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Introduction to the Trade Secret System: Overview and International Framework

Geneva, April 5, 2022

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Structure

■ What is a trade secret?

- International Framework

- Requirements

■ Rights of trade secret holders?

■ Enforcement

■ Patent vs. trade secret protection

Trade secrets- International Framework

- **Trade secret = IP right on confidential information**

- **Paris Convention, Art.10*bis***

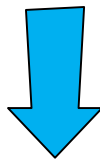
Sets general obligations for Member States to provide effective protection against **unfair competition** - any act of competition contrary to honest practices in industrial or commercial matters

- **TRIPS Agreement, Art. 39(2)**

1st multilateral instrument which provides **minimum standards of protection of IP, including undisclosed information**

What kind of information may be protected as a trade secret?

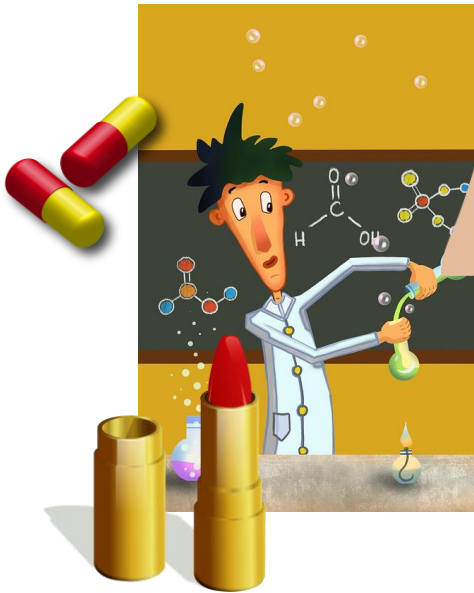
- Broadly speaking, any **confidential business information** which **provides** (due to “secrecy”) **an enterprise with a competitive edge** and is **“secret”** to others may be protected as a trade secret.



The nature of the information can be very different

Nature of the “secret” information? Examples:

■ Technical and scientific information



<https://zwackunicum.hu/en/markaink/unicum/>



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Nature of the “secret” information? Examples:

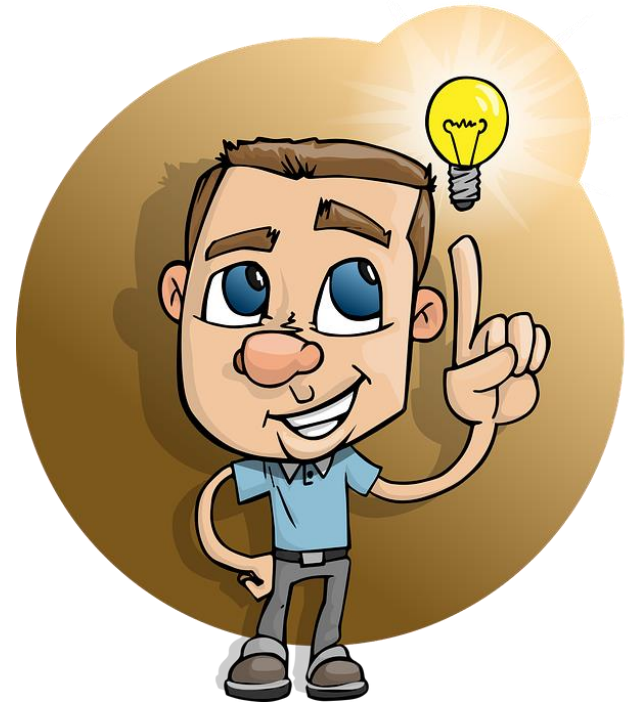
- Commercial or financial information...



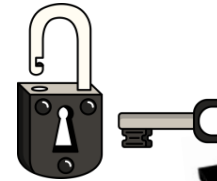
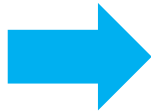
Nature of the “secret” information

Examples:

- Negative information



Requirements for obtaining a trade secret (according to Article 39 (2) TRIPS Agreement)



1. The information must be "secret"

"Secret"

- not generally known among or readily accessible to persons
- within the circles that normally deal with this kind of information

→ Test on “accessibility” of information

2. The information must have commercial value because it is “secret”

- Confers some economic benefit to the right holder
- This benefit must derive specifically from the fact that it is not generally known, not just from the value of the information itself.
- Value: actual or potential
 - Elements that may be considered:
 - Competitive advantage for the owner in using the TS
 - The cost for an outsider to duplicate the TS
 - Lost advantages to the TS owner resulting from disclosure to competitors

3. Reasonable steps to keep the information "secret"

Under most trade secret regimes:

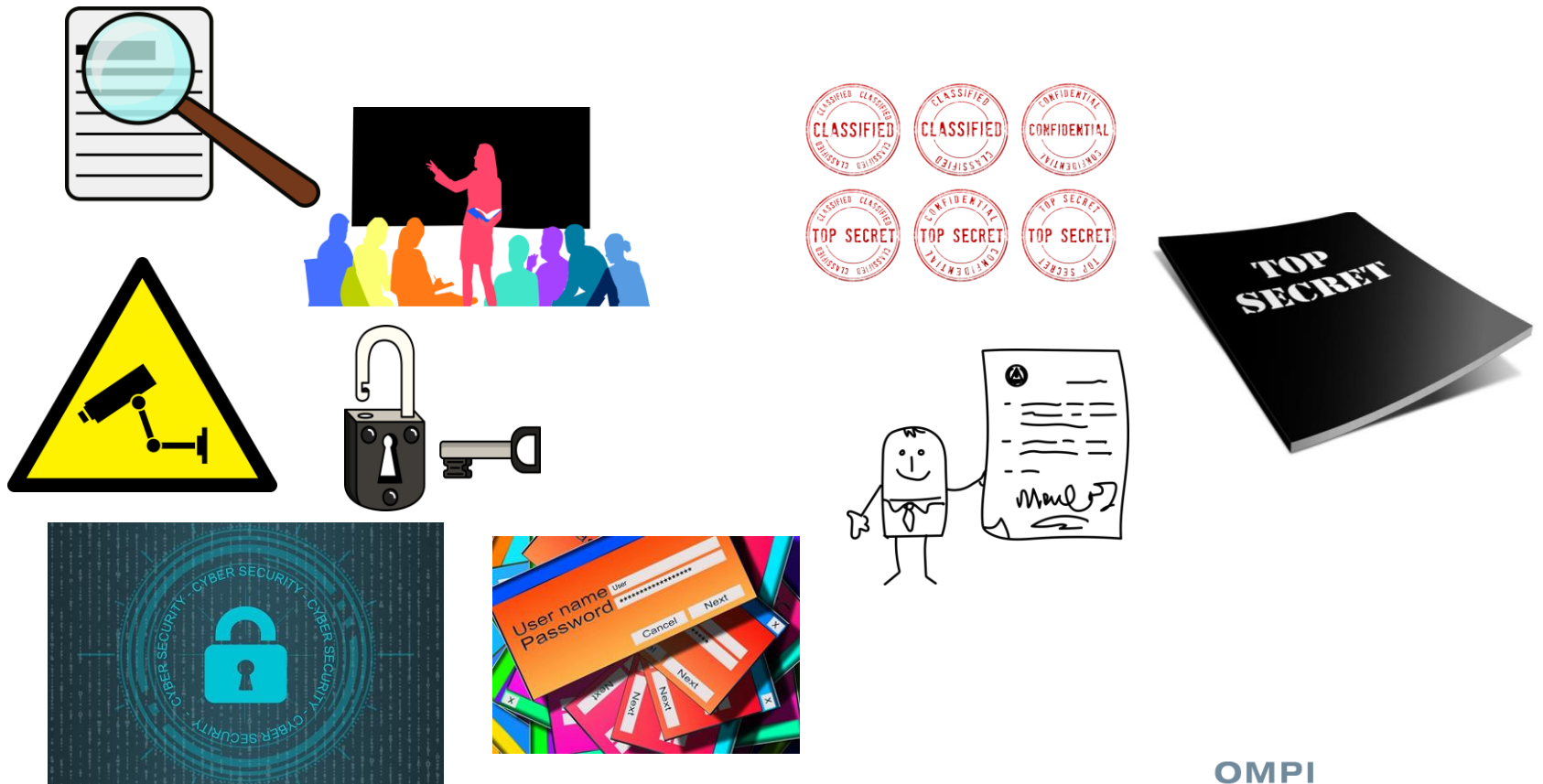
■ Without reasonable steps to remain "secrecy" ≠ trade secret 😞!

■ "Reasonable" → case by case

■ The test on the quality of measures taken to protect the information

→ importance of proper TS management/protection program

Examples of steps that may be reasonable



Examples of steps that may be reasonable

■ TS management program may include:

- ❑ Identification
- ❑ Education of employees
- ❑ Identification and review periodically which employees “need to know” the TS and restrict access to only those
- ❑ Application of physical and technological restrictions to access TS
- ❑ Limitation and monitoring public access to buildings that house TS
- ❑ Marking documents containing TS as “secret” or “confidential”
- ❑ Signing confidentiality / non-disclosure / non-compete agreements with relevant employees / outsiders who may get access to TS

Rights of trade secret owners

according to Art.39(2) TRIPS

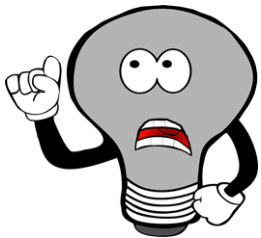


■ Possibility of preventing information from being disclosed to, acquired by, or used by others

■ Contrary to “honest commercial practice”

TRIPS footnote 10 at least practices such as:

- ❑ Breach of contract, breach of confidence, inducement to breach
- ❑ Acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition



Rights of trade secret owners

■ As owner of an IP, a trade secret holder can

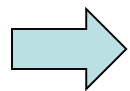
- ❑ transfer the trade secret
- ❑ licence the trade secret



But...due to the confidential nature of a trade secret it is more difficult than with a patent

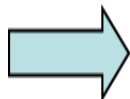
What protection does a trade secret not offer? according to Art.39(2) TRIPS

■ Use of the same technical or commercial information, if acquired or developed independently



- no protection against reverse engineering
- no protection against third party acquisition in good faith

■ No defensive protection



risk that your trade secret will be independently patented

Enforcement of Trade Secrets

according TRIPS Agreement

- Art. 1.2 TRIPS: TS are included in the categories of IP
- Art. 41 TRIPS: Enforcement of IP applies to misappropriation and misuse of trade secrets
 - A trade secret owner shall take **action against alleged misappropriation**
 - **Regional/national laws** provide different enforcement procedures
 - **Attention:** even if there is no term of protection for a TS enforcement of a misappropriation may be limited in time

Trade Secret or Patent?

	Patent	Trade Secret
Registration	Yes	No, but in general, documentation needed
„Secrecy“ of the information	No	Yes, condition of protection
Term of protection	Generally 20 years	Unlimited
Assingment	Yes	Yes, but more difficult
Licencing	Yes	Yes, but more difficult
Enforcement	Yes	Yes, but more difficult
Protection against revese engineering	Yes	No
Defensive protection	Yes	No

And now...What to do in practice????

- Identify
- Verify: Patent? Trade secret? Both?
- In any case: psssssst!!!
- For patents:
 - Preparation of registration
- For Trade secrets:
 - Reasonable steps/preparation of evidence
- →Advice from a regional/national expert can help a lot



More information on trade secrets

- <https://www.wipo.int/tradesecrets/en/>
- https://www.wipo.int/tradesecrets/en/tradesecrets_faqs.html
- https://www.wipo.int/directory/en/contact.jsp?country_id=159&type=ADMIN
- <https://www.wipo.int/meetings/en/2022/symposium-trade-secrets.html>



WIPO Symposium on Trade Secrets and Innovation 2022

The WIPO Symposium on Trade Secrets and Innovation provides a forum for exchanging ideas and perspectives on issues relating to the interface between [trade secrets](#) and innovation, in both technological and service sectors.

Theme of the WIPO Symposium on Trade Secrets and Innovation 2022

The 2022 Symposium will discuss the **roles of trade secret systems in supporting innovation and knowledge sharing in a rapidly changing innovation ecosystem**, which is increasingly international and driven by digital information.

How can you attend the WIPO Symposium on Trade Secrets and Innovation 2022?

The 2022 Symposium will be held in a **hybrid format**, with the possibility of attending the event virtually or in person at the Headquarters of WIPO in Geneva. It is open to any interested party, upon registration.

May 23 and 24, 2022

Location: Geneva, Switzerland

Hybrid meeting

Find out more

- [Meeting documents](#)
- [2019 Symposium](#)

Questions?

Thank you for your attention

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