret conflicts with an interest of securing a person right for employment, then a trade secret may be considered know-how, which is part of a professional skill (section 7(a)(1) of the Law). If the trade secret owner knowingly files an overly broad claim that encompasses information that goes beyond the trade secret, this might be considered an act of unfair competition.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

The sole act of enforcing one's trade secret rights before the court does not constitute a form of unfair competition.

That said, the enforcement of trade secret rights may expose the rights holder to a specific form of liability, which is referred to as aggravated procedural liability for reckless litigation. According to article 96 of the Civil Procedure Code the judge, at the request of one party, may condemn the plaintiff to pay compensation for damages arising from initiating the proceedings, if it is evident that the plaintiff has engaged in bad faith or serious negligence, as, for example, in cases where the plaintiff's claims are in clear contrast with the law in force.

In these circumstances, a form of aggravated procedural liability could arise if the owner of the trade secrets brings an action for infringement against a party who clearly has not undertaken any infringing conduct.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The protection of trade secrets under the Act and the Civil Code does not override or affect the application of other laws, including the Antimonopoly Act. An exercise of a right over trade secrets in violation of other laws would be prohibited, though such a case is rare.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

There is no principle or jurisprudential direction in this area. There is, however, a rule set out in the Unfair Competition Act, which provides that in the event of a clearly unfounded claim for unfair competition (including breach of trade secret), the court may, on request of the defendant, order the plaintiff to make one or more statements of appropriate content and form. The defendant who suffered damage as a result of the lawsuit may claim compensation under the

general rules.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Claiming trade secret rights generally does not implicate unfair competition or antitrust issues under Korean law.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

In Taiwan, unfair competition is governed by the Fair Trade Act. Article 45 of the Fair Trade Act provides that no provision of this act shall apply to any proper conduct in connection with the exercise of rights under the Copyright Act, Trademark Act, Patent Act or other intellectual property laws. Therefore, to the extent that the rights holders of trade secrets exercise their rights under the Trade Secrets Act with proper cause, they would not be subject to the liabilities under the Fair Trade Act. Nevertheless, pursuant to article 25 of the Fair Trade Act, which provides that no enterprise shall otherwise have any deceptive or obviously unfair conduct that is able to affect trading order, if the rights holders abuse their rights or violate the good faith principle and thus affect the fair competition, we cannot exclude the risk of them being punished under the Fair Trade Act.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

The enforcement of trade secrets in the context of post-employment restrictions may create friction with competition law as the ex-employer will often be attempting to restrain an ex-employee from gaining a competitive advantage.

Long-established case law in the United Kingdom provides that it is possible to prevent an ex-employee from using confidential information and trade secrets after the termination of their employment. For a restriction from use of what is known in the case law as 'mere confidential information' to be upheld, the restriction must be expressly set out in an employee's employment contract. In contrast, the courts have held that information with a 'high degree of confidence', that is trade secrets, are subject to implied terms of confidentiality that last beyond the term of employment ( *Faccenda Chicken Limited v Fowler and Others* [1986] FSR 291). Express contractual obligations relating to trade secrets post-employment do not need to be time limited ( *Caterpillar Logistics Services (UK) Ltd v Huesca de Crean* [2012] EWCA Civ 156).

So, while these clauses are permissible in UK employment contracts, they are frequently litigated. The definitions of confidential information to which post-termination restrictions relate may be unclear. They may also be linked to non-compete clauses that purport to stop an ex-employee working for a competitor or in a competing field. While clauses relating to trade secrets post-employment can last indefinitely, non-compete clauses must be time limited, and the courts will consider if the time limit in the contract is reasonable when assessing these cases.

As in other countries, the United Kingdom is seeing a policy shift away from the use of non-compete clauses. A recent government policy paper, titled 'Smarter regulation to grow the economy', concluded that, '[t]he government intends to legislate when parliamentary time allows to limit the length of non-compete clauses to 3 months, providing employees with more flexibility to join a competitor or start up a rival business after they have left a position'. There is no current time frame for the implementation of this change.

*Law stated - 19 September 2023*

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**REMEDIES**

## Injunctions

Under what circumstances can a rights holder obtain a preliminary or final injunction in a civil suit for trade secret misappropriation?

### DENMARK

### CLEMENS ADVOKATFIRMA

The Trade Secret Act provides for both preliminary and final injunctions. The court may grant a preliminary or a final injunction in cases of unlawful acquisition, use or disclosure of trade secrets.

It is a requirement for a preliminary injunction that the applicant is the trade secret holder. The applicant must prove or prove it likely that a trade secret exists and that the trade secret has been unlawfully acquired, used or disclosed or that there is an imminent risk of such acquisition, use or disclosure.

Where the court has established an unlawful acquisition, use or disclosure of a trade secret, the court may order an injunction. Preliminary injunction cases shall be carried out in accordance with the specific rules regarding such cases as set forth in both the Trade Secrets Act and the Administration of Justice Act (Chapter 40).

When the court makes its assessment on whether to grant an injunction, the court shall carry out a proportionality assessment and consider all circumstances of the case. These are, for example, the value of the trade secret, measures taken to protect the trade secret and the conduct of the infringing party.

*Law stated - 09 August 2023*

### EUROPEAN UNION

### FRESHFIELDS BRUCKHAUS DERINGER

Provisional and precautionary measures may be granted upon request of the trade secret holder (article 10). Such measures also include preliminary injunctions. Depending on whether guarantees intended to ensure the compensation of the trade secret holder are lodged by the respondent, continuation of the alleged unlawful use of a trade secret might be allowed as an alternative to an injunction (article 10(2)), provided that the disclosure of a trade secret for lodging of guarantees shall not be allowed in return.

Such provisional and precautionary measures require the applicant to provide evidence that may reasonably be considered to be available to satisfy the judicial authority with a sufficient degree of certainty that (article 11(1)):

- a trade secret exists;
- the applicant is the trade secret holder; and
- the trade secret has been acquired unlawfully, is being unlawfully used or disclosed, or unlawful acquisition, use or disclosure of the trade secret is imminent.

The nature of the evidence will depend on national procedural law, but generally, this includes documents and affidavits.

The Trade Secrets Directive sets out a rather complex proportionality test, which is to be undertaken by the judicial authority. In this respect, the authority is required to take into account (all) specific circumstances of the case (article 11(2)). The question regarding whether provisional or precautionary measures are granted or not will be decided on a case-by-case basis.

The Trade Secrets Directive requires that provisional and precautionary measures (referred to in article 10) shall either be revoked or otherwise cease to have effect, upon the request of the respondent, if (article 11(3)):

- the applicant does not institute legal proceedings leading to a decision based upon the merits of the case lying before the competent judicial authority within a reasonable period of time (which is determined by the judicial

- authority ordering the measures where the law of an EU member state so permits) or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is longer; or
- the information in question no longer meets the requirement of a trade secret due to reasons that cannot be attributed to the respondent.

Finally, the competent judicial authorities may make the measures subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the respondent and, where appropriate, by any other person affected by the measures (article 11(4)).

In certain events, for example, if the measure is revoked or where it is subsequently found that there has been no unlawful acquisition, use or disclosure of the trade secret or even a threat of such conduct, the competent judicial authorities shall have the authority to order the applicant, upon the request of the respondent or an injured third party, to provide the respondent, or the injured third party, appropriate compensation for any injury caused by those measures (article 11(5)). This is a practical and relevant risk that should be considered by any applicant when deciding to file an application for provisional or precautionary measures because a preliminary injunction may cause significant damages to the respondent (eg, in the case of a production line ceasement).

Injunctions and corrective measures may be granted upon request of the trade secret holder where a judicial decision, based on the merits of the case, finds that there has been unlawful acquisition, use or disclosure of a trade secret (article 12). Those measures shall be made without prejudice to any damages that may be due to the trade secret holder by reason of the unlawful acquisition, use or disclosure of the trade secret.

Similar to the provisional or precautionary measures, injunctions and corrective measures shall also be granted by the competent judicial authorities only after assessing their proportionality based upon the specific circumstances of the case (article 13(1)). Where the competent judicial authorities limit the duration of the measures, such duration shall be sufficient enough to eliminate any commercial or economic advantage that the infringer could receive from the unlawful acquisition, use or disclosure of the trade secret.

Further, EU member states shall ensure that the injunctions are revoked or otherwise cease to have effect, upon the request of the respondent, if the information in question no longer meets the requirements of a trade secret for reasons that cannot be attributed directly or indirectly to the respondent (article 13(2)).

In specific cases, in particular in good faith situations, at the request of the person liable to be subject to an injunction, the competent judicial authority may order pecuniary compensation to be paid out to the injured party instead of applying those measures (article 13(3)). Where pecuniary compensation is ordered in lieu of an injunction, it shall not exceed the amount of royalties or fees that would have been due, had that person requested authorisation to the use of the trade secret in question, for the period of time for which the use of the trade secret could have been prohibited.

*Law stated - 07 August 2023*

## GERMANY

## COHAUSZ & FLORACK

Preliminary cease-and-desist injunctions may be obtained if the claimant can establish to the satisfaction of the court that the matter is urgent and that its claims are well founded. Urgency requires that as of the date on which the claimant learned about the relevant facts, it has not remained inactive for too long a period before requesting the relief. If filed within one month from taking cognisance, the matter will always be considered urgent. However, according to diverging court practices, and the facts, a longer period, for example, three months, may still meet the urgency requirement. This aspect should be addressed by obtaining legal advice as soon as a suspicion of trade secret misappropriation arises. The prima facie establishment of the merits of the claims is usually based on documentary evidence and – most importantly – affidavits.

Under section 6 of the Trade Secret Act (GeschGehG) final cease-and-desist injunctions may include an order for a recall of infringing products (section 2, No. 4 of the GeschGehG). However, pursuant to section 9, Nos. 1 to 7 of the GeschGehG such an injunction is not to be granted if it would be disproportionate taking into consideration the enumerated elements including public interest.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

To obtain a preliminary injunction, the rights holder must show the following (section 95 of the Civil Procedure Regulations, 5779-2018):

- prima facie evidence that the trade secret was misappropriated;
- the necessity of the preliminary injunction for achieving the purpose of the lawsuit; and
- that the balance of convenience is in favour of the rights holder – namely, the defendant who is alleged to have misappropriated the trade secret will be less harmed should the injunction be granted than the rights holder will be harmed should the injunction be not granted; there is no other remedy that harms the defendant less and achieves the purpose of the injunction; good faith of the rights holder, including the filing of the motion without delay, and incalculable damage.

As to a final injunction, the rights holder must show that the balance of convenience is in their favour (the third condition detailed above) (except the filing without delay, which is relevant to preliminary injunctions).

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

To obtain an interim injunction against an alleged infringer, it is necessary to prove the existence of two requirements, referred to in Italian practice as *periculum in mora* and *fumus boni iuris*.

The *periculum in mora* requires the plaintiff to demonstrate the existence of a serious, urgent and irreparable risk to its business arising from the conduct of the other party.

The *fumus boni iuris* requires the plaintiff to demonstrate the existence and ownership of the rights asserted in the action (eg, trade secrets) as well as the fact that they have been infringed by the conduct of the other party.

If the court finds that both of these requirements exist, it will order an injunction against the unlawful conduct of the other party.

The requirement of *periculum in mora* is not necessary in proceedings on the merits, and it is therefore sufficient to demonstrate ownership of the rights claimed and the infringement thereof to obtain the injunction.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

Under the Unfair Competition Prevention Act (the Act), if a rights holder of a trade secret proves that its business interest has been, or is threatened to be, infringed due to misappropriation, the rights holder can obtain a final injunction against such misappropriation.

Besides, a breach of contract can be a ground for a final injunction. Specifically, if a rights holder of a trade secret proves that the misappropriator owes a contractual duty of confidentiality with regard to the trade secret and the misappropriator has breached such duty, the rights holder may obtain a final injunction by reason of the breach of contract.

Preliminary injunctions are available under the Civil Provisional Remedies Act .

To obtain a preliminary injunction, a rights holder must make a prima facie showing of:

- that the rights holder has the right to seek a final injunction (which corresponds to the requirements for a final injunction); and
- the necessity of a preliminary injunction, which is, substantial detriment or imminent danger that would occur to the rights holder if a preliminary injunction were not issued.

Also, in most cases, courts require the rights holder to post a bond.

*Law stated - 07 September 2022*

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## **POLAND**

**ERNST & YOUNG**

If the court decides that the basis is justified, it may render a preliminary judgment as to the basis only. With respect to the disputed amount of claim, the court may order the hearing to be continued or adjourned. If the court decides on a further hearing, a decision on the amount of the claim as well as the decision on costs can only be made after the preliminary ruling has become final.

*Law stated - 04 August 2023*

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## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

Both preliminary and permanent injunctions are available if the legal requirements are met. For a preliminary injunction, a plaintiff should file a separate proceeding seeking an injunction before or at the time of filing the lawsuit on merits. For a preliminary injunction to be granted, legally protectable rights as well as the necessity to avoid any foreseeable significant damage to the rights holder must be recognised.

*Law stated - 04 September 2023*

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## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

According to the Code of Civil Procedure, where necessary for purposes of preventing material harm or imminent danger or other similar circumstances, an application may be made for an injunction maintaining a temporary status quo regarding the legal relation in dispute. To obtain a preliminary injunction order, a rights holder will have to prove:

- the preliminary injunction application is necessary to prevent material harm; or
- there is imminent danger or other similar circumstances.

The Supreme Court issued a ruling in 2019 (Case No. 108-Tai-Kan-213) in which the factors to be considered in a preliminary injunction petition for a trade secret case were emphasised as follows:

- whether there is legal relation between the parties and there is a need to maintain the temporary status quo;
- whether there is a likelihood of success for the petitioner (the rights holder); or
- whether the granting or rejection of the petition will cause irreparable harm to the petitioner or opposing party, whether there is balance concerning the degree of damage to both parties, and how public interest is impacted.

*Law stated - 08 August 2023*

**UNITED KINGDOM****CARMAELS & RANSFORD LLP**

The Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) (the Regulations) allow a court to grant the same remedies for misuse of a trade secret as for breach of confidence where this would provide wider protection to the trade secret holder than the Regulations. As a result, the court may award injunctive relief for either a preliminary or final injunction for a number of different things, including orders to:

- search a premises and seize infringing articles;
- destroy infringing articles; and
- recall infringing articles.

Interim injunctions may be sought on an ex parte basis (ie, without notifying the defendant) in the United Kingdom, although there is some difference in availability in Scottish courts compared to those for England Wales. In general, though, there should be some reason why it is not possible to notify the defendant – for example because there is genuine risk that the defendant would attempt to destroy evidence. In determining whether to award an interim injunction the courts will consider:

- whether there is a serious issue to be tried;
- whether damages would be an adequate remedy; and
- the balance of convenience (*American Cyanamid* [1975] AC 396).

When awarding a final injunction, the court will consider the following factors set out in Regulation 14 of the Regulations:

- the value or other specific features of the trade secret;
- the measures taken to protect the trade secret;
- the conduct of the infringer in acquiring, using or disclosing the trade secret;
- the impact of the unlawful use or disclosure of the trade secret;
- the legitimate interests of the parties and the impact that the granting or rejection of the measures could have on the parties;
- the legitimate interests of third parties;
- public interest; and
- the safeguard of fundamental rights.

*Law stated - 19 September 2023*

**Damages**

What rules and criteria govern the award and calculation of damages for trade secret misappropriation?

**DENMARK****CLEMENS ADVOKATFIRMA**

The trade secret holder's right to damages follows both the specific rules of compensation as laid down in the Trade Secrets Act as well as the general rules of Danish law on damages. In general, four conditions for damages apply: liability basis, economic loss, causality and foreseeability.

In the case of misappropriation of a trade secret, the trade secret holder must be treated as if there had been no trade

secret misappropriation and must be compensated for any economic loss caused in connection to that. The damages claimed must consider the loss of profit and the unjustified profit. However, the damages may be set at a level that is at least equivalent to a reasonable remuneration for the use of the trade secret, for example, the fees and charges that the infringing party would have had to pay if it had requested permission to use the trade secret in question.

The trade secret holder may also be entitled to compensation for non-economic loss. In assessing damages, the economic advantage and disadvantages of the infringement may be considered.

*Law stated - 09 August 2023*

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## EUROPEAN UNION

## FRESHFIELDS BRUCKHAUS DERINGER

Under the Trade Secrets Directive (article 14), EU member states shall ensure that the competent judicial authorities, upon the request of the injured party, order an infringer who knew or ought to have known that he, she or it was engaging in unlawful acquisition, use or disclosure of a trade secret to pay the trade secret holder damages appropriate to the actual prejudice suffered as a result of the unlawful acquisition, use or disclosure of the trade secret.

EU member states may limit the liability for damages of employees towards their employers for the unlawful acquisition, use or disclosure of a trade secret of the employer where they act without intent.

When settling damages, the competent judicial authorities shall take all appropriate factors into account, such as the negative economic consequences (including lost profits that the injured party has suffered), any unfair profits made by the infringer, and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the trade secret holder by the unlawful acquisition, use or disclosure of the trade secret.

Alternatively, the competent judicial authorities may, where appropriate, set the damage as a lump sum based on elements such as, at a minimum, the amount of royalties or fees that would have been due had the infringer requested authorisation to use the trade secret in question.

*Law stated - 07 August 2023*

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## GERMANY

## COHAUSZ & FLORACK

Under German law, the damages are assessed according to the general principles established in the German Civil Code. Simply, only actual damages may be obtained, which may include consequential damages. Punitive damages are not provided. If sufficient factual elements are established but the precise amount of damages remains unclear, the court has the power of appraisal. Typical damage categories that are mutually exclusive and eligible by the claimant are loss of profits, a hypothetical licence, or the profits of the infringer. Damage claims require at least negligence.

As is the case for cease-and-desist injunctions, pursuant to section 9, Nos. 1 to 7 of the GeschGehG, damages are not to be granted if this would be disproportionate taking into consideration the enumerated elements including public interest.

*Law stated - 09 August 2023*

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## ISRAEL

## GILAT BAREKET & CO, REINHOLD COHN GROUP

Damages may be based on:

- calculation of the profits deprived from the rights holder following the misappropriation of the trade secret, namely the economic benefits it would have enjoyed had it used the trade secret in lieu of the defendant; or
- calculation of the profits made by the defendant while using the trade secret according to the principles of unjust enrichment (CA 3853/11 Ronit Nation Flags Ltd v Roni Stein (13 May 2013)).

Where there is difficulty in proving actual damages, the rights holder may request statutory compensation. If the damages are based on the calculation of the profits deprived from the rights holder, the rights holder must show a causality between the misappropriation of the trade secret and the real and conceivable losses incurred by the rights holder.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

To obtain compensation for damages, it is necessary to demonstrate that the claimant has indeed suffered harm, which may consist either in direct damage to its patrimonial sphere or in the loss of earnings that would have been obtained by the rights holder if the other party had behaved lawfully.

In particular, article 125 of the Intellectual Property Code provides that in intellectual property matters, the general principles on compensation for damages and loss of profits (articles 1223, 1226 and 1227 of the Civil Code) apply, including the possible quantification of the same on an equitable basis if a specific amount cannot be proven.

The court is entitled to quantify the damages in a total amount that is calculated considering statements and evidence filed by the parties, as well as the assumptions that arise therefrom. In any event, any loss of profit awarded by the court must not be lower than the royalties that the infringer would have paid, if they had obtained a licence from the IP rights owner.

In any case, the owner of the rights may request the disgorgement of the profits earned by the infringer with its own conduct, as an alternative to compensation for loss of profit or in the amount that they exceed such compensation.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

The Act provides three ways to calculate damages:

- if a certain product misappropriates a trade secret of the rights holder, the profit per unit of the rights holder's product that could have been sold by the rights holder (if the misappropriation had not occurred), multiplied by the number of the misappropriator's products that have been actually sold, can be used as the amount of damages. If the misappropriator proves that the rights holder could not have sold a certain number of products for any reason (eg, actual sales of the misappropriator are because of its own marketing efforts; or there are competitive alternatives in the market), the amount of profit corresponding to such number shall be excluded from the aforementioned amount of damages;
- if the misappropriator has made a profit through an act of misappropriation of a trade secret, such profit can be presumed to be the amount of damages incurred by the rights holder. The misappropriator may rebut the presumption by proving that its profit has been brought by something other than the trade secret, such as the misappropriator's marketing efforts, brand image and the quality of the products or services irrelevant to the misappropriated trade secrets; and
- the rights holder can also seek damages equal to the amount of reasonable royalties for the use of the relevant trade secrets.

Also, if the rights holder has proved that certain loss or damage has resulted, but it is extremely difficult to prove the amount, the court may determine a reasonable amount of damages.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

In civil proceedings for infringement of trade secret, one can claim compensatory damages based on the general rules of liability for damages, or the payment of an amount equivalent to the consideration for the consent to use confidential information.

The criteria for compensation based on general rules are:

- the occurrence of damage (pecuniary or non-pecuniary);
- an event to which the law attaches a duty to compensate; and
- the causal link between the event and the damage.

In criminal proceedings, civil damages may also be claimed based on a claim raised by the harmed party during the criminal proceedings. There is no way for the court to act automatically. If the assessment of the amount of damages is considerably difficult, the criminal court may award an exemplary sum of up to 200,000 zlotys to the injured party.

*Law stated - 04 August 2023*

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## **SOUTH KOREA**

**BAE, KIM & LEE LLC**

Article 14-2 of the Unfair Competition Prevention and Trade Secret Protection (UCPA) stipulates rules for estimating damages as follows:

- a calculation of [profits per unit quantity] x [quantity that the infringed person could have sold if there was no infringement];
- profits gained by the infringer through the infringement; and
- royalty that the person would normally be entitled to receive for using trade secrets.

If the damages cannot be calculated using the above methods, a court may determine a reasonable amount for damages based on evidence and the hearing.

*Law stated - 04 September 2023*

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## **TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

The Trade Secrets Act provides two kinds of calculation methods for damages resulting from trade secret misappropriation:

- the damages suffered by the rights holder (ie, the actual loss incurred and the loss of profits). If the rights holder is unable to prove the damages, the difference between the profits normally expected from the use of the trade secret before the misappropriation and after the misappropriation may be used for the damage calculation; or
- the profits earned by the infringer through the misappropriation. If the infringer is unable to prove the costs or the necessary expenses, the total revenue gained from such misappropriation shall be deemed as the profits.

In addition to the above, in practice, where a party has proved injury but is unable to or is under great difficulty to prove the exact amount of damages, the court may take into consideration all the circumstances and determine the amount by its conviction based on article 222(2) of the Taiwan Code of Civil Procedure.

*Law stated - 08 August 2023*

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## **UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

Where a claim for trade secrets misappropriation has been successfully proved, the court will award remedies to the claimant. These remedies may be in the form of injunctive relief but, if the court is satisfied that damages would be an adequate compensation for the damage suffered, then damages rather than injunctive relief will usually be awarded.

Under UK law, the general rule is that damages are intended to compensate for loss suffered (rather than being punitive in nature). In particular, the Regulations state that financial compensation must not exceed the amount of royalties or fees that would have been due had that person obtained a licence to use the trade secret in question, for the period for which use of the trade secret could have been prohibited.

*Law stated - 19 September 2023*

## Other civil remedies

Are any other civil remedies available for wilful trade secret misappropriation?

### DENMARK

CLEMENS ADVOKATFIRMA

In the case of misappropriation of trade secrets, several civil remedies are available besides compensation remedies and injunctions. Such other remedies could include elimination of infringing aspects of the infringing goods, destruction of infringing goods or documents containing or comprising trade secrets or the recall of infringing goods from the market.

Furthermore, the court may decide that a judgment concerning the misappropriation of trade secrets should be published.

*Law stated - 09 August 2023*

### EUROPEAN UNION

FRESHFIELDS BRUCKHAUS DERINGER

The Trade Secrets Directive also constitutes corrective measures (including provisional or precautionary measures), see articles 10(1) and 12(1). Such remedies include the seizure of goods and the destruction of goods and documents.

Further, the Trade Secrets Directive permits the publication of judicial decisions in certain scenarios (article 15).

*Law stated - 07 August 2023*

### GERMANY

COHAUSZ & FLORACK

Civil remedies are cease-and-desist claims, claims for damages, and claims for the rendering of account or information regarding the activities that were enabled by the misappropriation, subject to section 9 of the GeschGehG. In certain cases, these claims may not only result from the GeschGehG but also other heads of claim such as wilful contra bonos mores acts.

The following remedies are also available:

- destruction or release of the documents, items, materials, substances or electronic files in the possession or property of the infringer that contain or embody the trade secret;
- recall of the infringing products, subject to section 9 of the GeschGehG;
- permanent removal of the infringing products from the distribution channels;
- destruction of the infringing products and withdrawal of the infringing products from the market; and
- if the protection of a trade secret is not affected, a claim for the publication of the judgment (section 9, Nos. 1 to 7 of the GeschGehG).

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

Under general principles of tort law, courts may award punitive damages in appropriate cases where no explicit provisions permitting it are provided in the statute (High Court 2651/09 Association for Civil Rights in Israel v Minister of Interior (15 June 2011)). In addition, section 13 of the Commercial Torts Law, 5759-1999 (the Law) empowers the court to award statutory damages up to 100,000 shekels for every tort without proof of actual damages. Such statutory damages may bear a punitive aspect since in determining the sum of the statutory damages to be awarded, the court may consider, inter alia, the degree of guilt of the defendant (CA 3853/11 Ronit Nation Flags Ltd v Roni Stein (13 May 2013)). Thus, if the court is of the opinion that the misappropriation was done wilfully, it may order (at the rights holder's request) high statutory damages as a warning measure (see for example WDJ 22657-04-16 Decoline Decorative Coatings Ltd v Hod Salama (29 January 2017), in which the court awarded 85,000 shekels to the rights holder, based inter alia on the fact that the defendant admitted that they stole the information from the rights holder with the intention of stealing the rights holder's clients ( .

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

Other than judicial remedies and alternative remedies, there are no particular civil remedies for trade secret misappropriation.

*Law stated - 11 August 2023*

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**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

No additional civil remedies are available under Japanese law.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

Civil law claims can be based either on general rules of compensation for damage stated in Polish Civil Code or on claims specified in the Unfair Competition Act. The latter gives the claimant a right to demand that the defendant:

- desist from the prohibited activities;
- remove the consequences of the trade secret breach;
- make a statement of appropriate content and form;
- compensate the damage;
- return the illegal profits; and
- award an appropriate sum of money for a specific social purpose related to the promotion of Polish culture or protection of national heritage (if the defendant was at fault).

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

Under article 12 of the UCPA, the court may order the defendant who caused damage to the plaintiff's business reputation through intentional or negligent misappropriation of trade secrets to restore its business reputation. Further, under article 14-2 (6) of the UCPA, a court may order enhanced damages of up to three times the original damages amount upon finding of wilful or malicious misappropriation of trade secrets.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Article 13(2) of the Trade Secrets Act provides that, if the misappropriation is conducted intentionally, the court may, at the request of the rights holder and by taking all the circumstances into consideration, award an amount higher than the actual damages but less than three times of the amount of the proven damages.

*Law stated - 08 August 2023*

**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

Other than damages and final injunctions described in the Regulations, a claimant may be able to seek common law remedies for breach of confidence or, if relevant, for breach of contractual confidentiality clauses, or both.

The remedies available for these causes of action broadly align to those under the Regulations, namely injunctive relief or damages, but may give the claimant a broader range of routes to a successful claim

*Law stated - 19 September 2023*

**Criminal remedies**

What criminal remedies are available for trade secret misappropriation? Under what circumstances will they be awarded, and what procedural issues should be considered when seeking them?

**DENMARK**

**CLEMENS ADVOKATFIRMA**

Infringement of the Trade Secrets Act is sanctioned by a fine or imprisonment of up to one year and six months. In addition to the Trade Secret Act, the Criminal Code provides for imprisonment for up to six years.

The criminal sanctions under the Criminal Code cover the misappropriation of trade secrets under particularly aggravating circumstances. Aggravating circumstances include cases where the misuse has caused significant damage or has given rise to an imminent danger of such damage. The requirement of imminent danger suggests that there must be a present risk of significant damage occurring.

*Law stated - 09 August 2023*

**EUROPEAN UNION**

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as the Trade Secrets Directive only deals with civil remedies.

*Law stated - 07 August 2023*

**GERMANY**

**COHAUSZ & FLORACK**

Criminal remedies are available against natural persons. The GeschGehG also contains provisions that foresee criminal sanction (section 23 of the GeschGehG) if misappropriation was intentional. Moreover, in the context of carrying out the misappropriation, other illicit activities may be carried out that are triable under other statutes. The aggrieved party may file the criminal complaint, or the public prosecutor may take up the case ex officio if there is a public interest. If the case goes to criminal trial the aggrieved party could file an adhesion complaint for recovering damages. However, in most instances, the aggrieved party will use its controlled access to the results of the criminal investigations for obtaining additional information and often evidence that it could not lawfully obtain otherwise and that can be used in the civil proceedings.

The action taken by the prosecutor's office will also depend on public interest. The speed of the criminal investigation will largely depend on the public prosecutor's office and its resources. The aggrieved party has only limited influence on these aspects.

**ISRAEL****GILAT BAREKET & CO, REINHOLD COHN GROUP**

Divulging a professional secret is a criminal offence under section 496 of the Penal Code, 1977-5737 (the Code), violations of which are generally prosecuted by the state. However, according to the Criminal Procedure Law, 1982-5742 a person may file a private criminal complaint against another based on certain listed offences, including against persons who divulged professional secrets (section 496 of the Code – PA 387/96 Har-Tuv v Yesh-Line Ltd (21 January 1996)). Since the enactment of the Law in 1999, it appears that the offence under section 496 of the Code is hardly in use.

Law stated - 13 September 2023

**ITALY****JACOBACCI AVVOCATI**

The Italian Criminal Code article 623 provides imprisonment of up to two years as punishment for the unlawful acquisition, use and disclosure of trade secrets. It also clarifies that criminal law protects the same information falling into the definition of trade secrets provided by the Industrial Property Code.

Therefore, criminal and civil relief can be sought contemporaneously, even if the acquisition, use and disclosure of trade secrets amount to a crime only when such acts were intentional (while civil liability also exists in cases of negligence).

Criminal law also sets an increased punishment for crimes committed using 'computerised means'. The Italian legislator's goal (outlined in the preparatory works to the law implementing the EU Directive) was to be particularly strict against cyber theft, but this change will probably result in a general increase of punishments as the acquisition, use and disclosure of trade secrets nearly always involve the use of IT tools nowadays.

Although criminal proceedings (which can only be brought against natural persons) may increase the defendant's fear of the related consequences, they are not widely implemented in the field of intellectual property because they are less effective in enforcing the related rights, especially with regard to obtaining damages, and are less expeditious, especially when compared to interim civil proceedings.

Law stated - 11 August 2023

**JAPAN****ANDERSON MÖRI & TOMOTSUNE**

Criminal remedies are available, but only in limited situations. First, criminal sanctions apply only to intentional acts, and not negligence. Second, the Act requires certain additional elements for criminal punishment, such as the purpose of wrongful gain, the purpose of causing damage to the rights holder, a violation of the duty of information management and an act of fraud. Domestic misappropriation that satisfies these additional requirements is punishable by imprisonment up to 10 years or a fine up to ¥20 million, or both. Certain types of unlawful acquisition of trade secrets for use in a foreign country, unlawful disclosure of trade secrets to a person in a foreign country or acts of misappropriation of trade secrets located in Japan that are conducted in a foreign country, are punishable by imprisonment up to 10 years, a fine up to ¥30 million or both.

A rights holder whose trade secret has been misappropriated can file an offence report with the police, or, as a formal complaint to express its intention to request criminal punishment, a criminal complaint with the police or prosecutor's office. However, whether and how the police or the prosecutor's office handles and determines the case is left to their discretion. Also, the investigation and case records are published only after the completion of the criminal case, and the criminal case itself could take a large amount of time. Criminal remedies are not necessarily helpful in recovering from the loss or damage caused by the misappropriation.

The Act provides for several measures to protect trade secrets in criminal proceedings, including an order to avoid mentioning contents of trade secrets in a public courtroom, limitation of questions in testimonies, non-public

testimonies and attorney's-eyes-only disclosure of evidence.

*Law stated - 07 September 2022*

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**POLAND**

**ERNST & YOUNG**

In certain cases, the misappropriation of trade secrets constitutes a criminal offence. According to the provisions of the Unfair Competition Act, the following acts are punishable:

- the person who breaches a trade secret (ie, discloses it to another person or derives benefit from such information) had a duty to keep it a secret and the breach causes substantial damage to the entrepreneur;
- the person who breaches a trade secret has acquired it illegally; and
- the person who breaches a trade secret has become familiar with it while taking part in a hearing or other judicial proceedings concerning claims on violation of trade secrecy (ie, an act of unfair competition) or through access to the court files of such proceedings when the open character of a hearing in the proceedings was excluded.

Additionally, application of the Polish Criminal Code may be used as protection in some cases where a breach does not meet the above requirements set out for the confidential nature of information under Polish law (economic value, confidential nature and appropriate security measures). Under article 266 section 1 of Polish Criminal Code, a criminally penalised act is a case in which a person conducts disclosure that is unlawful or in breach of undertaken obligations, or use of information that this person has become aware of in connection with his or her function, work, public, social, economic or scientific activity.

It is essential to remember that crimes set out in the Unfair Competition Act are prosecuted ex officio. However, to exercise article 266 section 1 of the Criminal Code, there is a need for the harmed party to request prosecution, as the procedure will not start otherwise.

*Law stated - 04 August 2023*

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**SOUTH KOREA**

**BAE, KIM & LEE LLC**

A person who misappropriates a trade secret to make an improper profit or to cause damage to the trade secret owner is subject to punishment by imprisonment of up to 10 years or by a fine of up to 500 million won. If the purpose of the misappropriation is to use the trade secret in a foreign country, the infringer will be subject to punishment by imprisonment of up to 15 years or by a fine up to 1.5 billion won. A criminal procedure may be initiated by a criminal complaint filed by the rights holder or through a separate initiation of investigation by the government agency.

*Law stated - 04 September 2023*

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**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

The person who commits or attempts to commit one of the acts stipulated under article 13(1) of the Trade Secrets Act might be sentenced to a maximum of five years imprisonment or detention, and in addition, a fine of between NT\$1 million and NT\$10 million may be imposed. Moreover, if the value of the illegal gains obtained by the offender exceeds the maximum amount of the fine, the court has the discretion to increase the fine to up to three times the value of such illegal gains. The acts provided under article 13(1) of the Trade Secrets Act include:

- acquiring a trade secret by an act of theft, embezzlement, fraud, coercion, unauthorised reproduction, or other wrongful means; or using or disclosing a trade secret so acquired;
- committing an unauthorised reproduction, usage, or disclosure of a trade secret known or possessed;
- failing to delete or destroy a possessed trade secret as ordered by the trade secret holder, or concealing it; or
- acquiring, using or disclosing a trade secret known or possessed by others knowingly such that the trade secret

is under one of the circumstances as prescribed in the preceding three subparagraphs.

The criminal prosecution and the guilty judgment require the rights holder's accusation, and the rights holder can settle with the infringer and thus withdraw the accusation. In such a case, the court cannot render a guilty judgment.

*Law stated - 08 August 2023*

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**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

Traditionally, there were no criminal sanctions for misuse of confidential information under the common law in the United Kingdom. However, in recent years, several pieces of legislation have been enacted that do provide criminal consequences for some kinds of misuse of trade secrets and breach of confidentiality requirements. The newest of these was enacted in June 2023 in the National Security Act 2023, which creates a new offence relating to the unauthorised acquisition or disclosure of a trade secret to a foreign power, in circumstances in which the person knew or ought reasonable to have known that (1) their conduct was unauthorised and (2) the conduct was carried out for or on behalf of a foreign power.

In addition, there are limited criminal sanctions under the Computer Misuse Act 1990.

*Law stated - 19 September 2023*

**Administrative remedies**

What administrative remedies are available for trade secret misappropriation? Under what circumstances will they be awarded, and what procedural issues should be considered when seeking them?

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**DENMARK**

**CLEMENS ADVOKATFIRMA**

There are no specific administrative remedies available for trade secret misappropriation.

*Law stated - 09 August 2023*

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**EUROPEAN UNION**

**FRESHFIELDS BRUCKHAUS DERINGER**

Not applicable, as the Trade Secrets Directive only deals with civil remedies.

*Law stated - 07 August 2023*

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**GERMANY**

**COHAUSZ & FLORACK**

There is no specific procedure under German Administrative Law that would provide for remedies in cases of trade secret misappropriation.

*Law stated - 09 August 2023*

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**ISRAEL**

**GILAT BAREKET & CO, REINHOLD COHN GROUP**

Administrative remedies for trade secret misappropriation are not available.

*Law stated - 13 September 2023*

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**ITALY**

**JACOBACCI AVVOCATI**

There are no administrative remedies available for trade secret misappropriation.

*Law stated - 11 August 2023*

**JAPAN**

**ANDERSON MŌRI & TOMOTSUNE**

Administrative remedies are not available for misappropriation of trade secrets under Japanese law.

*Law stated - 07 September 2022*

**POLAND**

**ERNST & YOUNG**

There are currently no administrative remedies available for trade secret misappropriation.

*Law stated - 04 August 2023*

**SOUTH KOREA**

**BAE, KIM & LEE LLC**

There are no administrative remedies under the UCPA.

*Law stated - 04 September 2023*

**TAIWAN**

**LEE AND LI ATTORNEYS AT LAW**

Currently, there are only civil and criminal remedies available for trade secret misappropriation under the Trade Secrets Act. There is no administrative remedy under the Trade Secrets Act.

*Law stated - 08 August 2023*

**UNITED KINGDOM**

**CARPMAELS & RANSFORD LLP**

There are no administrative remedies available for trade secret misuse or breach of confidence under the law in the United Kingdom.

*Law stated - 19 September 2023*

**UPDATE AND TRENDS**

**Key developments and future prospects**

What were the key judicial, legislative, regulatory and policy developments of the past year in relation to the protection and enforcement of trade secrets? What are the prospects for future developments?

**DENMARK**

**CLEMENS ADVOKATFIRMA**

The Trade Secrets Act has clarified several concepts, which have helped strengthen the ability of trade secret holders to enforce their rights in the event of unauthorised use, disclosure or exploitation of trade secrets. This applies, among other things, to the definition of trade secrets and the clarification of legitimate and illegitimate conduct, including the distinction between acquisition, use and disclosure.

Under the Trade Secrets Act, the right holder has been granted improved enforcement possibilities, as the requirements for, among other things, preliminary injunctions and prohibitions have been somewhat clarified compared to previous legislation. In addition, the Trade Secrets Act provides for increased possibilities to award damages.

The Trade Secrets Act also makes it clear that a trade secret holder must take reasonable steps to keep their information secret to meet the Act's definition of a trade secret.

The Trade Secrets Act is still relatively new, and it remains to be seen how the Danish courts over the coming years will apply the different provisions of the act in practice.



apparent that the assembly could thus be regarded as not being 'generally known' within the meaning of article 39(2) of the TRIPS Agreement and article 2 of Directive 2016/943.

**Case [T-643/13](https://curia.europa.eu/juris/liste.jsf?language=en&num=T-643/13) (11 July 2018)**

The General Court in this case found that article 8 of the Trade Secrets Directive does not limit the time in which certain information is worthy of trade secret protection. Instead, the limitation period of article 8 only applies to substantive claims and actions for the application of the measures, procedures and remedies outlined in the Directive.

**Case [C-203/22](https://curia.europa.eu/juris/liste.jsf?nat=or&mat=or&pcs=Oor&jur=C%2C%2CF&num=C-203%252F22&for=&jge=&dates=&language=de&pro=&cit=none%252CC%252CCJ%252CR%252C2008E%252C%252C%252C%252C%252C%252C%252C%252C%252Ctrue%252Cfalse%252Cfalse&oqp=&td=%3BALL&avg=&lgrc=de&lg=&page=1&cid=89074)**

On 16 March 2022, the Administrative Court of Vienna lodged a request for a preliminary ruling including several questions concerning the interplay between information claims under article 15 of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data, and the free movement of such data (GDPR) and protection of sensitive information under the Trade Secrets Directive. In particular, the court asked whether the tension between the right of access guaranteed by article 15(1)(h) of the GDPR and the right to non-disclosure of a trade secret can be resolved by allowing the information to be disclosed to a authority or the court only, so that the authority or the court can independently verify whether it must be assumed that a trade secret exists and whether the information provided by the data controller within the meaning of article 15(1) of the GDPR is accurate. It remains to be seen where the CJEU will draw the line between the two conflicting interests of data access and confidentiality. A decision is not expected before the end of 2023. Already in Case C-154/21 (12 January 2023), the CJEU ruled that a controller may refuse to act on requests from a data subject under article 15 GDPR where those requests are 'manifestly unfounded' or 'excessive'.

Also, to review whether the Trade Secrets Directive fulfils its intended objective, the EU Commission, assisted as appropriate by the European Union Intellectual Property Office (EUIPO), should examine the application of this Directive and the effectiveness of the national measures taken (article 18). It was initially planned that the EUIPO shall prepare an initial report on the litigation trends regarding the unlawful acquisition, use or disclosure of trade secrets under the application of the Trade Secrets Directive by 9 June 2021. This report, however, was postponed for two years because the initial planning was made under the assumption that by the time EUIPO's report was to be released, the Directive would have already been in full operation for several years to allow for some time for the emergence of the case law to occur. This was, however, not the case because not all EU member states communicated transposition measures in time.

The Observatory Report was published on 28 June 2023. It represents an analysis of trade secrets litigation trends in the EU (litigation covered between 1 January 2017 and 31 October 2022) and aims to show the level of harmonisation achieved after the implementation of the provisions of the Trade Secrets Directive. It consists of three parts: a quantitative analysis, a qualitative analysis, and a collection of case law summaries:

## Quantitative analysis

The quantitative analysis is based on statistical trends observed in approximately 700 judgments in the study period. It

finds that trade secrets litigation diverges significantly across member states in terms of case volumes and legal fora (eg, with disproportionately high trade secrets litigation levels in Italy and disproportionately low trade secrets litigation levels in France, Germany and Austria). Litigation was highly localised at the national level, with cross-border disputes remaining relatively rare. Disputes over trade secrets were often instituted between employers and (former) employees. The analysis also reveals that trade secrets litigation tends to concern commercial information rather than technical information. While manufacturing was the sector most often implicated in litigation proceedings, the commercial sectors implicated specifically in litigation over commercial information were diverse. The report therefore emphasises the role that trade secrets play in all sectors of the economy.

## Qualitative analysis

The qualitative analysis identifies three main trends regarding the interpretation of the Trade Secrets Directive:

- With regard to the interpretation of the 'reasonable steps' requirement for the definition of 'trade secret' under article 2(1) of the Trade Secrets Directive, the developments suggest that the requirement was to be understood as flexible and context specific, taking into account the value of a trade secret, as well as the size and business sector of the trade secret holder – therefore effectively meeting the needs of SMEs.
- For information to be protected under trade secrets law through contractual measures such as an NDA, it was crucial for the specific objects of protection to be clearly identified. This had direct implications for companies' standard contractual practices, in particular between employers and employees.
- According to the observatory report and despite the procedural measures for preserving the confidentiality of trade secrets during litigation under article 9 of the Trade Secrets Directive, litigation strategies of trade secret holders appear to (still) be framed by a trade-off between the specificity of filed claims (and therefore the likelihood of the acceptance of such claims before the court) and the risks of unintentional secrecy-destroying disclosures. This issue was already identified as a hurdle to litigation in the 2018 Baseline Report. It continues to be a key issue for trade secrets litigation and the successful harmonisation of trade secrets law in the EU.

## Case law summaries

Lastly, the report also advocates for continuous monitoring of the case law in the member states – in particular as the CJEU has not yet had the opportunity to clarify key provisions of the Trade Secrets Directive. Such developments may, for example, concern the relationship between the 'secrecy' and 'commercial value' requirements for trade secret protection in the context of big data, thereby clarifying the potential role of trade secrets law in the data economy. Case law developments should also be monitored for interpretations of the definition of 'infringing goods' that 'significantly benefit' from trade secret misappropriations (as per article 2(4) of the Trade Secrets Directive), as the scope of these interpretations may determine the boundaries of trade secrets liability throughout supply chains.

More recently, a number of legislative activities in the EU feature certain overlaps to trade secret protection, and there is often a tension between, for example, specific disclosure obligations and the trade secret holder's interest to protect the confidential nature of the information in question. While in most cases, new legislative acts would formally leave the Trade Secrets Directive unaffected, trade secret holders falling within the scope of such laws and regulations will need to consider the risks that are inherent to them.

Below, we highlight some newly introduced or proposed laws and regulations that could potentially oblige the trade secret owner to disclose certain information and thus potentially exclude its required 'secrecy'.

## Disclosure of ranking parameters

According to article 5 of the EU platform-to-business regulation ( P2B-Regulation ) and article 7 (4a) of the Unfair Commercial Practices Directive, providers of online intermediation services are obliged to disclose the main parameters that determine the ranking as well as the reasons for the relative weighting of these main parameters compared to other parameters. Even though article 5(2) P2B-Regulation and recital 23 Directive (EU) 2019/2161 clarify that the service provider is not obliged to disclose trade secrets, this transparency obligation can potentially affect areas of trade secrets. Affected businesses will have to review their internal processes to balance out compliance with these rules against protection of trade secrets.

## Digital Services Act

Regulation (EU) 2022/2065 of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (DSA) also provides for various transparency, reporting and information obligations applicable to online intermediation services of various types. These provisions are (at least potentially) in a natural tension with the protection of trade secrets of the companies concerned. Most notably, very large online platforms (VLOPs) within the meaning of the DSA will have to grant the European Commission, the national regulatory authority (Digital Services Coordinator) and vetted researchers access to certain data necessary to assess and monitor compliance with the DSA and to understand certain systemic risks (article 40 DSA). Article 40(5) lit. b DSA recognises the vulnerability of trade secrets as an exceptional ground to request the 'amendment' of such data access so that (eg, by way of alternative means or reliance on other data) no trade secrets will be disclosed in the course of making available the respective data. It will have to be seen how this mechanism will work in practice once all its obligations enter into force on 17 February 2024.

## Draft Data Act

According to articles 4 and 5 of the proposed Data Act , users of a product or service have a claim against the data holder for access to the data generated by the use of such product or service or can demand the transfer of this data to a third party selected by them. In this context, the data holder can only refuse such access requests in 'exceptional circumstances', when the data holder can demonstrate that it is highly likely to suffer serious economic damage from the disclosure of trade secrets, despite any technical and organisational measures taken by the user. In all other cases, the data holder is obliged to grant data access but may make the access to trade secrets subject to proportionate technical and organisational confidentiality measures necessary to preserve the confidentiality of the shared data, in particular in relation to third parties, such as model contractual terms, confidentiality agreements, strict access protocols, technical standards and the application of codes of conduct.

## Protection for whistle-blowers

Whistle-blowing is addressed in article 5 lit. b of the Trade Secrets Directive, and Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law (Whistleblowing Directive) contains in its article 21 an exclusion of liability for whistle-blowers, provided that the whistle-blower had reasonable grounds to believe that the reporting or public disclosure of (confidential) information was necessary for revealing a breach of EU law pursuant to the Whistleblowing Directive. The Whistleblowing Directive had to be transposed by the EU member states into national law by 17 December 2021. Therefore, when considering a whistler-blower exception for trade secrets misappropriation, both article 5 of the Trade Secrets Directive and article 21 of the Whistleblowing Directive – and a potential interplay between their transpositions into national laws – may have to be taken into account.

## Draft AI Liability Directive

On 28 September 2022, the European Commission issued its proposal for a Directive on adapting non-contractual civil liability rules to artificial intelligence (Draft AI Liability Directive ). According to article 3 of the Draft AI Liability Directive, member states shall ensure that national courts have the authority to order the disclosure of evidence by a provider of a 'high-risk AI system' (as defined in article 6 of the Proposal for a Regulation laying down harmonised rules on artificial intelligence (Draft AI Act )). Where a defendant fails to comply with such order, a national court shall presume the defendant's non-compliance with a relevant duty of care that the evidence requested was intended to prove for the purposes of the relevant claim for damages (article 3(5)). For providers of such systems, this could lead to a choice between disclosing the inner workings of their AI, which will regularly constitute a trade secret, or losing the litigation due to the reversal of the burden of proof that takes effect in the event of non-disclosure. However, according to article 3(4) of the Draft AI Liability Directive, the protection of trade secrets under the Trade Secrets Directive must be taken into account when determining whether an order for the disclosure of evidence is proportionate, and procedural protective measures as mentioned in article 9 of the Trade Secrets Directive may have to be taken in order to preserve confidentiality in the course of legal proceedings. The Draft AI Liability Directive is currently in the European legislative process and may be subject to amendments; a date for the adoption of the final legislation is not yet foreseeable.

*Law stated - 07 August 2023*

### GERMANY

### COHAUSZ & FLORACK

The Trade Secret Act (GeschGehG) was only promulgated on 18 April 2019. In comparison with the protection of trade secrets under the prior rules contained in the German Unfair Trade Practices Act (UWG), it strengthens the protection of trade secrets. However, by requiring active protection of trade secrets, it potentially raises the barrier for protection, since under the UWG only an objectively discernible will to keep the information secret was deemed to be sufficient. Moreover, the exclusion of statutory claims under the GeschGehG if their fulfilment would be disproportionate in the individual case gives courts a much wider discretion than existed previously. Accordingly, case law will increasingly give these provisions more contour and foreseeability. The standards of appropriate confidentiality measures are still poorly clarified by the courts. It therefore remains to be seen whether and how the case law, particularly of the highest courts, will further specify the requirements to be met.

*Law stated - 09 August 2023*

### ISRAEL

### GILAT BAREKET & CO, REINHOLD COHN GROUP

The rules regarding misappropriation of trade secrets were mainly formulated in case law, especially following the enactment of the Commercial Torts Law, 5759-1999, in the first and second decade of the 21st century. Therefore, these rules are rather solid, and no special development is expected in this field.

*Law stated - 13 September 2023*

### ITALY

### JACOBACCI AVVOCATI

The last regulatory amendment introduced in Italy in relation to the protection and enforcement of trade secrets dates back to 2018, with Legislative Decree No. 63, implementing European Directive No. 943 of 2016, which did not, however, bring significant changes to the relevant rules.

Cases of misappropriation of trade secrets are increasingly frequent, and decisions by the courts on the matter are similarly on the rise. The case law in this area has been primarily aimed at evaluating the requirements for the existence of trade secrets and subsequently at verifying any unlawful misappropriation thereof.

There has also been an increase in the number of court decisions punishing the conduct of a party who has unlawfully misappropriated information that, although not meeting the requirements for the existence of trade secrets under

article 98 of the Industrial Property Code (for example, because it is not protected by adequate protection measures), is protectable under the laws on unfair competition (see decision No. 18772/2021 of the Supreme Civil Court).

In general, companies are becoming increasingly sensitive to the protection of their knowledge and information by drawing up company regulations governing the behaviour of employees and signing confidentiality agreements with their business partners.

Currently, no new legislative and regulatory developments are planned at the national level on the subject of trade secrets; nevertheless, it is possible that in the future the Italian legislator, in accordance with the content of the European Directive mentioned above, may introduce a clear and exhaustive list of lawful and unlawful conducts to consider in cases of trade secret appropriation.

*Law stated - 11 August 2023*

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## JAPAN

## ANDERSON MŌRI & TOMOTSUNE

In 2019, an amendment to the Unfair Competition Prevention Act came into effect, which has newly introduced protections of technical and business data accumulated and controlled for the purpose of provision to third parties, even when such data is not qualified as a 'trade secret'. Examples include data concerning the operation of machines collected by data analytics companies, driving data stored in car manufacturers, and mobility data collected by smartphone carriers with Global Positioning System information. Such data is often provided to a third party and used for marketing, improvement of services or other business purposes, but would not necessarily be qualified as a 'trade secret' owing to lack of secrecy.

\*The information in this chapter was accurate as at 7 September 2022.

*Law stated - 07 September 2022*

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## POLAND

## ERNST & YOUNG

A draft amendment to the Industrial Property Law Act is currently in the legislative process. The draft is planned to introduce a deposit of technical and technological information of business entities. The proposed deposit is intended to make it easier for an entrepreneur to prove a circumstance of unlawful acquisition of information constituting a trade secret; acquisition of information without the authorised person's consent; or obtaining unauthorised access, appropriation or copying of documents. The deposit is also intended to facilitate possible proof of the existence of information involving trade secrets and the content of that information.

As at the time of writing, the work on the amendment has been delayed due to several controversies regarding the changes. Although the adoption was planned for the first quarter of April 2023, there has been no update indicating that the amendment is subject to further proceedings. Thus, the chances of passing the amendment are decreasing.

*Law stated - 04 August 2023*

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## SOUTH KOREA

## BAE, KIM & LEE LLC

The Unfair Competition Prevention and Trade Secret Protection (UCPA) has been amended several times, and the degree of the protective measures required by a rights holder has been lowered, from 'considerable efforts' to 'reasonable efforts' and finally to 'managed as a secret'. The current standard of 'managed as a secret', however, has no precedent by which it can be judged. The proper standard would thus need to be established through case law.

Further, an award of punitive damages was introduced by the UCPA in 2019, which allows a court to grant damages of up to three times the original damages amount if misappropriation of a trade secret is found to be wilful. Courts have the discretion to grant punitive damages. Since the introduction of punitive damages was relatively recent, there have been few precedents providing specific criteria for granting punitive damages.

**TAIWAN****LEE AND LI ATTORNEYS AT LAW**

The Trade Secrets Act was amended in January 2020, wherein a new mechanism called 'the investigation confidentiality protective order' has been implemented. The purpose of this mechanism is to prevent trade secrets from being disclosed during the investigation procedure, and to encourage the rights holder to initiate legal proceedings.

The newly amended Trade Secrets Act also protects foreign rights holders. For instance, an unrecognised foreign juridical person may file a complaint, initiate a private prosecution, or institute a civil suit in respect of matters governed by the Trade Secrets Act. This new protection mechanism will bring advantages to international investment and business development.

Several revisions to the Intellectual Property Case Adjudication Act were made in February 2023, scheduled for implementation from 30 August 2023. The main revisions are as the following:

- To strengthen protection of trade secrets, jurisdiction over the first instance of a trade secrets criminal case shall be transferred from the district courts to the IP Court (articles 9 and 54). The court may assign code names to trade secrets in the dossiers as a means of de-identification and to protect the trade secrets.
- To promote efficient trials in civil IP cases, in certain types of action the court may require mandatory representation of the parties by an attorney (article 10).
- Heavier penalties shall be imposed on those who violate confidentiality preservation orders (articles 72 and 73).
- In litigation regarding infringement of a patent right, computer program copyright or trade secret, if the victim has made a preliminary showing of the infringement, the defendant must provide specific reasons in its defence rather than just simply denying the allegation (article 35).
- An inspection system, with reference to the Japan Patent Act, that approves the appointment of a neutral technical specialist as inspector to enter the defendant's or a third party's premises to collect more evidence shall be introduced (from articles 19 to 27).
- A specific court or division for IP cases shall be established in the Supreme Court (article 48).
- The court may issue and impose a confidentiality preservation order upon the petition of the party who is not the trade secret holder, if necessary (article 36).
- With the permission of the court, the parties may introduce expert witnesses. However, before being cross-examined in court, the expert witness must present its professional opinions in writing and attach an affidavit.

Law stated - 08 August 2023

**UNITED KINGDOM****CARPMAELS & RANSFORD LLP**

One of the more significant cases over the past year was the case of *JC Bamford Excavators Ltd v Manitou UK Ltd* and another [2023] EWCA Civ 840 (17 July 2023). The substance of the case related to patent infringement, but the parties disputed confidentiality issues related to the form of order to be made following the decision. The dispute was related to the disclosure of information in the final order – in particular, the balance to be struck between the maintenance of confidential information and open justice.

The lead judge reviewing the case at Court of Appeal, Arnold LJ, considered the Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) together with the provisions of the EU Trade Secrets Directive (2016/943/EU) and determined that the information in question constituted 'technical trade secrets' and that, in the balance between confidential information and open justice, where open justice would undermine justice itself – then the maintenance of a trade secret trumped open justice. As a result, the judgment, order and any trial transcripts may be redacted in order to prevent the disclosure of a trade secret.

The main piece of legislation relating to trade secrets in the United Kingdom over the past year was the National Security Act 2023, which included a criminal offence relating to the disclosure of trade secrets to foreign powers in certain circumstances. There had not previously been a criminal offence relating to trade secrets misuse in the United Kingdom.

The UK government issued a white paper on a framework for regulation on artificial intelligence (AI) in March 2023, with a call for responses ending in June 2023. We are now awaiting further news about this white paper, which, while not directly addressing trade secrets, may create relevant law and policy for the regulation of confidential information in relation to AI.

Looking ahead, we expect to hear more from the government about:

- its approach to the regulation of AI and the extent to which that will impact trade secret use and regulation;
- bringing forward legislation to limit non-competition clauses to boost innovation; and
- changes to the whistleblowing regime.

*Law stated - 19 September 2023*

## Jurisdictions

	<b>Denmark</b>	Clemens Advokatfirma
	<b>European Union</b>	Freshfields Bruckhaus Deringer
	<b>Germany</b>	COHAUSZ & FLORACK
	<b>Israel</b>	Gilat Bareket & Co, Reinhold Cohn Group
	<b>Italy</b>	Jacobacci Avvocati
	<b>Japan</b>	Anderson Mōri & Tomotsune
	<b>Poland</b>	Ernst & Young
	<b>South Korea</b>	Bae, Kim & Lee LLC
	<b>Taiwan</b>	Lee and Li Attorneys at Law
	<b>United Kingdom</b>	Carpmaels & Ransford LLP