

Caring for ideas.
Protecting innovation.

Trade Secrets Protection

Should you wish further information on the features, phases and scope of a trade secrets protection program, please contact legal@abg-ip.com

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Trade secrets protection program

Trade secrets held by innovative companies are important because they allow to increase competitiveness as long as the confidential information they embody is not disclosed to third parties. Up to now, the Spanish legal framework on trade secrets and the tools to enforce them in the Courts of Justice where insufficient to guarantee their protection. Now, we finally have in Spain a robust legislation on trade secrets which protects these assets with the degree of care they deserve.

The new Trade Secrets Act entered into force on 13 March 2019, is the outcome of EU Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.



SERVICE

ABG Intellectual Property advises its clients on the implementation of trade secrets protection programs with the Purpose of optimizing said protection and comply with the requirements of the new trade secrets legislation.

The service is based on providing advice:

- (I) Identifying, within the framework of new projects, the relevant categories of confidential information to be protected, the level of protection chosen and the access policy.
- (II) Identifying, retrospectively, the rest of business information eligible for protection under the trade secrets system controlled by the company.
- (III) Registering confidential information through notarial deeds, deposits at the Intellectual Property Registry and time stamping services, in order to establish ownership, contents, scope and date of creation.

ADVANTAGES

The trade secrets legislation requires, from the person lawfully in control of the information, the adoption of measures to keep it secret, implying the identification of its subject-matter, the individuals who participated in its creation, custody, commercialization; and its legal defense when infringed by third parties. The implementation of such an active protection system requires from the company to comply with the law and to take a look back to its trade secrets portfolio in order to define the relevant categories of information which are susceptible of protection, and the specific measures to be adopted.

The absence of a company trade secrets protection program and, in particular, a trade secrets registration system, entails the following risks for the company and its management team:

- (i) **Loss of business opportunities.** There is a risk of not adequately protecting data, processes, formulas, substances, etc. that could be the starting point of inventions, creations, production methods or promising and valuable information for the core business. Consequently, the company will be jeopardizing, without being aware of it, its secrecy and facilitating its disclosure and, therefore, the loss of the competitive advantage conferred by its use without the competitor's knowledge.
- (ii) **No detection of unlawful acts of acquisition, use or disclosure of trade secrets.** The absence of a registration system identifying the employees and suppliers in charge of the custody of the confidential information and the specific functions allocated to them may cause evidentiary problems in the event of unauthorized acquisition, use or disclosure of the information theft or

disclosure of confidential information by employees by means of digital storage devices; unaware disclosure of trade secrets during meetings with potential customers or suppliers, access to trade secrets by competitors through technological means, etc.).

(iii) Infringement of third parties rights. In the absence of a reliable registration system and the adoption of reasonable measures to preserve trade secrets, if they consist of an invention which meets the patentability requirements and they are acquired –without the consent of the trade secret holder–, by third parties who later decide to protect them under the patent system, thus obtaining an exclusive right– it is possible that the original holder of the trade secret is not in a position to probe the prior use. Therefore, the legitimate holder of the trade secret could be harmed in two ways: on the one hand, it could be deprived of confidential information and, on the other hand, it could also be sued for infringement of a patent granted to the third party who illegitimately acquired the invention from legitimate owner and then protected it under the patent system.

(iv) Civil liability. The infringement of trade secrets may result in three types of civil liability: (i) liability as a result of an intentional act, (ii) negligent act and even (iii) good faith liability for taking advantage of a trade secret violation.

(v) Criminal liability. Since the Spanish Criminal Code reform of 2015, the liability of legal entities for criminal offences against intellectual property, the market and consumers and private corruption is expressly established. Therefore, the non-adoption of reasonable measures to protect trade secrets by a legal entity could prevent it from accessing to the benefit of exemption of criminal liability in those cases where an offence is committed within the company with the aim of seizure, dissemination, disclosure or transfer of a third party's trade secret.

