



INTELLECTUAL PROPERTY

Trade Secrets – Retailers don't get left on the shelf!

by

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The EU Trade Secrets Directive (EU 2016/943) (the “Directive”) clarifies and strengthens the current protection available to trade secrets in Ireland.

Trade secrets may be of particular relevance to retailers, who can often have commercially valuable information and materials which are not otherwise protectable by traditional forms of IP.

Ireland is required to transpose the provisions of the Directive by 9 June 2018. With this date now fast approaching, we set out below a brief summary of the key features of the Directive.

What is a trade secret?

The Directive harmonises the definition of a “trade secret”. Article 2(1) defines a “trade secret” as information which:

1. 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;
2. has commercial value because it is secret; and
3. has been subject to reasonable steps under the circumstances by the person lawfully in control of the information, to keep it secret.

A 'trade secret' is likely to include commercial information such as customer lists, product launch dates, logistical arrangements or results of marketing studies; all assets which tend to have significant value for many retailers.

Unlike other forms of IP, trade secret protection is not limited in time (although the value of certain types of information may reduce over time, as well as the likelihood that such information will remain a trade secret within the meaning of the Directive). Additionally, like copyright, there is no official procedure or cost involved in obtaining protection (such as a filing or registration fee), nor are there any costs involved in maintaining this protection (such as renewal fees). As a result, trade secrets can offer a more affordable form of protection than traditional forms of IP in appropriate circumstances.

Lawful and unlawful acquisition of a trade secret

Under the Directive, a trade secret will not be breached if it is acquired by 'lawful' means; these means include acquisition by way of (i) independent discovery or creation; (ii) observation, study, disassembly or testing of a product or object that has been made available to the public; and (iii) practices which are in accordance with honest commercial practices.

Conversely, a trade secret will be breached if acquired by 'unlawful' means, which can include acquisition by: (i) unauthorised access to, appropriation of or copying of any documents, objects, materials, substances or electronic files; or (ii) any conduct which is contrary to honest commercial practice. A trade secret will also be breached if it is used or disclosed unlawfully, including where such use or disclosure is made (i)

without the consent of the trade secret holder; or (ii) in breach of a confidentiality agreement; or (iii) in breach of a contractual or any other duty to limit the use of the trade secret.

Tips for protecting trade secrets

We set out below a brief summary of steps which retailers can take in order to protect commercially valuable information or materials as trade secrets:

1. Engage a trade secrets specialist to carry out a trade secret audit to identify all materials and information which might be protected as trade secrets;
2. Put in place procedures for storing and managing materials and information comprising trade secrets to ensure their protection and secrecy;
3. Control access to commercially sensitive information and materials and have adequate IT security measures in place to protect them; and
4. Have – and enforce, where necessary - robust NDAs and confidentiality agreements with employees, contractors and business partners.

Commentary

Trade secrets are likely to be of particular relevance to retailers, who often have valuable information which is not otherwise protectable by traditional forms of IP. Although the protection afforded by the Directive is, in many ways, similar to the protection which is afforded under the existing laws in Ireland of breach of confidence or misuse of confidential information, retailers will no doubt be pleased to see that this protection has now been clarified across the EU.

If a retailer wishes to rely on trade secret as a form of protection for its confidential business information, it will be important that such information meets the criteria set out in Article 2 of the Directive in order to qualify as a trade secret. Retailers should consider arranging for assessments or audits to be carried out of any business information which they hold and which they wish to protect, in order to determine if they might be deemed to constitute trade secrets within the meaning of the Directive.

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About the Author