

Subsidiary Legislation made under s.279.

Protection of Trade Secrets Regulations 2018

LN.2018/127

Commencement **9.6.2018**

Transposing:
Directive (EU) 2016/943

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2005-22 Intellectual Property (Copyright and Related Rights)

2018/127 Protection of Trade Secrets Regulations 2018

In exercise of the powers conferred by section 279 of the Intellectual Property (Copyright and Related Rights) Act 2005, as read with section 23(g)(i) of the Interpretation and General Clauses Act, and in order to transpose into the law of Gibraltar, Commission Directive (EU) 2016/943 of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use or disclosure, the Government has made the following Regulations-

Title

1. These Regulations may be cited as the Protection of Trade Secrets Regulations 2018.

Commencement

2. These Regulations come into operation on 9th June 2018.

Interpretation

3. For the purposes of these Regulations, the following definitions apply:

‘infringer’ means any natural or legal person who has unlawfully acquired, used or disclosed a trade secret;

‘infringing goods’ means goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed;

‘trade secret’ means information which meets all of the following requirements:

- (a) it is 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) it has commercial value because it is secret;
- (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret;
- (d) the use or disclosure is likely to harm the interests of the trade secret holder to the extent that it undermines the trade secret holder’s scientific and technical potential, business or financial interests, strategic positions or ability to compete; and

‘trade secret holder’ means any natural or legal person lawfully controlling a trade secret.

Lawful acquisition, use and disclosure of trade secrets

4.(1) The acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means:

- (a) independent discovery or creation;
- (b) observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;
- (c) exercise of the right of workers or workers' representatives to information and consultation in accordance with any rules of law applicable in Gibraltar;
- (d) any other practice which, under the circumstances, is in conformity with honest commercial practices.

(2) The acquisition, use or disclosure of a trade secret shall be considered lawful to the extent that such acquisition, use or disclosure is required or allowed by any rules of law applicable in Gibraltar.

Unlawful acquisition, use and disclosure of trade secrets

5.(1) The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, whenever carried out by:

- (a) unauthorised access to, appropriation of, or copying 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) any other conduct which, under the circumstances, is considered contrary to honest commercial practices.

(2) 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) having acquired the trade secret unlawfully;
- (b) being in breach of a confidentiality agreement or any other duty not to disclose the trade secret;

(c) being in breach of a contractual or any other duty to limit the use of the trade secret.

(3) The acquisition, use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of subsection (2).

(4) The production, offering or placing on the market of infringing goods, or the importation, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret where the person carrying out such activities knew, or ought, under the circumstances, to have known that the trade secret was used unlawfully within the meaning of subsection (2).

Exceptions

6. An application for measures provided for in these Regulations shall be dismissed where the alleged acquisition, use or disclosure of the trade secret was carried out in any of the following cases:

- (a) for exercising the right to freedom of expression and information as allowed by any rules of law applicable in Gibraltar including in respect for the freedom and pluralism of the media;
- (b) for revealing misconduct, wrongdoing or illegal activity, provided that the infringer acts for the purpose of protecting the general public interest;
- (c) disclosure by workers to their representatives as part of the legitimate exercise by those representatives of their functions in accordance with any rule of law applicable in Gibraltar provided that such disclosure was necessary for that exercise;
- (d) for the purpose of protecting a legitimate interest recognised by any rule of law applicable in Gibraltar.

Wider Protection

7. A trade secret holder may apply for and a court may grant measures, procedures and remedies in an action for the unlawful acquisition, use or disclosure of a trade secret where the acquisition, use or disclosure constitutes a breach of confidence in confidential information where the measures, procedures and remedies -

- (a) provide wider protection to the trade secret holder than provided under these Regulations in respect of the unlawful acquisition, use or disclosure of a trade secret; and
- (b) comply with the safeguards referred to in Article 1 of 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.

Limitation

8.(1) The limitation period for bringing a claim for the unlawful acquisition, use or disclosure of a trade secret is six years.

(2) The start date for reckoning the limitation period for a claim for the unlawful acquisition, use or disclosure of a trade secret against an infringer begins with the later of-

- (a) The day on which the unlawful acquisition, use or disclosure that is the subject of the claim ceases; and
- (b) The day of knowledge of the trade secret holder.

(3) “The day of knowledge of the trade secret holder” is the day on which the trade secret holder first knows or could reasonably be expected to know-

- (a) of the infringer’s activity;
- (b) that the activity constitutes an unlawful acquisition, use or disclosure of a trade secret;
- (c) the identity of the infringer; and

has sufficient knowledge of the matters referred to in paragraphs (a) – (c) to bring a claim for the unlawful acquisition, use or disclosure of a trade secret.

(4) If on the date when the limitation period for the claim would have begun, the trade secret holder is under a disability, the action may be brought at any time before the expiration of six years from the date when the person ceased to be under a disability or died, whichever event first occurred, notwithstanding that the period of limitation prescribed by these Regulations.

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

9.(1) All parties, their lawyers or other representatives, court officials, witnesses, experts and other persons participating in 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 must not use or disclose any trade secret or alleged trade secret which the court has, in response to a duly reasoned application by an interested party or on the court's own initiative, identified as confidential and of which they have become aware as a result of such participation or access.

(2) The obligation referred to in section 9(1) shall remain in force after the legal proceedings have concluded save where

- (a) court finds that there is no trade secret; or
- (b) The information in question becomes generally known among or readily accessible to persons within circles that normally deal with that kind of information.

(3) On application by a party or on a court's own initiative, a court may take any of the measures set out in subsection (4) as may be necessary to preserve the confidentiality of any trade secret or alleged trade secret revealed in the course of legal proceedings relating to a claim for the unlawful use or disclosure of a trade secret.

(4) A court may -

- (a) restrict access to any document containing a trade secret or alleged trade secret submitted by the parties or third parties, in whole or in part, to a limited number of persons;
- (b) restrict access to hearings, when trade secrets or alleged trade secrets may be disclosed, and restrict access to the record or transcript of those hearings to a limited number of persons;
- (c) make available to a person, who is not one of the limited number of persons referred to in paragraphs (a) or (b), a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.

(5) The number of persons referred to in paragraph 4(a) or (b) shall be no greater than necessary in order to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one individual from each party and the lawyers or other representatives of those parties to the legal proceedings.

(6) In considering which measures to order and in assessing their proportionality, a court must take into account the need to ensure the right to an effective remedy and to a fair trial, the legitimate interests of the parties and, where appropriate of third parties, and any potential

harm for either of the parties and, where appropriate for third parties, resulting from the grant or rejection of such measures.

Interim measures

10.(1) On the application of a trade secret holder, the court may order any of the following 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 a provisional basis;
- (b) the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;
- (c) the seizure or delivery up to the trade secret holder, of the suspected infringing goods;

(2) As an alternative to subsection (1), the court may make an order making the continuation of the use, but not the disclosure, of the trade secret subject to the lodging of guarantees to ensure compensation to the trade secret holder.

(3) A person to whom the suspected infringing goods are delivered up under subsection (1) must retain the infringing goods pending a decision to make or not to make an order under section 11.

Matters to be considered before making an order under section 10(1)

11.(1) Before making an order under section 10(1), a court must be reasonably satisfied that-

- (a) A trade secret exists;
- (b) The applicant is the trade secret holder; and
- (c) The trade secret has been acquired unlawfully, is being unlawfully used or disclosed or the unlawful acquisition, use or disclosure of the trade secret is imminent.

(2) In considering whether to make an order under section 10(1) and in assessing the proportionality of such an order, a court must take into account the specific circumstances of the case, including, where appropriate-

- (a) The value and other specific features of the trade secret;

- (b) The measures taken to protect the trade secret;
- (c) The conduct of the alleged infringer in acquiring, using or disclosing the trade secret;
- (d) The impact of the unlawful use or disclosure of the trade secret;
- (e) The legitimate interests of the parties and the impact which the grant or rejection of the measures could have on the parties;
- (f) The legitimate interests of third parties;
- (g) The public interests; and
- (h) The safeguard of fundamental rights.

(3) Where the court makes an order under section 10(1), the claim must be brought within a period not exceeding 20 working days or 31 calendar days from the date of the order, whichever is the longer.

Revocation of an Order under section 10(1)

12.(1) Where a court makes an order under section 10(1), the court may, on the application of the alleged infringer, revoke the order –

- (a) if the trade secret holder does not bring proceedings leading to a decision on the merits of the case before a court within the period set under section 11(3); or
- (b) if the information in question is no longer a trade secret for reasons that cannot be attributed to the alleged infringer.

(2) A court may make an order under subsection 10(1) conditional upon the lodging by the trade secret holder of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the alleged infringer and, where appropriate, by any other person affected by the order.

(3) A court may, on the application of the alleged infringer or an injured third party, order the trade secret holder to provide the alleged informer or the injured third party, appropriate compensation for any injury caused by a measure ordered under section 10(1) –

- (a) where a court revokes an order under subsection (1)(a);

- (b) where the measure lapses due to any act or omission by the trade secret holder; or
- (c) where it is subsequently found that there has been no unlawful acquisition, use or disclosure of a trade secret or threat of such conduct.

Injunctions and Corrective measures

13.(1) Where it has been found that there has been unlawful acquisition, use or disclosure of a trade secret, the trade secret holder may apply to the court for any or all of the following orders, in addition to any other remedy the trade secret holder may have –

- (a) The cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret.
- (b) The prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, exportation or storage of infringed goods for those purposes.
- (c) The adoption of corrective measures with regard to the infringing goods.
- (d) The destruction of all or any part of any document, object, material, substance or electronic file containing or embodying the trade secret or, where appropriate, the delivery up to the applicant of all or part of those documents, objects, materials, substances or electronic files.

(2) The corrective measures referred to in paragraph (c) shall include:

- (a) The recall of the infringing goods from the market.
- (b) Depriving the infringing goods of their infringing qualities.
- (c) Destruction of the infringing goods or where appropriate, their withdrawal from the market, provided that the withdrawal does not undermine the protection of the trade secret in question.

(3) A court, when ordering the withdrawal of the infringing goods from the market, may order, on the application of the trade secret holder, that the goods be delivered up and forfeited to the trade secret holder or to such other person as the court may direct.

(4) The court shall order that the measures referred to section 13(1) (c) – (d) be carried out at the expense of the infringer, unless there are particular reasons for not doing so. Those 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.

(5) Where a court makes an order under section 13(1)(a) or (b), the court may, on the application of the infringer, revoke the order if the information in question is no longer a trade secret for reasons that cannot be attributed to the infringer.

Matters to be considered when making an order under section 13

14.(1) In considering an application for an order under section 13 and assessing the proportionality of such an order, the court shall take into account the specific circumstances of the case, including, where appropriate-

- (a) the value or other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the infringer in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which the grant or rejection of the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the safeguard of fundamental rights.

(2) Where a court makes an order limiting the duration of a measure ordered under section 13(1)(a) or (b), the duration must be sufficient to eliminate any commercial or economic advantage that the infringer could have derived from the unlawful acquisition, use or disclosure of the trade secret.

Compensation in lieu of final injunction or order under section 13

15.(1) A person liable to the imposition of an order under section 13 or final injunction in respect of the unlawful acquisition, use or disclosure of a trade secret may apply to the court for an order to pay compensation instead of being made to comply with the order under section 13, or injunction if the following conditions are met:

- (a) at the time of use or disclosure the person did not know and had no reason to know, under the circumstances, that the trade secret was obtained from another person who was using or disclosing the trade secret unlawfully;

- (b) the execution of the measures in question would cause disproportionate harm to the person liable to the measures; and
- (c) it appears reasonably satisfactory to pay compensation to the person applying for the measures.

(2) Where a court makes an order for the payment of compensation in lieu of an injunction, the compensation shall not exceed the amount of royalties or fees which would have been due, had that person obtained a licence to use the trade secret in question, for the period of time for which use of the trade secret could have been prohibited.

Damages

16.(1) Where in an action relating to the unlawful acquisition, use or disclosure of a trade secret the infringer knew, or ought to have known, that the activity the infringer was engaging in was unlawful in relation to the trade secret, the damages awarded to the trade secret holder must be appropriate to the actual prejudice suffered as a result of the unlawful acquisition, use or disclosure of the trade secret.

(2) If at the time of use or disclosure the person did not know and had no reason to know, under the circumstances, that the trade secret was obtained from another person who was using or disclosing the trade secret unlawfully, the trade secret holder is not entitled to damages against him, but without prejudice to any other remedy.

(3) When awarding damages-

- (a) All appropriate aspects shall be taken into account, including in particular-
 - (i) The negative economic consequences, including any lost profits, which the trade secret holder has suffered, and any unfair profits made by the infringer; and
 - (ii) Elements other than economic factors, including the moral prejudice caused to the trade secret holder by the unlawful acquisition, use or disclosure of the trade secret; or
- (b) Where appropriate, damages may be awarded on the basis of the royalties or fees which would have been due had the infringer obtained a licence to use the trade secret in question.

Publication of judicial decisions

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17.(1) Where the court finds there has been unlawful acquisition, use or disclosure of trade secret, the court may, at the request of the applicant and at the expense of the infringer, order appropriate measures for the dissemination of information concerning the judgment, including its publication in whole or in part.

(2) Any measure a court may order under subsection (1) must preserve the confidentiality of the trade secret in question.

(3) In deciding whether to order a measure under subsection (1) and when assessing whether such measure is proportionate, the court must take into account-

- (a) The value of the trade secret,
- (b) The conduct of the infringer in acquiring, using or disclosing the trade secret,
- (c) The impact of the unlawful use or disclosure of the trade secret,
- (d) The likelihood of further unlawful use or disclosure of the trade secret by the infringer; and
- (e) Whether the information on the infringer would be such as to allow an individual to be identified and, if so, whether publication of that information would be justified, in particular in the light of the possible harm that measure may cause to the privacy and reputation of the infringer.