

APPENDIX 3

**Member States' responses to second trade secrets  
questionnaire**



BELGIUM

1. **In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in your Member State? In this regard you should consider the following :**

(a) **What forms of interim relief, if any, are available?**

**1. Interim relief:** The holder of the misappropriated/misused trade secret can seek preliminary relief if it can establish that:

- The matter is urgent and the said urgency is not due to his own negligence;
- Its rights are prima facie valid, which means in case that there is an obvious violation of article 1382 of the Belgian Civil Code (see our previous questionnaire for the conditions to be met to rely on this provision);
- The relief sought is a preliminary measure without affecting the merits of the case (e.g. a prohibition to disclose).

In exceptional cases (extreme urgency), an ex parte motion can lead to relief in summary proceedings.

The preliminary relief could be to (temporarily) stop using or disclosing the trade secret.

**2. Expedite action on the merits (“action en cessation” – cease and desist action):** the holder of a misused/misappropriated trade secret can also bring a law suit on the basis of article 95 of the law of 6 April 2010 on market practices and protection of consumers (“LMPPC”). In order to start proceeding against an undertaking for unfair practices resulting from the misappropriation, unauthorized use or disclosure of trade secrets, the plaintiff has to prove the following:

- The defendant and the plaintiff are “undertakings” in the meaning of the LMPPC, id est an individual or a company durably involved in an economical activity (article 2, 1° LMPPC);
- The defendant committed an act contrary to the fair market practices. The misappropriation, disclosure or use of trade secrets of another undertaking (usually a competitor) is considered by case law and legal doctrine as an act contrary to such practices;
- This misappropriation, disclosure or use causes or threatens to cause prejudice to the professional interests of the plaintiff (id est the other undertaking);

If the action is based on article 95 of the LMPPC, an expedited procedure on the merits (“action en cessation”) is available provided that the claim is not based on a breach of contract by defendant. In the framework of such procedure, only a cease and desist order can be issued (no damages).

However, it is worth noting that claiming a cease and desist order, or any measure aimed at stopping the disclosure or use of trade secrets, will face serious problems:

1. The first problem is that the plaintiff must bring sufficient proof of its claim, which implies that he must file the documents establishing that its claim is well founded (article 870 of the Belgian Judicial Code and article 1315 of the Belgian Civil Code). In trade secret matters, this usually implies that the plaintiff must describe his trade secret in his trial briefs and court's file, which contradicts the very nature of the trade secret...

In the course of the proceeding, the plaintiff can even be forced to file a document that is considered to be relevant by the court (article 877 of the Belgian Judicial Code). Again, this can lead to the disclosure of the trade secret.

Court hearings (and decisions) are public. The publicity of the hearings is stipulated in article 148 of the Belgian Constitution and article 6 of ECHR (although there are some exceptions). The trade secrets would thus be disclosed in a proceeding where the hearings are public.

2. The second problem arises from the fact that the judgment prohibiting a further use or disclosure of a trade secret, must describe the trade secret at stake (the decision prohibiting the use of "information X" would not be applicable and would contravene article 11 of the Belgian judicial Code). If the judgment describes the trade secret, this will disclose it again.
3. The third problem with cease and desist orders concerning trade secret results from the fact that trade secrets are not protected by intellectual property rights that are limited in time. The prohibition to use the trade secret would thus last for ever, which would grant the holder of a trade secret a broader protection than most IP right holders. Case law has highlighted this problem and therefore refused to issue orders prohibiting the use of misappropriated trade secrets.<sup>1</sup>

**(b) Are final injunctions time limited?**

As trade secrets are not protected by intellectual property rights (that are limited in time), any final injunction deciding that the trade secret has been misappropriated/misused and, therefore, that such trade secret cannot be used anymore by the defendant, would result in a prohibition for an indefinite period of time. The prohibition to use the trade secret would thus last for ever, which would grant the holder of a trade secret a broader protection than most IP right holders. Case law has highlighted this problem and therefore refused to issue orders prohibiting the use of misappropriated trade secrets.<sup>2</sup>

**(c) What is the average duration of proceedings from initiating the claim to final judgment?**

The answer to this question is very difficult as the duration obviously depends on the circumstances of the case and the arguments brought by the parties. In average, a proceeding (not an expedite procedure or a summary procedure) takes 18 to 24 months from claim to final judgment in first instance.

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<sup>1</sup> Court of appeal, Liège, 12 juin 2008, IRDI 2008, p.339.

<sup>2</sup> Court of appeal, Liège, 12 juin 2008, IRDI 2008, p.339.

(d) **Are cases involving technical trade secrets heard by specialist judges?**

No. The court may, however, appoint an expert if technical or financial advice is required (e.g. on the value of the trade secret at hand<sup>3</sup>).

(e) **What measures are put in place to protect the secrecy of information during the proceedings?**

**1. Hearings are public.** In the same way as there is no general provision sanctioning “trade secret infringement”, there is no specific legal measure to prevent the trade secret from being disclosed during proceedings. According to the Belgian Constitution, civil proceedings are public. This principle can even be found in the European Convention on Human Rights, more in particular in art. 6.1.

Art. 148 Belgian Constitution stipulates the following: “Court hearings are public, unless such public access endangers morals or the peace; if such is the case, the Court so declares in a judgment. In cases of political or press offences, proceedings can only be conducted in camera on the basis of a unanimous vote.”. As hearings are public, any third party can attend the hearing and hear the arguments and explanations brought by the parties, including the trade secret.

The Court can order that the hearing will not be public if the “public access can endanger morals or the peace”, but we have no knowledge of any such decision in civil proceedings.

**2. The parties have to prove their claims and file the documents evidencing their claims** (art.870 BJC and art. 1315 of the Belgian Civil Code). This implies that the plaintiff who alleges that a trade secret has been misappropriated/misused, has to prove that it owns a trade secret, what this secret is and that it has indeed been misused/misappropriated by the defendant. If it does not do so:

- the court can dismiss the claim for lack of evidence;<sup>4</sup>
- The court can also force the plaintiff to file relevant evidence. Article 871 of the Belgian Judicial Code (“BJC”) stipulates that “the court can order any litigating party to file the elements of proof in its possession”. In particular, article 877 BJC provides that the court can order the filing of a relevant document: “if there are precise, serious presumptions that a party or a third party has in its possession a document containing the proof of a relevant fact, the court can order that this document or a certified copy is to be filed with the court’s file”. The word “document” encompasses written documents but also drawings, pictures...

It results from article 879 BCJ that the court issuing an order on the basis of article 877 BCJ can grant measures for protecting the trade secrets. In particular, confidential elements can be blanked out<sup>5</sup>, provided however that this not make the document impossible to understand or worthless. A balance has to be made by the court between the necessity to obtain the relevant evidence and the defendant’s legitimate interests to the protection of its trade secret.

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<sup>3</sup> court of appeal Antwerpen 20 November 2007.

<sup>4</sup> Cass., 10 Decembre 1976, Pas., I, 410.

<sup>5</sup> Comm. Antwerp, February 19th, 1987, Ann. Prat. Comm., 1987, I, 225; Comm. Ghent, January 8th, 1990, 60.

The court can also rule that only certain persons/services within the plaintiff's or defendant's company will be allowed to have access to the documents containing the trade secrets.

The court can also decide that some confidential information will not be disclosed in the decision (limiting thereby the public disclosure of the trade secrets).<sup>6</sup>

It is also admitted in Belgian doctrine that a party can refuse to submit certain documents, when it has a "legitimate reason" to do so. This principle can be derived from art. 882 BJC, which states the following: "*A party or a third party, who refuses, without a legitimate reason, to produce the requested document or a copy thereof, according to the decision of the judge, can be condemned to the amount of damages which could belong to that party*".

This legitimate reason can be derived from the severe consequences that would be brought up when disclosing the document comprising the trade secrets to the defendant. Again, a balance has to be made by the court between these legitimate interests and the plaintiff's legitimate interests. The court can decide that, taking into account the parties obligation to collaborate to the proof and the right of defence of the plaintiff, the documents must nevertheless be filed, even if they contain trade secrets.<sup>7</sup> Such decision cannot be appealed.

(f) **Approximately how many trade secret actions are heard by the civil courts in your jurisdiction each year?**

This information is not provided in Belgium. There are no such statistics available.

2. **Can action be taken against innocent recipients of trade secrets and if so, in what circumstances? What remedies are available?**

In principle, the protection of trade secrets towards contractual partners and employees does not extend to third parties who are innocent recipients of trade secrets. Good faith and reasonable behaviour within a certain sector can however narrow down the scope of this aforementioned general principle.

The independent inventor, the competing party with their own research laboratories, or others who accidentally happen to receive the confidential information do not have any obligation towards the rightful holder of the trade secrets. They are not subjected to any civil or penal liability if they use in good faith an invention that happens to be a trade secret of another company.

On the other hand, the new employer of a former employee (who has knowledge of trade secrets deriving from his former job), or the new licensee of a licensor (who shares information of which he became aware during the time he was the licensee of another licensor and who shares this particular information with his current own licensees) are in quite a delicate situation. They are not subjected to a duty of confidentiality themselves, but by acquiring and using this information, they could be liable.

According to Belgian law, third parties helping other parties to breach their contractual obligations can indeed be liable. The complicity to a breach of contract requires (a) the existence of a (valid) contract; (b) the third party knew or ought to have known of the

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<sup>6</sup> Brussels Court of Appeal, 20 June 2008, ICIP 2008, p.566 wherein the serotypes of GSK's vaccine were blanked out.  
<sup>7</sup> Liège, 6 March 2000, JLMB 2000, 1728 ; A. Kohl, « Les mesures d'instruction » in Actualités et développements récents en droit judiciaire, CUP-Université de Liège 03/2004, Bruxelles Larquier 2004, p.207 sqq.

contract ; (c) a breach of contract and (d) the third party has participated in or contributed to the breach of contract.<sup>8</sup>

**3. What defences are available to the defendant in a trade secrets action?**

The defendant is here the person who is sued for having allegedly misappropriated or misused a trade secret.

Basically, the defendant can argue that:

- there is no (sufficient) proof of the alleged misappropriation.
- it has developed/invented the « trade secret » himself.
- he has received the trade secret in good faith from a third party, outside of the conditions of any third party's liability (see above Q2).
- the « trade secret » was trivial and/or well known within the trade. It does not match with the definition of a trade secret.

**4. Which different types of trade secrets are recognised in your jurisdiction? How, if at all, are they treated differently by the law?**

There is no (uniform) definition of trade secrets under Belgian law. One can distinguish three types of « trade secrets » :

1) The « manufacturing secret » in the meaning of Art. 309 of the Belgian Criminal Code.

« Manufacturing secrets » are defined by the Cour de Cassation<sup>9</sup> as « *technical data which, in contributing to the realisation of operations put in place in a factory to obtain a certain product, are liable to provide to the manufacturer technical advantages and which ensure a competitive superiority over his competitors so that the manufacturer obtains an economical benefit by not disclosing the information to his competitors* ». In its decision of 26 June 1975, the Cour de cassation also ruled that, absent a legal definition of « manufacturing secret » in Belgian law, it is up to the court ruling on the merits to decide whether, in a given case, a manufacturing process qualifies as « manufacturing secret »<sup>10</sup>.

Article 309 of the Belgian Criminal Code provides that it is prohibited for individuals working or having worked in a factory to disclose « manufacturing secrets » to third parties in a deceitful or malicious way.

2) The « trade secrets » in the meaning of article 17, 3°, of the law of July 3 1978 on employment contracts (loi du 3 juillet 1978 sur le contrat de travail).

An employee may not disclose, during or after his employment contract, trade secrets belonging to the employer.

The concept of « secret » in the meaning of this provision is very broad : it encompasses the manufacturing and trade secrets, but more generally any secret in respect to personal

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<sup>8</sup> Cass., 24 November 1932, Pas. 1933, I, 19 and Cass., 21 April 1978, RW 1978-79, p.1961.

<sup>9</sup> Cour de cassation, 27 September 1943, Pas.I, 358.

<sup>10</sup> Cass., 26 June 1975, Pas. 1975, I, 1043

or confidential matter which the employee may obtain in the framework of its professional activity (like, e.g., restructuring plans, accidents within the company...).<sup>11</sup>.

The employee disclosing trade secrets during the term of his employment contract can be dismissed. After he has left the company, he can be held liable on the basis of article 1382 of the Belgian Civil Code.

3) « trade secrets » in the context of other civil proceedings

There is no legal definition of trade secrets applicable to the other circumstances (civil liabilities in general). Belgian legal doctrine refers to the definition included in art.39 (2) TRIPs, the definition contained in the Regulation CE/772/2004 of the European Commission of 27 April 2004 (art.1) or the decision of the Tribunal of First Instance of the UE.U. of 12 October 2007 (T-474/04). Without entering into the details, the trade secret will have to (a) be secret (not readily accessible), (b) be substantial (have a commercial/economic value) and (c) the rightful owner of the secret has taken reasonable measures to protect its confidentiality.

In case of misuse/misappropriation : see question 5 of the Study, Part I.

5. **In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The application of the legal provisions pointed out in part I and II of this study does not depend on the (economic) importance of the plaintiff's trade secret. However, the court will, in certain cases (see above question 3, a) balance the plaintiff's and defendant's interests and, in this context, consider the importance of the trade secret at stake.

6. **To what extent can an employer prevent an employee misusing or disclosing its trade secrets:**

(a) **While the employee is still employed?**

In accordance with article 17, 3°, of the law of July 3 1978 on employment contracts, an employee may not disclose, during or after his employment contract, trade secrets belonging to the employer.

Besides, art.309 of the Belgian Criminal Code (BCC) remains available to the employer (« The individual who in a deceitful or malicious way communicates manufacturing secrets of the manufacture where he is working or has worked, will be punished with an imprisonment from three months to three years and a penalty fine from €50 to €2000 » - see Part I of the Study, question 3).

(b) **Once the employee has left his employment?**

Article 17, 3°, of the law of July 3 1978 on employment contracts also applies to former employees. This is also the case of art. 309 BCC.

(c) **Provide examples of contractual clauses which can be included in a contract of employment to address the scenarios in (a) and (b) above.**

« 2.1. L'Employé reconnaît que toutes données, savoir-faire, formules, compositions, procédés, documents, études, schémas, photographies, plans,

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<sup>11</sup> P. De Wulf et K. Cherrette, « De actiemogelijkheden van de (ex-)werkgever in geval van concurrentie door zijn (ex-)werknemer : een beknopte leidraad », Oriëntatie 10/Dec. 2005, p.233;

graphiques, dessins, spécifications, équipements, échantillons, rapports, listes de clients, informations relatives aux clients, prix, découvertes, résultats de recherche ou de tests, inventions, et toute autre information quelconque qui lui sera divulguée dans le cadre de ce contrat de travail ou à l'occasion de celui-ci par l'Employeur ou par toute société du groupe auquel l'Employeur appartient, ont un caractère confidentiel ("Informations Confidentielles"). L'Employé reconnaît que les Informations Confidentielles ont une grande valeur pour l'Employeur et/ou pour les sociétés du groupe auquel il appartient.

Ne sera pas considérée comme une Information Confidentielle, toute information dont l'Employé peut prouver:

- Qu'elle était dans le domaine public avant que l'Employeur la lui ait dévoilée;
- Qu'elle est entrée dans le domaine public, sans action ou omission de l'Employé, après que l'Employeur la lui ait divulguée;
- Qu'elle était en possession de l'Employé au moment où elle a été divulguée à l'Employé par l'Employeur;

2.2 L'Employé s'engage à considérer et conserver toute Information Confidentielle comme strictement confidentielle et à ne pas la divulguer ni la mettre à la disposition d'un tiers sans l'accord écrit préalable de l'Employeur. L'Employé n'utilisera les Informations Confidentielles que dans le cadre de l'exécution de son contrat de travail pour l'Employeur et cessera de les utiliser dès que ce contrat prendra fin.

2.3 Toute violation du présent article par l'Employé sera considérée par l'Employeur comme un motif grave justifiant la rupture immédiate du contrat, sans préjudice du droit de l'Employeur de réclamer la réparation intégrale du préjudice qu'il aura subi.

L'Employé reconnaît également que les obligations visées aux articles 2.1 et 2.2 ci-dessus s'étendent également à tout type d'informations appartenant soit à des clients, soit aux fournisseurs, soit à d'autres relations d'affaires de l'Employeur, soit encore à des parties tierces qui les auraient remis, divulgués ou confiés à l'Employeur ou à l'Employé. »

**7. What are, in your opinion, the inadequacies of the law on trade secrets in your Member State? What improvements would you suggest?**

- Adopt an harmonized definition of « trade secret » in civil matters ;
- Address the problems resulting from the fact that trade secrets are not considered as "intellectual property" and, therefore, not limited in time, which renders cease and desist order very difficult (as one cannot issue a cease and desist order that would last for ever, whilst IP owners only get a protection that is limited in time).
- Rules/guidelines concerning the balance to be made between the rights of the trade secret holder and the rights of the defendant (right of defence).

8. **For your Member State please provide a list of leading case-law, together with an indication of the relevant issues dealt with in each case. The aim of this list is to give an overview of the general principles applicable to the protection of trade secrets in your Member State.**

- (a) Supreme Court (Cassation), January 22nd, 2008, *Ann. Prat. Comm.* 2009.

In this decision, the Supreme Court rules that, when there is an antitrust proceeding before the Competition Authority, the documents containing trade secrets of the companies at stake cannot be disclosed to third parties, even if these third parties intervene in the proceeding.

- (b) Court of Appeal Liège, June 12th, 2008, IRDI 2008, p.339.

The plaintiff holds trade secrets on how to make paintings. It claims that the defendant has taken over (through a former employee) its trade secrets (paintings formulas). The court appoints an expert for checking whether defendant could develop the trade secrets on its own. The expert concludes that this was not the case. The court then rules that the defendant has committed an act of unfair competition. The court, however, refuses to grant a cease-and-desist order on the basis that this would grant the holder of the trade secret broader protection than a traditional IP right as the prohibition could last forever. In any case, even the granting of a protection that would be equal to the protection of a patent holder would be unacceptable, as the trade secret holder did not fulfil the same conditions and formal requirements.

The court does not award damages as the action filed by the plaintiff was a cease-and-desist action. The plaintiff can file another action to claim damages (and did so, but the proceeding is still pending).

- (c) Court of Appeal Brussels, January 10th, 2008, *Ann. Prat. Comm.* 2009.

The plaintiff participates in a contest for getting a public procurement from the Belgian police. It files a confidential list of employees and specialists for the performance of the public procurement. The Belgian police discloses this confidential list to another company also participating in the contest. The trade secret holder files a cease-and-desist action against the Belgian police and the other company. The court of appeal rules that the list constitutes plaintiff's trade secret and that its disclosure constitutes an act of unfair competition. It orders the Belgian police to refrain from contacting the persons mentioned on the list during a two years period.

- (d) Antwerp, September 27th, 2007, *Ann. Prat. Comm.* 2008, 527.

The plaintiff argues that the defendant has taken over and misused its confidential information (clients' lists and commercial/pricing information). The plaintiff argues that this information was disclosed by a former plaintiff's employee who has been hired by defendant. The court appoints an expert, who states that the former employee indeed disclosed confidential information to the defendant. As the court of first instance, the court of appeal rules that this constitutes an act of unfair competition. However, the court of appeal refuses to grant a cease-and-desist order, and thus refuses to order the defendant to stop using the clients' list and other data, even for a limited period of time. The court rules that the plaintiff has to file separate proceedings to get damages for the prejudice suffered.

- (e) Brussels, May 31st, 2010, IRDI 2010, afl. 4, 406.
- (f) Brussels, March 24th, 2010, IRDI 2010, afl. 2, 157.
- (g) Ghent, February 19th, 2007, *Ann. Prat. Comm.* 2008, 425.
- (h) Antwerp, June 7th, 2007, *Ann. Prat. Comm.* 2008, 520.

## BULGARIA

As a preliminary introduction, please note that trade secrets may be protected and respectively violated on different statutory grounds. Obligations on state authorities, banks, other entities or managers, and employees, to keep trade secrets confidential arise out of various provisions of law.<sup>1</sup> Therefore, multiple courses of action (civil or administrative proceedings) may be undertaken by a plaintiff to enforce statutory provisions on trade secrets protection and seek compensation for violations thereof.<sup>2</sup>

### 1. Proceedings for Liability for Wrongful Acts of the State

Violations of trade secrets by state and municipal authorities, and state officials, may be remedied through court proceedings for seeking compensation for wrongful acts of the state. Compensation claims are heard by administrative courts in accordance with the *Code on Administrative Procedure*. The decisions of the administrative courts are subject to appeal before the Supreme Administrative Court. The code however does not regulate all aspects of the judicial proceedings as it explicitly relegates to the *Code on Civil Procedure* for matters not governed therein. In this regard, interim relief protection - question (a) below, issues of expert knowledge during court proceedings - question (d) below and measures on secrecy during proceedings - question (e) below, fall outside the scope of application of the *Code on Administrative Procedure*, but are nevertheless regulated by the *Code on Civil Procedure* applicable as a subsidiary source.

### 2. Proceedings before the Commission on Protection of Competition

Proceedings related to violation of the prohibition on disclosing trade secrets (article 37) under the *Law on Protection of Competition* may be initiated before the Commission on Protection of Competition (the “**Commission**”) by any person affected. To this effect, a complaint shall be filed against wrongdoers. These are administrative proceedings before the Commission and compensation cannot be claimed in the context of these proceedings. Decisions of the Commission may be appealed before a panel of three judges of the Supreme Administrative Court. The decisions of the Supreme Administrative Court (panel of three judges) are in turn subject to appeal before a panel of five judges of the Supreme Administrative Court (cassation). The applicable procedure for judicial review is the one of the *Code on Administrative Procedure*, which as mentioned above is supplemented by the *Code on Civil Procedure*.

In addition, upon proof of breach of the *Law on Protection of Competition* - violations of trade secrets - claims for compensation for damages may be lodged before the civil courts of law in accordance with the *Code on Civil Procedure*. Theoretically, this is a three-instance court procedure. In this respect, the preceding decision of the Commission or the Supreme Administrative Court as to the fact of the breach is binding on the civil courts hearing such compensation claims.

This is a two-step approach, whereby a concerned party may seek recourse to the regulatory authority charged with the powers to protect competition and then claim compensation, provided that the authority has established a breach of the *Law on Protection of Competition*.

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<sup>1</sup> Please refer to the answer to Section 1 of Trade Secrets (Questionnaire Part 1) - “Does the legislation of your Member State provide specific provisions on the protection of trade secrets?”

<sup>2</sup> Please refer to the answer to Section 5 of Trade Secrets (Questionnaire Part 1) - “What elements must be established in order to commence legal proceedings for unauthorised use, unauthorised disclosure, misappropriation, or any form of trade secret infringement?”

3. Proceedings for Compensation in Tort and in Contract

Claims for compensation in tort (i.e. against non-state entities - managers of companies or brokers - who have breached their statutory duty to protect trade secrets) or contract (i.e. a breach of non-disclosure provision) may be lodged before Bulgarian civil courts of law. Similarly, this is a three-instance court procedure. Any such claims shall be heard by civil courts in accordance with the *Code on Civil Procedure*.

1. **In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in your Member State? In this regard you should consider the following:**

(a) **What forms of interim relief, if any, are or are not available (e.g. preliminary or interim injunctions)?**

(i) Proceedings for Liability for Wrongful Acts of the State

Due to explicit prohibition provided for in the *Code on Civil Procedure*, interim relief against the state and its authorities, and municipalities, is inadmissible.

(ii) Proceedings before the Commission on Protection of Competition

The *Law on Protection of Competition* allows for interim measures to be imposed by the Commission acting on its own motion or on request from a party concerned. Interim measures may be enacted in the event of a risk of serious and irreparable damage to competition. Interim measures may take the form of cessation of commercial malpractice or other form as the Commission finds appropriate. The validity of interim measures extends up to three months, which may be further prolonged, but not beyond the final decision of the Commission.

In addition, in the proceedings before civil courts of law initiated by a claim for compensation for violations of trade secrets already established by the Commission, the plaintiff may seek interim relief under the rules of the *Code on Civil Procedure*, as specified in Section 1 (a) (iii) below.

(iii) Proceedings for Compensation in Tort and in Contract

By virtue of the *Code on Civil Procedure*, interim relief may be sought by an applicant either prior to or simultaneously with court proceedings initiated upon a claim for compensation in tort or in contract. In case a relief is granted prior to initiating court proceedings (i.e. preliminary injunction), the court determines a deadline for lodging the protected claim, which in any event may not be longer than one month, unless extended. Alternatively, interim relief may be applied for during court proceedings, at the latest, until the closing of the evidentiary phase before the court of second instance (appeal proceedings).

There are three statutory types of interim measures:

- (1) A restraint over a real estate - a restraining relief, whereby immovable property may not be transferred, encumbered, modified, damaged or destroyed;

- (2) A provisional seizure over chattels (including a going concern) or account receivables - a restraining relief similar to an injunction in its purpose and function (i.e. freezing of bank accounts),<sup>3</sup> and
- (3) Other appropriate measures - an interim relief the court finds appropriate at its convenience and discretion, including suspension of execution proceedings and restraining motor vehicles from operation. In practice, various relief measures have been imposed, for example, the Sofia Appellate Court imposed a prohibitory relief measure on a defendant to legal proceedings by disallowing the manufacture, sale and advertisement of bathroom furniture as per registered industrial design, which was the subject of the dispute.<sup>4</sup>

The court may also decide to impose a combination of the above relief measures.<sup>5</sup>

In order to obtain an interim relief injunction an applicant shall demonstrate to the court that unless the requested interim measure is imposed enforcement of court decision upholding the claim would be impossible or significantly more difficult. It is crucial to convince the court that there is a good arguable case on the merits. The court may grant the requested interim measure if the applicant presents sufficient written evidence in support of his claim. If such evidence has not been presented, the court may still grant the request for the interim measure only against a deposit by applicant. The court may order the applicant to make a deposit even though he has presented sufficient written evidence. The deposit serves as a security of the potential claim of the defendant for damages in case the interim relief proves to be ill-grounded (i.e. in case the secured claim is dismissed).

Experience shows that courts rarely grant interim relief without ordering submission of a deposit by the applicant, regardless of presented evidence. In the event the court rules that interim relief is conditional on deposit by the applicant, the order by which the interim measure is imposed is issued only after the deposit has been paid. The deposit would usually take the form of crediting a designated bank account of the court with an amount determined by the court (approximately 10% on the amount of the claim).

Finally, imposing an interim relief to protect a monetary claim is inadmissible with respect to certain entities: the state and its authorities; municipalities and healthcare institutions. Likewise, a provisional seizure over account receivables cannot be imposed on receivables not subject to enforcement (i.e. certain proportions of employment remuneration, personal allowance, etc).

**(b) Are final injunctions time limited?**

Final injunctions *stricto sensu* – issued on completion of trial, are not provided for under Bulgarian law.

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<sup>3</sup> Rousse Regional Court Ruling of 3 May 2007 under civil case № 2645/ 2007, IV civil panel.

<sup>4</sup> Interim relief order of the Sofia Appellate Court of 12 December 2005 under a civil case № 2432/ 2005, VI panel.

<sup>5</sup> Please note that the court may also substitute one type of interim relief measure with another upon request by either of the parties to a dispute.

From a rather general perspective, except for the interim measures granted in the administrative proceedings before the Commission, none of the interim relief measures are subject to specific time limits. Injunctions furnish a claimant with a preliminary relief to maintain the *status quo* and to protect its rights, and position.

This relief extends over the lifespan of court proceedings. Upon completion of proceedings, i.e. when a final and binding court decision has been rendered on the merits - depending on the outcome of the proceedings there are two alternative courses for the interim relief:

- (i) Should a protected claim be defeated by the court, the interested party (the party against whom the relief has been imposed) may apply for revocation of the interim measure. The court rules on this matter in *ex parte* (non-public) proceedings.
- (ii) Conversely, whenever a court upholds a claim, the effect of interim relief is overwhelmed by the effect of the final court decision eligible to enforcement. The interim relief imposed remains valid throughout the enforcement proceedings.

(c) **What is the average duration of proceedings from initiating the claim to final judgment?**

The timeframe of court proceedings can vary greatly depending on the overall load factor of the judicial panel hearing the claim, the complexity of the dispute, the procedural actions of parties, the number and complexity of the witness and expert examinations, etc. The approximate timing of the proceedings is as follows:

- (i) The court proceedings for compensation in tort and in contract may vary from one to three years;
- (ii) The administrative court proceedings for liability for wrongful acts of the state may vary from eight months to two years;
- (iii) The administrative proceedings before the Commission from initiating the claim to final judgment may take from one to three years; and
- (iv) The proceedings initiated upon a claim for compensation before civil courts due to violation of trade secrets, ascertained by the Commission, may also vary from one to three years.

(d) **Are cases involving technical trade secrets heard by specialist judges?**

(i) **Code on Civil Procedure**

The figure of specialist judges does not exist in Bulgarian judiciary. Judges are not required to possess special technical qualifications in order to hear cases premising specialist knowledge or expertise. In any such cases, experts are assigned by appointment of court to examine issues necessitating special knowledge in the field of science, technology, art, etc.<sup>6</sup> The role of experts is to advise the court panel, but, in effect, the

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<sup>6</sup> The scope and issues of the assignment are specified by the parties, the expert is determined by the court ruling for appointment of the expertise. An appropriate term for completion of the expertise is also determined.

opinion of a judge is replaced by the expert report on the matters examined.<sup>7</sup>

(ii) **Law on Protection of Competition**

Administrative proceedings before the Commission are subject to similar rules and principles in terms of expert knowledge. Experts are assigned in pending cases before the Commission when specialist knowledge is required.

(e) **What measures are put in place to protect the secrecy of information during the proceedings (e.g. can the public be excluded from the proceedings)?**

(i) *Code on Civil Procedure*

Court proceedings in Bulgaria as in other European jurisdictions are open to the public. It is a fundamental principle that court hearings shall be public, unless the law provides to the contrary. The Code on Civil Procedure specifically provides for restriction of publicity in certain cases, including inter alia cases relating to *'the protection of trade, manufacturing, invention or tax-related secrets, the public disclosure whereof may impair party's legitimate interests.'*<sup>8</sup> Such preclusion of publicity may be effected at the request of either of the parties to the dispute or at the court's own discretion. The court may rule that the entire proceedings or parts thereof to take place at closed doors. When publicity is thereby precluded, it is only the parties to the dispute, their attorneys/ other proxies, experts, witnesses and other persons - specifically admitted by court, who are allowed to enter into the court room.

There is furthermore a statutory obligation not to disclose the subject matter and content of proceedings taking place at closed doors. In the event of a breach of this statutory obligation, wrongdoers may be held liable to compensation.

An issue that has been given rise to in the case law is the question of whether trade secrets of one party to a dispute shall be kept confidential from the other. The Supreme Administrative Court has consistently held that trade secrets shall not be disclosed to other parties of a dispute even when they represent evidence in court.<sup>9</sup> In this respect, there are two competing rights: the right to examine court evidence; and the right to protect trade secrets. A preference has been given to the latter as it is only the court that has exclusive access to evidence containing trade secrets.<sup>10</sup>

With respect to proceedings related to commercial disputes,<sup>11</sup> which are predominantly based on exchange of written pleadings, publicity may also be excluded. This effect is however achieved in a rather different way from the above. Provided that all the evidence is collected alongside the exchange of written pleadings and the courts decides that there is no actual need to hear parties' oral pleadings, the case may be adjudicated at

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<sup>7</sup> An expert may be dismissed and replaced by another expert, provided that it is not able to complete its assignment due to lack of specialist knowledge, illness or other objective impediment.

<sup>8</sup> Article 136 (1) of the Code on Civil Procedure.

<sup>9</sup> SAC Decision № 2449 of 23 February 2010 under administrative case № 11084/ 2009, VII division.

<sup>10</sup> SAC Decision № 3243 of 3 April 2003 under administrative case № 1124/ 2003.

<sup>11</sup>

closed session, which no one is admitted to. Parties to commercial disputes may also request the court to do so.

Finally, a note of caution should also be inserted as the *Code on Civil Procedure* mandates the public announcement of court decisions – the operative part in particular. All decisions (operative parts thereof) are entered into a register, which is open to the public. This is somewhat contradictory as protection afforded to trade secrets during proceedings does not extend to final acts of the courts, albeit the operative part does not contain the rationale of decisions, but it may nevertheless allude to secret information.

(ii) *Law on Protection of Competition*

The *Law on Protection of Competition* is more explicit on this issue. It expressly states that. Parties to proceedings before the Commission on Protection of Competition have access to all case materials except for those containing manufacturing, trade or other secrets. Each party declares specifically which materials contain trade secrets at the time of making submissions before the Commission. A reasoned explanation shall also be attached as the Commission rules on the status of protection of the information provided.

Irrespective of the above, the Commission may disclose trade secret materials provided that they are of critical importance for the proceedings or the right of defense of the other party.

(f) **Approximately how many trade secret actions are heard by the civil courts in your jurisdiction each year?**

Please note that the texts of decisions of lower courts (regional/ district/ appellate courts) are generally not available through legal information providers in Bulgaria. The following is however reflective of high court decisions published with information providers. It may be considered representative of the approximate number of cases heard each year.

For the year of 2011, approximately four cases have been heard by far. These cases concern access to public information under the Law on Access to Public Information, where state authorities denied access to information which they considered a trade secret. Applicants requesting access to public information appealed.

For the year of 2010, there were four cases on the grounds of acquisition, use or disclosure of trade secrets in breach of good faith commercial practices under the Law on Protection of Competition and six cases related to access to public information as above.

For the year of 2009, three cases for access to public information and one case for breach of trade secrets under the Law on Protection of Competition were heard in total.

(g) **Are there any other issues of which you are aware which make enforcement of trade secrets difficult?**

(i) *Law on Protection of Competition*

The most common difficulty observed is the enforcement of trade secrets in commercial relations - trade secrets disclosed between counterparties in the course of distribution agreements, agency, etc. As the definition of a trade secret under the *Law on Protection of Competition* requires protective measures to be undertaken to secure a trade secret,<sup>12</sup> lack or insufficiency of such protection measures may preclude given information to be seen as a trade secret.

Courts are particularly demanding in their examination whether protective measures have been implemented. Staff regulations imposing an obligation on employees not to disclose confidential information and to protect the good standing of their employer were found to be too general and blank to be deemed to protect trade secrets. Protective measures shall specifically identify trade secrets as such.<sup>13</sup> In this respect, lack of adequate protection measures prevents information to be classified and accordingly protected as a trade secret. In the court's case law, examples of protection measures include company's staff regulations prohibiting misuse and disclosure of trade secrets, internal orders classifying information as a trade secret, confidentiality clauses in employment agreements, technical protection devices, differentiated levels of access to information database, etc.<sup>14</sup>

Another major hurdle before the effective protection of trade secrets is the requirement that a trade secret shall not be acquired, misused or disclosed in breach of good-faith commercial practices. This is a test that is difficult to satisfy, as the very fact of bad-faith reliance, in terms of use and disclosure, on another's trade secrets is extremely difficult to prove in practice. There may be numerous parallel circumstances ruling out misuse of trade secrets - for example, switching of providers may be for reasons of a clients' dissatisfaction with the services rendered or price considerations between competing undertakings.<sup>15</sup> The regulatory authority and courts have demonstrated their reluctance to accept trade secrets abuse unless there is very strong and unequivocal evidence proving such abuses beyond any doubt.

(ii) **Other Statutes**

The above problems are not pronounced within the framework of other statutes protecting trade secrets. In most cases, it is the holder of information that defines a trade secret as such, to which state authorities owe a statutory duty of non-disclosure. State authorities are quite restrictive in their interpretation of the prohibition on disclosure of trade secrets as in most cases they withhold information which is not a trade secret. Please refer to sections 7 and 8 below.

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<sup>12</sup> By virtue of § 9 of the Additional Provisions of the Law on Protection of Competition 'a manufacturing or trade secret is any circumstance, information, decision or data related to a business activity, protecting secrecy whereof serves the interests of the parties concerned and necessary measures to this end have been undertaken.'

<sup>13</sup> SAC Decision № 102 of 5 January 2010 under administrative case № 13705/ 2009, VII division.

<sup>14</sup> SAC Decision № 11139 of 27 October 2008 under administrative case № 8377/ 2008, VII division.

<sup>15</sup> SAC Decision № 11139 of 27 October 2008 under administrative case № 8377/ 2008, VII division.

2. **Can action be taken against innocent recipients of trade secrets and if so, in what circumstances? What remedies are available?**

(i) *Law on Protection of Competition*

From a substantive point of view, trade secret violations premise fault on the part of the wrongdoer. Innocent recipients, acting in good faith, cannot be held liable.

Liability in contract or tort law does require the existence of fault as one of the essential elements, which shall be established in order to incur liability. In Bulgarian law, the notion of fault (for negligence) is related to the notion of the required duty of care (diligence) that an individual or an entity shall observe in its dealings with others. The precise scope and content of the duty of care is determined by the ordinary and reasonable course of action/ behaviour in similar situations. If a party acts in good faith and therefore observes the standard of the required duty of care, it may not be held liable to compensation for violation of trade secrets. On the contrary, a recipient who falls short of meeting the standard may be held liable where trade secrets are misused or disclosed, and damages arise as a result thereof. The provisions of the Law on Protection of Competition impose a duty of care on acquisition, use and disclosure of trade secrets. It expressly mandates that this shall not be done in violation of good-faith commercial practices. Thus, it is the good faith commercial practices that lay down the standard of care.

Furthermore, the prohibition contained in the Law on Protection of Competition also extends to information that has been disclosed on the condition that it shall not be used. The Supreme Administrative Court found that an entity which treats information as a trade secret shall expressly specify such information and the measures implemented for its protection in the course of business with its counterparties.<sup>16</sup> Recipients of such information may not be held liable insofar as they do respect such a restriction.

(ii) *The Law on Commerce and the Law on Commodity Exchanges and Wholesale Markets*

Managers of companies, trade agents and/ or intermediaries/ brokers are recipients of information which qualifies as a trade secret by virtue of their position. Insofar as they do not breach their obligation not to disclose trade secrets, they will not be held liable in their capacity of "innocent" recipients of such information. Unauthorised disclosure will certainly entail liability on the basis of fault.

(iii) *Other Statutes*

On the other hand, other statutes, affording protection to trade secrets, are markedly concerned with (innocent) recipients of trade secrets. Their only objective is to prohibit disclosure of trade secrets to third parties. For example, the *Law on Energy*, the *Law on Bulgarian National Bank* and the *Law on Electronic Communications* prohibit state authorities, officials and/ or employees to disclose trade secrets obtained in the course of exercising their duties and powers/ employment. In this respect, recipients bear a special statutory obligation on non-disclosure. Recipients are however not liable to compensation for as long as they

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<sup>16</sup> SAC Decision № 6530 of 18 May 2010 under administrative case № 14392/ 2009, VII division.

comply with this obligation. The mere act of receiving and processing information does not entail liability.

**3. What defences are available to the defendant in a trade secrets action?**

(i) *Law on Protection of Competition*

First and foremost, a defendant may rely on an improper classification of information as a trade secret. As shown above,<sup>17</sup> courts are restrictive in their view on qualifying given information as a trade secret. Should confidential information not qualify as a trade secret, it may not be protected as such.

Secondly, the prohibition to disclose trade secrets requires disclosure to be contrary to good faith commercial practices. Therefore, a defendant who acted in good faith may not be held liable to compensation.<sup>18</sup>

Another defence, a rather general one, both in tort and contract law is contributory negligence. Where the claimant suffers damage as a result of its own fault, the amount of damages recoverable may be reduced.

(ii) *Law on Access to Public Information*

There are two defences that may be relied on for provision of access to public information, which is a trade secret: the information disclosure does not cause unfair competition between undertakings; and/ or there is an overriding public interest to disclose this information.

However, court practice by far has been to the contrary application of this provision. Actions are commonly brought against state/ municipal authorities for denying access to public information on grounds of trade secrets. A frequently used defence in these proceedings is alleged unfair competition between undertakings and/ or lack of third party's consent, when the information requested concerns third parties.<sup>19</sup>

(iii) *Other Statutes*

Other statutes impose an obligation on state officials/ administration employees not to disclose trade secrets. General grounds for defence may be sought in tort law: lack of fault, contributory negligence or consent.

**4. Which different types of trade secrets are recognised in your jurisdiction (e.g. manufacturing technology, commercial know how such as price or customer lists)? How, if at all, are they treated differently by the law?**

The scope of the notion for trade secrets under Bulgarian law was discussed and analysed in detail in Trade Secrets Questionnaire - Part 1. Please refer to Section 1 of Trade Secrets (Questionnaire Part 1) - "Does the legislation of your Member State provide specific provisions on the protection of trade secrets?"

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<sup>17</sup> Please refer to the last question in section 1 on page 5 - "Are there any other issues of which you are aware which make enforcement of trade secrets difficult?"

<sup>18</sup> Article 37 of the Law on Protection of Competition.

<sup>19</sup> Article 37 of the Law on Access to Public Information; SAC Decision № 1753 of 4 February 2011 under administrative case № 3440/ 2010, V division; SAC Decision № 2139 of 11 February 2011 under administrative case № 2342/ 2010, V division.

5. **In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The answer to this question should be to the affirmative despite the fact that the importance of information is taken into consideration rather indirectly as indicated in the context of the statutes below.

(i) *Law on Protection of Competition*

The importance of information is attested, most of all, by the measures undertaken to secure its confidentiality as these measures form part of the definition for trade secrets.<sup>20</sup> In other words, should information not be protected by security measures, it may not qualify as a trade secret. The implementation of security measures is an indication of the importance of information. This conclusion has been repeatedly confirmed in the case law where lack of such measures disqualifies given information as a trade secret. For example, the Supreme Administrative Court takes into consideration the measures implemented to secure the secrecy of information. Where such measures have been duly adopted, the information protected qualifies as a trade secret.<sup>21</sup> Conversely, the Supreme Administrative Court arrived at the conclusion that an appellant had not expressly and specifically designated information as a trade secret although a prohibition had been imposed on its disclosure. Accordingly, there was no infringement of trade secrets.<sup>22</sup>

(ii) *Law on Access to Public Information*

The provisions of the *Law on Access to Public Information* clearly state that disclosure of trade secrets that may lead to unfair competition between competing entities shall be denied. The Supreme Administrative Court ruled that the effect of unfair competition from disclosure is determinant in order to refuse access to information.<sup>23</sup> Accordingly, information shall be of such nature and quality that may lead to unfair competition.

(iii) *Law on Energy*

The Law on Energy requires officials and employees of the regulatory body in the energy sector (SEWRC) not to disclose information obtained in the course of their service/ employment, provided that the information has been filed into a special register and that such disclosure may entail unfair competition or it may impair third party's interests. Information shall therefore be the type to cause unfair competition.

(iv) *Other Statutes*

Other statutes are not concerned with the importance of information in determining whether to afford protection or not. Some statutes grant discretion to regulated entities to decide which information shall be labelled a trade secret - Law on Electronic Communications and the Law on the Protection of the

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<sup>20</sup> Pursuant to § 9 of the Additional Provisions of the Law on Protection of Competition 'a manufacturing or trade secret is any circumstance, information, decision or data related to a business activity, protecting secrecy whereof serves the interests of the parties concerned and necessary measures to this end have been undertaken.'

<sup>21</sup> SAC Decision № 8730 of 15 July 2008 under administrative case № 5489/ 2009; see also: SAC Decision № 2806 of 12 March 2008 under administrative case № 12703/ 2007.

<sup>22</sup> SAC Decision № 102 of 5 January 2010 under administrative case № 13705/ 2009, VII division.

<sup>23</sup> SAC Decision № 2139 of 11 February 2011 under administrative case № 2342/ 2010, V division.

Environment. Most statutes do not contain definitions or impose requirements on other characteristics of trade secrets, and the importance of information is therefore not appraised. It is sufficient for an individual/ entity to present information as a trade secret in order to benefit from protection.

**6. To what extent can an employer prevent an employee misusing or disclosing its trade secrets:**

**(a) while the employee is still employed; and**

An employer may impose an absolute restriction on an employee misusing or disclosing a trade secret during employment. Pursuant to the Labor Code, employees shall perform their duties and obligations in good faith in accordance with their individual employment agreements. Loyalty is a statutory obligation for employees as well as the non-disclosure of confidential information and protection of their employer's good standing. Employees are further bound to conform to the employer's internal orders and staff regulations imposing restrictions on information use and disclosure.

**(b) once the employee has left his employment?**

The Labor Code remains silent on this issue. The case law is also unclear and elusive to an extent. The Supreme Administrative Court is of the opinion that a contractual clause restricting employment with other (competing) companies for the purposes of preventing disclosure of trade secrets is contrary to the constitutionally guaranteed right of labor insofar as their effect supersedes the term of the current employment. Such clauses are declared invalid and unenforceable. However, a mere confidentiality clause banning the use and disclosure of trade secrets in breach of good faith commercial practices upon termination of employment may, in all likelihood, be found enforceable, albeit this cannot be yet confirmed with utmost certainty due to lack of case law on this issue.

**Please provide (in English and the language of your Member State) examples of contractual clauses which can be included in a contract of employment to address the scenarios in (a) and (b) above. Are such clauses generally enforceable? Does the court distinguish between "real" trade secrets and general information that happens to be confidential?<sup>24</sup>**

The following are two typical clauses that may be found in an employment agreement. Please note the variation of the language and the express reference to trade secrets in the second example. More frequently than not, trade secrets are not expressly listed among the data subject to confidentiality despite the fact that the scope of confidentiality may include information which would otherwise qualify as a trade secret. In light of the difficulties incurred in trade secrets enforcement, Bulgarian courts distinguish between "real" trade secrets and general information that happens to be confidential.<sup>25</sup>

Example 1:

(1) За целите на този договор (1) For the purpose of this agreement

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<sup>24</sup> Note that in England, the court will only protect "real" trade secrets after termination of employment but not general information that happens to be confidential (lower grade information). Both types of information may be protected during employment. It may be possible to protect lower grade information after employment by imposing a suitable post employment contractual restriction (otherwise known as a restrictive covenant).

<sup>25</sup> Please refer to the last question in section 1 on page 5 - "Are there any other issues of which you are aware which make enforcement of trade secrets difficult?"

“Поверителна информация” означава всички технически или други данни, формули, скици, финансови условия, бизнес планове, информация за сътрудници, търговска документация, списъци на миналите, настоящи и потенциални клиенти и делови партньори, документация на проекти, маркетингови доклади, списъци на служителите и данни относно тях, сключени договори, договорни отношения, типови договори, политика и процедури, ценообразуване, информация, която е свързана с процеси, технологии или теории, финансова информация, ноу-хау и всякаква друга информация, която може да бъде разкрита от Работодателя, предвид точното изпълнение на задълженията от страна на Служителя или информация до която Служителят има достъп, предоставен от Работодателя, или такава, която му е станала известна по друг начин, във връзка с този договор, или която е създадена като резултат от или във връзка с изпълнение на задълженията на Служителя по този договор.

(2) По време на действието на този договор, както и след прекратяването му, Служителят е длъжен да не разкрива на трети лица по какъвто и да е начин Поверителна информация без предварителното писмено съгласие на Работодателя за такова разкриване.

(3) По време на действието на този договор, както и след прекратяването му, Служителят е длъжен също и да не разкрива по какъвто и да е начин Поверителна информация на трети лица, включително на лица намиращи се в трудовоправни или гражданско-правни отношения с Работодателя, освен с предварителното писмено разрешение на последния или в случаите, когато им възлага пряко изпълнението на части от възложената на Служителя работа.

(4) Служителят се съгласява и чрез подписването на настоящия договор се счита за надлежно уведомен, че няма разрешение от Работодателя, било

“Confidential Information” shall mean any and all types of technical or other data, formulas, drawings, financial background, business plans, allies information, business documentation, lists of past, present and potential clients and business partners, project documentation, marketing reports, list of employees and personal details of such employees, executed agreements, contractual relations, standard form agreements, policies and procedures, price formation procedures, information related with certain processes, technologies or theories, financial data, know-how as well as any other types of information which may be disclosed by the Employer to the Employee in view of the prompt fulfilment of her obligations hereunder or information to which the Employee has been given access by the Employer or information that has become known to the Employer in a different manner in relation with this agreement, or which has been created as a result of, or in connection with, the fulfilment of the obligations of the Employee hereunder.

(2) During the term of effectiveness of this agreement and after its termination the Employee shall not disclose to third parties in any manner Confidential Information without the prior written consent of the Employer to that effect.

(3) During the term of effectiveness of this agreement and after its termination the Employee shall not disclose to third parties, including individuals, employed or otherwise contracted by the Employer, in any comprehensive manner Confidential Information except with the Employer's prior written consent to that effect or in the event that the Employee assigns to such other individuals the performance of part of the obligations entrusted to him.

(4) The Employee does hereby undertake and on the grounds of this agreement considers himself duly notified of the fact that he has not obtained the Employer's

изрично, подразбиращо се или предполагащо се, да използва каквато и да е част от Поверителната информация за каквито и да е цели, различни от изпълнение на задълженията си по настоящия договор.

(5) Служителят се задължава, при прекратяване на настоящия договор, независимо от основаниято за това, както и при получаването на писмено искане от Работодателя в този смисъл, да предостави на последния всички оригинални документи и копия от такива (като на връщане подлежат всички налични копия), бележки или други писмени, печатни или веществени материали (включително, но не само дискети, аудио и видео касети и др.), данни, записани в цифров вид и други, които към момента са в нейно владение и които съдържат или биха могли да съдържат Поверителна информация.

#### Example 2:

(1) Служителят се задължава да не използва или разкрива Конфиденциална информация във връзка с дейността или други въпроси относно Дружеството или други дела, станали му известни в хода на работата, на друго лице или по време на, или след прекратяване на работното правоотношение.

(2) Предходната клауза не се прилага спрямо използването или разкриването на информация, за която Дружеството е дало изричното си съгласие или спрямо която съществува задължение по закон, както и информация, достъпна в публичното пространство, разпространена по начин, изключващ неправомерно разкриване от страна на Служителя.

(3) За тези цели "Поверителна информация" включва (но не само) дейността, проиведенията, делата, финансите, плановете за развитие, бизнес стратегии, маркетинг и прогнозни продажби на Дружеството; копия от и информация, свързана с ноу хау, развойни дейности, изобретения,

explicit, implied or presumed permission to use whichever part of the Confidential Information for purposes other than those associated with the performance of his obligations under this agreement.

(5) Upon termination of this agreement and regardless of the termination ground, or upon written request of the Employer, the Employee shall promptly deliver to the Employer any and all original documents or copies thereof (where all existing copies are to be returned), notes, and other written, printed, or tangible materials (including without limitation floppy disks, audio and video tapes, etc.), digitally recorded data, etc., which as of the respective moment, are in her possession and which contain or might contain Confidential Information.

(1) The Employee shall not use or disclose to any person either during or at any time after the termination of his/her employment any Confidential Information about the business or affairs of the Company or about any other matters which may come to his/her knowledge in the course of employment.

(2) The provisions of the paragraph above do not apply to any use or disclosure authorised by the Company or as required by law or any information which is already in, or comes into, the public domain otherwise than through the Employee's unauthorised disclosure.

(3) For these purposes Confidential Information includes (but is not limited to) the business, products, affairs, finances, expansion plans, business strategy, marketing plans and sale forecasts of the Company; copies of and information relating to know-how, research activities inventions, creative briefs, ideas,

творчески планове, идеи, интелектуална собственост, компютърни програми (независимо дали са в ресурсен код или друг код), секретни процеси, дизайн и формули, включително и **търговски тайни** на Дружеството, данни за работници и служители на Дружеството, конфиденциални доклади или проучвания, поръчани или предоставени на Дружеството; и всяка информация, която е представена на Служителя като конфиденциална или предоставена конфиденциално на Дружеството.

intellectual property, computer programme (whether in source code or object code), secret processes, designs and formulae undertaken including **trade secrets** of the Company; details of the employees and officers of the Company; confidential reports or research commissioned by or provided to the Company; and any information which the Employee is told is confidential or is given in confidence to the Company.

7. **What are, in your opinion, the inadequacies of the law on trade secrets in your Member State? What improvements would you suggest?**

In the context of the *Law on Access to Public Information*, a uniform approach shall be adopted in terms of consistent application of the law. The provision of article 17 of the *Law on Access to Public Information* is too vague and uncertain. It reads that “*any information referred to in paragraph 1 (public information created, received or stored by public authorities), which constitutes a trade secret and the disclosure or dissemination whereof would lead to unfair competition among merchants, shall not be subject to disclosure except in the cases of an overriding public interest.*” Evidently, the requirement to “*lead to unfair competition*” has been misinterpreted or widely expanded by public authorities, which refused access when there was no ground for any such refusal.

This criterion should be further specified to avoid misapplication of the law. State authorities seem to put much reliance on this general and vague provision in order to preclude transparency in their work.

8. **For your Member State please provide a list of leading case-law, together with an indication of the relevant issues dealt with in each case. The aim of this list is to give an overview of the general principles applicable to the protection of trade secrets in your Member State.**

Please note that the texts of decisions of lower courts (regional/ district/ appellate courts) are generally not available through legal information providers in Bulgaria. The following is an overview of high court decisions representing leading case law relevant to trade secrets.

(i) *Law on Protection of Competition*

1. **Supreme Administrative Court Decision № 8730 of 15 July 2008 under administrative case № 5489/ 2008 (Grand Panel – 5 judges)**

Facts

Forton International AD (real estate agent) petitioned the Commission on Protection of Competition for breaches of the *Law on Protection of Competition* - harming a competitor's reputation; misleading advertising; and disclosure of trade secrets. The petition was filed against Source OOD (also a real estate agent) and some of its employees, who were former employees of Forton International AD.

Later, the Supreme Administrative Court (panel of 3 judges, which acted as a judicial review of first instance) quashed the appeal of Source OOD and its employees against the decision of the Commission on Protection of Competition, imposing pecuniary sanctions for the established violations.

Source OOD and its employees further appealed (cassation) against the decision of the Supreme Administrative Court (panel of 3 judges).

#### Question

The question before the Supreme Administrative Court (Grand Panel of 5 judges - judicial review of second instance) was to establish whether Source OOD and its employees committed breaches of the *Law on Protection of Competition* - in particular: harming a competitor's reputation; misleading advertising; and disclosure of trade secrets.

#### Holding

The Supreme Administrative Court (Grand Panel of 5 judges) upheld the decision of the lower court and imposed the sanctions provided for by the *Law on Protection of Competition* on the cassation appellants.

#### Reasoning

Based on the evidence, the court found that the advertisements contained false statements. Furthermore, the employees of Source OOD were also found to use information which was a trade secret of Forton International AD as they had had access to such information during their employment with Forton and evidently had taken advantage by acting in bad faith in order to enhance the competitive position of their current employer - Source OOD. Their actions were in breach of Article 37 of the *Law on Protection of Competition* since they violated good faith commercial practices.

## **2. Supreme Administrative Court Decision № 6530 of 18 May 2010 under administrative case № 14392/ 2009, VII division**

#### Facts

Profilink OOD (manufacturer of plastic materials) approached the Commission on Protection of Competition with a complaint against Victoria Plast EOOD (commercial agent of Profilink) and two former employees of Profilink for breaches of the *Law on Protection of Competition* - disclosure of trade secrets of Profilink OOD. The Commission did not establish the alleged breaches.

Profilink appealed the decision of the Commission on Protection of Competition before the Supreme Administrative Court.

#### Question

The question before the court was whether there had been a breach of trade secrets of Profilink to which all concerned parties to the dispute had access and respectively whether the decision of the Commission was therefore lawful.

### Holding

The Supreme Administrative Court upheld the decision of the Commission on Protection of Competition and quashed the appeal.

### Reasoning

In the opinion of the court, the appeal was not supported by sufficient evidence that the respondents had acquired, used or disclosed trade secrets in breach of good faith commercial practices. The information was acquired in the course of business/ employment, but it was not subsequently used in violation of good faith commercial practices.

### **3. Supreme Administrative Court Decision № 11139 of 27 October 2008 under administrative case № 8377/ 2008**

#### Facts

Apis Bulgaria OOD (legal information provider) petitioned the Commission on Protection of Competition concerning alleged breached of the *Law on Protection of Competition* by Lakorda AD. In particular, it was claimed that there had been a release of false or misleading information damaging the good standing of Apis; misleading advertising; and acquisition and misuse of trade secrets. It was underlined that Apis Bulgaria undertook series of measures to protect its trade secrets. It implemented specific prohibitions on trade secret's disclosure in the internal staff regulations, issued special orders to this effect, differentiated the levels of access to protected information and it included non-compete and confidentiality clauses in the employment agreements with its employees. The term of the non-compete and confidentiality clauses was agreed to supersede the effect of employment agreements with 3 years. Upon termination of their employment, a number of employees of Apis Bulgaria joined the board of directors of Lakorda AD. On this basis, Apis Bulgaria claimed that Lakorda AD acquired information on its pricing policy and offered lower prices for its products.

The Commission findings concluded that there had been no violations. Apis Bulgaria appealed against the decision before the Supreme Administrative Court.

#### Question

The court was seized with the question whether the decision of the Commission on Protection of Competition was lawful and whether Lakorda AD had committed the alleged breaches of the *Law on Protection of Competition*.

#### Holding

The Supreme Administrative Court quashed the appeal.

#### Reasoning

The alleged breach was not supported by evidence. With respect to trade secrets, there was also lack of evidence for violation of good faith commercial practices. The outflow of clients from Apis Bulgaria was due to

Lakorda's better marketing strategy, whereas Apis Bulgaria experienced technical problems. The court also declared the non-compete obligation between Apis Bulgaria and its employees invalid and unenforceable upon termination of employment.

**4. Supreme Administrative Court Decision № 102 of 5 January 2010 under administrative case № 13705/ 2009**

Facts

ET ASA 2 Darina Mihailova, ET ASA Atanas Stoyanov and ASA EOOD (related providers of maintenance services for cash machines and fiscal devices) petitioned the Commission on Protection of Competition with a complaint about alleged breaches of the *Law on Protection of Competition*. A former employee (Mr. Plamen Todorov) of the complainants started work with Fintex EOOD (a competitor). As a result, the complainants received numerous notices for termination of services agreements and their clients switched to Fintex as a service provider. In accordance with the internal staff regulations of ASA, employees were prohibited to disclose trade secrets to unauthorized third parties. Fintex and Mr. Todorov claimed that the client base was built on the basis of personal contacts of Mr. Todorov.

The complainants brought an appeal before the Supreme Administrative Court against the decision of the Commission on Protection of Competition dismissing their complaint.

Question

The question before the Supreme Administrative Court was to establish misuse, disclosure of trade secrets, unfair competition, harm to a competitor's good standing and reputation, misleading advertisement.

Holding

The Supreme Administrative Court quashed the appeal.

Reasoning

There was no evidence to support any of the breaches of the *Law on Protection of Competition*. The termination of service agreements with clients was the result of their personal contacts with the employee and better services offered by Fintex. The courts also found that the appellants had not implemented adequate measures to protect trade secrets. Internal staff regulations were thought insufficient to qualify as protection measures for trade secrets, which are a prerequisite to classify information as a trade secret.

(ii) *Law on Access to Public Information*

**1. Supreme Administrative Court Decision № 10497 of 25 August 2010 under administrative case № 13015/ 2009**

Facts

Bulgarian Foundation “Biodiversity” requested access to public information on environmental impact assessment held by the director of the Regional Inspectorate on the Environment and Waters (RIEW) - Varna. Access was denied on the grounds of trade secrets and the information applicants brought an appeal against the decision of the public authority. The administrative court of first instance repealed the decision of the authority as unlawful. It found that the information requested did not qualify as a trade secret. The RIEW - Varna appealed before the Supreme Administrative Court.

#### Question

The Supreme Administrative Court had to appraise whether the decision of the lower court was correct, i.e. whether the information in question was a trade secret or not.

#### Holding

The Supreme Administrative Court upheld the decision of the lower court.

#### Reasoning

Information concerning the environment shall be available to the public. There is a statutory obligation to disclose information regarding the procedure and decisions on environmental impact assessments. When requested to provide access to public information, state authorities shall explicitly indicate and justify circumstances qualifying as a trade secret, which was something that RIEW - Varna had not done.

## **2. Supreme Administrative Court Decision № 5121 of 16 April 2009 under administrative case № 7588/ 2008, III division**

#### Facts

Mr. Tsvetan Todorov (in personal capacity) requested access to information on municipal budget disbursement from the Municipal Council of Lovetch. The Council refused access. It stated that consent of third party was necessary to provide the requested information because the information concerned third party interests. Mr. Todorov appealed before the administrative court in Lovetch, which defeated the appeal.

#### Question

The Supreme Administrative Court had to appraise whether the decision of the lower court was correct, i.e. whether the information in question was a trade secret or not.

#### Holding

The Supreme Administrative Court found the decision of the administrative court to be incorrect and it was accordingly repealed.

#### Reasoning

There was no evidence that the information requested premised the consent of any third party. The Municipal Council failed to state which circumstances defined the information as a trade secret.

## Relevant provisions of legislation referred to in Trade Secrets Questionnaire - Part 2

(The statutory provisions below are in force and effect as of 20 June 2011)

### **ЗАКОН за отговорността на държавата и общините за вреди**

**Чл. 1.** (Доп. - ДВ, бр. 105 от 2005 г., изм., бр. 30 от 2006 г.) **(1)** Държавата и общините отговарят за вредите, причинени на граждани и юридически лица от незаконосъобразни актове, действия или бездействия на техни органи и длъжностни лица при или по повод изпълнение на административна дейност.

**(2)** Исковете по ал. 1 се разглеждат по реда, установен в Административнопроцесуалния кодекс.

### **Административнопроцесуален кодекс**

**Чл. 144.** За неуредените в този дял въпроси се прилага Гражданският процесуален кодекс.

### **Закон за защита на конкуренцията**

**Чл. 37. (1)** Забранява се узнаването, използването или разгласяването на производствена или търговска тайна в противоречие с добросъвестната търговска практика.

**(2)** Забранява се използването или разгласяването на производствена или търговска тайна и когато тя е узната или съобщена при условие да не бъде използвана или разгласявана.

**Чл. 38. (1)** Производството пред комисията се образува по:

1. решение на комисията;

3. искане на лицата, чиито интереси са засегнати или застрашени от нарушение по този закон;

**Чл. 53. (1)** Когато за изясняване на обстоятелства по производството на комисията са необходими специални знания, тя може по искане на страните или

### **Law on the Liability of the State and Municipalities for Damages**

**Article 1** (Supplemented, SG No. 105/2005, amended, SG No. 30/2006) **(1)** The State and municipalities shall be liable for any damage caused to individuals and legal persons by unlawful acts, actions or omissions of state bodies and municipal authorities as well as their officials upon or in connection with the discharge of their administrative activity.

**(2)** Legal actions under Paragraph (1) shall be examined in accordance with the procedure established in the Code on Administrative Procedure.

### **Code on Administrative Procedure**

**Article 144.** The Code on Civil Procedure shall apply to any matters not governed in this Section.

### **Law on Protection of Competition**

**Article 37. (1)** The acquisition, use, or disclosure of industrial or trade secrets that comes in conflict with good faith commercial practices shall be forbidden.

**(2)** The use or disclosure of industrial or trade secrets shall also be forbidden when such secrets have become known or communicated subject to the condition that they shall not be used or disclosed further.

**Article 38. (1)** The Commission may institute proceedings:

1. by its own resolution;

3. upon request by entities whose interests are affected or threatened by a violation;

**Article 53. (1)** When the Commission has to establish circumstances of interest to the proceedings for which special expertise is required, it may, upon request by the parties or

по своя инициатива с определение да възложи извършване на експертиза от външен експерт. В определението се посочват експертът, задачата на експертизата, както и срокът за представяне на експертното заключение.

**(2)** Експертът не може да е лице, заинтересовано пряко или косвено от изхода на производството.

**(3)** Експертът представя своето заключение пред комисията, която го приема с определение. При оспорване на заключението комисията може да възложи експертизата на друго или на повече вещи лица

**(4)** Допълнителна експертиза се възлага, когато заключението не е достатъчно пълно и ясно, а повторна експертиза - когато не е обосновано и възниква съмнение за неговата правилност.

**(5)** Комисията не е длъжна да възприеме заключението на вещото лице, а го обсъжда заедно с другите доказателства, събрани в хода на производството.

**Чл. 55. (1)** Страните и конституираните заинтересовани лица в производството имат право на достъп до всички материали, събрани в хода на проучването, с изключение на материалите, съдържащи производствена, търговска или друга защитена от закон тайна. Не се предоставя достъп до вътрешни документи на комисията, включително кореспонденция с Европейската комисия и други национални органи по конкуренцията на държавите - членки на Европейския съюз.

**(2)** Всяко лице, което предоставя информация на комисията в хода на производството, посочва материалите, за които твърди, че съдържат производствена, търговска или друга защитена от закон тайна и трябва да се смятат от комисията за поверителни. В тези случаи лицето мотивира твърденията си и предоставя същите материали и във вариант, в който са заличени данните, които смята за поверителни. Ако комисията сметне, че дадена информация не е поверителна, тя се

on its own initiative, issue a ruling assigning the execution of an expert examination to an external expert. The ruling shall specify the expert, the objective of the expert examination, as well as the deadline by which the expert findings shall be presented.

**(2)** No person directly or indirectly interested in the outcome of the proceedings may be appointed as an expert.

**(3)** The expert shall present his/her findings to the Commission, and the latter shall accept them by a ruling. If the findings are challenged, the Commission may assign the expert examination to one or more other experts.

**(4)** An additional expert examination shall be assigned when the findings are not sufficiently comprehensive or clear, and a second expert examination shall be assigned when the findings are not substantiated and their regularity is in doubt.

**(5)** The Commission shall not be obliged to accept the report of experts but shall consider them together with the rest of the evidence gathered in the course of the proceedings.

**Article 55. (1)** The parties and the constituted interested parties in proceedings shall have access to all materials collected in the course of the inquiry, except for materials containing industrial, trade or other secrets protected by law. No access shall be given to internal documents of the Commission, including correspondence with the European Commission and other national antitrust authorities of the European Union Member States.

**(2)** Each entity providing information to the Commission in the course of the proceedings shall identify the materials which, according to such entity, contain industrial, trade or other secrets protected by law and should be regarded by the Commission as confidential. In such cases the entity shall support such claims with evidence and shall present such materials in a version wherein the data which such entity regards as confidential has been deleted. If the Commission considers certain information not to be confidential, it shall pass a ruling to that

произнася с определение и уведомява лицето за това. Определението подлежи на обжалване по реда на чл. 64, ал. 2.

**(3)** Материали, посочени като съдържащи производствена, търговска или друга защитена от закона тайна, могат да бъдат разкрити и използвани от комисията, в случай че са от съществено значение за доказване на нарушението или за упражняване на правото на защита на ответната страна

**(4)** Процедурата, уреждаща достъпа, използването и съхраняването на документите, представляващи производствена, търговска или друга тайна, защитена от закон, се урежда с правила, приети от комисията.

**Чл. 56. (1)** В случай че при проучване по глава девета има достатъчно данни за наличие на нарушение, в неотложни случаи, поради риск от сериозни и непоправими вреди за конкуренцията, комисията може по своя инициатива или по искане на лицата, чиито интереси са засегнати или застрашени от нарушението, да разпорежи незабавно прекратяване на практиката от предприятието или сдружението на предприятия или да наложи други мерки, които са необходими с оглед целите на този закон. Комисията не може да налага мерки, които са от компетентността на други органи и са предвидени в други закони.

**(2)** Временните мерки по ал. 1 могат да бъдат разпоредени във всеки момент от хода на производството. Комисията налага временните мерки с мотивирано определение, в което посочва целта на мярката и обосновава вида ѝ и нейната неотложност. Определението подлежи на обжалване по реда на чл. 64, ал. 2. Обжалването не спира изпълнението на временната мярка.

**(3)** Срокът на действие на временните мерки е до три месеца от постановяването им. При необходимост този срок може да бъде удължен по реда на ал. 2. Временните мерки могат да бъдат в сила до приемане на решение от комисията по същество

effect and notify the entity thereof. The ruling may be appealed against as per the procedure prescribed by Article 64 (2).

**(3)** Materials identified as containing industrial, trade or other secrets protected by law may be disclosed and used by the Commission in case that they are essential for proving the violation or for exercising the right of protection of the respondent.

**(4)** The procedure regulating the access to, use and storage of documents which constitute industrial, trade or other secrets protected by law shall be fixed in rules adopted by the Commission.

**Article 56. (1)** If an inquiry under Chapter Ten indicates sufficient evidence of a violation, in urgent cases, when there is a risk of serious and irreparable damage to competition, the Commission may, upon its own initiative or upon request by those whose interests are affected or threatened by the violation, order that the undertaking or association of undertakings immediately discontinue the practices, or impose other measures as necessary in view of the purposes hereof. The Commission shall have no right to impose measures falling within the competence of other bodies and provided for by other Acts.

**(2)** The temporary measures referred to in paragraph (1) may be ordered at any time in the course of the proceedings. The Commission shall impose the temporary measures by a justified ruling wherein it shall state the purpose of the measure and support with evidence its type and urgency. The ruling may be appealed against as per the procedure prescribed by Article 64 (2). The appeal shall not suspend the enforcement of the temporary measure.

**(3)** Temporary measures shall be effective for up to three months after they are ordered. When necessary, such period may be extended as per the procedure prescribed by paragraph (2). Temporary measures may be effective until the Commission adopts a

**(4)** Комисията може да отмени временната мярка и преди изтичане срока на действието ѝ, в случай че незаконосъобразната практика бъде прекратена и бъде предотвратено увреждането на конкуренцията.

**Чл. 99. (1)** За нарушаване разпоредбите по този закон, ако деянието не е престъпление, се носи административнонаказателна отговорност.

**(2)** Имуществените санкции и глобите по закона се налагат с решение на комисията, което подлежи на обжалване относно неговата законосъобразност пред Върховния административен съд по реда на Административнопроцесуалния кодекс.

**§ 1.** По смисъла на този закон:

**т. 9.** "Производствена или търговска тайна" са факти, информация, решения и данни, свързани със стопанска дейност, чието запазване в тайна е в интерес на правоимащите, за което те са взели необходимите мерки.

#### **Граждански процесуален кодекс**

**Чл. 11.** Разглеждането на делата става устно в открито заседание, освен ако в закон е предвидено това да стане в закрито заседание.

**Чл. 20.** Първоинстанционните дела се разглеждат в състав от един съдия, а въззивните и касационните - в състав от трима съдии, единият от които е председател на състава.

**Чл. 103.** На районния съд са подсъдни всички граждански дела, с изключение на тези, които са подсъдни на окръжния съд като първа инстанция.

**Чл. 104.** На окръжния съд като първа инстанция са подсъдни:

1. исковете за установяване или оспорване на произход, за прекратяване на осиновяване, за поставяне под запрещение

resolution on the merits.

**(4)** The Commission may cancel the temporary measure even before its effective period expires if the illegal practice has been discontinued and damage to competition is prevented.

**Article 99. (1)** Anyone violating the provisions hereof, unless the such a violation constitutes a criminal offense, shall be liable to administrative penal proceedings.

**(2)** The pecuniary penalties and fines under the Act shall be imposed by a resolution of the Commission, which may be appealed on grounds of its lawfulness before the Supreme Administrative Court as per the procedure prescribed by the Administrative Procedure Code.

**§ 1.** Within the meaning of this Act:

**Item 9.** "Industrial or trade secret" shall mean any circumstance, information, decision and data related to a business activity that shall be kept confidential by the parties concerned is not a 'manufacturing or trade secret' when there an overriding public interest.

#### **Code on Civil Procedure**

**Article 11.** Cases shall be examined in oral hearings in public session, save as where the law provided that such examination take place in closed session.

**Article 20.** First-instance cases shall be examined by a one-judge panel, and intermediate appellate review cases and cassation cases shall be examined by a three-judge panel, including a presiding judge.

**Article 103.** The regional court shall take cognizance of all civil cases, with the exception of such as are cognizable in the district court acting as a court of first instance.

**Article 104.** The district court, acting as a court of first instance, shall take cognizance of:

1. any actions to establish or contest parentage, to terminate adoption, any actions for interdiction or for vacation of interdiction;

или за отменянето му;

2. (отм. - ДВ, бр. 50 от 2008 г., в сила от 1.03.2008 г.);

3. исковете за собственост и други вещни права върху имот с цена на иска над 50 000 лв.;

4. (доп. - ДВ, бр. 50 от 2008 г., в сила от 1.03.2008 г.) исковете по граждански и търговски дела с цена на иска над 25 000 лв., с изключение на исковете за издръжка, за трудови спорове и за вземания по актове за начет;

5. исковете за установяване на недопустимост или нищожност на вписване, както и за несъществуване на вписано обстоятелство, когато това е предвидено в закон;

6. исковете, които по други закони подлежат на разглеждане от окръжния съд.

**Чл. 124. (1)** Всеки може да предяви иск, за да възстанови правото си, когато то е нарушено, или за да установи съществуването или несъществуването на едно правно отношение или на едно право, когато има интерес от това.

**(2)** Може да се предяви иск за осъждане на ответника да изпълни повтарящи се задължения, дори тяхната изискуемост да настъпва след постановяване на решението.

**(3)** Иск за пораждане, изменение или прекратяване на граждански правоотношения може да се предяви само в предвидените в закон случаи.

**(4)** Може да се предяви иск за установяване истинността или неистинността на един документ. Иск за установяване съществуването или несъществуването на други факти с правно значение се допуска само в случаите, предвидени в закон.

**Чл. 134. (1)** Съдът разглежда делата в открити и в закрити заседания.

**(2)** Закрити заседания се провеждат в предвидените от закона случаи без участие

2. (repealed, SG No. 50/2008);

3. any actions for ownership and other rights in rem to an immovable with a cost of action exceeding BGN 50,000;

4. (supplemented, SG No. 50/2008) any actions on civil and commercial cases with a cost of action exceeding BGN 25,000, with the exception of any actions for maintenance obligations, for labour disputes, and for receivables under deficit deeds;

5. any actions to establish inadmissibility or nullity of a recording, as well as for non-existence of a recorded circumstance, where so provided for in a law;

6. any actions which, under other laws, are subject to examination by the district court.

**Article 124. (1)** Every person may bring an action in order to restore a right where the said right has been impaired, or to establish the existence or non-existence of a legal relation or of a right, where the said person has standing to do so.

**(2)** An action may be brought for the respondent to be ordered to comply with recurrent obligations, even if the said obligations become exigible upon adoption of the court decision.

**(3)** An action for creating, modifying or terminating civil rights and obligations may be brought solely in the cases provided for in a law.

**(4)** An action may be brought to establish the truthfulness or falsity of a document. An action to establish the existence or non-existence of other facts of legal relevance shall be admitted solely grounds provided for in a law.

**Article 134. (1)** The court shall examine the cases sitting in public or closed sessions.

**(2)** Hearings shall be conducted in closed session in the cases provided for by the law

на страните.

**Чл. 135. (1)** Заседанията по делата се провеждат в сградата на съда. Провеждането на заседанията извън сградата на съда е допустимо, ако по този начин може да бъдат избегнати по-големи разноски.

**(2)** Съдът определя мястото, деня и часа на откритите заседания.

**(3)** Заседанията не може да се провеждат в неприсъствени дни.

**Чл. 136. (1)** Съдът служебно или по молба на някоя от страните може да постанови разглеждането на делото или извършването само на някои действия да стане при закрити врата, когато:

1. общественият интерес налага това;

2. защитата на личния живот на страните, на семейството или на лицата под попечителство налага това;

3. делото е свързано с търговска, производствена, изобретателска или данъчна тайна, чието публично огласяване би накърнило защитими интереси;

4. са налице други основателни причини.

**(2)** В случаите по ал. 1 в съдебната зала се допускат страните, техните пълномощници, вещите лица и свидетелите, както и лицата, на които председателят разреши това.

**Чл. 137.** Молбата се разглежда в открито заседание при закрити врата. Определението, постановено по молбата, се обявява публично.

**Чл. 138.** Когато е проведено заседание при закрити врата, публичното огласяване на неговото съдържание се забранява.

**Чл. 195. (1)** Вещо лице се назначава по искане на страната или служебно, когато за изясняване на някои възникнали по делото въпроси са необходими специални знания из областта на науката, изкуството,

without the parties attending.

**Article 135. (1)** Hearings of the cases shall be conducted in the building of the court. Conduct of hearings outside the building of the court shall be admissible if larger costs can be avoided in this way.

**(2)** The court shall assign a place, day and hour for the public sessions.

**(3)** Hearings may not be conducted on non-working days.

**Article 136. (1)** The court, acting either ex officio or on a motion by any of the parties, may decree that the case be examined or only some steps be performed behind closed doors where:

1. the public interest so necessitates;

2. the protection of the privacy of the parties, of the family, or of the persons under curatorship so necessitates;

3. the case involves a trade, industrial, inventor's or tax secret whereof the public disclosure would impair any defensible interests;

4. other valid reasons apply.

**(2)** In the cases covered under Paragraph (1), the parties, the attorneys-in-fact thereof, the expert witnesses and the witnesses, as well as the persons permitted by the presiding judge to attend, shall be admitted to the courtroom.

**Article 137.** The motion shall be examined in public session behind closed doors. The ruling rendered on any such motion shall be published.

**Article 138.** Where a hearing has been conducted behind closed doors, the public disclosure of the content of the said hearing shall be prohibited.

**Article 195. (1)** An expert witness shall be appointed either on a motion by a party or ex officio where special knowledge in the field of science, art, skilled crafts and other such is necessary for clarification of certain questions

занаятите и други.

**(2)** Съдът може да назначи и повече вещи лица, когато това се налага с оглед на обстоятелствата по делото.

**Чл. 196. (1)** Разпоредбите на чл. 22, ал. 1 се прилагат съответно и за вещите лица.

**(2)** Всяка от страните може да иска отстраняване на вещото лице, ако е налице някое от основанията по ал. 1.

**(3)** Вещото лице е длъжно незабавно да съобщи на съда всички обстоятелства, които могат да бъдат основание за отстраняване. То е длъжно да вземе отношение по твърденията в молбата за отстраняването му.

**(4)** Съдът се произнася с определение по искането за отстраняване на вещото лице.

**Чл. 197. (1)** В определението, с което съдът назначава вещото лице, се посочват: предметът и задачата на експертизата; материалите, които се предоставят на вещото лице, името, образованието и специалността на вещото лице.

**(2)** Съдът дава на вещото лице подходящ срок за изготвяне на заключението. Вещото лице уведомява съда, когато не може да изготви заключението в определения срок, и посочва какъв срок му е необходим.

**Чл. 198.** Назначеното вещо лице се освобождава от възложената му задача, когато не може да я изпълни поради липса на квалификация, болест или друга обективна причина, при условията на чл. 166 или когато не е изготвило своевременно заключението.

**Чл. 199.** Вещото лице е длъжно да представи заключението най-малко една седмица преди съдебното заседание.

**Чл. 200. (1)** Съдът напомня на вещото лице отговорността му за даване на невярно

which have arisen in the case.

**(2)** The court may appoint multiple expert witnesses as well, where this is necessitated considering the circumstances of the case.

**Article 196. (1)** The provisions of Article 22 (1) herein shall apply, mutatis mutandis, to expert witnesses as well.

**(2)** Each of the parties may move for the exclusion of an expert witness if any of the grounds referred to in Paragraph (1) applies.

**(3)** The expert witness shall be obligated to communicate to the court immediately all circumstances which may be grounds for exclusion. The expert witness shall be obligated to express an opinion on the allegations in the petition for the exclusion thereof.

**(4)** The court shall render a ruling on the motion for exclusion of an expert witness.

**Article 197. (1)** The ruling whereby the court appoints an expert witness shall specify: the subject and the task of the expert examination; the materials which are provided to the expert witness; the name, education and specialist qualifications of the expert witness.

**(2)** The court shall allow the expert examination a suitable time for preparation of the conclusion. The expert witness shall notify the court when the said expert witness is unable to prepare the conclusion within the time limit set, and shall state the time limit that the said expert witness will need.

**Article 198.** An expert witness as appointed shall be excused from the task assigned thereto where the said expert witness is unable to fulfil the said task for lack of qualifications, an illness or another reason beyond the control thereof, under the terms established by Article 166 herein, or where the conclusion has not been prepared in due time.

**Article 199.** The expert witness shall be obligated to present the conclusion thereof at least one week before the court hearing.

**Article 200. (1)** The court shall remind the expert witness of the liability incurable thereby

заклучение.

**(2)** Вещото лице излага устно заключението си. Страните могат да задават въпроси за изясняване на заключението.

**(3)** При оспорване на заключението съдът може да назначи друго или повече вещи лица. Оспорването може да бъде направено докато трае изслушването.

**Чл. 201.** Допълнително заключение се възлага, когато заключението не е достатъчно пълно и ясно, а повторно - когато не е обосновано и възниква съмнение за неговата правилност.

**Чл. 202.** Съдът не е длъжен да възприема заключението на вещото лице, а го обсъжда заедно с другите доказателства по делото.

**Чл. 203.** При разногласие между вещите лица всяка група излага своите отделни мнения. Когато съдът не може да вземе становище по разногласието, той изисква от същите вещи лица допълнителни изследвания или назначава други вещи лица.

#### **Закон за стоките борси и тържищата**

**Чл. 44.** Информацията, съхранявана в брокерските дневници, представлява търговска тайна и не може да се предоставя под каквато и да е форма на лица, нямащи отношение към нейното съдържание.

#### **Търговски закон**

**Чл. 52.** При осъществяване на дейността си прокуристът, търговският пълномощник, търговският помощник, търговският представител и търговският посредник са длъжни да пазят търговската тайна на лицата, възложили им извършването на определена работа, както и техния търговски престиж.

Закон за достъп до обществена информация

**Чл. 17.** (Изм. - ДВ, бр. 104 от 2008 г.) (1) Достъпът до обществена информация,

for giving a false conclusion.

**(2)** The expert witness shall set forth orally the conclusion thereof. The parties may pose questions for clarification of the conclusion.

**(3)** Upon contest of the conclusion, the court may appoint another or multiple expert witnesses. Contestation may be made pendente lite.

**Article 201.** An additional conclusion shall be assigned where the conclusion is not sufficiently complete and clear, and a second conclusion shall be assigned where the conclusion is not justified and gives rise to any doubt as to the correctness thereof.

**Article 202.** The court shall not be obligated to accept the conclusion of the expert witness but shall consider the said conclusion together with the rest of the evidence in the case.

**Article 203.** In the event of dissent between expert witnesses, each group shall set forth the separate opinions thereof. Where the court cannot take a stand on the dissent, the court shall require from the same expert witnesses additional research or shall appoint other expert witnesses.

#### **Law on Commodity Exchanges and Wholesale Markets**

**Article 44.** The information stored in the broker books shall constitute a trade secret and may not be disclosed in any form to persons not associated with its content.

#### **Law on Commerce**

**Article 52.** In carrying on their activities, a procurator, an agent, a shop assistant, a sales representative and a broker must protect the trade secrets of the persons which have assigned the performance of certain acts, as well as their good name as merchants.

Law on Access to Public Information

**Article 17.** (Amended, SG No. 104/2008) (1) Access to any public information, which is

създавана, получавана или съхранявана във връзка с дейността на задължените субекти по чл. 3, е свободен.

**(2)** Информацията по ал. 1, която представлява търговска тайна и чието предоставяне или разпространяване би довело до нелоялна конкуренция между търговци, не подлежи на предоставяне освен в случаите на надделяващ обществен интерес.

**(3)** Задължените субекти по чл. 3, когато отказват достъп до обществена информация на основание ал. 2, са длъжни да посочат обстоятелствата, които водят до нелоялна конкуренция между търговците.

**Чл. 37.** (Изм. - ДВ, бр. 45 от 2002 г., бр. 59 от 2006 г., бр. 104 от 2008 г.) (1) Основание за отказ от предоставяне на достъп до обществена информация е налице, когато:

1. исканата информация е класифицирана информация или друга защитена тайна в случаите, предвидени със закон, както и в случаите по чл. 13, ал. 2;

2. достъпът засяга интересите на трето лице и няма негово изрично писмено съгласие за предоставяне на исканата обществена информация, освен в случаите на надделяващ обществен интерес;

3. исканата обществена информация е предоставена на заявителя през предходните 6 месеца.

**(2)** В случаите по ал. 1 се предоставя частичен достъп само до онази част от информацията, достъпът до която не е ограничен.

### **Закон за енергетиката**

**Чл. 18.** (Изм. - ДВ, бр. 74 от 2006 г.) (1) Председателят на комисията, нейните членове и служителите на нейната администрация са длъжни да не разгласяват класифицираната информация, която създават и съхраняват и която им е станала известна при изпълнението на задълженията им по този закон и по Закона за регулиране на водоснабдителните и канализационните услуги, съдържаща се в

created, received or stored in connection with the activities of the entities obligated under Article 3 herein, shall be unrestricted.

**(2)** Any information referred to in Paragraph (1), which constitutes a trade secret and the disclosure or dissemination whereof would lead to unfair competition among merchants, shall not be subject to disclosure except in cases of an overriding public interest.

**(3)** The entities obligated under Article 3 herein, when refusing access to public information on the grounds of Paragraph (2), shall be obligated to specify the circumstances which lead to unfair competition among merchants.

**Article 37.** (Amended, SG No. 45/2002, SG No. 59/2006, SG No. 104/2008) (1) Access to public information may be refused on any of the following grounds:

1. the information requested is classified information or another protected secret in the cases provided for by law, as well as in the cases covered under Article 13 (2) herein;

2. the access affects the interests of a third party, and the said party has not granted explicit written consent to disclosure of the public information requested, except in the cases of an overriding public interest;

3. the public information requested has been disclosed to the applicant during the last preceding six months.

**(2)** In the cases covered under Paragraph (1), partial access shall be granted solely to such part of the information to which access is not restricted.

### **Law on Energy**

**Article 18.** (Amended, SG No. 74/2006) (1) The Commission's Chairperson, its members and administrative officials shall not disclose any classified information they have created and stored, and which has become known to them in the course of their duties under this Law and under the Law on Supply and Sewerage Services Regulation, contained in list of facts, data, and subjects, constituting an

списък на конкретните факти, сведения и official secret.  
предмети, представляващи служебна тайна.

**(2)** Комисията след съгласуване с Държавната комисия по сигурността на информацията с решение утвърждава, изменя и допълва списъка по ал. 1.

**(3)** Списъкът по ал. 1 може да включва информация, обявена за търговска тайна от заявителите и лицензиантите, но само ако нейното разгласяване би довело до нелоялна конкуренция между търговци или до застрашаване на търговския интерес на трети лица. Тази категория информация комисията включва в списъка след съгласуване с Комисията за защита на конкуренцията.

### **Закон за електронните съобщения**

**Чл. 40. (1)** Комисията може да отправя до предприятията, които осъществяват електронни съобщения, обосновани писмени искания за предоставяне на информация, включително финансова, в съответен обем, срок и подробности, необходима за изпълнението на регулаторните ѝ функции. Комисията в мотивите към искането за информация посочва причините и целите, за които се иска информацията. Исканията за информация трябва да бъдат пропорционални на целите, за които са направени.

**(2)** Комисията след мотивирано писмено искане от Министерството на транспорта, информационните технологии и съобщенията, Министерството на отбраната, Министерството на вътрешните работи и/или Държавна агенция "Национална сигурност" предоставя информацията по ал. 1 за нуждите на държавната политика, планирането, защитата на националната сигурност и отбраната.

**(3)** При поискване на информацията по ал. 1 комисията изисква от предприятията, които я предоставят, изрично и писмено да определят за всеки отделен случай коя част от предоставяната информация

**(2)** The Commission, after coordination with the State Commission on Information Security, issues a decision to endorse, amend and supplement the list under Paragraph 1.

**(3)** The list under Paragraph 1 may include information, declared to be commercial secret by the applicants and licensees, only if its publication would not lead to unfair competition between companies or threaten commercial interests of third parties. This category of information the Commission shall include in the list after coordination with the Protection of Competition Commission.

### **Law on Electronic Communications**

**Article 40. (1)** The Commission may approach the undertakings which provide electronic communications with reasoned written requests for provision of information, including financial information, in an appropriate volume, time limit and details, as shall be necessary for performance of the regulatory functions of the Commission. In the reasoning to the request for information, the Commission shall state the reasons and the purposes for which the information is requested. The requests for information must be proportionate to the purposes for which the said requests are made.

**(2)** After a reasoned written request from the Ministry of Transport, Information Technology and Communications, the Ministry of Defence, the Ministry of Interior, and/or the State Agency for National Security, the Commission shall provide the information referred to in Paragraph (1) for the needs of state policy, planning, protection of national security and defence.

**(3)** When requesting the information referred to in Paragraph (1), the Commission shall require from the undertakings which provide the said information to designate, for each particular case, expressly and in writing the part of the information provided which constitutes a

представлява търговска тайна.

**(4)** Членовете на комисията и служителите от нейната администрация са длъжни да не разпространяват информацията, получена по ал. 1, в случай че тя е определена за търговска тайна.

**Чл. 153. (1)** Предприятията, предоставящи обществени електронни съобщителни мрежи и/или услуги, предоставят на комисията документи и информация за извършване на анализа по чл. 151, ал. 1. Предприятията не могат да се позовават на търговска тайна, за да откажат предоставяне на документи и информация.

**(3)** Членовете на комисията и нейната администрация са длъжни да не разпространяват информацията, получена по ал. 1, в случай че тя е търговска тайна, за което подписват декларации по образец, приет с решение на комисията.

**Чл. 167. (1)** Задължението за осигуряване на прозрачност е свързано с публикуване на определена информация, като: финансови отчети, технически спецификации, характеристики на мрежата, условия и ред за предоставяне на достъп и/или взаимно свързване, начин на използване, включително цени.

**(2)** Комисията може да определя съдържанието на информацията, която трябва да се публикува, нивото на изискваната подробност и начина на публикуването ѝ, при съобразяване с необходимостта от защита на търговската тайна.

**Чл. 169. (5)** С цел осигуряване изпълнението на задълженията по ал. 2 и 4 комисията може да изиска от предприятията, предоставящи обществени електронни съобщителни мрежи, счетоводни данни и информация, включващи и приходи, получени от трети лица.

**(6)** Комисията може да публикува получената информация, когато това

business secret.

**(4)** The members of the Commission and the employees of the administration thereof shall be obligated not to disseminate the information obtained under Paragraph (1) in case the said information has been designated as constituting a business secret.

**Article 153. (1)** The undertakings providing public electronic communications networks and/or services shall provide to the Commission documents and information necessary for conduct of the analysis referred to in Article 151 (1) herein. The said undertakings may not invoke a business secret as a reason for refusal of the provision of documents and information.

**(3)** The members of the Commission and the administration thereof shall be obligated not to disseminate the information received under Paragraph (1), in case the said information constitutes a business secret, and shall sign a declaration to this end, completed in a standard form adopted by decision of the Commission.

**Article 167. (1)** The obligation to ensure transparency shall involve publication of specified information such as: financial statements, technical specifications, network characteristics, terms and procedure for provision of access and/or interconnection, terms of use, including prices.

**(2)** The Commission may specify the content of the information which must be published, the level of detail required, and the manner of publication, taking into consideration the need to safeguard business secrets.

**Article 169. (5)** To ensure implementation of the obligations referred to in Paragraphs (2) and (4), the Commission may require that the undertakings providing public electronic communications networks provide accounting records and information including data on revenues received by third parties.

**(6)** The Commission may publish the information received where this would

допринася за създаване на условия за ефективна конкуренция, при спазване на изискванията за защита на търговската тайна.

### **Закон за защита на околната среда**

**Чл. 20. (1)** Достъпът до информация за околната среда може да бъде отказан в случаите, когато се иска:

2. информация, която представлява производствена или търговска тайна, определена със закон;

**Чл. 110 (5)** Операторът може да поиска от министъра на околната среда и водите част от информацията в документите по ал. 1 или 2 да бъде обявена за конфиденциална, когато тя представлява производствена или търговска тайна.

**Чл. 157с. (3)** Членовете на комисията по чл. 157а, ал. 2 са длъжни да не разгласяват служебната, производствената и търговската тайна, която им е станала известна при или по повод осъществяването на контролната дейност.

### **Кодекс на труда**

**Чл. 124.** По трудовото правоотношение работникът или служителят е длъжен да изпълнява работата, за която се е уговорил, и да спазва установената трудова дисциплина, а работодателят - да осигури на работника или служителя условия за изпълнение на работата и да му плаща възнаграждение за извършената работа.

**Чл. 125.** Работникът или служителят трябва да изпълнява трудовите си задължения точно и добросъвестно.

**Чл. 126.** При изпълнение на работата, за която се е уговорил, работникът или служителят е длъжен:

1. да се явява навреме на работа и да бъде на работното си място до края на работното време;

contribute to creating conditions for effective competition, while respecting the requirements for safeguarding business secrets.

### **Law on the Protection of the Environment**

**Article 20 (1)** Access to information relating to the environment may be denied where the request is for:

2. information constituting an industrial or commercial secret, designated as such by law;

**Article 110 (5)** The operator may request from the Minister of Environment and Water that part of the information in the documents covered under Paragraphs (1) and (2) be declared confidential where the said information constitutes a manufacturing or commercial secret.

**Article 157c (3)** The members of the commission referred to in Article 157a (2) herein shall be obligated to respect the confidentiality of any official, manufacturing and commercial secrets as have come to the knowledge thereof in the course of or in connection with the performance of the control activity.

### **Code on Labor**

**Article 124.** Under the employment relationship, the factory or office worker shall be obligated to perform the work which he or she has agreed to and observe the established labour discipline, and the employer shall be obligated to provide conditions to the factory or office worker for performance of the work and to pay the worker remuneration for the work done.

**Article 125.** The factory or office worker must perform his or her labour duties accurately and in good faith.

**Article 126.** Upon performance of the work on which he or she has agreed, the factory or office worker shall be obligated:

1. to report for work on time, and to be present at his or her job until the end of the working time;

- 2.** да се явява на работа в състояние, което му позволява да изпълнява възложените задачи и да не употребява през работното време алкохол или друго упойващо вещество;
  - 3.** да използва цялото работно време за изпълнение на възложената работа;
  - 4.** да изпълнява работата си в изискуемото се количество и качество;
  - 5.** да спазва техническите и технологическите правила;
  - 6.** да спазва правилата за здравословни и безопасни условия на труд;
  - 7.** да изпълнява законните нареждания на работодателя;
  - 8.** да пази грижливо имуществото, което му е поверено или с което е в досег при изпълнение на възложената му работа, както и да пести суровините, материалите, енергията, паричните и другите средства, които му се предоставят за изпълнение на трудовите задължения;
  - 9.** (изм. - ДВ, бр. 25 от 2001 г.) да бъде лоялен към работодателя, като не злоупотребява с неговото доверие и не разпространява поверителни за него сведения, както и да пази доброто име на предприятието;
  - 10.** да спазва вътрешните правила, приети в предприятието, и да не пречи на другите работници и служители да изпълняват трудовите си задължения;
  - 11.** да съгласува работата си с останалите работници и служители и да им оказва помощ в съответствие с указанията на работодателя;
  - 12.** (нова - ДВ, бр. 95 от 2003 г.) да уведоми работодателя за наличие на несъвместимост с изпълняваната работа, когато по време на осъществяването ѝ за него възникне някое от основанията за недопустимост по чл. 107а, ал. 1;
  - 13.** (предишна т. 12 - ДВ, бр. 95 от 2003 г.) да изпълнява и всички други задължения, които произтичат от нормативен акт, от
- 2.** to report for in a condition enabling him or her to fulfil the tasks assigned, and not to consume alcohol or another intoxicating substance during working time;
  - 3.** to utilise the entire working time for the performance of the work assigned;
  - 4.** to execute the work thereof in the required quantity and quality;
  - 5.** to observe the technical and technological rules;
  - 6.** to observe the rules for health and safety at work;
  - 7.** to carry out the lawful orders of the employer;
  - 8.** to take attentive care of the property which is entrusted thereto or with which he or she comes in contact upon execution of the work assigned thereto, as well as save the prime and raw materials, energy, financial and other resources provided thereto for performance of his or her labour duties;
  - 9.** (Amended, SG No. 25/2001) to be loyal to the employer and not to abuse of the employer's trust and not to disclose any confidential data for the employer, as well as to protect the reputation of the enterprise;
  - 10.** to observe the internal rules adopted in the enterprise, and not to obstruct the other factory and office workers in the execution of their labour duties;
  - 11.** to co-ordinate the work thereof with the rest of the factory and office workers, and to render them assistance in accordance with the employer's instructions;
  - 12.** (New, SG No. 95/2003) to notify the employer of the existence of any incompatibility with the work executed, where during implementation of the said work any of the grounds for incompatibility under Article 107a (1) occurs;
  - 13.** (Renumbered from Item 12, SG No. 95/2003) to discharge all other duties which arise from a statutory instrument, from a

колективен трудов договор, от трудовия договор и от характера на работата. collective agreement, from the employment contract, and from the nature of the work.

GERMANY

**1. In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in Germany?**

1.1 In general, preliminary injunctions are available. There is no need to follow up with main proceedings, at least not within a short period of time after the issuance of the injunction. Main proceedings become only necessary if the Court refuses to issue the injunction or if preliminary injunction proceedings are terminated and the parties fail to come to a settlement following the conclusion of preliminary proceedings (that happens rather rarely).

Generally, the courts have a positive attitude towards preliminary injunctions and are prepared to decide in favour of the applicant whenever summary evidence allows to attribute a high likelihood of success to the applicant's/plaintiff's course.

This said, there are a number of claims that are excluded from preliminary injunction proceedings. The situation is as follows:

- Cease and desist claims can be enforced in preliminary injunction proceedings and are the typical claim for such proceedings.
- The claim to actively change/reverse certain situations can only be enforced in preliminary injunction proceedings if the situation is flexible enough. Therefore, the destruction of goods in preliminary injunction proceedings is not possible. However, courts may order the handover of certain documents or goods to a bailiff or other court appointed person.
- Claims for information can typically not be enforced in preliminary injunction proceedings. There are very rare exceptions in cases of high negative commercial impact.
- Claims for any type of payment cannot be enforced in preliminary injunction proceedings.

1.2 As a general rule court orders to cease and desist using certain trade secrets are not limited in time. It accords to the nature of trade secrets that their protection may last indefinitely. If it turns out at a later point in time that a trade secret has been disclosed to the public (and therefore ceases to be a secret), the defendant must seek to lift the judgement through the usual procedural means.

However, there are limited situations where the judges impose a time-limited cease and desist order in trade secret cases. Such limitations of time will be imposed in a cease and desist judgement if the judge comes to the conviction that the cease and desist claim will cease to exist at a certain, later point in time. This may be the case if a cease and desist order is based on a contractual obligation and such contractual obligation provides for a limitation of time. Likewise, there may be other developments that lead to a disclosure of the secret information at some later stage. If such development is foreseeable already at the time of the judgement, it needs to be taken into account.

1.3 Preliminary proceedings are very swift. A decision may be issued in ex parte proceedings within one week. If the respondent objects to the decision, an oral hearing will be scheduled and the overall duration from the start to the judgement of such preliminary proceedings would be around one to two months. In case of an appeal, proceedings will take significantly longer, possibly six to ten months.

Main proceedings are significantly longer. From filing a main action to the judgement in First Instance, one to two years may pass by. The duration is mainly due to the question of whether evidence will be taken or not. If an expert is heard, proceedings will hardly last less than two years.

The duration of appeals in main proceedings vary greatly. Whilst certain courts (for example Frankfurt) are very fast and will decide within less than one year, other courts are significantly slower and may decide within two or three years (for example Berlin).

The above does not take into account potential additional proceedings by the public prosecution. It is not unusual that trade secret cases start by bringing criminal charges against the defendants. By such means, owners of trade secrets try to benefit from the extended means of public prosecution to gather evidence. However, the time that such criminal investigation will consume is difficult to anticipate. Whilst some prosecutors act swiftly (within weeks) others are much slower and may not act within months.

- 1.4 Judges for trade secret cases are not specialised in a sense that they would have special technical knowledge. However, they are specialised in a way that they are normally experts in unfair competition and IP law. In civil proceedings, trade secret cases can be brought to an IP/unfair competition chamber or a chamber for commercial matters at the district court. Even the chamber for commercial matters is typically composed of a professional judge that is an expert in unfair competition law.

Trade secret cases are not limited to those judges that also hear patent cases. It is rather unlikely than likely that a case will be heard before a judge that also hears patent cases.

- 1.5 The parties can move to exclude the public in order to keep confidential information confidential. The only requirement is that the interest of the parties to keep certain information confidential is overriding. A request to exclude the public will typically be accepted by the judges.

In written proceedings, there is no need to exclude the public. The disclosure of written submissions is limited to the judges and the other party. There is also a discussion of whether or not certain information can be withheld from the other side - and only be disclosed to the judges. There is at least the possibility to apply with the judge to make certain disclosures only to the judges or some accountants that have to be appointed by the other party. Yet, there is hardly any reliable precedent regarding such limited disclosure.

Third parties are also protected in civil proceedings. Witnesses do not need to answer any question that would put an existing trade secret at risk. In other words, the existence of a trade secret may create a right to reject a question in the witness box.

- 1.6 It is hardly possible to quantify the number of trade secret cases per year. There is no record, neither public nor secret. Yet, there are much less trade secret cases than patent infringement cases, trademark infringement cases, cases against look-alikes and other typical areas of unfair competition cases. My assumption would be that a typical District Court would not hear more than five to fifteen trade secret cases per year. However, this is a very rough speculation only.

- 1.7 The biggest problem in enforcing trade secret cases before civil courts (and elsewhere) is to get hold of the evidence relevant to enforce any claim. As typical for German law of civil procedure, there is no (or hardly no) way of obtaining evidence from the other side (disclosure, discovery or the like). The plaintiff has to gain all evidence by himself. Typically, this forces claimants to first bring criminal charges against a defendant in order

to benefit from the results of the criminal investigation. Whilst this is attractive if criminal prosecution act swiftly and decidedly, it is hardly possible to exercise any pressure on a public prosecutor that does not drive the investigation forward.

There exist ways to enforce civil claims to inspect certain products and whether they contain a trade secret or not. Yet, these "inspection claims" only refer to the inspection of products (and not to documents). Moreover, the requirements to enforce such rights (to inspect a product) are high.

1.8 The most basic legal problem of the protection of trade secrets in Germany is that the law is fragmented and different courts are competent to hear different aspects of a trade secret case. Most notably, criminal courts, labour courts and civil courts may hear different aspects of trade secret cases.

2. **Can action be taken against innocent recipients of trade secrets and if so in what circumstances? What remedies are available?**

Under certain circumstances, it is possible to take action against innocent recipients of confidential information.

One case is specifically provided for in unfair competition law. According to section 4 no. 9 c) of the Act against Unfair Competition, it is unlawful to market product imitations if the imitation is based on a misappropriation of confidential information. In this context, it is irrelevant whether the person that markets the product is the same that misappropriated the information. It is not even relevant that he or she had any knowledge of such misappropriation.

Other than that, it is possible to direct cease and desist claims against any person that has the responsibility and the ability to stop using previously misappropriated confidential information. Therefore, it is possible to act against a company that benefits from misappropriated information even though the managing directors (or other higher managers) of that company had no previous knowledge of the misappropriation.

As in other case of such third-party-responsibility, cease and desist action can only be taken if such third party refuses to discontinue to use the misappropriated information after having been notified by the right owner.

3. **What defences are available to the defendant in trade secrets action?**

In the great majority of cases, the defendants rely on one or both of the following defence arguments:

- It is denied that the information at issue constitutes a trade or business secret. According to German law, trade and business secrets are only protected if they are not in the public domain and if they establish a certain commercial value. In recent years, courts have interpreted the concept of "publicly known information" restrictive and have thereby enhanced the protection of owners of trade and business secrets. For example, it is possible that information that belongs to the state of art (according to patent law) is still "secret" within the meaning of trade and business secrets. Moreover, the fact that the information at issue may have leaked out at one instance does not necessarily mean that it is publically available. Likewise, the possibility to obtain the information through reverse engineering makes the information only public if no or little effort needs to be taken in order to obtain the result through reverse engineering.

- Defendants usually contest that they "misappropriated" the trade secret by any activity that is unlawful within the meaning of section 17 or 18 of the Act against Unfair Competition. Claims are only available if the defendant (1) acted as employee, (2) applied technical means to obtain the information or (3) purchases information that had been misappropriated by others. It is specific to German law that only specific forms of activity qualify as "misappropriation".
- In the context of employees or former employees, a strong defence argument is also that former employees must have the opportunity to develop their career and therefore need to rely on knowledge that they have gained with their former employer.

4. **Which different types of trade secrets are recognised in your jurisdiction?**

German law typically refers to "trade and business secrets". There is no distinction between whether a given piece of information is more technology related, customer related or concerns the internal organisation of a company. In general, all information that is valuable can establish such trade or business secret.

5. **In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The legislator does not differentiate between trade secrets of different value. All secret company information is protected as long as it has some value for the company.

This said, the courts do take the importance of the information into consideration when comparing the interests that the trade secret owner has in keeping the information confidential and the interest that the other party has to freely use such information. The value is typically something that would rather speak in favour of the right owner. In any event, the value of the information is probably one of the factors with lesser importance for the overall balance of interests.

6. **To what extent can an employer prevent an employee misusing or disclosing its trade secrets (a) while the employee is still employed and (b) once the employee has left his employment?**

During the duration of the employment, the disclosure of any trade or business secret to a third party is subject to criminal charges. Moreover, every use of such trade or business secret during the employment for any purpose that is not related to the employer is unlawful (section 17 subp. 1 of the Act against Unfair Competition).

The situation after the termination of the employment contract is significantly more difficult. The general rule is that the employee is free to use his or her knowledge after the termination of the employment contract. In particular, any former employee is free to use the knowledge that he or she gained during his past employment to further his or her future career. In particular, he or she is allowed to develop new products or services on the basis what he or she had learned at his/her former employer. There is, however, a very relevant exception to that rule. The employee can only use such information and knowledge that he "happens to have memorised" casually not intentionally in his past employment. Any information that is fixed on paper or on any other data carrier or that the employee memorised with the intention to use the memorised information after the termination of his employment contract must not be used. The courts also stress that an overall evaluation of all relevant facts is necessary in order to fine tune any result. In this context, it is also relevant whether the employee contributed to the creation of any such

secret information and how long he stayed with the company. More details derive from the case law that will be reported below.

In employment agreements the possibilities to prevent employees to use the knowledge after the termination of the employment are very limited. As a general rule an employee must not be restricted in his ability to further his career after the termination and to make competition. If the former employer wants to restrict this possibility, a compensation payment needs to be made to the employee. Without the provision of such payment, the restriction in the contract would be void.

Against this background, many employment contracts do refer to the post-contractual time but in a very moderate way and with leaving the option to the employer to absolve the former employee from its obligations after the termination of the employment contract.

A typical clause in an employment agreement including the situation at the time of the employment (subp. 1) and for the time after the employment (subp. 2) could read as follows in German and English:

*"Der Mitarbeiter ist verpflichtet, alle vertraulichen Angelegenheiten, insbesondere Betriebs- und Geschäftsgeheimnisse, der Gesellschaft und mit der Gesellschaft verbundene Unternehmen streng geheim zu halten. Technische, kaufmännische und persönliche Vorgänge und Verhältnisse, die dem Mitarbeiter im Zusammenhang mit seiner Tätigkeit bekannt werden, gelten im Zweifel als Geschäftsgeheimnisse. Vor der etwaigen Offenlegung derartiger Angelegenheiten ist der Mitarbeiter verpflichtet, eine Weisung der Gesellschaft einzuholen.*

*Die Verpflichtung nach Absatz 1 gilt auch Beendigung des Arbeitsvertrages. Soweit der Mitarbeiter dadurch in seinem beruflichen Fortkommen unangemessen behindert werden sollte, kann er von der Gesellschaft die Einschränkung der Geheimhaltungspflicht verlangen."*

*"The employee is obliged to treat confidential information and in particular trade and business secrets of the employer and its affiliated companies as strictly confidential. Technical, commercial or personal information that the employee learned during his or her employment are typically regarded as trade or business secret. For any publication of such information, the employee has to obtain the consent of the employer.*

*The obligation in accordance with subp. 1, above, also applies after the termination of the employment agreement. However, the employee can request the company to waive this obligation in the event that the confidential treatment of such information unduly restricts the employee in his career process."*

There is no distinction between "real trade secrets" and information that happens to be confidential. As defined above, information that is not public and that is of value for the corporation is regarded to be a trade secret. Further distinction within that notion is being made.

**7. What are, in your opinion, the inadequacies of the law on trade secrets in your member state? What improvements would you suggest?**

The following points reflect typical criticisms of the law on trade and business secrets:

- The legal provisions on trade secrets are fragmented and scattered over very different areas of law, such as (1) law against unfair competition, (2) criminal law, (3) labour law, (4) corporate law, etc. As a result, the legal provisions lack a

uniform focus and a desirable level of uniformity. One proposal would be to unify the different provisions in a new, separate act on the protection of know how (or trade secrets). Different courts are responsible on very similar issues. In particular, labour law courts, civil courts and criminal courts decide on different aspects of misappropriation of trade secrets by employees or quasi employees. Whilst the distinction between criminal law courts civil courts cannot be overcome, it would be favourable to resolve the dual competence of the labour law courts and the civil courts.

- The present law defines certain, specific activities that constitute a misappropriation of trade secrets. However, the type of activity is only one aspect that should be relevant to assess to use and disclosure of other persons' trade secrets. A new law should pay more attention to the evaluation of the overall situation including aspects of the type of information at issue and also the specific parties concerned.
- The options to obtain evidence for the benefit of the right owner need to improve. At present, right owners need to rely in many cases on the criminal investigation undertaken by the public prosecutor. Yet, the work of the public prosecution should be unrelated by the right owner's possibility to prepare a case and take action. This is all the more true as the public prosecution may not necessarily conduct investigation with the required speed.

8. **The following is a list of leading cases in the area of trade and business secrets:**

- **"Stapel-Automat" - decision of 19 November 1982 - Federal Supreme Court**

This case concerns a misappropriation of information about the construction of certain innovative automation devices. A sales manager of the company that owned the trade secret started to copy the drawings and other construction papers for certain devices at the end of his employment term. After he terminated his employment, he set up his own company and started to produce the automation devices at issue. The Federal Supreme Court came to the conclusion that the intensive copying of construction documents at the end of the employment for the purpose of subsequent use by a competing company amounted to a misappropriation and was therefore unlawful. The defended and former employee had to stop his business activity with regard to these automation devices.

- **"Geldspielautomat" - decision of 28 August 1990 - Higher Bavarian Court**

The case concerns a simplistic form of reverse engineering. The program of money gambling machines could be figured out by investing approximately 70 hours of work and by making an investment of approximately € 1000. The Higher Bavarian Court came to the conclusion that the program of the money gambling machines was "secret" despite the possibility of such reverse engineering.

- **"Spritzgießwerkzeuge" - decision of 3 May 2001 - Federal Supreme Court**

The case concerns the production of a complicated moulding device. Certain aspects of this device required the knowledge of secret information from another company. The information was obtained from that other company through a former employee of that other company. The Federal Supreme Court remanded the case back to the appeal court and said that further clarification was needed about the particular circumstances under which the former employee obtained knowledge of that secret information. The Federal Supreme Court reconfirmed its position that the mere use of

knowledge that a former employee simply memorises in his head does not amount to an unlawful misappropriation of trade secrets. Rather, it is necessary that the former employee relies on some documents in addition to his own memory.

- **"Präzisionsmessgeräte" - decision of 7 November 2002 - Federal Supreme Court**

The case also concerned the use of confidential information about the construction of a certain device. The former employee had actively studied documents before he terminated his employment with the Know How owning company and used this Know How for the production at another company. The Federal Supreme ruled that "the study" of documents for the purpose of transferring such knowhow to another company amounts to a misappropriation. The Federal Supreme Court also came to the conclusion that the cease and desist undertaking could not be limited in time even though six years had been passed by since the misappropriation of the information.

- **"Kundendatenprogramm" - decision of 27 April 2006 - Federal Supreme Court**

In this decision, the Federal Supreme Court had to decide on the use of customer lists that an employee obtained in the regular course of his employment and which he re-used for his new employer after the termination of his employment. The Federal Supreme Court came to the conclusion that the use of such old lists is "more than simply using memorised information". The use of these lists were unlawful even though the lists had been obtained at the time in full accordance with the obligations at this former employer.

- **"Schweissmodulgenerator" - decision of 13 December 2007 - Federal Court of Justice**

The Federal Court of Justice decided that a certain part of an electronic device could establish a protected trade secret even though the technology of this part belonged to the state of the art known at that time. The Federal Supreme Court argued that both concepts (the concept of protected trade secrets on the one hand and the concept of the state of the art) are not necessarily the same. If the technology is not properly known to a relevant group of people outside the company, it can establish a protected trade secret even though it belongs - in the context of this case - to the state of the art.

ITALY

1. In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in your Member State? In this regard you should consider the following:

- (a) What forms of interim relief, if any, are or are not available (e.g. preliminary or interim injunctions)?
- (b) Are final injunctions time limited?
- (c) What is the average duration of proceedings from initiating the claim to final judgment?
- (d) Are cases involving technical trade secrets heard by specialist judges?
- (e) What measures are put in place to protect the secrecy of information during the proceedings (e.g. can the public be excluded from the proceedings)?
- (f) Approximately how many trade secret actions are heard by the civil courts in your jurisdiction each year?

Civil cases involving trade secrets are heard in Italy by the IP Specialized Divisions of the Courts of Bari, Bologna, Catania, Firenze, Genova, Milano, Napoli, Palermo, Roma, Torino, Trieste, and Venezia. Since they are regarded as industrial property rights under Article 1 of the Italian Code of Industrial Property ("**IPC**"), trade secrets as defined by Article 98 IPC enjoy all the remedies available to protect IP rights, including urgent relief. In particular, the forms of interim relief available in trade secrets cases are: preliminary search orders, seizures and preliminary injunctions.

Final injunctions are not time limited, but it takes on average 2-3 years to obtain a first instance decision on the merits including final injunction. However, preliminary injunctions (which can be granted in 2-3 months) become final if proceedings on the merits are not commenced by either party within the deadline provided by the law (31 calendar days from the time when the decision is communicated to the parties).

The hearings held before the investigating Judge during the proceedings are private and only the parties and their attorneys can attend. Instead, the final hearing before the panel of Judges issuing the decision is public, and the Court can order that the public be excluded only for reasons relating to the security of the Nation, public order and decency. Similarly, the deeds of the proceedings are all confidential except for the final decision, which is public. In cases implying access to secret information of the parties (e.g. upon enforcement of preliminary search orders), the Judge may reinforce the confidentiality obligations of the parties' attorneys and consultants, ordering them not to disclose certain pieces of information to their respective clients.

No official statistics are available as to the number of trade secrets cases heard in Italy each year.

<b>Article 1 IPC</b>	
Italian	English
Diritti di proprietà industriale.	<i>Industrial property rights</i>
1. Ai fini del presente codice, l'espressione	<i>1. For the purposes of this Code, the</i>

<p>proprietà industriale comprende marchi ed altri segni distintivi, indicazioni geografiche, denominazioni di origine, disegni e modelli, invenzioni, modelli di utilità, topografie dei prodotti a semiconduttori, informazioni aziendali riservate e nuove varietà vegetali.</p>	<p><i>words industrial property shall include trademarks and other distinctive signs, geographical indications, designations of origin, designs and models, inventions, utility models, topographies of semiconductor products, business confidential information and new plant varieties.</i></p>
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<p style="text-align: center;"><b>SECTION VII SECRET INFORMATION</b></p>	
<p style="text-align: center;"><b>Article 98 IPC</b></p>	
<p style="text-align: center;">Italian</p>	<p style="text-align: center;">English</p>
<p style="text-align: center;">Oggetto della tutela</p> <p>1. Costituiscono oggetto di tutela le informazioni aziendali e le esperienze tecnico-industriali, comprese quelle commerciali, soggette al legittimo controllo del detentore, ove tali informazioni:</p> <p>a) siano segrete, nel senso che non siano nel loro insieme o nella precisa configurazione e combinazione dei loro elementi generalmente note o facilmente accessibili agli esperti ed agli operatori del settore;</p> <p>b) abbiano valore economico in quanto segrete;</p> <p>c) siano sottoposte, da parte delle persone al cui legittimo controllo sono soggette, a misure da ritenersi ragionevolmente adeguate a mantenerle segrete.</p> <p>2. Costituiscono altresì oggetto di protezione i dati relativi a prove o altri dati segreti, la cui elaborazione comporti un considerevole impegno ed alla cui presentazione sia subordinata l'autorizzazione dell'immissione in commercio di prodotti chimici, farmaceutici o agricoli implicanti l'uso di nuove sostanze chimiche.</p>	<p style="text-align: center;">Scope of protection</p> <p>1. <i>The business information and the technical-industrial expertise, including the commercial ones, subject to the owner's legitimate control, are the object of protection as long as:</i></p> <p><i>a) they are secret, in the sense that they are not, as a whole or in the exact configuration and combination of their components, generally well-known or easily accessible for experts and operators in the field;</i></p> <p><i>b) they have an economic value due to their being secret;</i></p> <p><i>c) they are subjected, by the persons who legitimately control them, to measures which may be deemed reasonably adequate to keep them secret.</i></p> <p>2. <i>Data relating to tests or other confidential data the elaboration of which involves a significant effort and the submission of which is a precondition for the authorization to introduce on the market the chemical, pharmaceutical or agricultural products implying the use of new chemical substances, are also protected.</i></p>

***Are there any other issues of which you are aware which make enforcement of trade secrets difficult?***

In trade secrets cases, the main difficulties encountered by plaintiffs concern the burden to prove the alleged infringement. Indeed, according to the law, evidence of trade secret infringement must be very accurate and whoever is starting an action must indicate exactly which secrets have been misappropriated, what industrial information they contained, why such information have an economic value due to their being secret, and how they were kept in order to prevent them from becoming common knowledge. The most difficult task, however, may be to prove that the alleged infringer has misappropriated the secret information in question. In this regard, Italian Courts tend to presume misappropriation based on the circumstances of the case (e.g. where customized products are manufactured by the defendant in such a way that only access to the secret information of the plaintiff would allow) and *prima facie* evidence of infringement, at least in order to admit petitions for preliminary search order aimed at gathering full evidence of infringement.

2. **Can action be taken against innocent recipients of trade secrets and if so, in what circumstances? What remedies are available?**

In principle, trade secrets as defined by Article 98 IPC are covered by exclusive property rights like patents and trademarks. As a consequence, infringement actions should be available also against innocent recipients of trade secrets that were taken from the original owner without his consent. In practice, if business information is kept secret by means of adequate measures and, for this very reason, is protected under Article 98 IPC, misappropriation generally excludes the innocence of the receiver. In any event, for those cases where secret information is misappropriated and passed over by the infringer to a third party who acquires it in good faith, Italian commentators have long excluded the liability of the innocent recipient. In this regard, the Courts also tended to apply traditional unfair competition doctrines (instead of the purely proprietary regime implied by the IPC), excluding liability where the plaintiff is not able to demonstrate that the defendant-receiver was aware of the misappropriation. This seems to be confirmed by the recent amendments to Article 99 IPC, which clarify that infringement actions can be brought only against "abusive" appropriation of the secret information.

3. **What defences are available to the defendant in a trade secrets action?**

Typically, defendants in trade secrets cases argue, in the first place, that they have achieved the information at issue autonomously, according to Article 99 IPC. Subordinately, they can object that the allegedly infringed information does not meet the requirements set forth by Article 98 IPC in that (i) it is not secret but generally well-known or easily accessible for operators in the field, (ii) it has no economic value due to its being secret, or (iii) it was not kept secret by means of adequate measures.

<b>Article 99 IPC</b>	
Italian	<i>English</i>
Tutela	<i>Protection</i>
1. Ferma la disciplina della concorrenza sleale, il legittimo detentore delle informazioni e delle esperienze aziendali di cui all'articolo 98, ha il diritto di vietare ai terzi, salvo proprio consenso, di acquisire, rivelare a terzi od utilizzare, in modo abusivo, tali informazioni ed esperienze,	<i>1. With no prejudice to the provisions on unfair competition, the legitimate owner of the business information and expertise set forth in Article 98 is entitled to prohibit third parties, absent his consent, from acquiring, disclosing to others or using, abusively, such information and expertise,</i>

salvo il caso in cui esse siano state conseguite in modo indipendente dal terzo.	<i>except for cases where they have been achieved autonomously by the third party in question.</i>
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4. **Which different types of trade secrets are recognised in your jurisdiction (e.g. manufacturing technology, commercial know how such as price or customer lists)? How, if at all, are they treated differently by the law?**

All types of business information and technical-industrial expertise can be protected as trade secrets if they meet the requirements set forth in Article 98 IPC, including commercial methods, financial, managing and marketing techniques, customers and suppliers lists.

5. **In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The importance of the information is not relevant to trigger protection under Italian law. Instead, the key issue to determine whether certain information may be protected is whether such information has an economic value just for the fact of being secret.

6. **To what extent can an employer prevent an employee misusing or disclosing its trade secrets:**

- (a) **while the employee is still employed; and**  
 (b) **once the employee has left his employment?**

From an Italian employment law perspective, during the relationship an employee has a general duty of loyalty towards the employer under Article 2105 of the Civil Code ("**ICC**"). Therefore, during such period the employee shall not (i) work for a competitor and/or (ii) reveal employer's work products or industrial/production/trade secrets.

<b>Article 2105 ICC</b>	
Italian	<i>English</i>
Obbligo di fedeltà	<i>Duty of loyalty</i>
Il prestatore di lavoro non deve trattare affari, per conto proprio o di terzi, in concorrenza con l'imprenditore, né divulgare notizie attinenti all'organizzazione e ai metodi di produzione dell'impresa, o farne uso in modo da poter recare ad essa pregiudizio.	<i>An employee cannot engage in business, either for his own account or for the account of third persons, in competition with his employer nor divulge information pertaining to the organization and methods of production of the enterprise, nor use it in such manner as may be prejudicial to the enterprise.</i>

Please note that under Article 64, par. 2, IPC, as recently amended, a fair reward is due to the employee for his inventive activity performed in the execution of the employment contract also for inventions that have not been patented by the employer but are exploited under a secrecy regime, as long as they are patentable subject matter. From this perspective, provided that it is up to the employer whether to patent the invention

achieved by the employee or not, it is also in the employee's interest to keep non-patented inventions secret in view of obtaining the fair reward.

<b>Article 64(2) IPC</b>	
Italian	<i>English</i>
Invenzioni dei dipendenti	<i>Employees' inventions</i>
<p>2. Se non è prevista e stabilita una retribuzione, in compenso dell'attività inventiva, e l'invenzione è fatta nell'esecuzione o nell'adempimento di un contratto o di un rapporto di lavoro o di impiego, i diritti derivanti dall'invenzione appartengono al datore di lavoro, ma all'inventore, salvo sempre il diritto di essere riconosciuto autore, spetta, qualora il datore di lavoro o suoi aventi causa ottengano il brevetto o utilizzino l'invenzione in regime di segretezza industriale, un equo premio per la determinazione del quale si terrà conto dell'importanza dell'invenzione, delle mansioni svolte e della retribuzione percepita dall'inventore, nonché del contributo che questi ha ricevuto dall'organizzazione del datore di lavoro. Al fine di assicurare la tempestiva conclusione del procedimento di acquisizione del brevetto e la conseguente attribuzione dell'equo premio all'inventore, può essere concesso, su richiesta dell'organizzazione del datore di lavoro interessata, l'esame anticipato della domanda volta al rilascio del brevetto.</p>	<p><i>2. If no compensation for the inventive activity is provided for and established, and the invention was made in the execution or fulfilment of a contract or of an employment relationship, the rights deriving from the invention are the employer's, but the inventor, in addition to his right to be recognised as the author thereof, has the right, if the employer or his successors in title obtain a patent or use the invention under industrial secrecy regime, to be granted a fair reward, the amount of which shall be quantified taking into consideration the importance of the invention, the tasks carried out and the compensation received by the inventor, as well as the contribution that the latter has received from the employer's organization. In order to assure the prompt conclusion of the granting procedure and the consequent payment of the fair reward to the inventor, the urgent examination of the patent application may be allowed upon a request by the organization of the employer.</i></p>

After termination of the employment relationship, the employee is free to work for a competitor (or even establish his own business in competition with his former employer), unless he is bound by a valid non-compete agreement.

At the time when the employee is hired, or at a later stage depending on the employer needs to protect new information, separate confidentiality agreements may be concluded to define which information must be regarded as confidential, and how it must be accessed and treated by the employee to protect its secrecy. The parties may agree that such contractual obligations be effective even after termination of the employment agreement. No specific compensation for the employee is required by the law.

Non-compete clauses or agreements, instead, are not valid unless they contemplate:

- (i) A limited time period, not exceeding 5 years for executives ("dirigenti") and 3 years for all other employees;

- (ii) A specific territory (for example: Milan and Rome, Italy, France, South Europe, etc.);
- (iii) Some specific work activities (which shall not be performed by the employee while the non-compete obligation is in force);
- (iv) A compensation, which should reward proportionally the employee for the non-compete restriction and, according to the case law, should not be lower than 20-30% of the overall monthly salary (including benefits and bonuses) for the time period above, having considered the territory and the work activities limitations.

**Please provide (in English and the language of your Member State) examples of contractual clauses which can be included in a contract of employment to address the scenarios in (a) and (b) above.**

Please find below an example of non-competition clause that may be found in Italian employment agreements. As regards confidentiality obligations, instead, please note that they are aimed at protecting specific information beyond the statutory duty of loyalty and defining how that information must be treated by employees. Therefore, they are usually devised by means of separate and very detailed agreements that vary depending on the circumstances of the case.

<b>Patto di non-concorrenza</b>	<b>Non-competition clause</b>
<p>Dopo la cessazione del Suo rapporto di lavoro (per qualsiasi ragione essa intervenga), Lei si impegna a non intraprendere direttamente o indirettamente, da solo o con altri, per conto proprio o di altri, un'attività che sia in concorrenza con quella svolta dalla Società (oppure di qualsiasi altra società del Gruppo) ed a non lavorare come dipendente, consulente, agente o sotto qualunque altra forma per una società che svolga un'attività in concorrenza con la Società o di qualsiasi altra società controllata o controllante del Gruppo (il "<b>Patto</b>").</p> <p>In particolare, il Patto che precede sarà valido:</p> <p>(i) per un periodo di _____; e</p> <p>(ii) nel seguente territorio di _____.</p> <p>A titolo di corrispettivo il Patto ed il divieto di storno di cui ai punti che precedono, la Società Le corrisponderà - al termine del suo rapporto di lavoro - un importo lordo pari al [_____]. Il corrispettivo che precede verrà pagato in _____ rate mensili lorde di pari importo con decorrenza dalla</p>	<p><i>After the expiration of your employment relationship (for any reason whatsoever), you shall not set up, directly or indirectly, either alone or jointly, with or on behalf of others, a rival business of the Company or of any associated company and/or of the Group, or join as employee, consultant, agent or whatsoever, a competitor of the Company or of associated company or of the Group (the "<b>Covenant</b>").</i></p> <p><i>Particularly, the latter Covenant shall be valid:</i></p> <p><i>(i) for a period of _____ and</i></p> <p><i>(ii) within the following territory _____.</i></p> <p><i>As compensation for the Covenant and the non-solicitation obligations of paragraphs above, starting from the end of your employment relationship the Company will pay to you a gross amount equal to [_____]. Such compensation shall be paid to you in [_____] monthly installments of equal amount. The payment of such compensation shall start after the termination of the employment.</i></p>

<p>cessazione del suo rapporto di lavoro.</p> <p>Al fine di consentire alla Società di controllare puntualmente il corretto adempimento alle obbligazioni che precedono, dopo il termine del suo rapporto di lavoro Lei dovrà comunicare - mensilmente ed a mezzo raccomandata A/R - alla Società le sue attività lavorative per tutta la durata del periodo che precede. In caso di mancato ricevimento delle comunicazioni mensili che precedono la Società potrà - a sua discrezione - sospendere il pagamento del corrispettivo di cui al punto ___ che precede.</p> <p>In caso di violazione da parte sua del Patto, la Società sarà autorizzata a sospendere immediatamente il pagamento del corrispettivo di cui al punto ___ che precede e - in aggiunta - Lei sarà tenuto a corrispondere alla Società, a titolo di penale, un importo pari alla sua ultima retribuzione globale annua lorda. In aggiunta, rimane - in ogni caso - salvo il diritto della Società di agire per il risarcimento di ogni maggior danno subito.</p> <p>Ad ogni buon conto, in caso di cessazione del rapporto di lavoro (per qualsiasi ragione esso accada), la Società - a sua discrezione - potrà revocare le previsioni tutte contenute nei paragrafi da _____ a _____ con comunicazione scritta entro e non oltre l'ultimo giorno di lavoro. Onde, da un lato, tali previsioni non saranno per Lei più vincolanti e, dall'altro, Lei non avrà più diritto al pagamento della somma di cui al punto che precede.</p>	<p><i>In order to allow the Company to check the punctual compliance of the above obligations, further to the termination of your employment, you shall monthly notify your activity during the above mentioned periods by registered letter to the Company. Should you fail to send even one month communication, the Company is allowed to suspend - at its own discretion - the payment provided under paragraph ___ above.</i></p> <p><i>Should you fail to comply with the Covenant above, the Company is allowed to immediately interrupt the payment of the amount above mentioned in paragraph ___ above and you shall pay damages - by way of penalty - equal to 100% of your last annual global compensation. In the latter circumstance, the Company would be also free to act for any further damage.</i></p>
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### **Are such clauses generally enforceable?**

Such clauses (or separate agreements) are not mandatory and the parties are free to agree on them. If the non-compete covenant meets the above mentioned requirements (territory, time period, activities and - particularly - compensation), it is enforceable.

Should the employee breach the non-compete obligation (and his activities turn out to be compliant with fair competition and trade secrets protection), the employer may sue the employee in order to:

- (v) Have the compensation he paid to the employee returned besides the penalty provided by the covenant, if any; or - as alternative -

- (vi) Enjoin the employee from further breaching the non-compete covenant.

An unfair competition action can be brought against the new employer of the former employee alleging that his current employer has taken unfair advantage from the use of secret information.

**Does the court distinguish between "real" trade secrets and general information that happens to be confidential?<sup>1</sup>**

Both unfair competition rules and provisions on trade secrets prevent employees from using their employer's trading and manufacturing secrets once the employment relationship terminates.

However, according to the relevant case law all the personal know-how accrued by the employee and not falling within industrial/production secrets and/or specific work product confidential information can be used after the employment relationship terminates, unless a (valid) non-compete agreement was entered into.

7. **What are, in your opinion, the inadequacies of the law on trade secrets in your Member State? What improvements would you suggest?**

As outlined above, cases involving trade secrets as defined by Article 98 IPC are heard in Italy by the IP Specialized Divisions of twelve civil Courts, which have jurisdiction also over unfair competition matters directly or indirectly interfering with the enforcement of industrial property rights. However, based on this distinction not every unfair competition cases are heard by the IP Specialized Divisions, even if many of them involve issues that are strictly related to the protection of trade secrets, such as diversion of employees or activities carried out by former agents. Moreover, criminal cases on industrial property rights (including trade secrets) are not heard by specialist judges, which may lead to the uncertain application of very severe sanctions. In our view, all matters concerning industrial property rights (including trade secrets) and unfair competition should be heard by specialist judges in both civil and criminal cases.

8. **For your Member State please provide a list of leading case-law, together with an indication of the relevant issues dealt with in each case. The aim of this list is to give an overview of the general principles applicable to the protection of trade secrets in your Member State.**

CASE	RELEVANT ISSUES
Court of Cassation, 30 October 2009, no. 23045, published in <i>Giur. ann. dir. ind.</i> , 2009, no. 5361.	<ul style="list-style-type: none"> <li>▪ Patentable inventions used under secrecy regime</li> </ul>
Milan Court of Appeal, 13 June 2007, published in <i>Giur. ann. dir. ind.</i> , 2007, no. 5153.	<ul style="list-style-type: none"> <li>▪ Loyalty of the employee</li> <li>▪ Protectable secret information</li> </ul>

<sup>1</sup> Note that in England, the court will only protect "real" trade secrets after termination of employment but not general information that happens to be confidential (lower grade information). Both types of information may be protected during employment. It may be possible to protect lower grade information after employment by imposing a suitable post employment contractual restriction (otherwise known as a restrictive covenant)

	<ul style="list-style-type: none"> <li>▪ Relationship between trade secrets protection and unfair competition</li> </ul>
Court of Cassation, 30 May 2007, no. 12681, published in <i>Giur. ann. dir. ind.</i> , 2007, no. 5071.	<ul style="list-style-type: none"> <li>▪ Use of information about the former employer's customers</li> </ul>
Court of Milan, 6 October 2005, published in <i>Sez. spec. dir. ind.</i> , 2005, II, no. 283.	<ul style="list-style-type: none"> <li>▪ <i>Prima facie</i> case of trade secret infringement</li> </ul>
Court of Milan, 1 July 2005, published in <i>Sez. spec. dir. ind.</i> , 2005, I, no. 108.	<ul style="list-style-type: none"> <li>▪ Preliminary search order</li> </ul>
Court of Milan, 31 March 2004, published in <i>Giur. ann. dir. ind.</i> , 2004, no. 4734.	<ul style="list-style-type: none"> <li>▪ Trade secrets as combination of various pieces of information amounting to a protectable know-how</li> </ul>
Milan Court of Appeal, 29 November 2002, published in <i>Giur. ann. dir. ind.</i> , 2003, no. 4533.	<ul style="list-style-type: none"> <li>▪ Type of information that can be protected as trade secrets</li> </ul>
Court of Cassation, 11 October 2002, no. 14479, published in <i>Giur. ann. dir. ind.</i> , 2003, no. 4477.	<ul style="list-style-type: none"> <li>▪ Professional expertise of the employee <i>vis-à-vis</i> trade secrets of the former employer</li> </ul>
Court of Milan, 5 June 1987, published in <i>Giur. ann. dir. ind.</i> , 1987, no. 2180.	<ul style="list-style-type: none"> <li>▪ Customized products made thanks to secret information of the former employer</li> </ul>
Court of Milan, 3 October 1994, published in <i>Giur. ann. dir. ind.</i> , 1995, no. 3153.	<ul style="list-style-type: none"> <li>▪ Preliminary injunction in case of breach of non-compete covenant consisting in using secret information of the competitor.</li> </ul>

SWEDEN

1. **In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in your Member State? In this regard you should consider the following:**

(a) **What forms of interim relief, if any, are or are not available (e.g. preliminary or interim injunctions)?**

According to section 13 of The Act on the Protection of Trade Secrets (SFS 1990:409), hereinafter referred to as the Act, injunctive relief can be granted as an interim measure if the plaintiff seeking a permanent injunction shows probable cause that a trade secret has been subject to unauthorised use, access, or disclosure in contravention of the Act's provisions (hereinafter referred to as an "attack") by the defendant, and if it can reasonably be assumed that such use or disclosure will continue and diminish the value of the trade secret.

The provisions of Chapter 15, Articles 5 to 8 of the Code of Judicial Procedure apply to interlocutory measures under the Act. According to Chapter 15, Article 5, of said code the opposing party shall be given an opportunity to respond to a request for interlocutory relief before it is granted. However, if a delay would jeopardise the plaintiff's claim the court may immediately impose the interim measure *ex parte*, to remain effective until otherwise ordered.

(b) **Are final injunctions time limited?**

Final injunctions are not time limited in Sweden.

However, it should be noted that the relevant trade secret must remain a trade secret in order for such an injunction to be enforceable. Documents that the court has received in a case concerning a trade secret can be classified as secret documents for maximum 20 years due to Chapter 36, Article 2 of the Public Access to Information and Secrecy Act.

For further information about secret documents, see question 1(d).

(c) **What is the average duration of proceedings from initiating the claim to final judgment?**

The average duration of proceedings in the Swedish District Courts is approximately 1.5 to two years. In the Court of Appeal the average duration of proceedings is approximately one to 1.5 years. However, more complex cases can take substantially longer.

(d) **Are cases involving technical trade secrets heard by specialist judges?**

Cases concerning trade secrets are not heard by specialist judges in Sweden.

(e) **What measures are put in place to protect the secrecy of information during the proceedings (e.g. can the public be excluded from the proceedings)?**

The general rule in Sweden is that all documents that the Court has received in a court case are public documents due to the Freedom of the Press Act (SFS 1949:105). However, the right to access public documents may be restricted if the restriction is necessary to protect the economic circumstances of private subjects (Chapter 36, Article 2 of the Public Access to Information and Secrecy Act). As

mentioned above, a document can only be classified as secret for 20 years, due to Chapter 36, Article 2 of the Public Access to Information and Secrecy Act.

Moreover, the general rule in Sweden is that all court hearings are open to the public. However, there may be an exception if information will be presented to which secrecy applies in court under the Public Access to Information and Secrecy Act. If the court deems it to be of extraordinary importance that the information is not disclosed, it may order the hearing to be held in camera ("behind closed doors") insofar as it relates to the aforesaid confidential information, see Chapter 5, Article 1 of the Code of Judicial Procedure. If the information provided at the hearing is subject to secrecy at court under the Public Access to Information and Secrecy Act, the court may order the individuals present not to disclose the information revealed at the hearing, see Chapter 5, Article 4 of the Code on Judicial Procedure.

(f) **Approximately how many trade secret actions are heard by the civil courts in your jurisdiction each year?**

The Swedish courts do not have any statistical information with regard to how many trade secret actions are heard by the courts each year. Therefore, we cannot provide any reliable information about this issue. However, based on our own experience we would roughly estimate that the Swedish courts hear approximately 20 cases a year that relate to trade secrets.

Are there any other issues of which you are aware which make enforcement of trade secrets difficult?

In general it may be difficult for plaintiffs to define a trade secret and the corresponding unauthorised use or disclosure thereof when the trade secret is of a more complex nature.

2. **Can action be taken against innocent recipients of trade secrets and if so, in what circumstances? What remedies are available?**

We understand an innocent recipient to be a person that has been provided with a trade secret that has been subject to an attack under the Act but under circumstances which mean that he/she was in good faith about the existence of such attack.

The Section of the Act that extends the most far-reaching liability for third party recipients of trade secrets is Section 8, which states as follows:

*"Anyone who intentionally or through negligence exploits or reveals a trade secret which, according to what he understood or ought to have understood, has been the subject of an attack under this Act shall compensate the damage caused through his action. The same applies where a person otherwise wilfully or through negligence exploits or reveals a trade secret, which, according to what he understood or ought to have understood, has been revealed contrary to the provisions in the Public Access to Information and Secrecy Act."*

Consequently, there are no remedies available if a person receives a trade secret in good faith according to the above.

Furthermore, according to Section 1 of the Act, information must be kept confidential in order to be considered a trade secret, which requires that there be a certain level of control over the dissemination of such information. If the trade

secret has come into the hands of an innocent recipient against which no sanctions (e.g. in the form of an injunction) are available, the required level of control can no longer be exercised and accordingly the relevant information is no longer considered a trade secret.

**3. What defences are available to the defendant in a trade secrets action?**

In general, a defendant could always assert that the information is not a trade secret. The other defences available to a defendant vary depending on which provision of the Act the claim is based on.

For trade espionage (section 3), a defendant could deny that he gained access to the trade secret without authorization. The section requires that a person wilfully and without authorization accesses a trade secret in order to be sentenced for trade espionage.

For damages for breach of confidentiality obligations in a business relationship (section 6), a defendant could claim that he neither knew nor should have known that he received the information on the assumption that it was not going to be improperly used or disclosed. The section requires that the recipient must have known or ought to have known that he received information on the assumption that it was not going to be improperly used or disclosed.

For damages for breach of confidentiality obligations in employment (section 7), a defendant could claim that there are no circumstances in the matter, which constitute extraordinary reasons. According to the second paragraph in the section, an employee can only be held liable for a breach of confidentiality that occurs after the termination of the employment when there are extraordinary reasons.

**4. Which different types of trade secrets are recognised in your jurisdiction (e.g. manufacturing technology, commercial know how such as price or customer lists)? How, if at all, are they treated differently by the law?**

The definition of a trade secret is set out in the first section of the Act and contains three criteria:

1. it must concern business or operating conditions of a business;
2. it must be kept confidential; and
3. a disclosure thereof must be likely to be detrimental for the competitiveness of the business in question.

If the information fulfils the criteria mentioned above, the information is considered a trade secret. The court treats all kinds of trade secrets in the same way. Different kinds of trade secrets are recognised in Sweden, for examples manufacturing methods, customer lists, and financial reports. Also, relatively trivial details may qualify as trade secrets. Thus, there is no requirement of, e.g., originality or an inventive step.

**5. In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The court is not supposed to consider the importance of the information. However, in our experience the court may consider the importance of the information when deciding on an interim injunction. If the information is very important the court will probably be more

inclined to grant a request for an interim injunction in order to avoid a further irreversible unauthorised disclosure of the same.

6. **To what extent can an employer prevent an employee misusing or disclosing its trade secrets:**

(a) **while the employee is still employed; and**

An employer can mainly prevent an employee from disclosing its trade secrets through section 7 of the Act, the principle of the general duty of loyalty of employees, the Employment Protection Act, and contractual clauses regarding secrecy in the employment agreement.

Section 7 of the Act concerns damages for breach of confidentiality obligations in employment and states the following:

*“Anyone who intentionally or through negligence exploits or reveals the trade secret of his employer of which he has been informed in the course of his employment under such circumstances that he understood, or ought to have understood, that he was not allowed to reveal it, shall compensate the damage caused by his action.”*

The general duty of loyalty of employees usually involves an obligation of secrecy with respect to sensitive information about the employer’s business and also prohibits the employee from conducting competing activities outside his work. It does not have to be specified in writing, but is tacitly implied by the employment relationship.

Sanctions in the Employment Protection Act (SFS 1987:80), such as notice of termination (section 7) and summary dismissal (section 18) may be applicable where an employee unlawfully discloses or uses a trade secret, which he/she has access to in his/her work. Notice of termination by the employer must be based on objective grounds, while a summary dismissal is allowed only when an employee has grossly neglected his obligations to the employer.

See below for further information concerning contractual clauses regarding secrecy in the employment agreement.

(b) **once the employee has left his employment?**

An employer can prevent an employee from disclosing its trade secrets through section 7, paragraph 2 of the Act and contractual clauses regarding secrecy in the employment agreement.

Section 7, paragraph 2 of the Act concerns damages for breach of confidentiality obligations after the termination of the employment and states the following:

*“Where the action took place after the termination of the employment, the first paragraph shall apply only where there are extraordinary reasons.”*

See below for further information concerning contractual clauses regarding secrecy in the employment agreement.

**Please provide (in English and the language of your Member State) examples of contractual clauses which can be included in a contract of employment to address the scenarios in (a) and (b) above. Are such clauses generally enforceable? Does**

**the court distinguish between "real" trade secrets and general information that happens to be confidential?<sup>1</sup>**

An example of a contractual clause which can be included in a contract of employment and which addresses both scenarios in (a) and (b) above is attached as Exhibit A (in both English and Swedish).

Contractual clauses regarding secrecy are generally enforceable in Sweden.

The courts should not distinguish between "real" trade secrets and matters that are only formally covered by a contractual undertaking not to use/disclose. The importance and quality of the information protected could however of course affect the courts interpretation of the scope of the contractual undertaking and the liability arising for a breach thereof.

**7. What are, in your opinion, the inadequacies of the law on trade secrets in your Member State? What improvements would you suggest?**

The conditions under which business operate have changed in several ways since the Act came into effect almost 20 years ago. Therefore, an official commission has reviewed the Act and proposed several changes in a white paper (SOU 2008:63). We agree with the official commission that the proposals would improve the Act. In summary, the following changes are suggested:

- The definition of "trade secret" should be clarified to establish expressly that information concerning matters which constitute a crime is not a trade secret within the meaning of the Act.
- A provision should be added to state explicitly that the Act is not applicable in case of conflict with The Freedom of the Press Act and The Fundamental Law on Freedom of Expression.
- A person who today has access to a trade secret in order to perform his or her functions may disclose or exploit it without risking any criminal charges under the Act (see however the crime "disloyalty to principal" which can be relevant for some employees). A new section should be added to penalise unauthorised use and disclosure also in this situation. It should apply to employees and other persons involved in the business of an enterprise, such as directors and personnel provided by staffing companies.
- Rules on securing evidence ("evidence investigation") should be incorporated into the Act. These rules would enable anyone who suspects that his or her trade secrets have been attacked to apply for a court order authorising a search for evidence, enforceable through the Enforcement Agency.
- The protection of trade secrets is insufficient in respect of information obtained by a party during court proceedings in general courts. A new rule on liability for damages should be added so that anyone who, without valid cause, discloses or commercially exploits trade secrets obtained in court proceedings may be liable for damages.

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<sup>1</sup> Note that in England, the court will only protect "real" trade secrets after termination of employment but not general information that happens to be confidential (lower grade information). Both types of information may be protected during employment. It may be possible to protect lower grade information after employment by imposing a suitable post employment contractual restriction (otherwise known as a restrictive covenant)

8. **For your Member State please provide a list of leading case-law, together with an indication of the relevant issues dealt with in each case. The aim of this list is to give an overview of the general principles applicable to the protection of trade secrets in your Member State.**

NJA 1995 p. 347, illustrates the definition of a trade secret

In an action by Sparbanken Sverige AB ("Sparbanken") against M.A. and co-parties, the defendants claimed that the District Court should order Sparbanken to provide its written instructions concerning bank clerks' responsibility to verify proof of identification at cash withdrawals. Sparbanken opposed the claim, asserting that the instructions constituted a trade secret and therefore were excluded from the duty of disclosure.

The Supreme Court based its decision on Section 1 of the Act, in which a trade secret could consist of commercial or operational information relating to a business which the entrepreneur keeps confidential and whose disclosure is liable to be detrimental in terms of competition. Because the instructions affected Sparbanken's ability to maintain its market position, they were deemed to be of economic value for the bank. The Court also found that Sparbanken had a reasonable interest in avoiding the disclosure of the instructions. The instructions therefore constituted a trade secret and were excluded from the duty of disclosure.

NJA 1998 p. 633, illustrates the definition of a trade secret

The consultancy firm JAHAB contacted the Swedish Teachers' Union with a proposal concerning cooperation for promoting the use of computers in school. After the proposal, the Teachers' Union founded a company according to the proposal but without the participation of JAHAB. JAHAB asserted that the Teachers' Union had exploited its business concept and claimed damages according to Section 6 of the Act.

The action depended on whether JAHAB's business concept was a trade secret as defined in Section 1 of the Act. The Supreme Court first noted that the prerequisite "commercial or operational information relating to a business" is broadly interpreted. A business concept created by a company can be considered related to that business even if the idea is a proposal of how other cooperating parties are to act. In addition, a trade secret must be kept confidential. Although JAHAB had failed to request that the Teachers' Union refrain from disclosing the information to outside parties, the Court decided that the business concept had been kept confidential. Despite the lack of explicit explanation, confidentiality had clearly been JAHAB's intention during the negotiations with the Teachers' Union. The information was therefore a trade secret, and the Teachers' Union could be held liable for damages.

NJA 2001 p. 362, illustrates the rule regarding trade espionage by an employee

A.A., an employee at the technology company VIKAB, decided without permission to copy the company's customer register onto floppy disks and bring them home to his apartment. He was charged with trade espionage according to Section 3 of the Act.

After establishing that the customer register was clearly a trade secret, the Supreme Court stated that if an employee is charged under Section 3, the provision is restricted to situations when the employee has accessed information that lies clearly outside the scope of his work assignments. Since A.A. had had lawful access to the customer register, he had not acquired information which had been kept secret from him by his employer. The Court therefore dismissed the prosecution.

AD 2010 ref. 27, illustrates extraordinary reasons for damage

M.F. was employed as an IT consultant for three years with the company Optinet Data Aktiebolag ("Optinet"). M.F. having tendered his resignation and started his own business, a dispute arose between M.F. and Optinet as to whether M.F. had made unauthorized use of Optinet's trade secrets and therefore was liable for damages.

Optinet asserted that M.F. had exploited Optinet's trade secrets, consisting of the customer register, customer agreements and commercial offers, by using them in his own competing business to take Optinet's customers. M.F. denied all claims.

It was clear in the case that M.F., after his employment terminated, had sent his contact information to a large number of Optinet's customers and informed them that he had started his own business. In order to do so, M.F. must have had access to the customer register. Offers sent by M.F. to the customers revealed that he had used Optinet's offers as a template, as well as information on prices, services and contract terms included in Optinet's customer agreements, to which he had access during his employment with Optinet. M.F.'s actions constituted intentional exploitation of Optinet's trade secrets. According to Section 7, paragraph 2 of the Act, after termination of the employment, an employee is liable to pay damages to the former employer only if there are extraordinary reasons. The Labour Court found that this requirement was met in the case and ordered M.F. to pay damages.

## Example of a contractual clause concerning secrecy

### English version

#### 1. **CONFIDENTIALITY**

- 1.1 The Employee undertakes to observe full confidentiality in respect of all affairs of the Company and not to use or disclose, without authorisation, anything which the Employee learned as a result of [his/her] employment, regardless of its form, concerning, for example, the financial circumstances and other circumstances of an individual or company, sales methods, marketing solutions, market surveys, business methods, pricing, business relationships, customer contacts, staffing and staff issues as well as financial issues, the disclosure of which can injure the Company (or the Company's customers or cooperation partners), or which can constitute a trade secret of the Company (or of the Company's customers or cooperation partners).
- 1.2 The Employee shall keep all documentation regarding the above circumstances (including this agreement with appendices), regardless of its form, inaccessible to unauthorised parties, and shall take all reasonable measures to minimise the risk that confidential information is disclosed, disseminated or used in an unauthorised manner. Upon termination of the employment, the Employee shall immediately return to the Company all material in respect of the Company, the Company's business operations and/or customers, as well as material in respect of the Company's cooperation partners and services provided, regardless of its form, as well as all of the property belonging to the Company and/or its cooperation partners.
- 1.3 This confidentiality undertaking shall also survive the termination of the employment. The provisions of the confidentiality agreement in respect of the Company shall also apply to the Company's affiliated companies.

### Swedish version

#### 2. **SEKRETESS**

- 2.1 Arbetstagaren förbinder sig att iaktta fullständig tystnadsplikt angående alla Bolagets angelägenheter och att inte obehörigen använda sig av eller röja något som Arbetstagaren fått kännedom om till följd av sin anställning, oavsett dess form, rörande exempelvis enskildas eller företags ekonomiska förhållanden och andra förhållanden, försäljningsmetoder, marknadsföringslösningar, marknadsundersökningar, affärsmetoder, prissättning, affärsrelationer, kundkontakter, personal och personalfrågor samt finansiella frågor, vars röjande kan skada Bolaget (eller Bolagets kunder eller samarbetspartners) eller som kan utgöra en affärshemlighet hos Bolaget (eller hos Bolagets kunder eller samarbetspartners).
- 2.2 Arbetstagaren skall förvara all dokumentation, oavsett dess form, rörande ovanstående förhållanden (inklusive detta avtal med bilagor) oåtkomlig för obehöriga, och skall vidta alla skäligen åtgärder för att minimera risken för att konfidentiell information röjs, sprids eller används på obehörigt sätt. Vid anställningens upphörande skall Arbetstagaren genast återlämna allt material avseende Bolaget, Bolagets verksamhet och/eller kunder samt material avseende Bolagets samarbetspartners och förmedlade tjänster, oavsett dess form, samt all annan egendom som tillhör Bolaget och/eller dess samarbetspartners.
- 2.3 Denna sekretessförbindelse gäller även efter anställningens upphörande. Vad som i sekretessförbindelsen sägs om Bolaget gäller också för till Bolaget närstående bolag.

UNITED KINGDOM

1. **In civil proceedings, what difficulties have plaintiffs encountered in enforcing trade secret legal protection in your Member State? In this regard you should consider the following:**

- (a) **What forms of interim relief, if any, are or are not available (e.g. preliminary or interim injunctions)?**
- (b) **What is the average duration of proceedings from initiating the claim to final judgment?**
- (c) **Are cases involving technical trade secrets heard by specialist judges?**
- (d) **What measures are put in place to protect the secrecy of information during the proceedings (e.g. can the public be excluded from the proceedings)?**
- (e) **Approximately how many trade secret actions are heard by the civil courts in your jurisdiction each year?**

**Are there any other issues of which you are aware which make enforcement of trade secrets difficult?**

In general there is no real problem in enforcing rights in trade secrets in the United Kingdom. However actions tend to be expensive because of the need to prepare detailed evidence.

- (a) It is possible to obtain interim injunctions and search orders permitting the plaintiff to search and take into custody materials containing the confidential information.
- (b) This varies enormously depending on the complexity of the case. It could be a matter of 18 months or several years. Because of the ability to ascertain the facts at an early stage many cases are settled without the need for a trial.
- (c) If a case involves particularly complex technical subject matter it will usually be sent to the Patents Court or, if a smaller case, to the Patents County Court, both of which have technically qualified judges.
- (d) The Court can make a variety of orders ensuring that the secret information is not further disclosed. These include directions that documents containing secret information are not placed on an open court file, restricting the persons who have access to such documents and requiring such persons to observe confidentiality and having parts of the case heard in private.
- (e) Statistics from the UK's Ministry of Justice indicate that the number of issued trade secret/confidential information claims is growing (from three in 2006 to 95 in 2009) Note that these statistics are for claims issued; only a handful of these cases will reach trial as many will settle.

2. **Can action be taken against innocent recipients of trade secrets and if so, in what circumstances? What remedies are available?**

An innocent recipient of trade secrets has a duty to respect confidentiality once they know that the information is confidential. An injunction could be granted in an appropriate case and the person required to deliver up any relevant documents etc. However the Court will not award damages in respect of any use or disclosure whilst the recipient is unaware of the confidentiality of the material.

3. **What defences are available to the defendant in a trade secrets action?**

Possible defences are:

- (a) That the information is not and/or was not confidential at the time of any relevant disclosure or misuse. It may however still be possible to obtain an injunction (usually for a limited period) against a defendant where the information has become public as a result of the defendant's own conduct;
- (b) That the information is not worthy of protection because it is not of sufficient importance. (Different standards apply to information gained by an employee in the period of employment and after such employment has ceased – see below.)
- (c) That the Plaintiff has no legitimate interest in the protection of the information.
- (d) That it would be against public policy to protect the information; for example if the information reveals the commission of a crime or other seriously improper conduct. In the latter case there may only be protection for the defendant to the extent that he has disclosed the information to the appropriate authority such as the police or the relevant supervisory body. The burden of showing that the disclosure was in the public interest generally lies with the defendant. In the case of information in the possession of the government the burden of proof is upon the government to show that it is in the public interest not to publish the information.
- (e) That the defendant did not reasonably know of the confidentiality of the information at the time of the disclosure or use.

4. **Which different types of trade secrets are recognised in your jurisdiction (e.g. manufacturing technology, commercial know how such as price or customer lists)? How, if at all, are they treated differently by the law?**

All types of secret information, which is of commercial value, can be protected.

5. **In taking action for misuse of secret information does the court or legislation consider the importance of the information in determining whether or how it may be protected?**

The Court has discretion as to whether to grant an injunction. The importance of the information will be a factor in deciding whether an injunction should be granted. There may be other cases where the Court considers that an award of damages is sufficient to compensate for the past and future use. These will be cases where it was intended that the information should be commercially exploited by the defendant or other third parties subject to payment of a royalty. Trivial information will not be protected.

6. **To what extent can an employer prevent an employee misusing or disclosing its trade secrets (a) while the employee is still employed and (b) once the employee has left his employment?**

**Please provide (in English and the language of your Member State) examples of contractual clauses which can be included in a contract of employment to address the scenarios in (a) and (b) above. Are such clauses generally enforceable? Does the court distinguish between "real" trade secrets and general information that happens to be confidential**

Whilst employed an individual has a duty of good faith to his employer and will be bound to keep all confidential information secret. After the employment has ended the Court will

usually only offer protection to high-grade confidential information ("real trade secrets") and not day-to-day information however confidential. The factors that the Court will take into account in determining whether information should be protected after employment are:

- (a) the nature of the employment;
- (b) the nature of the information;
- (c) whether the employer impressed upon the employee the confidentiality of the information
- (d) whether the information can be easily isolated from other information that the employee is free to use.

None of these factors is conclusive.

It may be possible to protect lower grade information after employment by imposing a suitable post-employment contractual restriction (otherwise known as a restrictive covenant).

One example of a contractual clause:

"The Employee shall not, either during his employment, otherwise than in the proper course of his duties, or thereafter, without the consent in writing of the Company being first obtained, divulge to any person firm or company and shall during the continuance of this agreement use his best endeavours to prevent the publication or disclosure of

- (i) any confidential information of the Company; or
- (ii) any of its trade secrets;

which may have come or may come to his knowledge during his employment.

For the avoidance of doubt trade secrets include the following:

*[Set out the specific matters that the Company considers to be trade secrets as opposed to general confidential information].*

This restriction shall cease to apply to information or knowledge which may (otherwise than by reason of the default of the Employee) become available to the public."

Clauses that do not distinguish between general confidential information and real trade secrets may be wholly unenforceable post-employment - although there will be an implied obligation not to make use of real trade secrets post-employment in any event. It is suggested that the best way of protecting ordinary confidential information post-employment is by a clause restricting the employee from working for a competitor for limited period of time.

**7. What are, in your opinion, the inadequacies of the law on trade secrets in your Member State? What improvements would you suggest?**

Generally the law works well in this area. It is not based on statute law and has developed organically to meet the needs of industry and commerce. This is the case both in relation to the law per se but also in relation to the remedies available. There is a

danger that threats of actions for breach of confidence can be abused in order to deter competitors from taking on an ex-employee but the need for proper particulars and clear evidence in order to pursue proceedings should prevent unmeritorious actions. However the need for clear evidence and the fact that the court needs to have detailed particulars of the information sought to be protected can make enforcement expensive.

Some development of the law in Scotland is probably needed.

8. **For your Member State please provide a list of leading case-law, together with an indication of the relevant issues dealt with in each case. The aim of this list is to give an overview of the general principles applicable to the protection of trade secrets in your Member State.**

***Gartside v Outram*** [1856] 26 LJ 113

The Plaintiff sought to prevent an employee revealing confidential information about the Plaintiff's commercial dealings. The Court found that although an employee was prohibited from disclosing certain information relating to his employer's transactions this prohibition did not extend to the disclosure of "iniquity". In this case the information related to dealings by the Plaintiff where he had cheated his customers and its disclosure could not be restricted.

***Saltman Engineering Co Limited v Campbell Engineering Co Limited*** [1948] 65 RPC 203

The Defendant (which had no contractual relationship with the Plaintiff) used the Plaintiff's confidential drawings in order to make tools for itself. A duty of confidence does not depend upon a contractual relationship between the Plaintiff and Defendant but is based on a duty of fairness which is independent of contract.

***Mustad v Dosen*** [1963] 3 All ER 416

Information that was confidential but was subsequently published in a patent specification by the owner of the trade secret could no longer be protected.

***Printers & Finishers v Holloway*** [1964] 3 All ER 54 [1965] WLR 1

This case related to process technology. An employee has a duty not to use confidential information belonging to his employer as part of his express or implied duty of good faith. His obligations post-employment are more restricted and do not extend to all confidential information. However the ex-employee must respect real trade secrets post-employment.

***Cranleigh Precision Engineering v Bryant*** [1964] 3 All ER 289 [1966] RPC 81

The Defendant made use of information of which he had gained knowledge of the Plaintiff's design whilst a director. Notwithstanding the fact that the information had become public the judge granted an injunction. This was distinguished from *Mustad v Dosen* (supra) on the grounds that the information became public because of the Defendant's default.

***Seager v Copydex (No.1)*** [1967] 1WLR 923

Abortive licence negotiations gave rise to an obligation of confidence even though the confidentiality of information provided during discussions was not mentioned.

***Terrapin v Builders' Supply Company*** [1967] RPC 375

The Defendant had gained a head start by gaining unauthorised access to design drawings for portable buildings. Although the confidential information was subsequently published by the sale of the buildings, an injunction was granted for a period to compensate for his head start.

***Coco v Clark*** [1969] RPC 41

Defendant alleged to have used Plaintiff's technical information to make moped engines. The Plaintiff was not apparently manufacturing itself. The judge summarises what he sees as the essential requirements for a successful breach of confidence claim:

- (i) the information must have the quality of confidence about it;
- (ii) the information must be imparted in circumstances importing an obligation of confidence;
- (iii) there must be unauthorised use of that information to the detriment of the person communicating it.

(N.B. There is room for some discussion as to whether the second requirement is necessary as stated by the judge in this case.)

***Initial Services v Putterill*** [1969] 1 QB 396

This also applies *Gartside v Outram* to unlawful anti-competitive activity.

***Seager v Copydex (No.2)*** [1969] 2 All ER 718

Defendant misused information relating to a carpet gripper which was communicated during negotiations and incorporated the information in a patent specification.

An award of damages equivalent to the capital value of the information may be appropriate in a case where the claimant was willing to license the defendant to use the information.

***Franklin v Giddins*** [1978] Qd.R 72 (Australia)

Trade secrets can be embodied in genetic material – in this case the root stock for a new variety of nectarine trees.

***Fraser v Thames Television*** [1983] 2 All ER 101

A simple commercial idea can be protected. In this case the idea was a format for a TV programme.

***Francome v Mirror Group Newspapers Limited*** [1984] 2 All ER 408

The newspaper sought to publish a story that a horse racing jockey was corrupt. The information had been obtained by phone tapping and was confidential. The Court referred to the principle in *Gartside v Outram*. However the disclosure of improper behaviour which is outside the prohibition may only be to the "proper authority" such as the police or a regulatory body. In the case of suspected wrongdoing the confidence can then continue to be respected if the suspicions prove unfounded.

***Faccenda Chicken v Fowler*** [1985] 1 All ER 724 [1985] FSR 105

This case relates to the obligations of an ex-employee in relation to commercial information relating to a business of rearing and selling chickens. The Court of Appeal reaffirmed the principles set out in *Printers and Finishers v Holloway* as to the obligations of an ex-employee. Where the parties are or have been linked by a contract of employment the obligations of the employee during and after employment are by the express or implied terms of that contract. In particular although in some cases sales and pricing information may be protectable, in this case it did not have the necessary degree of confidentiality. The Court listed a number of factors to be taken into account in coming to this conclusion.

***English & American Insurance Co Limited v Herbert Smith & Co*** [1988] FSR 232

An individual who has received confidential information innocently has a duty not to disclose or make use that confidential information as soon as he recognises it as such. In this case a law firm received by mistake documents belonging to the other side in litigation.

***Attorney General v Guardian Newspapers (No 2)*** [1990] 1 AC 109

The Claimant sought to prevent newspapers publishing information which had already been published by US newspapers as a result of a breach of confidence by an ex-member of the security services. No injunction was granted and there was some discussion as to whether there should be power to do so in such circumstances. There was some discussion of the significance of the *Terrapin* and *Cranleigh* "spring board" cases without coming to any clear conclusion.

***Ocular Sciences v Aspect Vision Care*** [1997] RPC 289

The claimant's action related to alleged misuse of confidential information in contact lens manufacture.

The need for proper particulars of breaches of confidence emphasised to avoid the action being used to harass the defendant.

Review of springboard cases – doubt as to whether injunctions should be granted where the information has become public knowledge.

Injunctions may be granted to prevent sale of "derived products" where substantial use has been made of the confidential information in their manufacture although the products do not actually incorporate the information. In this case the judge was not prepared to injunct the defendants from selling or manufacturing but was prepared to grant an injunction preventing publication of the claimant's information and award damages.

***Vestergaard v Bestnet*** [2009] EWHC 1456

Where the claimant has established that the defendant has acted in breach of an equitable obligation of confidence and that there is a sufficient risk of repetition, the claimant is generally entitled to an injunction save in exceptional circumstances.

Doubt expressed as to whether springboard injunctions should be granted but if so they should be for a limited period.

***Vercoe v Rutland Fund Management*** [2010] EWHC 424

Where a duty of confidence is based solely on a contractual relationship, compensation should be assessed as damages on a contractual basis. The availability of an account of profits is limited to “true” breach of confidence cases.

## **Appendix**

### **Note on law in the United Kingdom**

The explanation of law contained in this note relates in the main to the law of England and Wales. The law applied in Northern Ireland is generally similar. Scots Law has a different basis from English law. English law is a common law system. Scots law is a “mixed system” incorporating principles of the civil law (similar to most European continental countries) and common law. Although Scots law in relation to confidentiality is similar in many respects to English law and note is taken of English cases the law is not necessarily identical. There are also significantly fewer confidentiality cases decided in Scotland and the law is less developed. Consequently some questions resolved in England such as the duties of a third party recipient of confidential information are not yet entirely clear under Scots law but the indications are that the law will develop in a similar manner.