

Thomas Hoeren

23.1 Introduction

In today's economy, trade secrets are of inestimable value. For many businesses the value of trade secrets even exceeds the value of industrial or intellectual property rights.¹ Therefore, trade secrets constitute a major part of any company's capital and assets. Due to their confidentiality, trade secrets cause legitimate commercial advantages and further advances towards competitors. For this reason, it is crucial for proprietors to be able to rely on statutory and legal protection of the trade secrets. Without legal protection any investments in knowledge, technical progress and development that lead to information considered as trade secrets are worthless for a company. Hence, it would not cause any economic advantages if the information becomes accessible and available for the competitors as well. A legal system that offers a reasonable protection of trade secrets therefore boosts and stimulates innovation and is crucial for any fair competition.

The following elaboration is supposed to give a brief overview of the legal protection of trade secrets in Germany and the most important rules concerning this matter.

¹German Federal Court of Justice, Decision of 25 January 1955, Case No. I ZR 15/53, NJW 1955 (17), pp. 628, 629; German Federal Court of Justice, Decision of 6 October 1962, Case No. KZR 11/61, GRUR 1963(4), pp. 207, 209 et. seq.; H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG Para. 2.

T. Hoeren (✉)
Westphälische Wilhelms-Universität, Münster, Germany
e-mail: hoeren@uni-muenster.de

23.2 Legal Protection of Trade Secrets in Germany: Brief Overview

There is no specific law or statute which serves to protect trade secrets in Germany. Instead, there are various provisions in different German statutes and regulations whose purpose it is to protect trade secrets (see Fig. 23.1). The most important statutes are regulations as Sec. 17 of the German Act against Unfair Competition² (§ 17 UWG), Sec. 202 et seq. and 355 of the German Penal Code³ (§§ 202 ff., 355 StGB), Sec. 6 of the German Freedom of Information Act⁴ (§ 6 IFG), Sec. 172 of the German Judicature Act⁵ (§ 172 GVG), Sec. 90 of the Commercial Code⁶ (§ 90 HGB) and Sec. 52 of the German Labour Court Act⁷ (§ 52 ArbGG). Those regulations are primary rules of German Criminal Law. However, the violation of criminal rules can cause claims for civil damages and injunctive relief in conjunction with Sec. 823 Para. 2 of the German Civil Code⁸ (§ 823 Abs. 2 BGB) or with Sec. 4 No. 11 of the German Act against Unfair Competition § 4 Nr. 11 UWG).

| German Civil Law | | German Criminal Law | | German Public Law | |
|------------------|------------------|---------------------|--------------|-------------------|-----------|
| § 17 UWG | § 823 Abs. 2 BGB | §§ 203, 204 StGB | § 85 GmbHG | § 6 IFG | § 30 AO |
| §§ 90, 93 HGB | § 79 BetrVG | | | | |
| § 172 GVG | § 384 ZPO | § 404 AktG | § 120 BetrVG | § 30 VwVfG | § 98 VwGO |

Fig. 23.1 Legal protection of trade secrets in Germany—important rules [Further Statutes: Betriebsverfassungsgesetz, Works Constitution Act (hereafter “BetrVG”), Zivilprozessordnung, Code of Civil Procedure (hereafter “ZPO”), Aktiengesetz, Stock Corporation Act (hereafter “AktG”), GmbH-Gesetz, Limited Liability Companies Act (hereafter “GmbHG”), Verwaltungsverfahrensgesetz, Administration Procedure Act (hereafter “VwVfG”), Abgabenordnung, Tax Code (hereafter “AO”), Verwaltungsgerichtsordnung, Administrative Court Procedure Code (hereafter “VwGO”)]

²Gesetz gegen unlauteren Wettbewerb, Act against Unfair Competition (hereafter “UWG”).

³Strafgesetzbuch, Penal Code (hereafter “StGB”).

⁴Informationsfreiheitsgesetz, Freedom of Information Act (hereafter “IFG”).

⁵Gerichtsverfassungsgesetz, Judicature Act (hereafter “GVG”).

⁶Handelsgesetzbuch, Commercial Code (hereafter “HGB”).

⁷Arbeitsgerichtsgesetz, Rules of the Labour Courts (hereafter “ArbGG”).

⁸Bürgerliches Gesetzbuch, Civil Code (hereafter “BGB”).

23.2.1 Defining 'Trade Secrets'

All of these statutes use the term 'trade secret' without giving a definition. Although German law lacks a legal definition for the term trade secret, a common definition does exist. According to case law, a trade secret in Germany consists of a fact which relates to a certain business concern, is only known to a limited group of persons and has to be kept secret according to the explicit or implied will of the proprietor.⁹ Furthermore, the company must have a legitimate interest in keeping the fact secret. Consequently the definition comprises commercial data, methods of production and other information that is significant for the economic activities and purposes of the company.

Based on the definition given above, the German definition of trade secrets consists of the following four components.

23.2.1.1 Secret

A secret is a fact known to a limited number of people, that is to say not obvious. It is obvious if it is generally known which means that people with an average amount of common sense have notice of this information or can obtain it from generally accessible sources.¹⁰ The maximum number of persons permitted to know the secret depends on the individual case as well as on its circumstances and is determined by the judge. The secret does not have to be a novelty. That is why a fact that used to be known in former times but is not noticed at present anymore can be a secret.¹¹ It does not have to be of any financial value either. It is rather crucial that the secret holder suffers a disadvantage if a third person gains knowledge of the information.¹² Even if a fact (e.g. a process) itself is not secret but no one knows that a certain company uses it and this company does not want competitors to know about the use, the criteria of the secret is met.

23.2.1.2 Related to Business

The secret has to be related to a certain business company. This condition is fulfilled even if products which embody the secret are resold or if the secret is thrown out.¹³

⁹Among many decisions from the Bundesgerichtshof, German Federal Constitutional Court, Decision of 14 March 2006, Case No. 1 BvR 2087/03 and 1 BvR 2111/03, MMR 2006(6), pp. 375, 376; German Federal Court of Justice, Decision of 15 March 1955, Case No. I ZR 111/53, GRUR 1955(8/9), pp. 424, 425 et. seq.; Decision of 26 February 2009, Case No. I ZR 28/06, NJW 2009(20), 1420, 1421 et. seq.

¹⁰German Federal Court of Justice, Decision of 14 July 1954, Case No. 6 StR 180/54, NJW 1954 (44), pp. 1656 et seq.

¹¹H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 8a.

¹²German Federal Court of Justice, Decision of 27 April 2006, Case No. I ZR 126/03, GRUR 2006 (12), pp. 1044, 1046 et seq.

¹³H. Köhler, In: Köhler/Bornkamm (eds), *Gesetz gegen den unlauteren Wettbewerb*, 33rd edition, 2015, § 17 UWG, para. 5.

Conversely, neither scientific knowledge and data of state, university and similar institutions, nor data of public administration is related to a company and is therefore not subject to the above mentioned definition of a trade secret.¹⁴

23.2.1.3 Will to Maintain Secrecy

The proprietor or the organ responsible for the management of the company must have declared their interest in keeping the information secret or at least made it recognizable outwardly.¹⁵ The requirements are modest: If the nature of the matter demands such interest, the condition is fulfilled.¹⁶ Consequently, the intention to keep the knowledge secret is presumed regarding the internal information of the company which is not obvious.¹⁷ The secret does not have to be used currently. The secret holder does not have an interest in the secrecy only if he plans to never use it again in the future.¹⁸

23.2.1.4 Legitimate Interest in Keeping the Fact Secret

A legitimate interest in keeping the secrecy of the information exists if the protected information affects the competitiveness of the enterprise or may cause economic damage in another way. In the first case, the public knowledge of the secret information therefore must be capable of improving the market position of other competitors or of weakening the position of the proprietor.¹⁹

23.2.2 Business and Industrial Secrets

Furthermore, German law subdivides trade secrets into business and industrial secrets.²⁰ Business secrets are the facts referring to the commercial side of the company. Those are e.g. customers lists, production sources, market strategies and calculations, whereas industrial secrets concern technical questions such as production methods, computer programs (including program codes), formulas and

¹⁴H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 12.

¹⁵German Federal Court of Justice, Decision of 26 November 1968, Case No. X ZR 15/67, GRUR 1969(7), pp. 341, 343.

¹⁶German Federal Court of Justice, Decision of 10 May 1995, Case No. 1 StR 764/94, NJW 1995 (35), pp. 2301, 2302.

¹⁷H. Köhler, In: Köhler/Bornkamm (eds), *Gesetz gegen den unlauteren Wettbewerb*, 33rd edition, 2015, § 17 UWG, para. 10.

¹⁸German Federal Court of Justice, Decision of 19 November 1982, Case No I ZR 99/80, GRUR 1983(4), pp. 179, 181.

¹⁹H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 14 et seq.

²⁰E.g. Sec. 17 of the Act against Unfair Competition, Sec. 333 of the Commercial Code, Sec. 203, 204 of the Penal Code (§ 17 UWG, § 333 HGB, §§ 203, 204 StGB).

composition and functional characteristics of devices.²¹ Despite the statutory distinction, both types of trade secrets are equally protected. Therefore, the following elaboration will only refer to business and industrial secrets collectively as 'trade secrets'.

23.2.3 Public International Law

German Law is also bound and influenced by Public International Law. Regulations have to be interpreted consistently with the rules of Public International Law. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is an international agreement that was enacted by the World Trade Organization (WTO) and is supposed to set down a minimum standard for a numerous fields of IP Law. Article 39 Para. 2 TRIPS provides a basis for the protection of undisclosed information and offers the possibility to natural and legal persons to lawfully prevent information within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices. To be protected by Article 39 Para. 2 TRIPS such information

- (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; and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.²²

A comparison with the definition of trade secrets according to German case law shows that the definitions are mostly congruent with each other. However, the definition given by Article 39 Para. 2 TRIPS does not refer to the owners' will to keep the information secret as a condition for protection of the information as a trade secret and is therefore more comprehensive.

23.2.4 Protection of Trade Secrets in Basic Law of the Federal Republic of Germany (Grundgesetz)

The German Grundgesetz²³ does not provide a specific provision on the protection of trade secrets, but case law and the relevant professional literature have deduced the protection from Article 2 (general freedom of action) in conjunction with

²¹H. Köhler, In: Köhler/Bornkamm (eds), Gesetz gegen den unlauteren Wettbewerb, 33rd edition, 2015, § 17 UWG, para. 4a; D. Quedenfeld, In: Münchener Kommentar zum HGB, 3rd edition, 2013, § 333 HGB, para.15.

²²Article 39 Para. 2 S. 2 TRIPS.

²³The German Basic Law, Grundgesetz, is the German constitution since 1949 (hereafter the "Grundgesetz").

Article 14 (constitutional guarantee of ownership) of the Grundgesetz respectively from Article 12 (professional freedom). Because of this extension of the constitutional protection, the principle of proportionality has to be observed by the authorities, e.g. in cases when the authorities assert claims for disclosure against companies.²⁴

Article 12 of the Grundgesetz protects not only the freedom to choose an occupation but also occupational behaviour and professionalism of people and companies. From this, it follows that the constancy of trade secrets is also protected.²⁵

Article 14 of the Grundgesetz protects the guarantee of ownership. In Germany it is controversial whether Article 14 protects trade secrets as part of the industrial establishment among the physical properties of a company (e.g. machines, estates). The German Federal Constitutional Court²⁶ leaves this question unanswered and affirms the protection of trade secrets under Article 12. However, the protection under Article 14 may not be more extensive than under Article 12.²⁷

The constitutional protection of trade secrets mainly applies to state-owned institutions as the obliged party. As an exception, it also affects the relationship between the beneficiary and third parties in Civil Law (Horizontal effect of Constitutional Rights).

23.2.5 Protection of Trade Secrets in the German Act Against Unfair Competition (UWG)

Sec. 17 UWG is a criminal provision. In 2013, the German Federal Office of Crime Investigation registered 425 criminal cases of violation of Sec. 17 UWG, 401 of which could be elucidated.²⁸

In the last century, the Act against Unfair Competition consisted of a clause in Sec. 19²⁹ that provided an independent basis of a civil claim. By now, actions for civil damages and injunctive relief have to be based on the Sec. 17, 18 UWG in conjunction with either Sec. 823 Para. 2 BGB or Sec. 3, 4, 8, 9 UWG. Claims for damages consist in the payment of an amount to compensate the aggrieved party whilst claims for injunctive relief aim at remedying an omission or ending any violating activity or likelihood of such activity in the future.

²⁴C. Wodtke and S. Richters, *Schutz von Betriebs- und Geschäftsgeheimnissen*, Erich Schmidt Verlag 2004, p. 45.

²⁵German Federal Constitutional Court, Decision of 14 March 2006, Case No. 1 BvR 2087/03 and 1 BvR 2111/03, MMR 2006(6), pp. 375, 376.

²⁶Bundesverfassungsgericht, German Federal Constitutional Court.

²⁷German Federal Constitutional Court, Decision of 14 March 2006, Case No. 1 BvR 2087/03 and 1 BvR 2111/032006, MMR 2006(6), pp. 375, 376.

²⁸Police Crime Statistic of the Federal Republic of Germany, German Federal Office of Crime Investigation, 2013.

²⁹§ 19 UWG a.F.

The UWG as the Act against Unfair Competition provides a claim for civil damages and injunctive relief³⁰ as well as a penal sanctions consisting of imprisonment up to 3 years in its Sec. 17, 18 UWG in case of intentional betrayal of trade secrets by an employee to a third party during the period of the employment, e.g. the disclosure of a trade secret. In the same way, the punishment applies to anyone who intentionally uses technical means, produces a physical reproduction or commits a seizure of the reproduction to spy out a trade secret. Even the inciting to misappropriate a trade secret can be punished with an imprisonment up to 2 years or a fine.³¹ Any attempt to misappropriate a trade secret is subject to penal sanctions as well.³²

In case of a civil claim by the aggrieved party, the offender may be compelled to pay damages for the harm caused. For such an action, the illegality of the interference with the trade secrets has to be established by carefully balancing the interests of the parties.³³

23.2.5.1 Applicability

In times of globalization and technical progress it is crucial for the functionality of legal systems not only to protect trade secrets against national misappropriation but also against any interventions from businesses that are located in foreign countries anywhere in the world. The protection of trade secrets by the rules of the UWG is independent from the geographic location of the violation. Therefore the rules are applicable to any foreign action as long as a domestic company is affected. A domestic company can be any company with a place of business in Germany. The rules also apply to companies without a place of business in Germany as long as they depend on a company with a place of business in Germany and both represent a corporate concern.³⁴

23.2.5.2 Personal Scope of the Regulation

Sec. 17, 18 UWG not only apply to competitors but also to the proprietor's own employees.³⁵

The prohibition of trade secrets misappropriation is also applicable to other parties, such as the former proprietor of a business³⁶ or neutral administrators,

³⁰Sec. 17, 18 UWG in conjunction with Sec. 823 Para. 2 BGB.

³¹Sec. 19 UWG.

³²Sec. 17 Para. 3, 18 Para. 2 UWG.

³³German Federal Court of Justice, Decision of 21 December 1962, Case No. I ZR 47/61, NJW 1963(19), 856, 857 et. seq.; H. Köhler, In: Köhler/Bornkamm (eds), Gesetz gegen den unlauteren Wettbewerb, 33rd edition, 2015, § 17 UWG, para. 53.

³⁴Sec. 19 Para. 5 UWG in conjunction with Sec. 3, 5 No. 7 StGB.

³⁵H. Diemer, In: Erbs/Kohlhaas (eds), Strafrechtliche Nebengesetze, supplement 201, January 2015, § 17 UWG, para. 18.

³⁶German Federal Court of Justice, Decision of 25 January 1955, Case No. I ZR 15/53, NJW 1955 (17), pp. 628, 629.

e.g. liquidators.³⁷ However, the prohibition does not apply to third parties that lack any legal relation to the business owner, especially if they only gained their knowledge of the information by coincidence. German law does not prevent these third parties from using or passing on the trade secrets for their own advantage.³⁸ However, there are restrictions to this: Firstly, the misguidance by a third party to a breach of contractual confidentiality and, secondly, the utilization by third parties of a breach of contract by the secret holder as long as the third party has or must have notice of the violation of contractual confidentiality.³⁹

23.2.5.3 Requirements and Action Alternatives

Sec. 17 UWG protects the individual interests of a concern as well as the common interest in the efficiency of competition⁴⁰ and consists of three different alternatives of acts: the betrayal of trade secrets by an employee of the proprietor during the period of the employment (Sec. 17 Para. 1), industrial espionage (Sec. 17 Para. 2 No. 1) and the unauthorized trade or misappropriation of trade secrets that have been spied out (Sec. 17 Para. 2 No. 2). The consent of the proprietor precludes the application of those rules hence the offender does not act unauthorized and is not punishable.

The German Act against Unfair Competition does not define the term trade secrets but the above definition is applicable as well. Novelty or a high economic value of the information is not required for information to be protected. Even if a number of companies use the exact same knowledge, that knowledge can still be considered as a trade secret that is covered and protected by Sec. 17.⁴¹

Betrayal of Trade Secrets by an Employee (Sec. 17 Para. 1 UWG)

Sec. 17 Para. 1 UWG applies to any employed person from the highest to the lowest ranking employee, including trainees.⁴² These employees must have either

³⁷H. Köhler, In: Köhler/Bornkamm (eds), *Gesetz gegen den unlauteren Wettbewerb*, 33rd edition, 2015, § 17 UWG, Para. 62.

³⁸German Federal Court of Justice, Decision of 10th July 1963, Case No. Ib ZR 21/62, 1964 GRUR 31, 32; H. Köhler in Köhler/Bornkamm, *Kommentar UWG*, 33rd edition, 2015, § 17 UWG, para. 62.

³⁹H. Köhler, In: Köhler/Bornkamm (eds), *Gesetz gegen den unlauteren Wettbewerb*, 33rd edition, 2015, § 17 UWG, para. 62.

⁴⁰H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 18; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 1.

⁴¹German Federal Court of Justice, Decision of 15 March 1955, Case No. I ZR 111/53, GRUR 1955 (8/9), pp. 424, 425 et. seq.; Decision of 1 July 1960, Case No. I ZR 72/59, NJW 1960(44), pp. 1999, 2000; H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 8a.

⁴²H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 18; H. Köhler, In: Köhler/Bornkamm (eds), *Gesetz gegen den unlauteren Wettbewerb*, 33rd edition, 2015, § 17 UWG, para. 14; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 8.

somehow gained knowledge of the information or must have been entrusted with it during the period of their employment.⁴³ The regulation even applies to inventions or concepts for the company of the employee himself as long as they were made during the time of his or her employment.⁴⁴ During the employment criminal law is applicable to the disclosure of trade secrets whilst only civil remedies are available in case of disclosure after the determination of the employment.

Any kind of intentional disclosure to third parties, e.g. oral, written, by handing out documents etc., is covered by Sec. 17 Para. 1 UWG.

Furthermore, the disclosure has to be unauthorized and unjustified. Even disclosure to other employees of the same company can be unauthorized if those persons are not entitled to have access to the trade secret.⁴⁵

The employee must not only act intentionally to fulfil Sec. 17 Para. 1 UWG. He must also act to influence competition or cause harm to the proprietor in his own interest or in favour of a third party.

Industrial Espionage (Sec. 17 Para. 2 Subpara. 1 UWG)

Sec. 17 Para. 2 No. 1 UWG not only applies to employees of the proprietor but also to any third party as well as to anybody—irrespective of the existing contractual relations.⁴⁶

According to Sec. 17 Para. 2 Subpara. 1 UWG it is industrial espionage if the offender—without any authorization—procures or retains the information of a trade secret by using technical mediums (Subpara. 1a)), by creating a physical reproduction of the trade secret (Subpara. 1b)) or by withdrawing any existing physical reproduction of the trade secret (Subpara. 1c)). For retaining the trade secret, it is not necessary that the offender actually gains knowledge of the trade secret or uses the information afterwards.⁴⁷ Sec. 17 Para. 2 Subpara. 1a) UWG (the use of technical means) covers in particular usage of a camera, monitoring instruments

⁴³H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 20; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 14.

⁴⁴H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 21; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 8.

⁴⁵H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 26; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 15.

⁴⁶H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 32; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 17.

⁴⁷German Federal Court of Justice, Decision of 23 February 2012, Case No. I ZR 136/10, GRUR 2012(10), pp. 1048 et seq.; H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 33; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 20.

or printers, whereas Subpara. 1b) covers the production of a physical record of the trade secret to secure it permanently.⁴⁸ Subpara. 1b) does not necessarily require the use of technical means. Nowadays however, industrial espionage usually fulfils the conditions of the two subparagraphs. Sec. 17 Para. 2 Subpara. 1c) sanctions the stealing of existing physical reproductions of trade secrets or copies of the information such as paperwork, CD-ROM and any other databases.⁴⁹

Like Para. 1, the employee must not only act intentionally to fulfil Sec. 17 Para. 2 Subpara. 1 UWG. He must also act to influence competition or to cause harm to the proprietor in his own interest or in favour of a third party.

Unauthorized Trade, Use or Misappropriation of Spied Out Trade Secrets (Sec. 17 Para. 2 Subpara. 2) UWG)

Furthermore, Sec. 17 Para. 2 Subpara. 2 UWG prohibits the unauthorized trade, use or misappropriation of trade secrets that have already been spied out.

Sec. 17 Para. 2. Subpara. 2 UWG is applicable to any person—not only current or former employees.⁵⁰

Contrary to Sec. 17 Para. 2 Subpara. 1 UWG, the Sec. 17 Para. 2 Subpara. 2 UWG requires the unauthorized use or the disclosure of a trade secret to third parties. The offender has to have gained the information via one of the action alternatives described in Sec. 17 Para. 1, Sec. 17 Para. 2 Subpara. 1 UWG, or by any other unauthorized means—e.g. theft, blackmail or fraud.⁵¹ Therefore, this subparagraph can also be applicable if a third party gained knowledge of a trade secret obtained via a breach of confidence by an employee of the proprietor; obtaining information that constitutes a trade secret may also be prohibited in cases of reverse engineering in circumstances when a competitor purchases any machine or device from the proprietor for the sole purpose of investigating it to obtain technical information and build an imitation of the device.⁵² Sec. 17 Para. 2 Subpara.

⁴⁸H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 37; German Parliament Printed Papers 10/5058, S. 40; Rupp, WRP 1985 (12), pp. 676, 681.

⁴⁹H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 39; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 24.

⁵⁰H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 43; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 27; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 20.

⁵¹H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 48; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig (eds), *Gesetz gegen den unlauteren Wettbewerb*, 3rd edition, 2013, § 17 UWG, para. 31; A. Ohly, In: Ohly/Sosnitza, *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 21.

⁵²H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 49.

2 UWG is also applicable if the offender or a third party enhances, refines, or improves the information or the technical progress behind the trade secret as long as the access to the information was unauthorised.⁵³

Again, the employee must not only act intentionally to fulfil Sec. 17 Para. 2 Subpara. 2 UWG. He must also act for the purpose of influencing the competition or causing harm to the proprietor in its own interest or in favour of a third party.

23.2.5.4 Legal Consequences

Violations of Sec. 17 UWG may be punished with a fine or imprisonment up to 3 years. In peculiar and serious violations, the imprisonment may go up to 5 years, especially if the offender has acted repeatedly to obtain financial profit or if the offender utilises the trade secret in a foreign country or is planning to do so.⁵⁴

In conjunction with Sec. 823 Para. 2 BGB the offender is also liable for damages. The civil damages can be calculated in three different ways: they can be either based on the violator's profit, on the claimant's loss, or by application of the license analogy based on an adequate consideration.⁵⁵ Those claims for damages lapse within a period of 3 years.⁵⁶

23.2.6 Protection of Trade Secrets in German Copyright Law

The German Act on Copyright and Related Rights⁵⁷ only protects works, not ideas. Written documents or computer programs (Sec. 2 Para. 1 Subpara. 1, Sec. 69a et seq. UrhG) as well as engineering or technical drawings such as maps, drawings, drafts, or charts (Sec. 2 Para. 1 Subpara. 7 UrhG) or as a database (Sec. 2 Para. 2, 4, 87a et seq. UrhG) are protected against unlawful dissemination, disclosure or utilization.⁵⁸ However, according to Sec. 1 Para. 2 UrhG, for protection it has to be an individual, i.e. human, mental creation. A mental creation means that it has to be the result of a direct and intended creation and design process.⁵⁹ Furthermore, the work must reach a certain level of creation. It is given if it reaches a sufficient degree of creativity and aesthetic and people familiar with similar works of art

⁵³H. Diemer, In: Erbs/Kohlhaas (eds), *Strafrechtliche Nebengesetze*, supplement 201, January 2015, § 17 UWG, para. 50; A. Ohly, In: Ohly/Sosnitza (eds), *Gesetz gegen den unlauteren Wettbewerb*, 6th edition, 2014, § 17 UWG, para. 22.

⁵⁴Sec. 17 Abs. 4 UWG.

⁵⁵German Federal Court of Justice, Decision of 18 February 1977, Case No. I ZR 112/75, GRUR 1977(8), pp. 539, 541 among others.

⁵⁶Sec. 195, 199 BGB.

⁵⁷Urheberrechtsgesetz, German Act on Copyright and Related Rights (hereafter "UrhG").

⁵⁸Sec. 2 Abs. 1 Nr. 1, Nr. 2, Abs. 2, 69a et. seq., 84a et. seq. UrhG.

⁵⁹G. Schulze, In: Dreier/Schulze (eds), *Urheberrechtsgesetz*, 4th edition, 2013, § 2 UrhG, para. 17.

would qualify it as an “artistic” achievement.⁶⁰ The author of a copyrighted work has the exclusive right to disseminate, copy, disclose, and utilize its work which may contain a trade secret (Sec. 15 et seq. UrhG). Besides, the author can provide to anyone the right to use some or all of the rights according to Sec. 31 UrhG. If someone violates its rights or the rights to use, the UrhG provides the possibility to enforce it by filing a lawsuit aiming omission, damages or abolition (Sec. 97 UrhG). According to Sec. 101 UrhG, the author has a right to be informed about the extent of unauthorized utilisation by the violator but only if the disclosure of such information is not disproportionate in the particular case (see Sec. 101 Para. 4 UrhG). This provision may affect trade secrets but does not lead to an obligation to disclose all existing business documents.⁶¹ Usually the information regards the origin and chain of distribution (producer and outlets) of the unauthorized copies as well as the amount of produced or sold copies (see Sec. 101 Para. 1, 3 UrhG).

23.2.7 Protection of Trade Secrets in German Commercial Law

Trade secrets are also protected by German Commercial law.

Sec. 90 HGB⁶² prohibits a commercial agent from using or publishing trade secrets received from the principal or obtained whilst representing the principal where this conflicts with the ethics of his profession. The agent’s obligation does not expire with the end of the representation but survives the termination of any contractual relationship until the information loses its status as a trade secret.⁶³ Under Sec. 90 HGB, the agent is for example not allowed to use client’s data for its own business or for its new employer.⁶⁴ If the agent violates its obligation, the proprietor can demand damages⁶⁵ as well as remedies and injunctive relief.

Sec. 93 Para. 1 of the German Stock Corporation Act and Sec. 85 of the German Limited Liability Companies Act bind members of the management to secrecy. Both of them provide penalties for the misuse of trade secrets.

With regard to other employments, protection of trade secrets arises from the labour contract and its implicit obligation to the rules of good faith which means that the obligation ends with the contract if the parties have not otherwise agreed. Generally, the employee is not prevented from using the know-how gained during

⁶⁰German Federal Court of Justice, Decision of 13 November 2013, Case No. I ZR 143/12, MMR 2014 pp. 333, 334.

⁶¹M. Bohne, In: Wandtke/Bullinger (eds), *Praxiskommentar zum Urheberrecht*, 4th edition, 2014, § 101 UrhG, para. 20, 22; G. Schulze, In: Dreier/Schulze (eds), *Urheberrechtsgesetz*, 4th edition, 2013, § 101 UrhG, para. 21, 23.

⁶²Sec. 90 of the German Commercial Code.

⁶³K. Hopt, In: Baumbach/Hopt (eds), *Handelsgesetzbuch*, 36th edition, 2014, § 90 HGB, para. 4.

⁶⁴K. Hopt, In: Baumbach/Hopt (eds), *Handelsgesetzbuch*, 36th edition, 2014, § 90 HGB, para. 7.

⁶⁵Based on § 280 Abs. 1 BGB in conjunction with § 90 HGB.

his employment. However, in some ways the labour contract continues to have an effect especially concerning seriously disloyal behaviour.

23.2.8 Protection of Trade Secrets in the German Civil Code (BGB)

In addition to the specific provisions of the various laws, proprietors have the possibility to claim damages under the Civil Code for breach of a contractual duty (Sec. 280, 311 and Sec. 241 Para. 2 BGB) as well as for tort (Sec. 823, 826 BGB). Employees are obliged to keep the employer's trade secrets confidential. This duty arises from the general obligation to act in good faith (Sec. 242 BGB) which is synonymous with loyalty, sincerity and candour. Any violation of that duty can cause claims for damages (Sec. 280 BGB in conjunction with Sec. 242 BGB).

The proprietor can also claim for injunctive relief under Sec. 1004 BGB.

As mentioned above, Sec. 823 Para. 2 BGB provides damages if any protective law has been violated. Such protective laws may be found in Sec. 17 UWG or Sec. 79 of the German Works Constitution Act.⁶⁶

23.2.9 Protection of Trade Secrets in the German Freedom of Information Act (IFG)

In general, everyone has a right to obtain from public authorities access to administrative information.⁶⁷ Public agencies can easily have access to various sensitive trade secrets, for example during administrative procedures in tax law or patent applications. Therefore, Sec. 6 IFG prohibits the transfer of trade secrets by public agencies without explicit consent from the proprietor. Hence the right of access is limited as soon as it affects confidential trade secrets. Confidentiality can outweigh the interest of the public to have access to public information. Sec. 6 IFG not only applies to the trade secret itself but also to information that lead to a conclusion about the content of the trade secret.⁶⁸ The motive behind this regulation is to encourage invention by leaving the advantage and advance of innovation to the proprietor. Innovation would be inhibited if any competitor had a right to access the content of e.g. patent applications as soon as they are filed without making the same financial investment as the proprietor.⁶⁹ It also increases the cooperation between the public authorities and business companies.⁷⁰

⁶⁶Sec. 79 BetrVG.

⁶⁷Sec. 1 IFG.

⁶⁸German Federal Administrative Court, Decision of 24 September 2009, Case No. 7 C 2/09, NVwZ 2010(3), pp. 189, 193.

⁶⁹German Federal Constitutional Court, Decision of 21 October 2014, Case No. 2 BvE 5/11, NVwZ 2014 pp. 1652, 1661; German Federal Constitutional Court, Decision of 14 March 2006, Case No. 1 BvR 2087/03 and 1 BvR 2111/03, MMR 2006(6), pp. 375, 376.

⁷⁰C. Helbach, *Der gestufte Schutz von Betriebs- und Geschäftsgeheimnissen*, Duncker & Humblot 2012, p. 30.

23.2.10 Further Protection of Trade Secrets in German Criminal Law

In addition to Sec. 17 et seq. UWG trade secrets are also protected by the German Penal Code itself and by further rules of the German Commercial Code and Company Law.

23.2.10.1 German Penal Code (StGB)

Penal provisions to protect trade secrets can be found in Sec. 203, 204, 355 StGB. Furthermore, Sec. 202, 202a, 202b, 202c StGB have an impact on the protection of trade secrets as they prohibit violation of privacy of correspondence, spying out data and capturing such data using technical measures. They only apply to certain professional categories that enjoy particular confidence such as doctors, lawyers and public officers. The potential sanction is imprisonment up to 1 year as well as a fine. The penalty may be increased if the offender acts with intent to enrich himself or a third party or if it acts with the intent to harm someone else.

Especially Sec. 204 StGB is designed to penalize the commercial exploitation of trade secrets. Like Sec. 203 StGB, Sec. 204 StGB only applies to professions inherent dealing with certain confidence, for example if a patent lawyer uses the patent of its client to produce the patented invention.⁷¹ Prosecution requires the filing of a complaint by the entitled trade secrets proprietor.⁷² The penalty can be an imprisonment up to 2 years or a fine.

Sec. 355 StGB applies specifically to tax collectors or fiscal authorities that have access to trade secrets during the administrative procedure. Sec. 355 StGB also penalizes the transfer or the exploitation of trade secrets with an imprisonment up to 2 years or a fine.

23.2.10.2 German Commercial Code (HGB)

Sec. 333 HGB sanctions the violation of trade secrets of stock corporations by annual auditors with imprisonment up to 1 year or a fine. It is not necessary that the company actually suffers harm.⁷³ According to Sec. 203 StGB, the penalty can be increased if the offender acts with the intent to enrich himself or a third person or if he acts with the intent to harm someone else.

23.2.10.3 German Company Law

The German Company Law provides further criminal regulations to protect the confidentiality of trade secrets.

⁷¹T. Lenckner and J. Eisele, In: Schönke/Schröder (eds), *Strafgesetzbuch*, 29th edition, 2014, § 204 StGB, para. 4f.

⁷²Sec. 205 StGB.

⁷³D. Quedenfeld, In: *Münchener Kommentar zum HGB*, 3rd edition, 2013, § 333, para. 3.

Sec. 404 AktG prohibits the unauthorized disclosure of secrets of a stock corporation, especially trade secrets, by board members, members of the supervisory board or annual auditors. In case of the disclosure of trade secrets by an annual auditor, Sec. 404 AktG is subsidiary to the above mentioned Sec. 333 HGB.

Sec. 85 GmbHG penalizes managers, members of the supervisory board or liquidators of the limited liability company for the unauthorized disclosure of secrets, especially trade secrets. Opposed to Sec. 404 AktG, Sec. 85 GmbHG does not apply to annual auditors. The same prohibitions apply to members of the work council.⁷⁴

All of these regulations contain a fine or an imprisonment up to 1 year.

23.2.11 Further Protection of Trade Secrets in German Public Law

Trade secrets often also need to be protected against acts of administrative authorities or during administrative procedures. German law provides regulations for this case.

According to Sec. 30 VwVfG⁷⁵, parties involved in an administrative procedure have a right to confidentiality of their personal or trade secrets. Public authorities are not allowed to disclose trade secrets without authorization. This protection also applies to trade secrets of third parties such as family members, witnesses or representatives of the parties.⁷⁶ But the duty of confidentiality can be limited by duties to disclose information.

Sec. 30 Para. 1 AO⁷⁷ contains the obligation for public officers to protect fiscal secrets during criminal or administrative tax procedures. A public officer violates this duty in any case of unauthorized disclosure or misappropriation of trade secrets, if he has gained the information during a tax procedure (Sec. 30 Para. 2 Subpara. 2 AO). However, Sec. 30 AO provides several exceptions in Para. 4. The disclosure or use can be permitted, e.g. if the proprietor has given its consent or if legal exceptions apply.⁷⁸

In 2013, the German Federal Court of Justice decided that a company is not obliged to send intra-company information to the cartel authorities via unencrypted email.⁷⁹ This ruling has an impact on information that might contain trade secrets, although the German Federal Court of Justice left open the question whether trade

⁷⁴Sec. 120 BetrVG.

⁷⁵Sec. 30 German Administration Procedure Act.

⁷⁶D. Kallerhoff, In: Stelkens/Bonk/Sachs (eds), *Verwaltungsverfahrensgesetz*, 8th edition, 2014, § 30 VwVfG, para. 24.

⁷⁷Abgabenordnung, German Tax Code (hereafter "AO").

⁷⁸Such as Sec. 4 Abs. 5 Nr. 10 S. 1 of the Income Tax Law (*Einkommenssteuergesetz*, EStG); another regulation to protect trade secrets in administrative procedures is Sec. 9 of the Environmental Information Act, UIG).

⁷⁹German Federal Court of Justice, Decision of 26 February 2013, Case No. KVZ 57/12, ZD 2013 (6), 273.

secrets were affected. Preliminary to the ruling in this, the cartel authority of the Federal State Brandenburg in Northeastern Germany had asked a company to provide internal information regarding the calculation of electricity tariffs, but only offered an e-mail address for an account that was not able to receive encrypted and electronically verified e-mails. Therefore, the company's management did not disclose the information. The German Federal Court of Justice ruled in this case that authorities cannot expect companies to use a rather unsafe way to transfer information even if the requested information does not contain any trade secrets but other intra-company information. Therefore, companies are even less obliged to transfer information that actually contains trade secrets to the authorities by using unencrypted and unverified e-mail correspondence.

23.2.12 Civil Law Consequences

With regard to Civil Law, the legal consequences of a violation of a trade secret include the right of the claimant to demand disclosure, remedies, injunctive relief and damages. They do not include damages for moral prejudice which only applies to pain or suffering. Punitive damages are not granted either.

To be able to file a claim for damages, the defendant is obliged to disclose any information about the misappropriation of the trade secret and the profit obtained from the violation.⁸⁰ Furthermore, it is obliged to allow the claimant to inspect its business offices or data (Sec. 809 BGB). This procedure is only allowed, if the actual existence of the claim is probable to a certain degree.⁸¹

As a remedy, the losing party has to destroy all records and material connected with the trade secret. The claimant may also demand that the documents are handed over to itself.⁸²

The claim for omission covers the use and transfer of the trade secret as well as the use or production of any machines or goods that the defendant produced based on the trade secret. The claim only arises if a risk of first or recurrent infringement exists or if the infringement lasts.⁸³

⁸⁰Sec. 242 BGB.

⁸¹Higher Regional Court Hamm, Decision of 31 January 2013, Case No. 4 U 200/12, GRUR-RR 2013(7), pp. 306 et seq.

⁸²H. Köhler, In: Köhler/Bornkamm (eds), Kommentar UWG, 33rd edition, 2015, § 17 UWG, para. 65.

⁸³H. Köhler, In: Köhler/Bornkamm (eds), Kommentar UWG, 33rd edition, 2015, § 17 UWG, para. 64, 65b.

23.3 Protection of Know-How

If technical knowledge and invention meets certain criteria it can be registered as a patent. According to Sec. 1 Para. 1 of the PatG⁸⁴, patents can be granted for technical inventions that are new, involve an inventive step and are susceptible of industrial application. The German Patent and Trademark Office reviews whether the conditions are fulfilled or not. The patent application is disclosed after 18 months.⁸⁵ At this stage, the information becomes public and does no longer meet the requirements for the statutory protection of secrets. Therefore, some businesses decide to keep the information secret instead of registering for a patent.

However, if the knowledge considered as know-how does not meet the criteria for a patentable invention or has willingly not been registered as a patent, it will be protected by German law only if it meets the above defined criteria for the protection of trade secrets. Therefore, know-how has to be considered as a trade secret according to the common definition.

23.3.1 Defining Know-How

In 1949, Gilbert Ryle stated that any knowledge is based on proficiency. By distinguishing between knowing that and knowing how, he gave a distinct meaning to the term 'Know- How'.⁸⁶ Nowadays, the term know-how is still an open and economic distinction instead of a legal term.⁸⁷ Due to its value for businesses and the economy, it might require statutory regulation and protection.

German statutes are missing a common definition of the term know-how or specific rules for the protection of know-how. However, Article 1 lit. (1) (i) of the Commission Regulation No. 772/2004⁸⁸ defines know-how as

a package of non-patented practical information, resulting from experience and testing, which is secret, that is to say, not generally known or easily accessible, substantial, that is to say, significant and useful for the production of the contract products, and identified, that is to say, described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality.

Similar definitions can be found in Art. 1 Para. 1 lit. g) of the Commission Regulation No. 330/2010⁸⁹ and in Art. 1 Para. 1 lit. i)-l) of the Commission

⁸⁴Patentgesetz, German Patent Act (hereafter "PatG").

⁸⁵Sec. 34 Abs. 4, 32 Abs. 2 PatG.

⁸⁶G. Ryles, *The Concept of Mind*, Penguin Classics 2012.

⁸⁷A. Ohly, In: Ohly/Sosnitza (eds), *Kommentar UWG*, 6th edition, 2014, § 17 UWG, Vor §§ 17-19, para. 1.

⁸⁸Commission Regulation (EC) No. 772/2004 of 27 April 2004.

⁸⁹Commission Regulation (EU) No. 330/2010 of 20 April 2010.

Regulation No. 1217/2010⁹⁰. Indeed, all these definitions refer to antitrust law and cannot be extended to other areas of law.⁹¹

In accordance with decisions of the German Federal Court of Justice regarding the breach of confidentiality agreements covering know-how, know-how can be defined as 'facts that are only known to a limited group of people and that are kept secret in accordance with the will and the reasonable interest of the proprietor since their disclosure might cause commercial harm to the proprietor.'⁹²

In the area of the legal protection of secrets the law exclusively ties in with the term 'trade secret'. The term 'know-how' originates from business practice and is used to describe a factual asset which can come within the legal protection of a trade secret, if it meets the legal requirements. Considering this distinction between the two terms, know-how can be defined as knowledge and experience that can be practically applied in the operation of a business.⁹³ Partly, the term is interpreted more narrowly by case law and pertinent professional literature; therefore the conditions of the term are only fulfilled if it is commercial, technical and/or secret knowledge.⁹⁴

23.3.2 Know-How as a Trade Secret

Not every legal system offers protection for know-how due to the fact that it often does not meet the criteria for protection by IP law. As the German law often differs between business and industrial secrets as trade secrets, it has to be determined if know-how is covered by one of these two terms. Industrial secrets cover the knowledge regarding technical operations, especially production or manufacturing processes.⁹⁵ Therefore, from the definition contained in Article 1 of the Commission Regulation No. 772/2004⁹⁶, know-how is an industrial hence a trade secret in the sense of German law and is protected in the same way.

⁹⁰Commission Regulation (EU) No. 1217/2010 of 14 December 2010.

⁹¹B. J. Kalbfus, *Know-how-Schutz in Deutschland zwischen Strafrecht und Zivilrecht – welcher Reformbedarf besteht?*, Carl Heymann 2011, p. 7.

⁹²I. Westermann, *Handbuch Know-How-Schutz*, C. H. Beck 2007, p. 2; German Federal Court of Justice, Decision of 10 May 1995, Case No. 1 StR 764/94, *NStZ* 1995(11), pp. 551 et seq.; German Federal Court of Justice, Decision of 25 November 2010, Case No. Xa ZR 48/09, *GRUR* 2011(5), pp. 455 et seq.

⁹³B. J. Kalbfus, *Know-how-Schutz in Deutschland zwischen Strafrecht und Zivilrecht – welcher Reformbedarf besteht?*, Carl Heymann 2011, pp. 7 et seq.; A. Ohly, In: Ohly/Sosnitzer (eds), *Kommentar UWG*, 6th edition, 2014, § 17 UWG, Vor §§ 17-19, para. 1.

⁹⁴Cf. G. Henn, *Patent- und Know-how-Lizenzvertrag*, C. F. Müller 2003, p. 19; R. Schulte, *Patentgesetz Kommentar*, Carl Heymanns 2014, 9th edition, § 15, para. 14.

⁹⁵German Federal Court of Justice, Decision of 15 December 1987, Case No. 3 AZR 474/86, *NJW* 1988(27), p. 1686; H. Köhler, In: Köhler/Bornkamm (eds), *Kommentar UWG*, 33rd edition, 2015, § 17 UWG, para. 4a.

⁹⁶Commission Regulation (EC) No. 772/2004 of 27 April 2004.

Business and industrial secrets are facts referring to a certain undertaking that are not public but known to a limited number of persons and which must be kept confidential according to the expressed economic will of the owner.⁹⁷ If the relevant know-how does not fulfil these requirements, especially the non-public nature, it is not protected legally.

23.3.3 Legal Protection of Know-How in Germany

In the same way as the proprietor of trade secrets, the owner of know-how is entitled to request injunctive relief as well as removal of any disturbance from the betrayer of the trade secret (see Sec. 1004 Para. 1 S. 1, S. 2 BGB, Sec. 8 Para. 1 UWG). It can also claim damages if the betrayer acted culpable.

23.3.4 Contractual Protection of Know-How

The protection of trade secrets is legally regulated by various specific provisions; a dedicated trade secret statute does not exist. Therefore, the legal protection is often considered to be deficient and fragmentary. Indeed, it is possible to supplement the protection by contractual arrangements.⁹⁸ In contractual relationships, the contractual partner of the proprietor of know-how has to observe a general duty of confidentiality. This obligation results from the principle of good faith.⁹⁹ For certain situations and people it is determined by specific rules like Sec. 93 Para 1, Sec. 116 AktG or Sec. 323 HGB. In addition, it is possible to protect know-how by confidentiality agreements. With regard to licensing agreements, confidentiality terms can prohibit and serve to limit the disclosure of know-how to a certain group of people.¹⁰⁰ Contracts can define the subject, nature and scope of know-how, raise the attention of the obliged party on its confidentiality duties and close gaps in the protection afforded by the above mentioned statutes. These provisions can be part of the respective main contract or be formulated in an independent contract.¹⁰¹ A confidentiality agreement can also prevent the registration of the know-how as a patent by the obliged party. If the obliged party files a patent application, this behaviour can be considered as unauthorized utilization of the knowledge.

⁹⁷ German Federal Court of Justice, Decision of 26 February 2009, Case No. I ZR 28/06, NJW 2009(20), pp. 1420 et seq.

⁹⁸ C. Wodtke, S. Richters and M. Pfuhl, *Schutz von Betriebs- und Geschäftsgeheimnissen*, Erich Schmidt 2004, p. 133.

⁹⁹ I. Westermann, *Handbuch Know-How-Schutz*, C. H. Beck 2007, pp. 80 et seq.

¹⁰⁰ I. Westermann, *Handbuch Know-How-Schutz*, C. H. Beck 2007, pp. 87 et seq.

¹⁰¹ D. v. Diringshofen, *Know-how-Schutz in der Praxis*, GRUR-Prax 2013(11), pp. 397 et seq.

In case of violation of the confidentiality agreement, the parties can determine contractual penalties.¹⁰² The proprietor can use the penalties as an incentive to ensure confidentiality. A penalty also relieves the proprietor from the obligation to demonstrate its damage. Because the primary obligation of a confidentiality agreement is to prevent any disclosure of the trade secret, the proprietor has to prove the violation of this duty by the obliged party.¹⁰³ It also carries the burden of proof regarding the existence of a confidentiality agreement as well as the burden of proof regarding damages that exceed the agreed amount stipulated in the contractual penalty. If the contractual penalty has been arranged as a commercial deal in line with Sec. 343 HGB, a disproportionately high penalty cannot be adjusted.¹⁰⁴

The parties can also agree on a non-competition clause to protect the know-how after the termination of the contractual relationship. This may prevent the obliged party from using the know-how afterwards for his own or third parties' business purposes. Nevertheless, the opportunity to agree on a non-competition clause is limited by antitrust law and the principle of good faith (Sec. 138 BGB). Non-compete clauses can also be combined with a contractual penalty.

23.3.5 Breach of Confidentiality or Non-disclosure Agreements

The protection of know-how by means of confidentiality or non-disclosure agreements is meaningful to regulate the creator's claims, to effectively prevent any unintended appropriation of the know-how and its free use by third parties, and to obtain legal instruments against such unauthorized use of the know-how (closing of statutory protection gaps). In this way, the holder of the right gets tortious as well as contractual claims in case of breach of the confidentiality/non-disclosure agreement. If the contracting party infringes the provisions of the contract, it shall be liable according to the principles of breach of contract of the German law (Sec. 280 et seq. BGB).¹⁰⁵ To calculate the compensation for damages, the right holder can demand the information which the contracting party would have been obliged to provide under the contract if the contract had been carried out properly.¹⁰⁶

¹⁰² §§ 339 et seq. BGB.

¹⁰³ § 345 BGB.

¹⁰⁴ § 343 BGB is limited by the indispensable § 384 HGB.

¹⁰⁵ H. Köhler, In: Köhler/Bornkamm (eds), *Kommentar UWG*, 33rd edition, 2015, § 17 UWG, para. 54.

¹⁰⁶ German Federal Court of Justice, Decision of 25 November 2010, Case No. Xa ZR 48/09, GRUR 2011(5), pp. 455 et seq.

23.4 Misuse of Trade Secret Protection

As a matter of fact, some companies are attempting to misuse the law for their own purposes to get access to know-how, trade secrets or any other information of commercial value. For example, it is imaginable that a competitor only presses a charge against someone with the aim to force the prosecution into investigations which is their obligation corresponding to Sec. 152 and Sec. 160 of the German Code of Criminal Procedure (StPO)¹⁰⁷. The competitor is then able to gain useful information through its right to access the procedural records (Sec. 146 StPO) and the right to be present at the public hearing (Sec. 169 GVG). Thus, the competitor gets access to trade secrets only by pressing charges. Therefore, a competitor may conduct industrial espionage with the help of the prosecution.¹⁰⁸

There is a regulation in Nr. 260b of the German Code of Criminal Procedure and Summary Proceedings¹⁰⁹ that allows trade secrets to be included into the records only if this is essential to the procedure and hearings. Furthermore, the right to access the records can be restricted. However, Nr. 260b RiStBV is not a law but a guideline whose execution is in the sole discretion of the court and prosecution. According to Sec. 406e StPO, a party that seeks access to the records—except for an accessory prosecutor—must show that it has a justified interest. According to case law, a justified interest includes the interest of investigating someone else.¹¹⁰

Furthermore, companies and administration often complain about applicants who demand access to trade secrets or information without any apparent reason. The information claims under the IFG and the UIG¹¹¹ (and further statutes of the federal states) do not require justifying of a legal interest.¹¹² Even an extremely high number of applicants normally cannot be considered as an abuse of law.¹¹³ Requests, the unique and exclusive purpose of which is to gain a competitive advantage, do not necessarily constitute an abuse. There is no absolute rule whether a request can be considered as an abuse of law. Rather, it remains to be seen whether

¹⁰⁷Stafprozessordnung, Code of Criminal Procedure (hereafter "StPO").

¹⁰⁸M.-A. Stein, *Der Schutz von Betriebs- und Geschäftsgeheimnissen im Strafverfahren*, LIT 2013, p. 35.

¹⁰⁹German Code of Criminal Procedure and Summary Proceedings (hereafter "RiStBV").

¹¹⁰District Court Mühlhausen, Decision of 26 September 2005, Case No. 9 Qs 21/05, *Wistra* 2006 (2), pp. 76 et seq.; District Court Bielefeld, Decision of 7 December 1994, Case No. Qs 621/94 IX, *Wistra* 1995, 118; disagreeing: H. Hilger, In: Löwe/Rosenberg, *StPO*, 26th edition, 2012, § 406e StPO, Para. 7; B. Schmitt, In: Meyer-Goßner/Schmitt, *Strafprozessordnung*, 57th edition, 2014, § 406e StPO, Para. 3.

¹¹¹Informationsfreiheitsgesetz, Federal Freedom of Information Act (IFG) and Umweltinformationsgesetz, Environmental Information Act.

¹¹²German Federal Administrative Court, Decision of 21 February 2008, Case No. 20 F 2.07.

¹¹³Higher Administrative Court Koblenz, Decision of 30 January 2014, Case No. 1 A 10999/12, *BeckRS* 2014, 50555; Higher Administrative Court of Schleswig-Holstein, Case No. 4 L 222/95, *ZUR* 1997, pp. 43 et seq.

the request is marked by the harassment against the other (or a third) party.¹¹⁴ Therefore, it is controversial whether the rules about the misuse of requests should be changed. In part, the lack of adequate protection in the StPO is criticized, in particular because of the right of access to files.¹¹⁵

It is also controversial which aspects and information can be protected at all. In addition to what has been said above, it has to be considered that trade secret proprietors can misuse the protection of trade secrets to conceal corruption, (tax) fraud etc. Some courts suspend the protection of trade secrets for these cases entirely, others only in relation to violations of important legal principles.¹¹⁶

Predominantly, protection of trade secrets is seen as guaranteed no matter if it concerns an illegal behaviour.¹¹⁷ This is guaranteed by Article 12 of the Grundgesetz, protecting the free exercise of profession and the free competition. This protection is not dissolved if some elements of professionalism are unlawful. Trade secrets can influence competition even if they concern illegal behaviour.¹¹⁸ Therefore, only immoral behaviour cannot lead to the exclusion of protection of trade secrets. Other legal experts think that the trade secret proprietor does not have the required legitimate interest in cases of illegal behaviour.

After all, publishing a trade secret that concerns a crime can be justified by Sec. 34 StGB if legally protected rights are in danger.¹¹⁹

A trade secrets proprietor cannot be prosecuted for the ownership itself. But trade secret owners are bound to observe the same antitrust regulations as all companies, if they achieve a significant position. If a company reaches a dominant position, it cannot abuse its position (Sec. 19 Para. 1 of the German Law against Restraints on Competition¹²⁰). For example, an abusive use is the different treatment of another company without any objective reason (Sec. 19 Para. 2 No. 1 and 2 GWB).

¹¹⁴K. Fischer and J. Fluck, Informationsfreiheit versus Betriebs- und Geschäftsgeheimnisse, NVwZ 2013(6), pp. 337 et seq.

¹¹⁵M.-A. Stein, Der Schutz von Betriebs- und Geschäftsgeheimnissen im Strafverfahren, LIT 2013, pp. 233 et seq.

¹¹⁶Cf. T. Hoeren, Der Schutz von Betriebs- und Geschäftsgeheimnissen und das IFG, In: Dix et al. (eds), Informationsfreiheit und Informationsrecht, Jahrbuch 2008, pp. 105, 116 et seq., (http://www.uni-muenster.de/Jura.itm/hoeren/veroeffentlichungen/hoeren_veroeffentlichungen/schutz_von_betriebsgeheimnissen.pdf), accessed 11 June 2015.

¹¹⁷H. Köhler, In: Köhler/Bornkamm, Kommentar UWG, 33rd edition, 2015, § 17 UWG, Para. 9; A. Ohly, In: Ohly/Sosnitza, Kommentar UWG, 6th edition, 2014, § 17 UWG, para. 12.

¹¹⁸M. A. Mayer, Geschäfts- und Betriebsgeheimnis oder Geheimniskrämerei, GRUR 2011(10), pp. 884 et seq.

¹¹⁹H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, para. 6.

¹²⁰Gesetz gegen Wettbewerbsbeschränkungen, Law Against Restraints on Competition (hereafter "GWB").

23.5 Procedural Aspects

If the confidentiality of a trade secret has been violated, there are several procedural options to obtain an injunction or damages from German courts.

23.5.1 Civil Court Proceedings

Firstly, companies should serve a notice to the betrayer of a trade secret. If the betrayer is not an employee of the proprietor, that is not an option. Secondly, any proprietor can seek interim relief and file an ordinary claim. Amicable settlements are often of little help, because immediate protection is needed as a result of the sensitivity of the betrayed information.

23.5.1.1 Immediate Legal Protection

Immediate legal protection does not provide the same relief as final decisions. For instance, damages cannot be awarded temporarily. Immediate legal protection should be sought especially to order the betrayer to refrain from disclosing the trade secret until the court reaches a final decision. Petition for such protection should be filed as soon as possible after the discovery of the violation of the confidentiality. Rulings in such procedures can contain the threat of a fine or detention.¹²¹

A decision in an immediate legal protection procedure can be reached without a hearing. Therefore it is a timesaving way of legally securing the confidentiality of a trade secret.

Another advantage of an immediate legal protection for the proprietor is to alleviate his burden of proof. Usually, strict rules of proof apply. In procedures for immediate legal protection, the claimant does not bear the full burden of proof. It is sufficient, if it can establish an adequate likelihood of the alleged circumstances.¹²² Any sort of evidence can be used, e.g. documents or certificates, witnesses, inspections etc. but also an affirmation in lieu of oath (statutory declaration). The proprietor has to prove the existence of a trade secret, the knowledge and the continuous duty of the defendant to preserve confidentiality to this effect as well as the violation or threatening violation of this duty. Furthermore, it usually has to justify the need for an immediate decision such as urgency or the possible repetition of the violation. In case of violation of the Act against Unfair Competition (UWG), an exception applies. Sec. 12 Para. 2 UWG relieves the claimant's burden of proof and stipulates a legal rebuttable presumption regarding the existence of a reason for necessity. However, this exception does not apply to other fields of law, in which

¹²¹Sec. 980 Abs. 2 ZPO.

¹²²Sec. 920 Abs. 2, 936 ZPO.

the likelihood of the existence of a reason for necessity has to be established by the claimant.

Difficulties for the proprietor can arise when phrasing its conclusions. A demand for injunctive relief has to be phrased as accurately as possible to ensure its compulsory execution.¹²³ The extent of the omission needs to be specifically described. Typically, that postulates the description of the information that must not be disclosed. For trade secrets, an exception can be made. Therefore, the proprietor is allowed to paraphrase the information without revealing the trade secret.¹²⁴

23.5.1.2 Legal Recourse

If the dispute cannot be resolved amicably or by immediate legal protection, the proprietor can file a lawsuit and claim damages as well as injunctive relief. The amount of damages can be claimed based on either the loss of the claimant, the profit of the defendant or by license analogy. To determine the amount of damages based on the profit of the defendant, the claimant applied for staged relief. In a first stage, information about the amount of the betrayer's profit must be provided. In a second stage, the proprietor can demand the verification of the achieved information, e.g. by affirmation in lieu of oath by the defendant. In the last stage, the proprietor can claim for action payment of damages.

23.5.1.3 Constitutional Complaint

If the claimant reaches the opinion that a court's decision violated its fundamental rights (regarding the protection of trade secrets, especially Article 2, 12 or 14 Grundgesetz), the appellant can file a Constitutional Complaint at the German Federal Constitutional Court in Karlsruhe within a month after the decision. The Constitutional Complaint is an extraordinary remedy to protect rights provided by the Constitution and derives from Article 93 Para. 1 No. 4a) Grundgesetz. As the Constitutional Complaint is a subsidiary remedy, it can only be filed if the appellant has already exploited all other procedural remedies available. However, as it is a complaint against the judicial decision as an act of the state itself, the Constitutional Complaint cannot grant the appellant with any claims for damages or omission against the betrayer. It can only check whether the appellants' constitutional rights have been violated by the decision of the civil court.

¹²³Sec. 253 Abs. 2 Nr. 2 ZPO.

¹²⁴German Federal Court of Justice, Decision of 25 of June 1992, Case No. I ZR 136/90, GRUR 1992(12), pp. 858 et seq.; German Federal Court of Justice, Decision of 1 July 1960, Case No. I ZR 72/59, GRUR 1961(1), pp. 40 et seq.

23.5.2 Preservation of Evidence and Right to Information

In many cases, the trade secret proprietor does not have all of the information about the misappropriation of the trade secret and the traitor's profit. To put the trade secret proprietor in the position to file a lawsuit and to request for a reasonable amount of damages, there are different claims existing in German Civil Law, which contain the right to information and the right to examine against the trade secret violator.

If someone misappropriates or utilizes a trade secret, the proprietor has the right to demand information about modality, time and extent of the misappropriation.¹²⁵ This claim results from the principle of good faith in Sec. 242 BGB, which can be used in the area of trade secrets to secure the trade secret proprietor's interest to be enabled to gain a complete overview of the violation. The consideration between the interests of the trade secret proprietor and the defendant often demands that the defendant presents the identities of the recipients, otherwise the complete damage cannot be estimated,¹²⁶ for example the loss of profit.¹²⁷ The right to information in this case can also be based on Sec. 687 Sec. 2 BGB in conjunction with Sec. 681 BGB and Sec. 666 BGB.¹²⁸ The principle of damage calculation demands that the given information must be so detailed that the trade secret proprietor is able to evaluate the infringer's profit.¹²⁹ As far as the damage is calculated based on the license analogy, the trade secret proprietor is enabled to demand the defendant's accounting which means that it is obliged to provide reviewable calculation of income and outlays.¹³⁰ To assess the lost profits, the defendant has to disclose its accounting as well. This means that the claimant is entitled to demand for example cost prices, delivery quantity or labour costs.¹³¹ Concerning the damage calculation based on the concrete calculation of harm, the defendant has to provide information about price, delivery quantity and time, but in most cases it has the right to provide the information to a certified public accountant and not to the counterparty.¹³²

In Germany, it is highly controversial whether a person without confidentiality obligation, can be compelled to reveal the unknown identity of the person who misappropriated it. The German Federal Court of Justice denied this claim in one

¹²⁵H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, para. 64.

¹²⁶H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, para. 64.

¹²⁷German Federal Court of Justice, Decision of 23 February 2012, Case No. I ZR 136/10, GRUR 2012(10), pp. 1048 et seq.

¹²⁸German Federal Court of Justice, Decision of 23 of February 2012, Case No. I ZR 136/10, GRUR 2012(10), pp. 1048 et seq.

¹²⁹H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, para. 64.

¹³⁰I. Westermann, Handbuch Know-How-Schutz, C. H. Beck 2007, p. 124.

¹³¹I. Westermann, Handbuch Know-How-Schutz, C. H. Beck 2007, p. 124 (with further examples).

¹³²I. Westermann, Handbuch Know-How-Schutz, C. H. Beck 2007, p. 124.

case.¹³³ But it is probable that the claim is justified if the trade secret proprietor fulfilled all of its duties in keeping trade secrets confidentially and if the betrayer and the third party intentionally cooperated.¹³⁴

In addition to the right to information, the trade secret proprietor has a right to demand for inspection. The legal basis is Sec. 809 BGB. This type of claim can be important if an object possibly has been produced in violation of trade secrets and the secret proprietor therefore claims damages.¹³⁵ The plaintiff can demand that the defendant hands the concerned product over to him or that it receives a permission to inspect it or to carry out the aforesaid inspection. It is allowed to investigate it (e.g. putting into service, taking apart) as long as it does not damage the product.¹³⁶

Two prerequisites for a claim arising from § 809 BGB have to be fulfilled: Firstly, the trade secret proprietor has a claim or wishes to obtain certainty as to whether he has a claim. In the latter case, there must be some likelihood that such right exists, which means that the trade secret proprietor must have a reasonable suspicion of an infringement of rights. The condition is satisfied if, for example, the concerned object looks similar or works in a similar way to the trade secret proprietor's product and a person who has worked for the trade secret proprietor is now employee of the defendant.¹³⁷

Ultimately, the probability of the claim must be so high that the inspection is just an instrument to obtain definite clarity.¹³⁸ Otherwise, the plaintiff could explore and appropriate the results of the defendant's work. Sec. 809 BGB aims to prevent such explorations. To take the defendant's interest in keeping information of its business secret adequately into account, the parties can commission a neutral expert to inspect the product who is only allowed to inform the court and the plaintiff about certain similarities or dissimilarities.¹³⁹ The object to which the claim relates does not need to be the subject matter of the claim. It is sufficient that the claim depends on the existence or the structure of the product.¹⁴⁰

¹³³German Federal Court of Justice, Decision of 4 July 1975, Case No. I ZR 115/73, GRUR 1976 (7), pp. 367 et seq.

¹³⁴H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, Para. 64.

¹³⁵Higher Regional Court Hamm, Decision of 31 January 2013, Case No. 4 U 200/12, GRUR-RR 2013(7), pp. 306 et seq.

¹³⁶German Federal Court of Justice, Decision of 2 May 2002, Case No. I ZR 45/01, NJW-RR 2002 (23), pp. 1617 et seq.

¹³⁷H. Köhler, In: Köhler/Bornkamm, Kommentar UWG, 33rd edition, 2015, § 9 UWG, para. 4.44.

¹³⁸Higher Regional Court Hamm, Decision of 31 January 2013, Case No. 4 U 200/12, GRUR-RR 2013(7), pp. 306 et seq.; A. Ohly, In: Ohly/Sosnitza, Kommentar UWG, 6th edition, 2014, § 17 UWG, para. 55.

¹³⁹German Federal Court of Justice, Decision of 2 May 2002, Case No. I ZR 45/01, NJW-RR 2002 (23), pp. 1617 et seq.; H. Harte-Bavendamm, In: Harte-Bavendamm/Henning-Bodewig, Kommentar UWG, 3rd edition, 2013, § 17 UWG, para. 65.

¹⁴⁰German Federal Court of Justice, Decision of 2 May 2002, Case No. I ZR 45/01, NJW-RR 2002 (23), pp. 1617 et seq.; M. Habersack, In: Münchener Kommentar zum BGB, 6th edition, 2013, § 809 BGB, para. 5.

The second requisite is the legitimate interest of the trade secret proprietor to inspect the object. Such interest can be affirmed if the proprietor needs the inspection to prove the infringement of its rights and if there is no other way to gain knowledge of it.¹⁴¹

23.5.3 Protection of the Confidentiality of Trade Secrets During Court Procedures

Generally, court hearings in Germany are open to the public.¹⁴² However, if a dispute is about a trade secret, the court can decide to exclude the public according to Sec. 172 No. 2 GVG¹⁴³ ('in camera'), but only if it is an important secret whose public discussion would injure predominant protectable interests of the proprietor. The court can decide itself or due to an application of one of the parties. The court has absolute discretion deciding if the public will be excluded. A party cannot appeal against the court's decision.¹⁴⁴ For Sec. 172 No. 2 GVG it is not necessary that the proprietor is one of the parties to the trial.

Decisions in procedural hearings regarding the relationship between an employer and an employee often depend on information that can constitute trade secrets. Proof and documentary evidences are likely to contain such information. Therefore, during trials in labour courts, the public can be excluded on request of one of the parties if a public hearing might endanger the confidentiality of a trade secret.¹⁴⁵

To ensure that nothing discussed in the proceedings is published, the court can oblige all participants to the proceedings such as experts, witnesses, lawyers.¹⁴⁶ Acting in violation of the obligation can be punished according to Sec. 353 lit. d) StGB.

Sec. 383 ZPO and Sec. 384 ZPO provide a right to refuse to give evidence on trade secrets for both parties and witnesses under certain circumstances. Sec. 384 No. 3 ZPO provides the right of witnesses to refuse to give evidence on questions regarding business secrets. This right only applies to secrets of the witness or a third party to which the witness is legally obliged to secrecy. It does not apply to secrets of one of the parties of the litigation.¹⁴⁷ Those principles of the ZPO also have to be considered in cases of administrative jurisdiction in Public Law¹⁴⁸

Usually, the relief sought and the conclusions of a judgment have to be as precise as possible to ensure the compulsory execution. To protect trade secrets, the judge

¹⁴¹H. Köhler, In: Köhler/Bornkamm, Kommentar UWG, 33rd edition, 2015, § 9 UWG, para. 4.45.

¹⁴²Sec. 169 of the German Judicature Act (GVG).

¹⁴³Sec. 172 No. 2 of the German Judicature Act.

¹⁴⁴W. Zimmermann, In: Münchener Kommentar zur ZPO, 4th edition, 2012, § 172 GVG, para. 15.

¹⁴⁵Sec. 52 ArbGG.

¹⁴⁶Sec. 174 Abs. 3 GVG.

¹⁴⁷J. Damrau, In: Münchener Kommentar zur ZPO, 4th edition, 2012, § 383 ZPO, para. 13.

¹⁴⁸Sec. 98 VwGO.

can make an exemption to this principle and paraphrase the secret without revealing it entirely.¹⁴⁹

23.5.4 Calculation of Damages

The content of the claim for damages is determined by Sec. 249 et seq. BGB. According to Sec. 249 Para. 1 BGB, the defendant can be obliged to rectify the consequences arising from the infringement of the trade secret. This includes the obligation to provide information about the persons to which the defendant offered the secret.¹⁵⁰ Furthermore, according to Sec. 242 of the BGB, it has to reveal any information about the misappropriation of the trade secret and its profit that arises from the violation.

These declarations are important to calculate the damages suffered by the secret proprietor. The plaintiff can choose between three types of calculation of the damages:¹⁵¹ It can claim the actual damage suffered including the loss of profit (§§ 249 et seq. BGB). While it often can be difficult to prove such profits, it is easier to claim an adequate license fee for using the trade secret (second option). In other words, the defendant must replace the amount which it would have paid in return for the consent of the entitled person. The license fee is adequate if reasonable contractual partners had usually agreed upon it.¹⁵² The third possibility is that the defendant surrenders the profits achieved through the infringement of the right.

According to Sec. 287 ZPO, it is on the courts to assess the amount of damages. They can subtract the costs actually incurred by the defendant that are directly attributable to the objects produced based on the trade secret.

Triple damages calculation has been established in legal practice¹⁵³ and e.g. can be found in Copyright Law (Sec. 97 Para. 2 UrhG).

23.6 Conclusion

As shown above, the standard of protection of trade secrets and know-how in Germany is reliable. Because the claims for a proprietor arise from the existing general law, there is no need for a special statute dedicated to trade secret protection in Germany. However, to protect its trade secrets, a proprietor in Germany must not

¹⁴⁹German Federal Court of Justice, Decision of 1 July 1960, Case No. I ZR 72/59, GRUR 1961 (1), pp. 40 seq.; H. Köhler, In: Köhler/Bornkamm, Kommentar UWG, 33rd edition, 2015, § 17 UWG, para. 64.

¹⁵⁰German Federal Court of Justice, Decision of 23 of February 2012, Case No. I ZR 136/10, GRUR 2012(10), pp. 1048 et seq.

¹⁵¹H. Köhler, In: Köhler/Bornkamm, Kommentar UWG, 33rd edition, 2015, § 17 UWG, para. 58.

¹⁵²German Federal Court of Justice, Decision of 26 March 2009, Case No. I ZR 44/06, GRUR 2009(7), pp. 660 et seq.

¹⁵³German Federal Court of Justice, Ruling of 19th March 2008, Case No. I ZR 225/06, WRP 2008, pp. 938 et seq.; German Federal Court of Justice, Decision of 18th February 1977, Case No. I ZR 112/75, GRUR 1977 (8), pp. 539 et seq.

only rely on legal protection. Every company can take measures and if needed can invest to increase and optimize the protection. As most of the information that constitute trade secrets are located and stored in databases, the security of the information technology should be reinforced. Electronic communication containing information about trade secrets should be sent encrypted only. By using high standard IT-Security as recommended by the Federal Office for Information Security¹⁵⁴ proprietors can try to effectively protect the confidentiality of trade secrets against external attacks like mal- and spyware, observation of communication and theft as well as against acts of nature beyond control or software defects.

Furthermore, a proprietor should not disclose any information regarding trade secrets during initial business contacts without signing an agreement of confidentiality that sanctions any disclosure.

The law cannot protect preventively against the betrayal of trade secrets by (former) employees. It can only try to determine and penalize such behaviour, but it cannot prevent the betrayal of trade secrets reliably. Proprietors rely on their employees' compliance with their duties of confidentiality and integrity. This leads to a paradox under which on the one hand, the circle of secret holders must be kept as restricted as possible to minimize the risk of betrayal whilst on the other hand, it must be kept as capacious as necessary in order not to interfere with the functionality of the industrial process. Secret holders can be sensitized and instructed in the field of IT-Security and the necessity to preserve the confidentiality of trade secrets for the company. They can also be bound to protect secrecy by contract. Confidential and Non-Disclosure Agreements must be updated on a regular basis and must be kept as accurate as possible. However, an observation of employees and analysis of their communication can cause problems in light of the German Data Protection Law¹⁵⁵, especially Sec. 6b, 9, 32 BDSG.¹⁵⁶ If an employee discloses trade secrets, the employer is usually entitled to an extraordinary as well as an ordinary dismissal, especially if the employee violates Sec. 17 UWG. The infringer should be banned from the company's property combined with an order to stay away from the premises and to hand back any devices such as keys etc. Furthermore, the proprietor should consider complaining the offense to criminal investigation.

In conclusion, although German law does not contain a statute established for the sole purpose of protecting trade secrets, there is a sufficient protection of trade secrets in Germany arising from the existing regulations. In some cases, the protection is fragmentary, but the standard of protection of trade secrets in Germany is nevertheless reliable for companies. However, an EU-wide regulation as provided by the European Commission in November 2014 is a worthwhile and desirable aim to guarantee a consistent and equal protection of trade secrets in the EU.

¹⁵⁴Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik), IT-Grundschutz-Standards, https://www.bsi.bund.de/DE/Publikationen/BSI_Standard/it_grundschutzstandards.html. Accessed 11 June 2015.

¹⁵⁵Bundesdatenschutzgesetz, Federal Data Protection Act (hereafter "BDSG").

¹⁵⁶Sec. 6b, 9, 32 BDSG.