

TRADE SECRET: CHOOSING THE BEST MODE OF INNOVATION PROTECTION

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The article provides an overview of the international and domestic legal regulation of the trade secret, the violation of the trade secret protection and legal remedies. The article focuses on the Trade Secret Act of the Republic of Belarus and law enforcement practice. In this regard the author has concluded that the determination of the requirements for the protection of confidential information as the trade secret is extremely important and emphasized the value of measures businesses can take to protect their trade secrets.

Key words: intellectual property; trade secret; confidential information; trade secret law; unfair practices.

Trade secrets are confidential information that provide businesses with a competitive edge. Trade secrets, an undervalued type of intellectual property right, are starting to receive more recognition as an efficient means of safeguarding confidential information.

The definitions and the conditions for trade secret protection vary from country to country. However, some general standards on trade secret law can be found within the international legal framework. For instance, the World Intellectual Property Organization (hereinafter, WIPO) defines trade secrets as intellectual property rights on confidential information which may be sold or licensed [1]. Pursuant to Article 10bis of the Convention for the Protection of Industrial Property (hereinafter, Paris Convention), member States have to provide effective protection against unfair competition. But the Paris Convention does not mention or define trade secrets beyond the general protection [2]. In turn, in Art. 39 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter, TRIPS Agreement) trade secret protection is available if the following conditions are met:

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

It has commercial value because it is secret;

It has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret [3].

Most countries have laws that deal with trade secrets and their misappropriation or unauthorized acquisition. For instance, there is no formal definition

of a trade secret in the United Kingdom. Moreover, within the European Union the EU Trade Secrets Directive was adopted in 2016 and it is connected with the unlawful acquisition, use and disclosure of trade secrets. In the United States, the policy on trade secrets states that they consist of information that may include a formula, pattern, compilation, program, device, method, technique or process [4].

Turning to the legislation of the Republic of Belarus on trade secrets, it is based on the Constitution, consists of the Civil Code, the Trade Secret Act and other legislative acts, as well as international treaties of the Republic of Belarus. For the Trade Secret Act of 05.01.2013 the norm of foresaid Art. 39 of the TRIPS Agreement was the reference point when defining the conditions for the protection of information as a trade secret. Art. 5 of the Trade Secret Act provides the requirements for information in respect of which a trade secret regime may be established and mentions, among other things, that the information should not be the object of exclusive rights or classified as a state secret [5]. Art. 6 of the Trade Secret Act sets out information that cannot constitute a trade secret. The determination of the requirements for the protection of information as trade secret is extremely important because if the information does not comply with these requirements, it will not be the subject for protection.

However, pursuant to Art. 8 of the Trade Secret Act the trade secret regime is considered to be established when the composition of the information to be protected as a trade secret has been determined and the person lawfully possessing such information has taken a complex of measures necessary to ensure its confidentiality. Consequently, information may be secret because it is inaccessible, but may not fulfill the requirements because the holder has not taken so-called «reasonable steps» or measures to protect it. In this regard The Judicial Board on Intellectual Property of the Supreme Court of the Republic of Belarus in the case dated August 30, 2012 concluded that the information contained in the technological process is not a secret of production (know-how), since it has no actual or potential commercial value because it is not a secret to third parties, there was free access to it and the owner of the information did not take measures to protect its confidentiality [6]. Therefore, in the mentioned case the information at issue does not comply with the requirements on the secrecy of information and, consequently, on its commercial value; and does not comply with the requirements on complex of measures which should be taken to ensure its confidentiality.

Furthermore, the problem of a violation of the trade secret protection and an unfair practice can occur in cases of the unauthorized acquisition, use or disclosure of such secret information by others in a manner contrary to honest commercial practices. As a rule, unfair practices in respect of secret information

include breach of contract, breach of confidence and industrial or commercial espionage.

However, the use of a trade secret by a person who acquired that information in a legitimate business transaction is not illegal. Moreover, an owner of a trade secret cannot stop others from using the same technical or commercial information, if they acquired or developed such information independently by themselves (for example, due to marketing analysis). For instance, if the product could easily be «reverse engineered» by competitors, they can purchase a product, examine the construction of the product and find out the secret knowledge.

In order to protect trade secret owners from the violation of their trade secrets, countries provide for remedies in criminal, administrative, labor and commercial or civil law, in particular, specific legislation on unfair competition. For instance, a trade secret owner can collect damages from the person who violated the trade secret. In some countries it is permitted to use injunctions [1].

In Belarus trade secrets are protected as undisclosed information pursuant to Art. 140 of the Civil Code and according to Art. 19 of the Trade Secret Act a trade secret owner can use civil law remedies. In this way a trade secret violator must 1) stop actions related to illegal access to or illegal use of information that constitutes a trade secret or to disclosure of a trade secret, and 2) compensate the losses (including lost profits) to the owner of a trade secret [7].

According to the Labor Code of the Republic of Belarus obligations of employees include not to disclose trade secrets of the employer, trade secrets of third parties to which the employer has an access. For this purpose, the employer is obliged to create the necessary conditions for the employee to comply with the established trade secret regime. In addition, the employment contract may be terminated if the employee, who needs access to a trade secret in order to perform his or her job duties, 1) fails to sign a non-disclosure obligation or 2) has access to a trade secret and discloses it [8].

Moreover, criminal and administrative penalties are available in Belarus (Art. 254 and Art. 255 of the Criminal Code [9], Art. 23.6 of the Administrative Code [10]).

In conclusion it should be mentioned that the determination of the requirements for the protection of information as trade secret is extremely important because if the information does not comply with these requirements, it will not be the subject for protection. Meanwhile, it is not enough to make information inaccessible because a secret owner also needs to take measures to protect a secret. Moreover, it is obvious that business community should be informed about the legal remedies available to them in the case of a trade secret violation, therefore, the awareness of the usefulness and value of trade secrets should be improved.

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