

The New EU Directive on the Protection of Trade Secrets and Its Implementation



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Abstract In June 2018, the deadline for the implementation of a new act reforming the trade secret law expired. The author describes the underlying EU Directive on the protection of trade secrets (Directive (EU) 2016/943, hereinafter “Directive”) and outlines the options of implementation. Special attention is paid to the producer’s liability in accordance with Article 4 (5) of the Directive.

Keywords Know-how protection · EU directive · Trade secrets · Implementation

1 Introduction

Valuable knowledge can leak from a company in several ways: Employees with special knowledge leave the company or disclose trade secrets by photographing and storing documents. Furthermore, companies can be victims of cyber-attacks and e-mails can be intercepted and read. The estimated damage caused by industrial espionage amounts to around 50 billion euros per year in Germany. Internationally, the industrialized countries have taken precautions in consideration of Article 39 (2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). As a minimum standard, the Member States of TRIPS have committed themselves to protect information against unauthorized outflow as long as the information is confidential. Information is assumed to be confidential, if it:

- i. is not generally known or readily accessible to persons within the usual business circles;
- ii. has commercial value because it is secret, and;
- iii. has been subject to reasonable steps under the circumstances to keep it secret.

In Germany, a special protection for trade secrets existed in the traditional criminal law provision of Section 17 to 19 of the Unfair Competition Act (UWG). These

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offences are as well sanctioned under civil law [Section 3 UWG, Section 823 (2) German Civil Code (BGB)]. The standards of the Unfair Competition Act (UWG) already existed when the TRIPS Agreement became effective. Accordingly, the regulatory objectives of the TRIPS Agreement and Sections 17 to 19 UWG are not identical. New challenges occur concerning the proof of the confidential character of information and concerning obligations to provide evidence of appropriate confidentiality agreements. Compared to other European countries, Germany has an average level of trade secret protection. While the United Kingdom has a sophisticated system of confidentiality obligations, in countries such as France or Malta, confidentiality agreements are virtually unknown. This persuaded the Commission to order two studies on the protection of trade secret in a European comparison. The studies came to the conclusion that the protection of secrecy in Europe resembles a patchwork carpet.¹ Thereupon, the Commission adopted a first draft of a harmonization Directive in November 2013.² A common text followed in May 2013, which was adopted by the Council of Ministers. One year later—in June 2015—the Parliament presented its report on the draft Directive.³ Based on the report, the European Commission, the Council and Parliament drafted a compromise proposal through (unofficial) trilogue negotiations, which was published in December 2015.⁴ Finally, the Directive was adopted in June 2016⁵ and is now to be transposed into national law by June 2018.⁶ This led to discussion at national levels whether the protection of trade secrets should be included in a comprehensive set of rules of intellectual property rights,⁷ or at least regulated by a special law.⁸ In Germany, the election for the Bundestag caused a discontinuity of the preliminary drafts of the former coalition. Thus, the Federal Ministry of Justice (BMJV) had to reintroduce a draft bill into the parliamentary debate. It is already certain that the deadline of implementation, which is June 2018, cannot be met. Concerning the current level of information, the ministry plans an implementation by creating a special law, but without touching Section 17 of the Unfair Competition Act (UWG).⁹ An internal draft, based on the participation

¹Study on Trade Secrets and Confidential Business Information in the Internal Market (2013), pp. 12–23.

²Proposal for a Directive of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

³Report on the proposal for a Directive of the European Parliament and of the Council on the protection of disclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

⁴Proposal for a Directive of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure—Analysis of the final compromise text with a view to agreement.

⁵Directive 2016/943/EU from June 6, 2016.

⁶Kalbfus (2016), p. 1009; Christoph (2016), p. 465.

⁷With reference to Italy and Portugal, see McGuire (2016), pp. 1000–1007.

⁸Like in Sweden for instance: Act on the Protection of Trade Secrets (1990).

⁹Different McGuire (2016), pp. 1000–1008, who naturally acts on the assumption that Section 17 of the Unfair Competition Act (UWG) must be overruled or changed; Kalbfus (2016), pp. 1009–1016,

of the Federal Ministry of Justice (BMJV) and the Ministry of Labor and the Ministry of Economics, exists since 2017. The draft provides a direct implementation of the Directive into national law, but can also be supplemented by other elements, if necessary.

2 Regulatory Objectives

The Directive aims at harmonizing the various existing national rules.¹⁰ It is supposed to serve as a complementary or alternative measure to intellectual property rights (Recital 2). The Directive keeps the relation to the Unfair Competition Act (UWG) open so that a future review by the Commission is possible (Recital 10). Besides, the Directive should only contain a minimum standard of harmonization for now¹¹ [Article 1 (1)]. It should also be considered that the EU has no competence for criminal law and does not intend to regulate work council constitution law or press law [Article 1 (2)]. It is astounding that the Directive does not contain any regulation on private international law (PIL). It could be linked to the criminal law, intellectual property rights or the Unfair Competition Act (UWG). This problem of classification underlines that the legal nature of the newly created system is unclear. If the system is classified in terms of intellectual property rights, the Directive applies to all acts of use with reference to the EU. Instead, the Unfair Competition Act (UWG) asks for the final market intervention or the intended use of the product.

3 The Concept of Trade Secrets

The cornerstone of the Directive is the concept of trade secrets.¹² It is broadly defined, wider than with accordance to Section 17 of the Unfair Competition Act (UWG).¹³ A secret is already supposed to be existent if the information is generally unknown or not known by the relevant circle of experts.¹⁴ Even the existence of an outsider or a hacker makes the information factually accessible. However, this issue was already known

pleads for a general law with reserved civil provisions and for the incorporation of the criminal law especially in the event of blatant intentional form of breaches in the general law.

¹⁰Christoph (2016), p. 465; Koós (2016), p. 224.

¹¹Different the Commission draft (supra note 2); see also Kalbfus and Harte-Bavendamm (2014), p. 453.

¹²Klein and Wegener (2017), p. 394.

¹³Kalbfus (2016), pp. 1009–1011, presents a slightly different thesis, according to which the German jurisdiction of Section 17 of the Unfair Competition Act (UWG) essentially complies with the Directive. Nevertheless, he considers the transposition of the Directive into a special German law as necessary.

¹⁴McGuire (2016), p. 1000, with the main proposal for embedding the protection of secrecy into the system of intellectual property.

concerning Section 17 of the Unfair Competition Act (UWG). The jurisprudence has based its decision on the fact that gaining information requires a great expenditure of time and cost and therefore, it focuses on the perspective of the circle of experts.¹⁵ In addition, the trade secret must embody a commercial value, lying precisely in its secrecy. Therefore, the value of trade secrets must lie precisely in the secret.¹⁶ This is completely unknown to German readers, as Section 17 of the Unfair Competition Act (UWG) neither asks for the value of the information nor the existence of a secret. Instead, the German law has always been based on the requirement of an objectively existing economic interest. Thus, secrets without values are protected on condition that the disclosure of these secrets can cause damage.¹⁷ The definition is taken from Article 39 of the TRIPS agreement. Henceforth, it will be necessary to document the value of an information steadily before the courts.¹⁸

On the one hand, this postulates a financial accounting of trade secrets. And on the other hand, a proof of confidentiality must be provided as a status quo. Even with this element, one has to prove a comprehensive secret management system that goes all the way to encryption of e-mails and IT security.¹⁹ But that is not all: It must be proven that the information has been subject to reasonable steps to keep it secret [Article 2 (1) (c)]. Therefore, proactive and continuous secrecy measures are needed in order to preserve the confidential character of the information. This requires comprehensive and above all, long-term measures that are state-of-the-art.²⁰ It is a novelty in Germany that legitimate confidentiality measures are a requirement of protection. So far, they only played a role in evidence law. The Federal Supreme Court (BGH) had so far decided that a desire for secrecy resulting from the nature of the matter was sufficient and even the absence of any explicit confidentiality agreement was regarded as unproblematic.²¹ For this reason, many people are concerned about the meaning of the term “reasonable steps.”²² The Directive does not clarify this concept. It does not require the best possible or most effective protective measure, but legitimate standard of protection.²³ Thus, concrete steps have to be defined for the intra-corporate implementation. The first step is to define clear responsibilities for protecting trade secrets within the company. Subsequently, the potentially relevant

¹⁵Federal Supreme Court (BGH), judgment of February 23, 2012—case no. I ZR 136/10; Federal Supreme Court (BGH), judgment of February 12, 1980—case no. KZR 7/79.

¹⁶Souso e Silva (2014), p. 923.

¹⁷Kalbfus (2016), pp. 1009–1011.

¹⁸See also Herrmann (2016), pp. 368–369.

¹⁹Pacini et al. (2008), p. 121, with the presentation of a “trade secret compliance plan” including different measures that can be taken as well as different variables that have to be considered depending on the company.

²⁰Kalbfus (2017), p. 391; Börger and Rein (2017), p. 118; to the special feature in the automotive sector Steinmann and Schubmehl (2017), p. 194.

²¹Federal Supreme Court (BGH), judgment of April 27, 2006—case no. I ZR 126/03.

²²See Kalbfus (2011), pp. 65 et seq.; Kalbfus (2017), p. 391.

²³Kalbfus (2017), pp. 391, 392; inapplicable Steinmann and Schubmehl (2017), pp. 194–198, who are aiming for a purely factual protection of secrecy and fail to recognize that the Directive has quite normative ideas about the protection of secrets.

know-how must be identified, evaluated and categorized according to the company's size and industrial sector. Ultimately, precise protective measures must be defined, including special contractual agreements, IT security measures and the organization of workflows.²⁴ In the automotive industry, for example, care is taken to ensure that technical building services, information security and organizational measures are carried out and audited. The certification of the IT security sector is carried out in accordance with ISO 27001.²⁵

Moreover, the dogmatic question remains unanswered whether or not the trade secret is recognized as a subjective right, similar to traditional intellectual property rights. The legal nature of trade secrets is highly disputed in Germany.²⁶ The focus lies on the personal attribution of the right and its exclusionary effect, which is rejected by the majority concerning secrets because the character of secrecy can easily disappear.²⁷ Secrecy protection does not intend to grant a right of exploitation, but rather a protection against unfair access. Recital 16 of the Directive states that the new provisions of the protection of innovation and competition do not create an exclusive right of know-how or information, which is protected as a trade secret. However, there are several reasons to define the character of trade secrets as a minor intellectual property right. The preamble in Recital 2 openly characterizes the protection of secrecy as a supplement or an alternative to the traditional intellectual property rights. Concurrently, recital 3 states that trade secret are one of the most common forms of the protection of intellectual creations and innovative know-how. Even the scope of optional sanctions argues in favor of a minor intellectual property right, which is for example protected by a triple damage calculation like traditional intellectual property rights. This secures the trade secret as a large intellectual property right. Pursuant to Article 2 No. 2, the proprietor of a trade secret is the natural or legal person who exercises legal control over the trade secret. Therefore, a trade secret is protected just like an intellectual property right. Pursuant to Article 2 No. 2, the proprietor of a trade secret is the natural or legal person lawfully controlling a trade secret. Thus, it is not the creator who is essential, but the person exercising the lawful control. Yet, the meaning of the term "control" remains unclear. If the factual access possibility is taken into account, the employee would be the original proprietor as long as the employer has not received the information. However, the Directive focuses on the protection of companies; that is why there are no regulations about secondary acquisitions of rights. Through the characteristic of reasonable steps of protection, an original acquisition by the entrepreneur is established. This entails the obligation for companies to create confidentiality structures by contractual and operational attendance and thereby establish matters of original acquisition.²⁸

²⁴Kalbfus (2017), pp. 391 et seq.

²⁵Steinmann and Schubmehl (2017), pp. 194–197.

²⁶For the classification of trade secrets as absolute rights, see Köhler (2019), §17 ref. 53; Ohly (2014), pp. 8–9; different opinion Christoph (2016), p. 465; Hauck (2016), pp. 2218–2221; McGuire (2015), pp. 424–426.

²⁷Christoph (2016), p. 465; Hauck (2016), pp. 2218–2221; McGuire (2015), pp. 424–426.

²⁸Klein and Wegener (2017), pp. 394–396.

4 The Central Prohibition

The central prohibition can be found in Article 4 (1) of the Directive. It should be noted that Article 3 emphasizes the principle of freedom of access. Therefore, the Directive firstly lists fair commercial practices. In any case, Article 4 includes only exceptions for certain constellations in which the principle of freedom of access cannot be applied. This requires the Member States to ensure that the trade secret holders are entitled to apply for all the measures, procedures, and remedies to prevent, or obtain redress for, the unlawful acquisition, use or disclosure of their trade secret. These measures are specified in Article 4 (2) and (3).

First of all, the acquisition of secrets is prominent [Article 4 (2)]. The English version of the Directive refers to the term acquisition. However, in this case the official German translation (“Erwerb”) is not quite correct. It is not a question of acquisition in return for payment, but rather of a factual obtaining. If certain matters are given, the obtainment is illegal without the consent of the copyright holder. This includes unauthorized access to, appropriation of, or copying of documents, materials or electronic files that contain trade secret or from which the trade secret can be deduced.

These restrictive prohibitions of appropriation are extended in Article 4 (2) (b), where any other conduct will be sanctioned if it is considered contrary to honest commercial practices. Yet, this term is very imprecise and hard to define. It is proposed to outline it according to Article 39 (2) of the TRIPS Agreement.²⁹

The list of prohibitions does not regulate the transfer of individual information from an employee’s brain. If an employee working as a programmer reads company-owned programs and saves the source code, this would not constitute a prohibited conduct. Therefore, it can be assumed³⁰ that the use of information from an employee’s brain is free. However, it may be possible to apply Article 4 (2) (b) in certain cases of abuse. Yet, Article 1 (3) of the Directive dictates that no provision of this Directive may be interpreted as a basis for restriction to the mobility of workers. Especially, the Directive is not a basis for any restriction of the use of experience and skills honestly acquired by workers through the standard procedures of their employment. Moreover, it is not a basis for imposing additional contractual restrictions.

The use and disclosure of trade secret is regulated in Article 4 (3) of the Directive. People who have unlawfully acquired the trade secret or have breached a confidentiality agreement or other confidentiality obligations are prohibited from using the trade secret without the consent of the rights holder. It remains unclear why the Directive includes two different breaches of contract. This regulation results in the enforcement of contractual obligations by means of the UWG. The validity of the agreement is irrelevant. The term “legally binding,” which was originally included in

²⁹See Koós (2016), pp. 224–226.

³⁰Federal Supreme Court (BGH), judgment of May 3, 2001—case no. I ZR 153/99; Federal Supreme Court (BGH), judgment of March 15, 1955—case no. I ZR 111/53; Federal Labor Court (BAG), judgment of June 15, 1993—case no. 9 AZR 558/91; Federal Labor Court (BAG), judgment of December 15, 1987—case no. 3 AZR 474/86.

earlier drafts of the Directive, has been deleted without substitution.³¹ It is also new that an unlawful interference on Article 4 of the Directive is sufficient for sanctions. The limitation of intent and gross negligence, which were originally intended in the draft, are not included in the final text.³² For this reason, the question of intention or negligence only plays a role in the compensation of damages according to Article 14 of the Directive. This also does not correlate with the applicable German law, which always presupposes at least negligence of the defendant. In accordance with the Directive, the secret holder can enforce claims for injunctive relief and omission in the event of a mere breach of secrecy. This corresponds with the current legal situation in the case of breach of intellectual property rights (cf. Sec. 14 (5) of the trademark law (MarkenG), Sec. 139 (1) of the patent law (PatG)). Consequently, the Directive extends the protection of trade secret and brings them into line with intellectual property rights.

5 The Extended Liability of the Manufacturer

Further new regulations are included in Article 4 (4) and (5) of the Directive. These extended matters of liability are generally unknown to German law and therefore dangerous.

Accordingly, the acquisition of secret information is prohibited, if the person knew or negligently did not know that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully (Article 4 (4) of the Directive). It is astounding that even the indirect use of the external trade secret is sufficient. Thus, the new system is different from the old system of the UWG. Due to contractual protection, third parties can only be held responsible in the matters of Section 17 (1) or (2) No. 1 of the UWG. The new regulation is now directed against any unlawful pre-acquisition of third parties. Section 17 focuses on stricter subjective elements (intent) than the Directive (intent or negligence).³³

In accordance with Article 4 (5), the production, offering or placing on the market of infringing goods or the importation, export or storage of infringing goods for those purposes, are considered an unlawful use of a trade secret. However, this only applies if the person who carried out these activities had knowledge of the fact or should have known the fact under the specific circumstances that a trade secret had been used illegally. In some cases, such breaches of secrecy are prohibited by Section 17 (2) No. 2 of the UWG, because the production of a good is considered an exploitation along

³¹Kalbfus (2016), pp. 1009–1014, sees Section 18 of the Unfair Competition Act (UWG) as a counterpart to the new regulation and demands its abolition in favor of a general regulation of trade secrets.

³²This modification was demanded among others by the Max Planck Institute: Knaak et al. (2014), p. 953.

³³In addition to this: Wiese (2018), pp. 141 et seq.

the meaning of the provision.³⁴ In accordance with the Directive the use of supplier-related data, obtained illegally by third parties, is related to the production. Thus, legal protection exists against any person who is part of the downstream distribution chain, even if he or she is unaware of the secret and even if the secret is not embodied in the product.³⁵

6 Exceptions and Limitations

These are the innovations that evidently go beyond the matter of fact of Section 17 of the UWG. In compensatory terms, the matter of fact of the limitations and exceptions of the directive has grown exorbitantly in the course of the negotiations. Such limitations can be found in Article 3 and 5 of the Directive. The placement of the central prohibition in Article 4 is unfamiliar, surrounded by Article 3 and Article 5. The delimitation of the specific matter of facts is also unclear. While Article 5 states “exceptions,” Article 3 mentions “lawful acquisition, lawful use and lawful disclosure.” It is problematic how these linguistic nuances can be reflected in the implementation. For example, Article 3 of the Directive could be an exempting element, while Article 5 could be seen as a justification. Therefore, Article 3 would be understood as a limitation and Article 5 as an exception. The current ministry draft follows this evaluation.

6.1 *Limitations and Exempting Elements (Article 3)*

Article 3 (1) (a) defines independent discovery or creation as legitimate. The concept of discovery refers to patent law, while creation is a typical term in copyright law. In fact, in the event that an identical invention has been made independently of one another by several persons, patent law regulates that the right is vested in the person who first applied for the invention at the Patent Office (Sec. 6 sentence 3 of the patent law (PatG), Article 60 (2) EPC). The subsequent applicant is then protected, if necessary, by a right of prior use (Sec. 12 (1) patent law (PatG)). The phenomenon of double-creations is also known in copyright law. This is not an infringement of rights, but a black mark on the copyright map and a bizarre constellation of exceptions in which both authors can assert their rights.

Article 3 (1) (b) regulates the general freedom of testing. The regulation permits the analysis and testing of a product which has been made public or is lawfully in the possession of the purchaser of the information. Thus, the Directive is breaking new

³⁴Kalbfus (2016), pp. 1009–1014.

³⁵Kalbfus (2016), pp. 1009–1014.

ground. It is a European regulation on reverse engineering, which is known from US law. In Germany, reverse engineering is traditionally considered as prohibited.³⁶

Traces of reverse engineering can be found in copyright law [Sections 69d (3), 69e of copyright law (UrhG)] and are regulated in detail in patent law (Section 11 No. 1 and 2 PatG). The semiconductor protection law implies a detailed permission of reverse engineering (Section 6 (2) No. 1 and 2 HalblSchG). It regulates the reproduction of topographies for the purpose of analysis, evaluation or education, as well as the commercial exploitation of topography as a result of an analysis or evaluation. The freedom of testing refers to a product that has been made accessible to the public or is lawfully owned by the acquirer of the information. The principle goes far beyond the exhaustion doctrine of the copyright and patent law and also relates to rented products. According to an astonishing small addition, the acquirer of the information must be exempt from legal obligations in order to use the secret. Therefore, it is allowed to limit the freedom of testing contractually. Thus, an indication on reverse engineering should be included in supply contracts and cooperation agreements and such conduct should be excluded.

In addition, in recital 17 of the Directive, the Commission has given some thought to cases of parasitic copying, where a regulation in the UWG (product piracy or slavish counterfeiting) should also be considered. However, contractual limitations are usually pointless if there are no contracts at all. No one can prevent a producer from purchasing a competing product on the free market and rebuilding it by means of testing. Article 3 (1) (c) regulates the right of work council to pass on information under the application of other European or national laws. There is a provision for this in Germany in Section 84 of the Works Constitution Act (BetrVG), which provides an explicit right for the employee to complain to the work council. However, the Directive explicitly allows in recital 12 that work councils may have agreed to secrecy with the employer. Nevertheless, Section 79 of the BetrVG binds the members of the work council to not disclose or exploit trade secrets. There is a similar provision for individual personal measures in Section 99 (1) (2), 102 (2) (5) of the BetrVG.

Article 3 (1) (d) permits all other forms of conduct, which are consistent with legitimate business practices. Therein lies an opening clause for the benefit of the judiciary based on the fair-use limitation of US law. Recital 18 mentions the disclosure of trade secrets in audit law as an example.

6.2 *Exceptions and Justifications (Article 5)*

The regulation of exceptions in Article 5 of the Directive is new. Firstly, companies are exempted in the field of press and freedom of information. A reference is made

³⁶Imperial Court (RG), judgment of November 22, 1935—case no. II 128/35; also compare Higher Regional Court Hamburg (OLG Hamburg), judgment of October 19, 2000—§U 191/98; in addition to this: Beater (1995), p. 136; Kochmann (2009), p. 140.

expressly to Article 11 of the Charter of Fundamental Rights. Thereby, not only traditional press companies are addressed but possibly bloggers as well.

Article 5 (b) contains the second institution, which is still foreign to European law, namely whistleblowing.³⁷ Whistleblowing is defined as the disclosure of misconduct, wrongdoing or illegal activities. The distinction between these matters of fact remains unclear. It is also unclear whether a minor infringement is sufficient as a justification of disclosure has acted in the general interest.³⁸ It is undetermined whether the intended purpose should be considered as subjective or objective. Recital 20 refers to a conduct which objectively serves the general interest. In addition, the preamble of Recital 20 excludes conduct which, according to national court judgments, can be qualified as good faith. The Directive is in line with European and national initiatives to strengthen the whistleblower protection. For a long time, the only existing regulation in Germany was the Occupational Health and Safety Act (*Arbeitsschutzgesetz*). Furthermore, in individual cases, Section 34 of the Criminal Code (*StGB*) and the duty to disclose in accordance with Section 138 of the *StGB* have been considered. Apart from this, the labor law jurisdiction was very restrictive and prohibited the complaint, in particular in the public eye, before making use of internal compliance systems. Thus, on July 2nd 2016 the Financial Services Supervision Act (*Finanzdienstleistungsaufsichtsgesetz*) already exempted employees of the financial sector from prosecution who reported maladministration in the company to the Federal Supervisory Office for Insurance. Contrary to previous and restrictive German law, the Directive allows the disclosure of maladministration in the press without the consideration of company-internal remedies.³⁹

The burden of proof for the accuracy of whistleblowing is difficult to ascertain. The exceptional nature of Article 5 of the Directive indicates that the whistleblower must prove that the disclosure of the questionable trade secrets serves the protection of public interest. However, it is also conceivable that the company has to provide evidence for the accuracy or inaccuracy of the whistleblowing. This evidence is incumbent on the company, while the whistleblower must prove that he acted in the public interest.

Article 5 (c) mostly excludes the communication between employees and work council from the protection of trade secrets. A limitation of complaints or the notification of maladministration is not conducted. In any event, all communication is exempted if it is necessary for the practice of work councils. There is a general clause in Article 5 (d) according to which any legitimate interest justifies a limitation that is permitted by Union law or national law.

³⁷Eufinger (2016), p. 229; Groß and Platzer (2017), p. 1097.

³⁸Lapousterle et al. (2015), pp. 8 et seq.

³⁹Federal Labor Court (BAG), judgment of December 7, 2006—case no. 2 AZR 400/05; implementation of the case law of the Federal Constitution Court (BVerfG), judgment of July 2, 2001—case no. I BvR 2049/00; in the decision of the Federal Labor Court (BAG), judgment of July 3, 2003—case no. 2 AZR 235/02; Ohly (2014), pp. 1–7.

7 Sanctions

No criminal sanctions are regulated as the EU has no competence in this regard. It is rather intended to bind the member states to introduce a civil sanction system. This involves numerous legal consequences that have so far only been granted for monopoly rights and an extensive protection against illegal acquisition, as well as illegal use and disclosure of trade secrets. Included are claims for destruction or release of documents, objects, materials, substances, or electronic files which contain the secret. Furthermore, it also includes a recall claim for infringing products and the removal as well as the destruction of them. Claims for damages are also regulated in detail. However, there is no right for information, which is provided by other property rights (see Section 140b Patent Law (PatG) and Section 242 BGB).

It is now up to the Ministry of Justice to clarify to what extent individual sanctions already exist in German law. The Federal Supreme Court (BGH) recognized the option of triple damage calculation⁴⁰ for Section 17 of the UWG. A new system of recall and removal from the distribution channels is likely.

Compensatory to this bouquet of claims is the new extensive regulation of abuse control (Article 7). The Member States must establish opportunities to protect the defendant from abusive claims. These measures go beyond Section 8 (4) of the UWG. These sanctions of abuse include damages for the defendant, sanctions against the plaintiff, or the dissemination of information concerning court decisions. Such measures are currently unknown in Germany. Known is only a claim for damages in the case of unjustified protective right warnings, i.e., in the case of warnings from special industrial protective rights. In the UWG it is recognized that a careless warning, as a false assertion, justifies a claim for damages as an illegal encroachment on the established and exercised business.⁴¹

The measures of legal remedies include in particular the interim injunction (Article 12), which is focused on injunctive omission, cancellation, and prohibition of sale. Instead of the injunctive relief a right of compensation (license analogy) can be considered, regardless of negligence or fault [Article 13 (3)]. The compensation for damages (Article 14) applies to the triple damage calculation, including lost profit, infringing profit of the violator, or license analogy. The option of increase in the event of moral risks of harm is remarkable. It was not noted in the Directive that additional claims may occur for example in Germany from Section 812 and 687 (2) of the BGB. Moreover, the statutory limitation shall not exceed six years.⁴²

⁴⁰Federal Supreme Court (BGH), judgment of February 18, 1977—case no. I ZR 112/75.

⁴¹Regional Court Hamburg (LG Hamburg), judgment of May 8, 2012—case no. 407 HKO 15/12.

⁴²It is not intended to deal with the procedural changes made in the Directive, such as the correction of the Düsseldorf model.

8 Conclusion

The Directive will permanently change European secrecy law. Compared to current German regulations, important differences can be observed, concerning for example the definition of a trade secret or the legitimacy of reverse engineering. Therefore, the final implementation of the Directive can be suspenseful. In the meantime, companies are summoned to conduct concrete confidentiality measures and to adjust to the changed field of secrets. In this context, extended nondisclosure agreements and a strategy to deal with the freedom of reverse engineering are most important. A new culture of secrecy in companies and with suppliers must be added.

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