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# IDI CONFERENCE 2018

## PROTECTING TRADE SECRETS IN COURT

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# Trade Secrets

- Defend Trade Secrets Act (DTSA), 18 USC § 1836 (2016)
- State Trade Secret Acts
- Both provide remedy for trade secret theft
- DTSA provides more protection for trade secrets in court





# State Trade Secret Laws

- Usual protections:
  - Protective Orders
- Problems:
  - Often Ineffective
  - Allows too wide permitted disclosure

# DTSA

- Protective measures:
  - Protective Orders
  - Seizure and Sequestration





# Seizure and Sequestration

- Court can order immediate seizure on application by trade secret owner
- Application can be ex parte, without appearance by accused thief
- DTSA prescribes detailed process
- Encourages fast action by courts



# Seizure and Sequestration

- Problems:
  - Whistleblower Provisions, 18 USC § 1833 (b)
  - Risk of disclosure where foreign assistance necessary, 28 USC § 1782 (a)
  - Difficult to justify seizure
  - May not be fast enough
  - Opposition can challenge secrecy



# DTSA - Best Practices

- Seizure
  - Forensic expert
  - Technical expert
  - Identify objects of seizure
  - Seizure officer
  - Transportation of products of seizure
  - Law enforcement assistance







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# DTSA - Best Practices

- Sequestration
  - Custodian
  - Separation from non-trade secrets
  - Reasonable security bond







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# Trade Secret Seizure

- “Trade Secret Seizure Best Practices Under the Defend Trade Secrets Act of 2016”
- Federal Judicial Center
- [www.fjc.gov/sites/files/DTSA\\_Best\\_Practices\\_FJC\\_June\\_2017.pdf](http://www.fjc.gov/sites/files/DTSA_Best_Practices_FJC_June_2017.pdf)





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Shhh! It's a  
Trade Secret

### Trade secrets –v- other IPR

- The importance of Trade Secrets in Distribution Networks - if never disclosed, trade secrets remain secret
- Difference between how European civil law countries protect trade secrets (unfair competition laws; labour law, etc) and the English common law system (doctrine of breach of confidence and case law)
- Various forms of trade secret protection in European litigation



## European Trade Secrets Directive (“TSD”) 2016/943

- To date the protection of trade secrets within the EU was fragmented making companies reluctant to resort to litigation
- TSD seeks to improve the effectiveness of legal protection of trade secrets against misappropriation on the Internal Market
- The TSD introduces measures, injunctions and corrective measures or allocation of damages



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## Article 9 of the TSD

- Article 9: “preservation of confidentiality of trade secrets in the course of legal proceedings”
- An attempt to harmonise the regulations concerning protecting trade secrets in litigation – how?
- How will it affect the current level of protection and regulation of trade secrets during litigation?





Discovery vs confidentiality: how to find the right balance

- Clash between Article 9 and the right to a fair trial
- Protecting the trade secret before; during and after the hearing
- Confidentiality Rings

# Questions?



**secret**

*(noun)*

something you tell  
everybody to tell  
nobody.