AGENDA:

KEY SYSTEMIC ASPECTS OF THE TRADE SECRET (TS) REGIME

1. LEGAL FRAMEWORK
2. CONTRACTUAL SYSTEM
3. ANALYSIS OF IMPLICATIONS
1. LEGAL FRAMEWORK:
   • DOMESTIC LAWS
   • INTERNATIONAL
FOR PROTECTION AS TS, DATA MUST COMPLY WITH CONDITIONS

TRIPs, Art. 39, 2: undisclosed information (UI) must:

a) be “secret in the sense that it is not,
   • as a body or in the precise configuration and assembly of its components,
   • generally known among or readily accessible to persons within
     the circles that normally deal with the kind of information in
     question;

b) have commercial value because it is secret; and

c) have been subject to reasonable steps under the circumstances
   (...) to keep it secret”.

COMPILATIONS OF DATA THAT MIGHT CONTAIN UI:

• Scientific, industrial, technical, commercial notes
• Internal manuals, forms
• Processes, workflows
• Lists of suppliers, prices,
• Ideas, projects, strategies, systems
• Marketplace analytics
• Financial methods, plans
HOW DOES DATA FIT INTO THE EXISTING TRADE SECRET (TS) PROVISIONS?

The TS regime:

• protects the contents, configuration and assembly of information, not only its expression,
• against unfair competition,
• but it does not grant an exclusive right (like a patent);
• can be invoked to enforce the breach of legal provisions or contractual obligations,
• with civil and/or criminal and/or labor law penalties.
ENFORCEMENT OF DATA PROTECTED BY TS

TRIPS, 39. 2: person in control can prevent acts made by others

- “without the owner´s consent,
- in a manner contrary to honest commercial practices”,

such as:
- disclosure, acquisition, use,
- partial or total reproduction, copy
- distribution,
- even reorganization, adaptation.
2. CONTRACTUAL SYSTEM
DATA TRANSFER IN A CONNECTED WORLD:

CONTRACTUAL AGREEMENTS WITH NDAs ARE WITHIN TRIPs’ REQUIREMENTS OF “REASONABLE STEPS” to keep them secret.
EXAMPLES OF CONTRACTS WITH DATA TRANSFER, SAFEGUARDED WITH NDAs

– Involving R&D
– Franchising
– Know-how licensing
– During M&A
– Involving financial and commercial data
– Covering strategic matters
– Labor contracts, outsourcing
– Manufacturing, distribution, business representation.
Contracts can provide relevant legal and practical effects:

**LEGAL**
- contractual liability,
- diligence:
  TRIPS, 39.2, Note 10 - “in a manner contrary to honest commercial practices” means “at least practices such as breach of contract, breach of confidence, (...) acquisition by third parties who knew or were grossly negligent in failing to know that such practices were involved in the acquisition”.

**PRACTICAL**
- **rapidity**, for the dynamics of everyday business;
- **flexibility**, for the many variables (meeting the specific needs of different industries, products, processes, services);
- **adaptation to business lifecycle**, at negotiation, agreement and termination stages.
BUT CONTRACTUAL DATA PRIVACY HAS LIMITS

• The object of contracts with NDAs is to allow privacy to privileged information and to datasets with economic value,

• following best practices of the market;

• contracts cannot abuse against free flow of data;

• their enforcement cannot restrict competition
3. ANALYSIS OF IMPLICATIONS
Positive Implications

• Change the methods of TS protection, in view of constant threats of intrusion & more risks:
• Data became easier to be accessed, used, collected, modified and deleted;
• More precise contracts, drawing extension of ownership, the licensed rights, the line between use & improvements.
• Efforts to distinguish protection of TS from personal or consumer data.
WITH A VIEW TO THE FUTURE

• The efforts and investment of the owner in compiling data and assuring integrity of privileged information should be protected,

• because such efforts foster economy, jobs, startups, businesses.

• The current system is not necessarily relying more on TS: often, innovations are turned public by innovators who cannot use them.
Despite the speed and quantity of inventions and creations, IP is not becoming obsolete.

IP is one of the key elements of the innovation ecosystem.

New Technologies such as Blockchain, NFTs and their IP related aspects are an example of how IP system remains of paramount importance for innovation.
Suggested improvements to strike the right balance

• Predefined types of royalty-free licenses (similar to CC for copyrights);

• Creation of integrated systems/models that allow fast-track communication between the owner of the data and those interested in obtaining/using them.
THANK YOU

And thanks to Luciana Minada, with whom I discussed the matter

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