



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 4 March 2014
(OR. en)**

7039/14

**Interinstitutional File:
2013/0402 (COD)**

PI 25
CODEC 590

WORKING DOCUMENT

From: General Secretariat of the Council

To: Delegations

No. Cion doc.: 17392/13 + ADD1 ADD2 ADD3

Subject: Proposal for a Directive of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure

- Presidency compromise proposal on Articles 1 to 11

Delegations will find in the Annex a compromise proposal on Articles 1 to 11 of the above-mentioned Directive, drawn up by the Presidency, for discussion at the Working Party meeting on 10 March.

Changes in relation to the Commission proposal are marked.

Proposal for a
DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the protection of undisclosed know-how and business information (trade secrets) against
their unlawful acquisition, use and disclosure.

(Text with EEA relevance)

HAVE ADOPTED THIS DIRECTIVE:

Chapter I
Subject matter and scope

Article 1

Subject matter and scope

This Directive lays down rules on the protection against the unlawful acquisition, disclosure and use of trade secrets.

This Directive shall not affect the possibility for Member States, in compliance with the provisions of the Treaty, to provide for additional or stricter provisions on the protection of trade secrets against their unlawful acquisition, use or disclosure than those laid down in this Directive, provided that those additional or stricter provisions are in conformity with the requirements of Articles 4, 5, 6, 7, 8(1) second subparagraph, 8(3), 8(4), 9(2), 10, 12 and 14(3).

This Directive shall not affect Union and/or national law and/or practices concerning the information and consultation of employees and the representation and collective defence of the interests of workers and employers, including co-determination.

Article 2
Definitions

For the purposes of this Directive, the following definitions shall apply:

- (1) ‘trade secret’ means information which meets all of the following requirements:
 - (a) 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;
 - (b) has commercial value because it is secret;
 - (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.
- (2) ‘trade secret holder’ means any natural or legal person lawfully controlling a trade secret;
- (3) ‘infringer’ means any natural or legal person who has unlawfully acquired, used or disclosed trade secrets;
- (4) ‘infringing goods’ means goods whose design, quality, manufacturing process or marketing significantly benefits from trade secrets unlawfully acquired, used or disclosed.

Chapter II

[...] Acquisition, use and disclosure of trade secrets

Article 3

Unlawful acquisition, use and disclosure of trade secrets

1. Member States shall ensure that trade secret holders are entitled to apply for the measures, procedures and remedies provided for in this Directive in order to prevent, or obtain redress for, the unlawful acquisition, use or disclosure of a trade secret.
2. The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, **[...] in particular in the following cases:**
 - (a) unauthorised access to or copy or taking of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;
 - [...]
 - (b) bribery;
 - (c) deception;
 - (d) breach or inducement to breach a confidentiality agreement or any other duty to maintain secrecy;
 - (e) any other conduct which, under the circumstances, is considered contrary to honest commercial practices.

OPTION B FOR ARTICLE 3(2)

2. The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful whenever carried out by:

- (a) a person who accesses to copies or takes any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;**
- (b) a person who, at the time of acquisition, knew or should, under the circumstances, have known that he or she was acquiring the trade secret or any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced, from a person who had acquired them unlawfully or who was in breach of a confidentiality agreement or any other duty to maintain secrecy;**
- (c) a person who carries out any other conduct which, under the circumstances, is considered contrary to honest commercial practices.**

For the purposes of point (b), the person shall be considered to know that the acquisition is unlawful whenever he or she is inducing another person to breach a confidentiality agreement or any other duty to maintain secrecy, including through bribery or deception.

3. The use or disclosure of a trade secret shall be considered unlawful whenever carried out, without the consent of the trade secret holder [...] by a person who is found to meet any of the following conditions:

- (a) has acquired the trade secret unlawfully;

- (b) is in breach of a confidentiality agreement or any other duty to maintain secrecy of the trade secret;
 - (c) is in breach of a contractual or any other duty to limit the use of the trade secret.
4. The use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of use or disclosure, knew or should, under the circumstances, have known that the trade secret was obtained from another person who was using or disclosing the trade secret unlawfully within the meaning of the paragraph 3.
5. The [...] production, offering or placing on the market of infringing goods, or import, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret **when the person carrying out such activities knew, or should, under the circumstances, have known that the trade secret was used unlawfully within the meaning of paragraph 3.**

Article 4

*Lawful acquisition [...] of trade secrets **and limitations***

1. The acquisition of trade secrets shall be considered lawful when obtained by any of the following means:
- (a) independent discovery or creation;
 - (b) observation, study, disassembly or test of a product or object that has been made available to the public or that it is lawfully in the possession of the acquirer of the information **who is free from any duty to limit the acquisition of the trade secret;**

[...]

- (c) any other practice which, under the circumstances, is in conformity with honest commercial practices.
2. Member States shall ensure that [...] the application for the measures, procedures and remedies provided for in this Directive **shall be rejected** when the alleged acquisition, use or disclosure of the trade secret was carried out in any of the following cases:
- (a) for making legitimate use of the right to freedom of expression and information; **in which case, however, Union or national legislation on freedom of information remains unaffected.**
 - (b) for the purpose of revealing [...] a misconduct, wrongdoing or illegal activity, provided that the alleged acquisition, use or disclosure of the trade secret was necessary for such revelation and that the respondent acted in the public interest;
 - (c) the trade secret was disclosed by workers to their representatives as part of the legitimate exercise of their representative functions;
 - (d) for the purpose of fulfilling a **legal obligation of** non-contractual [...] **nature**;
 - (e) for the purpose of protecting a legitimate interest **recognised by law**.

Chapter III
Measures, procedures and remedies

SECTION 1
GENERAL PROVISIONS

Article 5
General obligation

1. Member States shall provide for the measures, procedures and remedies necessary to ensure the availability of civil redress against unlawful acquisition, use and disclosure of trade secrets.
2. Those measures, procedures and remedies shall:
 - (a) be fair and equitable;
 - (b) not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays;
 - (c) be effective and dissuasive.

Article 6
Proportionality and abuse of litigation

1. Member States shall ensure that the measures, procedures and remedies provided for in accordance with this Directive are to be applied by the competent judicial authorities in a manner that:
 - (a) is proportionate;

- (b) avoids the creation of barriers to legitimate trade in the internal market.
 - (c) provides for safeguards against their abuse.
2. Member States shall ensure that where competent judicial authorities determine that a claim concerning the unlawful acquisition, disclosure or use of a trade secret is manifestly unfounded and the applicant is found to have initiated the legal proceedings in bad faith with the purpose of unfairly delaying or restricting the respondent's access to the market or otherwise intimidating or harassing the respondent, such competent judicial authorities shall be entitled, **upon request of the respondent, to order the payment to him of damages commensurate to the actual prejudice suffered.** [...]

Article 7

Limitation period

Member States shall ensure that actions for the application of the measures, procedures and remedies provided for in this Directive may **not** be brought **more than five years** after the date on which the applicant became aware, or had reasonable **grounds** to become aware, of the last fact **justifying** [...] the action.

Article 8

Preservation of confidentiality of trade secrets in the course of legal proceedings

1. Member States shall ensure that the parties, their **lawyers** [...], court officials, witnesses, experts and any other person participating in the legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret, or who has access to documents which form part of those legal proceedings, shall not be permitted to use or disclose any trade secret or alleged trade secret of which they have become aware as a result of such participation or access.

The obligation referred to in the first subparagraph shall **remain in force after the legal proceedings have ended. However, it shall** cease to exist in any of the following circumstances:

- (a) where in the course of the proceedings, the alleged trade secret is found not to fulfil the requirements set in point (1) of Article 2 **by a decision that is not subject to appeal or that has become final because it was not appealed.**
 - (b) where over time, the information in question becomes generally known among or readily accessible to persons within the circles that normally deal with that kind of information.
2. Member States shall also ensure that the competent judicial authorities may, on a duly reasoned application by a party, take specific measures necessary to preserve the confidentiality of any trade secret or alleged trade secret used or referred to in the course of the legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret. **Member States may also allow competent judicial authorities to take such measures on their own initiative.**

The measures referred to in the first subparagraph shall at least include the possibility:

- (a) to restrict access to any document containing trade secrets submitted by the parties or third parties, in whole or in part; **to specific persons.**
- (b) to restrict access to hearings, when trade secrets may be disclosed, and their corresponding records or transcript, **to specific persons. [...]**;
- (c) to make available **to thrid parties** a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed.

[...]

3. When deciding on the granting or the rejection of the application referred to in paragraph 2 and assessing its proportionality, the competent judicial authorities shall take into account the legitimate interests of the parties and, where appropriate of third parties, and any potential harm for either of the parties, and where appropriate third parties, resulting from the granting or rejection of such application.
4. Any processing of personal data pursuant to paragraphs 1, 2 and 3 shall be carried out in accordance with Directive 95/46/EC.

SECTION 2

[...] PROVISIONAL AND PRECAUTIONARY MEASURES

Article 9

[...] Provisional and precautionary measures

1. Member States shall ensure that the competent judicial authorities may, at the request of the trade secret holder, order any of the following **[...] provisional** and precautionary measures against the alleged infringer:
 - (a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret on an **[...] provisional** basis;
 - (b) the prohibition to produce, offer, place on the market or use infringing goods, or import, export or store infringing goods for those purposes;
 - (c) the seizure or delivery **up** of the suspected infringing goods, including imported goods, so as to prevent their entry into or circulation within the market.

2. Member States shall ensure that the judicial authorities may, **as an alternative to the measures referred to in paragraph 1**, make the continuation of the alleged unlawful acquisition, use or disclosure of a trade secret subject to the lodging of guarantees intended to ensure the compensation of the trade secret holder.

Article 10

Conditions of application and safeguards

1. Member States shall ensure that the competent judicial authorities have, in respect of the measures referred to in Article 9, the authority to require the applicant to provide evidence that may reasonably be considered available in order to satisfy themselves that a trade secret exists, that the applicant is the [...] trade secret holder and that the trade secret has been acquired unlawfully, that the trade secret is being unlawfully used or disclosed, or that an unlawful acquisition, use or disclosure of the trade secret is imminent.
2. Member States shall ensure that in deciding on the granting or rejecting of the application and assessing its proportionality, the competent judicial authorities shall be required to take into account **the specific characteristics of the case. This assessment shall include, where appropriate,** the value of the trade secret, the measures taken to protect the trade secret **or other specific features of the trade secret, as well as the intentional or unintentional** conduct of the respondent in acquiring, disclosing or using of the trade secret, the impact of the unlawful disclosure or use of the trade secret, the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties, the legitimate interests of third parties, the public interest and the safeguard of fundamental rights [...].

3. Member States shall ensure that the [...] **provisional** measures referred to in Article 9 are revoked or otherwise cease to have effect, upon request of the respondent, if:
 - (a) the applicant does not institute proceedings leading to a decision on the merits of the case before the competent judicial authority, within a reasonable period determined by the judicial authority ordering the measures where the law of a Member State so permits or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is the longer;
 - (b) in the meantime, the information in question no longer fulfils the requirements of point (1) of Article 2, for reasons that cannot be attributed to the respondent.
4. Member States shall ensure that the competent judicial authorities may make the [...] **provisional** measures referred to in Article 9 subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the respondent and, where appropriate, by any other person affected by the measures.
5. Where the [...] **provisional** measures are revoked on the basis of point (a) of paragraph 3, where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no unlawful acquisition, disclosure or use of the trade secret or threat of such conduct, the competent judicial authorities shall have the authority to order the applicant, upon request of the respondent or of an injured third party, to provide the respondent, or the injured third party, appropriate compensation for any injury caused by those measures.

SECTION 3
MEASURES RESULTING FROM A DECISION OF THE MERITS OF THE CASE

Article 11

Injunctions and corrective measures

1. Member States shall ensure that, where a judicial decision is taken finding an unlawful acquisition, use or disclosure of a trade secret, the competent judicial authorities may, at the request of the applicant order against the infringer:
 - (a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret;
 - (b) the prohibition to produce, offer, place on the market or use infringing goods, or import, export or store infringing goods for those purposes;
 - (c) the adoption of the appropriate corrective measures with regard to the infringing goods.

2. The corrective measures referred to in point (c) of paragraph 1 shall include
[...]
 - (a) recall of the infringing goods from the market;
 - (b) depriving the infringing goods of their infringing quality;
 - (c) destruction of the infringing goods or, where appropriate, their withdrawal from the market, provided that such action does not undermine the protection of the trade secret in question;

- (d) the destruction of all or part of any document, object, material, substance or electronic file containing or implementing the trade secret or, where appropriate, the delivery up to the trade secret holder of all or part of those documents, objects, materials, substances and electronic files.
3. Member States shall ensure that, when ordering the withdrawal of the infringing goods from the market, the judicial authorities may order, at the request of the trade secret holder, that the goods be delivered up to the holder or to charitable organisations under conditions to be determined by the judicial authorities aimed at ensuring that the goods in question do not re-enter the market.

The judicial authorities shall order that [...] **the** measures **referred to in point (c) of paragraph 1** be carried out at the expense of the infringer, unless there are particular reasons for not doing so. These measures shall be without prejudice to any damages that may be due to the trade secret holder by reason of the unlawful acquisition, use or disclosure of the trade secret.
