

# Bird & Bird & Trade Secrets

## *Implementation of the Trade Secrets Directive – some comments from Spain*

This is the 13<sup>th</sup> in a series of articles written by members of our International Trade Secrets Group, highlighting points of note regarding the protection of Trade Secrets in various jurisdictions. In this article we review the position in Spain.

### **Transposition and legal framework prior to the Directive**

In Spain, the Trade Secrets Directive (the "**Directive**") was implemented in March 2019 by the Trade Secrets Act 2019 (the "**Spanish TS Act**"). Prior to the Directive, the legal framework of trade secrets in Spain was scarce and fragmented, although the definition of trade secrets of the Directive had already been adopted through the concept of 'undisclosed information' contained in Article 39 of the TRIPS Agreement. Prior to the Directive, in Spain the legitimate owner of a trade secret had a set of legal remedies against acts of unlawful acquisition, use and disclosure, but the scope and requirements for these acts to be deemed unlawful and the exceptions to unlawfulness were unclear. The set of remedies provided by the lawmaker to the legitimate owner of a trade secret comprised the right to an injunction, the recall of the infringing products and compensation for damages, although the lack of clear rules for the preservation of confidentiality of trade secrets in the course of legal proceedings often was a dissuasive factor to enforce them against infringers.

In this context, the transposition of the Directive by the Spanish TS Act has been welcomed by commentators and the relevant sectors involved in the design, creation, protection, management, monetisation and enforcement of trade secrets in Spain, including the Judiciary, as a decisive step forward to achieve an acceptable level of civil redress and legal certainty.

The Directive provides a *de minimis* threshold of protection. In this article we will emphasize those aspects in which the Spanish TS Act has provided the trade secret holder with more far-reaching protection against the unlawful acquisition, use or disclosure of trade secrets. The first two aspects are of a substantive nature, whilst the other two contributions of the Spanish lawmaker to a more robust protection are of a procedural nature.

### **Trade secrets as an object of property**

As in most of the EU Member States, in Spain, trade secrets are not formally considered a specific intellectual property right, as it is the case, for example, in Italy. However, the Spanish TS Act expressly deems trade secrets as a proprietary right, even when such right does not provide its holder with an exclusive right in relation to the information.

In this context, the Spanish TS Act contains a section entitled "trade secrets as an object of property" comprising four provisions of substantive character. The first provision sets forth that trade secrets are assignable. The second rule lays down the terms and conditions to be applied to co-ownership of trade secrets in the absence of an agreement entered in to between the co-owners. Unless otherwise agreed upon by the co-owners each one of them shall be entitled to individually use the trade secret; to carry out any acts intended to comply with the requirements for its protection and to individually institute infringement proceedings before the courts against third parties with the only requirement of a notification to be sent to the other co-owners. However, consensus among co-owners is required for the assignment or licensing out of the trade secret to a third party.

A third article highlights that a trade secret may be licensed in whole or part under the terms and conditions to be decided between the parties, and provides the legal framework applicable to contractual licenses in the event that a material aspect of the license agreement has not been covered by the parties. Unless otherwise agreed upon by the parties,

- a) the license shall be deemed non-exclusive and the licensor shall be allowed to exploit the trade secret.
- b) the licensee shall be allowed to carry out the complete bundle of acts which in the absence of a license would constitute trade secret infringement.
- c) the licensee shall neither be allowed to assign the license agreement to third parties nor to grant sublicenses to third parties.
- d) the licensee and sublicensee shall be forced to take whatever measures are necessary to avoid the infringement of the trade secret.

The fourth substantive provision introduced by the Spanish TS Act concerning trade secrets as an object of property refers to the liability of the assignor or licensor of a trade secret. Unless otherwise agreed by the parties, the assignor or licensor of a trade secret shall be held accountable vis-à-vis the assignee or licensee for any damages the assignor or licensor may cause, if at a later stage, a court decision declares that the assignor or licensor did not have the required authorities to carry out the legal transaction. Exceptionally, assignors or licensors having acted in bad faith will always be held accountable.

## “Infringing goods ... or services”

According to the Directive, “the production, offering or placing on the market of infringing goods, or the importation, export or storage of infringing goods for those purposes”, shall be considered an unlawful use of a trade secret “where the person carrying out such activities knew, or ought, under the circumstances, to have known, that the trade secret was used unlawfully”. For these purposes, “infringing goods” means “goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed”.

Even though the Directive does not expressly mention that services, and not only products, are included in the definition of “infringing goods”, recital (27) emphasizes that the protection provided by the Directive is also applicable to “the provision of services”. However, with the objective of avoiding any doubt on the interpretation of the concept of infringing goods and its applicability to the provision of services, the Spanish TS Act has defined “infringing goods” as “goods or services, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed”.

## Toolkit of procedural instruments

From an evidentiary standpoint, court proceedings whose subject matter is the infringement of trade secrets are often complex. After all, the burden of proof, on the one hand, of the existence of the information and the fact that it meets the requirements to be protected as a trade secret and, on the other hand, the fact that it has been or might be subject to a specific act of unlawful acquisition, use or disclosure by a third party, lies with the holder.

In order to provide the trade secret holder with effective procedural means to enable him to obtain evidence on the scope of the trade secret misappropriation and the identity of the persons involved, the Spanish TS Act has included a set of provisions expressly allowing the trade secret’s holder to file an application for access to evidence as set forth in the Directive 2014/104/EU of the European Parliament and of the Council of 26 November 2014 on certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union.

## twobirds.com

Abu Dhabi & Amsterdam & Beijing & Berlin & Bratislava & Brussels & Budapest & Copenhagen & Dubai & Dusseldorf & Frankfurt & The Hague & Hamburg & Helsinki & Hong Kong & London & Luxembourg & Lyon & Madrid & Milan & Munich & Paris & Prague & Rome & San Francisco & Shanghai & Singapore & Stockholm & Sydney & Warsaw

The information given in this document concerning technical legal or professional subject matter is for guidance only and does not constitute legal or professional advice. Always consult a suitably qualified lawyer on any specific legal problem or matter. Bird & Bird assumes no responsibility for such information contained in this document and disclaims all liability in respect of such information.

This document is confidential. Bird & Bird is, unless otherwise stated, the owner of copyright of this document and its contents. No part of this document may be published, distributed, extracted, re-utilised, or reproduced in any material form.

Bird & Bird is an international legal practice comprising Bird & Bird LLP and its affiliated and associated businesses.

Bird & Bird LLP is a limited liability partnership, registered in England and Wales with registered number OC340318 and is authorised and regulated by the Solicitors Regulation Authority. Its registered office and principal place of business is at 12 New Fetter Lane, London EC4A 1JP. A list of members of Bird & Bird LLP and of any non-members who are designated as partners, and of their respective professional qualifications, is open to inspection at that address.

Accordingly, upon request of a claimant who has presented a reasoned justification and reasonably available facts and evidence sufficient to support the plausibility of its trade secret infringement claim, the court will order the defendant or a third party to disclose relevant evidence which lies in their control. These measures may include a raid, to be carried out at the defendant’s premises before instituting the trade secret infringement proceedings and obviously without prior notice to the defendant, to carry out, under the assistance of a court-appointed expert, a description of equipment, machines, tools, devices, procedures, the use of which might be deemed as an act of trade secret infringement.

## Trade secrets and court proceedings

The Spanish TS Act has not only transposed the Directive’s provision on preservation of confidentiality of trade secrets in the course of legal proceedings whose subject-matter is the infringement of a trade secret, but also has extended this protection tool, upon request of the claimant or at the court’s own initiative, to any civil dispute whatsoever in which access to trade secrets may be required. In this context, some courts have published guidelines describing the requirements to be met by an application to be successful, the nature and scope of the measures to be taken, the composition of the confidentiality clubs to be set and other relevant aspects.

## Conclusion

The outcome of the transposition process of the Directive in Spain may be deemed as satisfactory, as the Spanish TS Act contains a set of provisions which move away or at least significantly reduce the prospect of losing the confidentiality of a trade secret in the course of legal proceedings and, in doing so, the Spanish lawmaker increases the legal certainty.

## Get in touch

José Miguel Lissén  
Partner

Tel: +34917906009  
[jose.miguel.lissen@twobirds.com](mailto:jose.miguel.lissen@twobirds.com)

