



## **Response to Consultation on Draft Regulations concerning Trade Secrets**

### **IPAN as an interested Stake-holder**

The Intellectual Property Awareness Network (IPAN)\* is a unique community of 40+ diverse organisations and individuals actively involved with IP as users, practitioners and educationalists, all united in a shared commitment to improve understanding about IP in all its forms and its key role in the UK economy.

### **General Comments on the Draft Regulations**

In making this response, IPAN has had the benefit of seeing in late draft form the responses from the Chartered Institute of Patent Attorneys, the IP Federation and the Institute of International Licensing Practitioners. IPAN supports the general thrust of the comments made in those responses and makes these additional comments.

Trade Secrets and Confidential Information are a key part of the intellectual capital and value of most businesses (and often the main or only significant asset of start-ups) and it is important that adequate and clear provisions for their protection are in place against their unauthorised acquisition, use or disclosure. So far in the UK trade secrets and confidential information have been governed by established common law and contract precedents rather than by specific legislation.

Implementing the European Directive in the UK by appropriate Regulations will of itself provide some codification of the legal position for this important IP class and thereby improve clarity and business certainty. However, it is important that in so doing the current level of protection in the UK is not weakened by introduction of unnecessary complexity and use of different wording in the implementing Regulations to that in the Directive.

This is especially the case resulting from the different wording of the definitions of “trade secret”, “infringer” and “infringing goods” in Reg. 2 and Art 2 of the Directive. It seems to us an unnecessary limitation of the scope of “trade secret” to specify that it must also be “confidential information”. In practice a “trade secret” may well include juxtaposed non-confidential information from the public domain. Similarly, the scope of “infringing goods” and “infringer” is surely narrowed by shifting from “unlawfully acquired” to “breach of confidence” requirements. We believe it is better to retain the wording of the definitions in the Directive which follows closely the text of TRIPS Art 39.2 on and leave the Courts to decide how they will be applied to the existing extensive jurisprudence in this area rather than introduce different wording and uncertainty in interpretation in an attempt to anticipate this.

Since we believe this will be the first codification of provisions about trade secrets in UK law, we think it would be helpful for clarity to transpose Art 3 and 4 into the Regulations setting out what is lawful and unlawful in relation to acquisition, use and disclosure of trade secrets.

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We note that the Directive itself (notwithstanding recital 27), and consequently the implementing Regulations, do not envisage any specific remedies against “infringing services” but only against “infringing products”. Presumably any restraint of such commercial services consequent on unauthorised use or disclosure of a trade secret involving a system, process or method would have to be sought under the “any other remedy trade secret holder may have” corrective measures provision of Reg. 14(1).

As stated earlier, trade secrets, confidential information and other intangibles are amongst the most valuable assets of businesses in the developing 21<sup>st</sup> century UK economy. As such they deserve adequate and clear legal protection. IPAN therefore welcomes the first UK codification of protection of trade secrets which implementation of the European Directive will give but believes that the draft Regulations need further amendment. Our replies to the specific questions posed in the consultation are given below.

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**15 March 2018**

## Replies to Consultation Questions about draft Trade Secret Regulations

**Q1. Do you agree that Regulations 2 and 3 implement effectively the definitions in the Directive?**

Not entirely - we believe the definitions used in Reg 2 should as far as reasonably possible be the same as those used in the Directive – see general comment.

**Q2. What are your views on the rules set out in Regulations 4 – 9?**

Comment - we believe these seem overly complex in relation to Art. 8.

**Q3. Do you agree that Regulation 10 provides the appropriate level of clarity and transparency with regard to preserving the confidentiality of trade secrets in proceedings?**

Not entirely - this is an important provision but could be more succinctly worded and referring to court Rules of Procedure

**Q4. Do you agree that Regulation 11 is necessary to ensure that the UK complies with Article 10 of the Directive?**

No – we agree with the comments of the IP Federation that these measures are already provided for within the discretion of the Courts.

**Q5. Do you agree that Regulation 12 is necessary to ensure certainty and compliance with the Directive?**

No – we agree with the comments of the IP Federation about combining Regs. 12(2) and 15 into a revised Regulation.

**Q6. Do you agree that Regulation 13 is necessary to ensure that the UK complies with Article 11(3) of the Directive?**

Yes – for strict compliance

**Q7. Do you agree that regulations 14 and 15 are necessary in order to ensure that the UK complies with Articles 12 and 13(1) of the Directive?**

**No – see above in relation to Reg. 12**

**Q8. Do you agree that regulation 16 is necessary in order to implement Article 13(3) of the Directive?**

**Yes**

**Q9. Do you agree that regulation 17 is necessary in order to implement Article 14 of the Directive?**

**Yes**

**Q10. Do you agree that regulation 18 is necessary in order to implement Article 15 of the Directive?**

**Yes**

**Q11. Do you agree with the overall approach taken to implement the Directive?**

**Broadly yes - but see general comments above effects of currently changed wording of the Definitions in Reg. 2**

**Q12. Do you agree that we have correctly identified all the relevant articles in the Directive that need implementing in UK law to ensure the UK complies with the Directive?**

**As stated in our general comments, we believe it would be helpful to transpose Arts. 3 and 4 notwithstanding that much is already established by the common law precedents.**