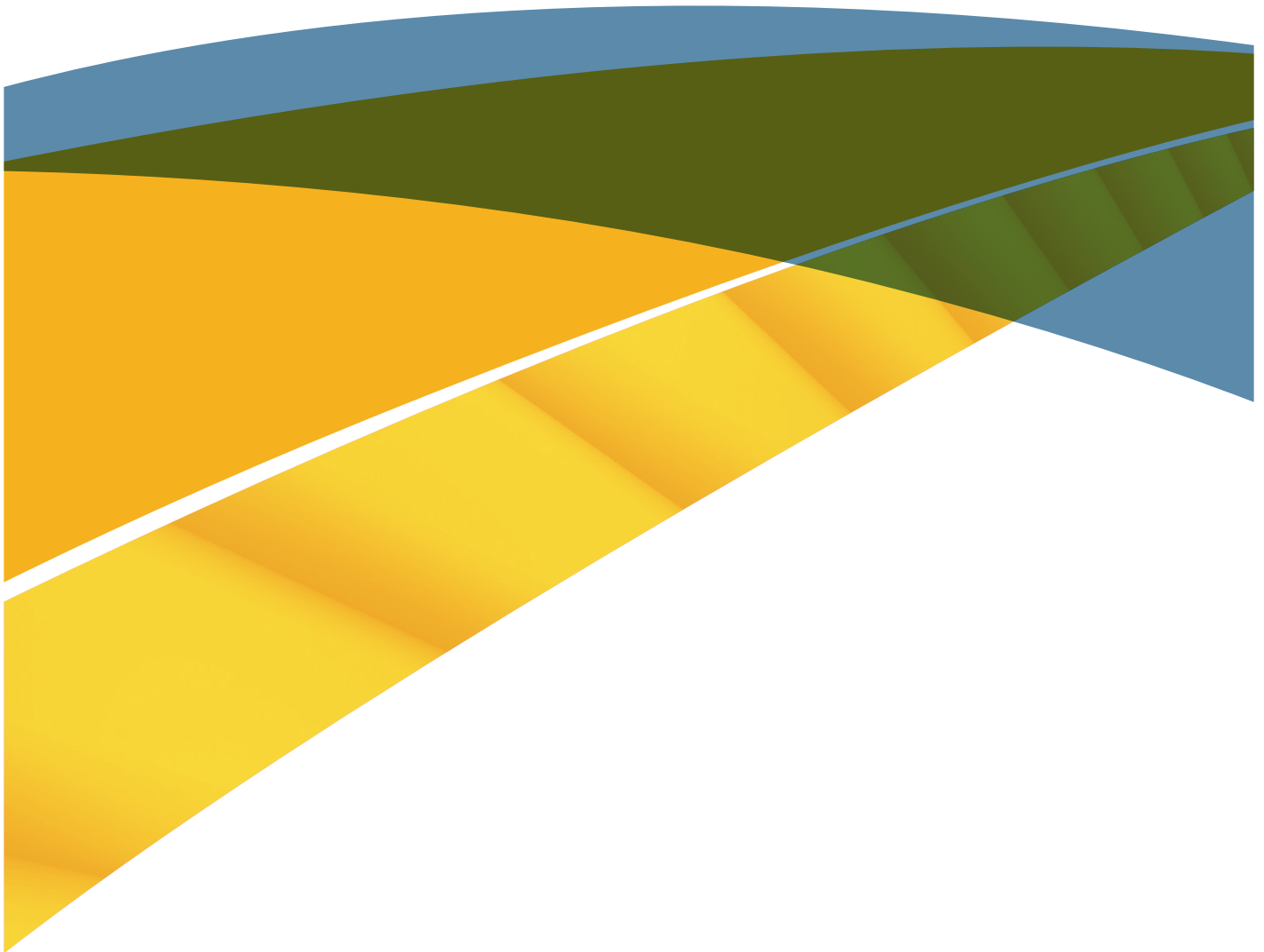




Intellectual
Property
Office

Consultation on draft regulations concerning trade secrets



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Purpose of this consultation

This technical consultation relates to the implementation of Directive (EU) 2016/943 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 ('the Directive').

The Directive was adopted on 8 June 2016 and came into force on 5 July 2016. Member States of the European Union (EU) have until 9 June 2018 to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive. This consultation seeks the views of interested parties on the proposed Trade Secrets (Enforcement, etc) Regulations 2018 ('the Regulations') which will transpose the Directive into UK law.

The full text of the Directive is included at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L0943&from=EN>

The proposed draft Regulations are to be found at Annex A. A draft Transposition Note setting out how individual provisions of the Directive may be implemented is included at Annex B.

Executive Summary

This consultation seeks the views of interested parties on the implementation into UK law of the Directive. The Directive came into force on 5 July 2016. On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU. This consultation does not address the substance and content of the Directive, only its implementation into UK law.

The draft Regulations included at Annex A set out the Government's proposals for implementing the Directive. The proposed draft Regulations will extend to the whole of the UK. Given the different legal systems in England and Wales, Scotland and Northern Ireland, the changes required vary.

The proposed Regulations provide for a statutory definition of the term 'trade secret' and set out rules concerning time periods for bringing proceedings. The Regulations include provisions concerning the preservation of confidentiality of trade secrets during and after proceedings have concluded, as well as measures relating to interim orders for delivery up. They also set out time limits within which a claim needs to be brought after an interim order for delivery up has been made. The proposed Regulations include provisions relating to measures which may be imposed on an infringer and set out the factors that need to be considered. The Regulations also provide for compensation to be paid under certain conditions, set out the factors that need to be taken into account when awarding damages, and include measures concerning the publication of information relating to judicial decisions in legal proceedings for breach of confidence.

How to respond

The Government welcomes responses to the questions set out in this consultation document from any individual, organisation or group. In your response you should indicate in what capacity you are responding. If you are responding on behalf of a representative group, please provide a summary of the people and organisations you represent.

Respondents should bear in mind that this consultation is not about whether the requirements of the Directive itself are appropriate. The Directive has been agreed, is in force, and cannot be changed at this time.

Respondents should also note it is Government policy that transposition of an EU Directive should not go beyond the minimum requirements of the Directive (so called “gold plating”) except where not to do so would adversely affect UK interests.

While the Government will note all responses, it will not be in a position to reply to each one individually and will not commit to comment on an individual basis.

The consultation will run for four weeks and the closing date for responses is 16 March 2018

Consultation responses can either be submitted electronically to:

enforcement@ipo.gov.uk or posted to the following address:

Consultation: Trade Secrets Regulations 2018
Intellectual Property Office
Room 2Y88
Concept House
Cardiff Road
Newport
NP10 8QQ

Issued: 19 February 2018

Respond by: 16 March 2018

The contact details above may be used to obtain a copy of the consultation in another format, including large print and Braille versions.

This consultation document has been prepared by officials at the Intellectual Property Office.

Confidentiality & Data Protection

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004. If you want information, including personal data that you provide to us, to be treated as confidential, please be aware that, under FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be binding on the Intellectual Property Office.

What happens next?

We will analyse submissions to the consultation and the Government will publish a response within six weeks of the end of the consultation period. The draft Regulations will be considered further, taking comments into account, and may be revised accordingly.

Quality assurance

This consultation has been drawn up in line with the Government's Consultation Principles¹. If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

BEIS Consultation Co-ordinator
1 Victoria Street
London
SW1H 0ET

Email: BEIS.BRU@beis.gov.uk

¹ <https://www.gov.uk/government/publications/consultation-principles-guidance>

Introduction

What are trade secrets?

Companies invest in acquiring, developing and applying know-how and information. This investment in intellectual capital can help companies determine their competitiveness and innovative performance in the market. The valuable know-how and business information which a company intends should remain confidential, is known as a trade secret.²

Trade secrets cover a wide range of different types of information and may include for example

- Commercial data, such as customer information, business plans and market strategies
- Technological information, such as process know-how
- Product information, such as ingredients, recipes, and manufacturing techniques and methods.

Trade secrets are valuable business assets. They have an important role to play in protecting the exchange of information and knowledge between businesses and research institutions, particularly in the context of product development and innovation.

They may be used alongside intellectual property rights such as patents and trade marks, or as an alternative to them. Provided it is kept secret, a trade secret, such as the recipe for a beverage, can be protected indefinitely. For industries with long product life cycles, trade secrets can be an important part of a strategy to protect and exploit intangible assets.

At an international level, the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property³ (TRIPS), which came into force on 1 January 1995, requires members to provide protection for trade secrets. According to Article 39.2 (TRIPS), trade secret holders should be able to prevent such information from being disclosed to, acquired by, or used by others without their consent 'in a manner contrary to honest commercial practices' providing:

- a. the information is secret;
- b. it has commercial value because it is secret; and
- c. the trade secret holder has taken reasonable steps to keep the information secret

² See Recital 1 of the Trade Secrets Directive

³ https://www.wto.org/english/docs_e/legal_e/31bis_trips_01_e.htm

The Trade Secrets Directive

Measures and remedies for the misappropriation of trade secrets vary across EU Member States. Few EU Member States include a definition of a trade secret in their legislation. In the absence of a common definition, a study carried out for the European Commission suggested this could lead to inconsistency, making enforcement in other EU Member States more difficult.⁴

The Trade Secrets Directive seeks to address the uneven protection of trade secrets in EU Member States by bringing legal clarity and a level playing field to all European companies.

The Directive provides minimum standards for measures, procedures and remedies that trade secret holders should be able to rely on in the event of unlawful acquisition, use or disclosure of their trade secrets. It also harmonises the definition of trade secrets in accordance with existing international standards⁵. The Directive aims to achieve a smooth-functioning of the Internal Market by giving innovators confidence that their trade secrets will have the same level of protection in each EU Member State and that they will have the same access to remedies in the event of misappropriation of their trade secrets.

The Directive does not aim to establish harmonised rules for judicial cooperation, jurisdiction, the recognition and enforcement of judgements in civil and commercial matters, nor does it aim to deal with applicable law.

⁴ http://ec.europa.eu/internal_market/iprenforcement/docs/trade-secrets/130711_final-study_en.pdf

⁵ Article 39(2) of The World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) – https://www.wto.org/english/docs_e/legal_e/31bis_trips_04d_e.htm#7

Summary of the main provisions of the EU Trade Secrets Directive:

The Directive is divided into four chapters:

Chapter I contains general provisions on subject matter and clarifies the scope of the Directive. The definitions in Article 2 includes a definition of what constitutes a 'trade secret' and defines what is meant by 'infringing goods'.

Chapter II defines lawful and unlawful behaviours and provides for exceptions. Article 3 sets out when acquisition of a trade secret is to be considered lawful and Article 4 when it is unlawful. Article 5 sets out circumstances in which the alleged acquisition, use or disclosure of a trade secret may be permitted.

Chapter III sets out the measures, procedures and remedies that should be available to trade secrets holders for redress against unlawful acquisition, use and disclosure of trade secrets. Article 8 provides a limitation period of up to 6 years for claims and actions while Article 9 includes procedures relating to preserving the confidentiality of trade secrets during and after legal proceedings. The Chapter also sets out the interim measures and final remedies that should be available.

Chapter IV concerns sanctions and reporting. Article 16 provides that judicial authorities should be able to impose sanctions on a party who fails or refuses to comply with any interim or final measures, or measures necessary for maintaining the secrecy of the information. Under Article 18, the EU Observatory on Infringements of Intellectual Property Rights is required to prepare reports on litigation trends and on the application of the Directive.

Current position in the UK on the protection of trade secrets

The UK has a robust and well established legal framework that allows for the effective enforcement of trade secrets. Trade secrets are governed in the most part by the common law (case law) of breach of confidence and by contract.

There is no statutory definition of what constitutes a trade secret in UK law. However, case law has ensured principles of law have been developed that apply in this area.

As the UK already has a well-developed system of legal protection for trade secrets, the EU Directive does not require substantial changes to be made to UK law. It is our view that the majority of the Directive's substantive provisions already exist in UK law, either in common law, statute or by means of court rules (for example, the Civil Procedure Rules (CPR), which govern civil proceedings in the High Court and county courts in England and Wales).

However, we have identified a number of changes that we believe need to be made to ensure that the UK, in each of its jurisdictions, complies with the Directive in a transparent manner. In the main these concern limitation or prescriptive periods, procedural issues for the courts when hearing cases on breach of confidence in relation to trade secrets, and certain remedies.

Commentary on the draft Regulations and Questions

The draft Regulations are set out in Annex A. This consultation explains the drafting of the Regulations and seeks comments on whether they implement the provisions of the Directive in an effective manner.

Regulation 1 – Citation, commencement and extent

Regulation 1 provides that the Regulations may be referred to as the Trade Secrets Regulations 2017 and states that they will come into force on 9th June 2018. The Regulations apply in England, Wales, Scotland and Northern Ireland.

Regulations 2 & 3 – Interpretation

Regulations 2 and 3 set out how the Regulations are to be interpreted.

Regulation 2 includes a definition of the term 'court'. In England and Wales, this means a county court hearing centre where there is also a District Registry, or the High Court; in Scotland, the sheriff or the Court of Session; and in Northern Ireland, a county court or the High Court. The definition has been included in order to make clear which legal jurisdiction in the UK an action for breach of confidence in relation to a trade secret may be brought.

The additional definitions in regulation 2 concerning the terms ‘infringer’, ‘infringing goods’, ‘trade secret’ and ‘trade secret holder’ reflect those of the Directive. The definition of ‘infringing goods’ includes a reference to the principle of detriment as applied in UK case law⁶. We believe this implements the Directive in a manner compatible with UK law.

The definition in the Directive of the term ‘trade secret’, reflects that of Article 39(2) TRIPS, which is already binding on the UK. The definition contains three elements:

- (i) the information must be confidential;
- (ii) it should have commercial value because of its confidentiality; and
- (iii) the trade secret holder should have made reasonable efforts to keep it confidential.

An analysis of UK case law indicates that the common law in the UK gives effect to the definition of ‘trade secret’ as set out in Article 2(1) of the Directive. The definition has been included in the Regulations as it sets out the scope of the Regulations.

Regulation 3 clarifies that where the term ‘injunction’ is used, in the application of the Regulations to Scotland, this means interdict.

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

Regulations 4 – 9: rules concerning time periods

Regulations 4 – 9 set out rules concerning time periods for bringing proceedings. The rules specify when the periods will begin to run, how long they will last, and the circumstances under which they may be interrupted or suspended. They provide certainty across all jurisdictions and implement Article 8 of the Directive. Section 36 of the Limitation Act 1980 on equitable jurisdiction and remedies is disapplied.

Regulation 4 – Time limits for bringing proceedings

This restricts the period for bringing an action for breach of confidence in relation to a trade secret. The regulation states that under the law of England and Wales and that of Northern Ireland, proceedings may not be brought after the limitation period has expired. In relation to Scotland, proceedings may not be brought after the prescriptive period⁷ has expired.

A limitation period (or prescriptive period), is designed to provide sufficient time for a claimant to bring proceedings in the court. For a defendant, these periods provide certainty that they will not face claims after the periods have expired.

⁶ See *Coco v Clark* (CH.D) [1969] RPC 41

⁷ A prescriptive periods deals with when an obligation expires whereas a limitation period deals with when the right to enforce an obligation expires.

Regulation 5 – Limitation or prescriptive period

Regulation 5 provides that the limitation period for England, Wales, and Northern Ireland, is to be six years and the prescriptive period for Scotland is to be five years. The periods are subject to the provisions of regulations 6 and 7. The periods reflect provisions set out in the Limitation Act 1980, the Limitation (Northern Ireland) Order 1989, and the Prescription and Limitation (Scotland) Act 1973.

Regulation 6 – Beginning of limitation or prescriptive period

The regulation sets out rules relating to when the limitation or prescriptive periods should start. The rules state that the periods will start:

- when the breach of confidence that is the subject of the claim has ceased, and
- a trade secret holder can reasonably be expected to know of the infringer's behaviour and identity,
- that the behaviour constitutes a breach of confidence, and that the trade secret holder has suffered loss or damage as a result of the breach.

The regulation also provides rules concerning when the periods are to begin where a trade secret holder has acquired the right to bring a claim from another person.

Regulation 7 – Effect of disability on beginning of limitation period

Regulation 8 – Suspension of prescription period during period of disability

Regulation 7 and regulation 8 set out rules relating to when a limitation period is to start where a trade secret holder is under a disability. Regulation 7 applies in respect of England, Wales, and Northern Ireland, and regulation 8 applies to Scotland.

Regulation 9 – New claims in pending actions: England and Wales and Northern Ireland

Regulation 9 clarifies the position with regard to new claims in pending actions in the courts in England, Wales and Northern Ireland. Section 35 of the Limitation Act 1980 on new claims in pending actions is applied to proceedings in England and Wales for breach of confidence in relation to a trade secret. Article 73 of the Limitation (Northern Ireland) Order 1989 on new claims in pending actions is applied to proceedings in Northern Ireland for breach of confidence in relation to a trade secret.

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

Regulation 10 – Preservation of confidentiality of trade secrets in the course of legal proceedings

The regulation provides for trade secrets to remain confidential during and after legal proceedings. It sets out the measures that a court may take to preserve the confidentiality of a trade secret or alleged trade secret, and the circumstances under which the obligation will no longer apply. The regulation implements Article 9 of the Directive.

Although rules exist that provide for the confidentiality of trade secrets to be preserved in legal proceedings in the courts, it is unclear whether the measures set out in the Directive apply across all UK jurisdictions. For example, it is unclear whether the rules of the Court of Session in Scotland provide the court with a wide enough power to:

- restrict access to any document containing a trade secret or alleged trade secret submitted in proceedings
- restrict access to hearings when trade secrets or alleged trade secrets may be disclosed
- make available a non-confidential versions of decisions in which passages containing trade secrets have been removed.

Given that there are uncertainties in this area, and in order to ensure clarity and transparency of procedures, as well as compliance with the Directive across UK jurisdictions, the draft regulation includes the provisions set out in Article 9 of the Directive. Article 9(4) has been implemented by the Data Protection Act 1998 and so is not included here.

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

Regulation 11 – interim order for delivery up;

Regulation 12 – Matters to be considered before making an order under regulation 11(1)

Regulation 11 provides for an interim order⁸ for delivery up where it is suspected that infringing goods, including goods that have been imported, may be or have been put on the market. The court may order that the continuation of the use of the trade secret is subject to the lodging of guarantees to ensure compensation for the trade secret

⁸ Interim orders are provisional measures taken at an early stage in proceedings. They remain in force until discharged by the court. They are intended to prevent injustice pending the main hearing.

holder. Where an interim order is issued, the trade secret holder needs to keep hold of the infringing goods until such time as the court orders under regulation 14(5) that they are forfeited to him or should be destroyed. The regulation implements only Article 10(1)(c) of the Directive as the other provisions are already implemented in UK law.

Regulation 12 sets out the matters that a court needs to consider before making an interim order for delivery up. The regulation implements Articles 11(1) and 11(2) of the Directive.

There is some uncertainty around whether the current court rules relating to the various UK jurisdictions provide for them to make interim orders concerning the seizure and delivery up of suspected infringing goods. There is also some uncertainty around whether the courts, for example in Scotland, have the express power to allow continuation of the alleged unlawful use of a trade secret subject to the lodging of guarantees. To provide clarity and transparency, and put matters beyond doubt, regulation 11 explicitly provides for both these measures.

In order to guarantee certainty in this area across all jurisdictions and ensure compliance with the Directive, we have taken the view that it is necessary to implement Articles 11(1) and 11(2) in the Regulations.

Although the courts of England and Wales have ordered delivery up⁹, the power of the courts in Scotland to order this, in particular on an interim basis, is uncertain. Statutory powers enable the courts to order delivery up in relation to other IP rights, such as patents, trade marks, copyright and registered designs¹⁰ and so it is consistent to provide a similar power in an action for breach of confidence in relation to a trade secret across all UK jurisdictions.

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

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

Regulation 13 – Time limit for claim to be brought

This sets out the period within which a claim needs to be brought once an order for an interim injunction or other interim remedy has been made by the court. It implements Article 11(3) of the Directive.

The measure provides for two situations:

- (i) where the court makes an order for an interim order for delivery up and sets a reasonable period for a claimant to bring legal proceedings, and
- (ii) where the court makes an order for an interim order for delivery up but does not set a reasonable period for a claimant to bring legal proceedings.

9 See *Vestergaard Frandsen A/S v Bestnet Europe Ltd* [2010] FSR 2 29 (Ch), Mr Justice Arnold at para. 113.

10 See the Intellectual Property (Enforcement, etc.) Regulations 2006 which inserted section 24C (Order for delivery up) into the Registered Designs Act 1949.

With regard to situation (i), if a claimant does not bring legal proceedings within the period set by the court, the order for the interim injunction or other interim remedy, ceases to have effect. In situation (ii), a claim needs to be brought within a period not exceeding 20 working days or 31 calendar days, whichever is the longer. If the claim is not brought within the relevant period, the order for an interim injunction or other interim remedy ceases to have effect.

It would seem reasonable to assume that an interim order would cease to have effect if proceedings were not filed in the court within a specified time. Where the court does not specify a time period for filing a claim, Article 11(3) sets out the rule to be followed. It would appear that this requirement is not reflected in current court rules across the UK jurisdictions in relation to an interim order for delivery up in an action for breach of confidence in relation to a trade secret. In order to ensure compliance with the Directive, the requirement is implemented in regulation 13.

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

Regulation 14 – Corrective measures

Regulation 15 – Matters to be considered when making an order under regulation 14

Regulation 14 provides for measures which may be imposed on an infringer in addition to any other remedy a trade secret holder may have. The measures require an infringer, at his expense, to modify the infringing goods to deprive them of their infringing quality, to withdraw the goods from the market, to deliver up and forfeit the goods to the trade secret holder or destroy the goods. The matters to be considered when making an order under regulation 14 are set out in regulation 15. These regulations implement Articles 12 and 13(1) of the Directive.

As with regulation 11, there appears to be some uncertainty as to whether UK courts across the jurisdictions have the power to order all the measures set out in Article 12 of the Directive. In order to put this beyond doubt and ensure that the UK complies with the Directive, the measures have been included in regulation 14. Following on from this, the implementation of Article 13(1) of the Directive guarantees clarity and transparency in this area and is consistent with the approach taken in relation to implementation of the Enforcement Directive 2004/48/EC¹¹.

¹¹ See the Intellectual Property (Enforcement, etc.) Regulations 2006, Schedule 1, para 3 which inserts section 24D (Order as to disposal of infringing articles, &c) into the Registered Designs Act 1949.

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

Regulation 16 – Compensation in lieu of final injunction or order under regulation 14

This provides for the possibility for compensation to be awarded to an injured party when certain conditions are met. A person who is subject to a final injunction or a corrective measure under regulation 14, may apply to the court for an order to pay compensation. The regulation sets out the conditions that need to be met and also sets limits on the amount to be paid.

Article 13 of the Directive needs to be implemented in the UK to ensure consistency across all the UK jurisdictions.

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

Regulation 17 – Assessment of damages

Regulation 17 relates to the awarding of damages. When awarding damages, if the defendant knew or ought to have known that he was engaging in infringing activity, the damages awarded to the trade secret holder are to be appropriate to the harm suffered as a result of the breach of confidence. The regulation also sets out the factors that need to be taken into account when making such an award.

Article 13 of the Enforcement Directive 2004/48/EC contains a provision on damages which was implemented in the Intellectual Property (Enforcement etc.) Regulations 2006¹². It would be consistent with this approach to implement Article 14 of the Directive to provide for an award of damages, to be assessed in the same manner across all UK jurisdictions, in an action for breach of confidence in relation to trade secrets.

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

Regulation 18 – Publication of judicial decisions

This provides for the publication of judicial decisions and implements Article 15 of the Directive. Where the court finds that there has been a breach of confidence in relation to a trade secret, it may, on request of the applicant and at the expense of the infringer, order appropriate measures with regard to publication of the judgment. These may include publishing the whole of the judgment or part of it providing the confidentiality of the trade secret is maintained and after considering the proportionality of the measure. Regulation 18(3) sets out the factors that the court needs to take into account when considering this matter.

¹² In regulation 3.

This regulation makes clear that the court may, at the request of an applicant, order an infringer to publish the court judgement either in whole or in part. Although the courts of England and Wales have ordered the publication of the judgment in an action for breach of confidence in relation to a trade secret¹³ to ensure consistency in this regard across all jurisdictions, we are of the view that it is necessary to implement Article 15 of the Directive. The specific factors referred to in Article 15(3) have not been implemented in UK law. The implementation of Article 15 of the Directive is also consistent with the approach taken to the implementation of Article 15 of the Enforcement Directive 2004/48/EC on the enforcement of intellectual property rights.¹⁴

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

¹³ See *Vestergaard* cited above, at para. 114.

¹⁴ See CPR Pt. 63, para 26.2, referred to in *Vestergaard*, noted above.

Summary of questions

- Q1. Do you agree that regulations 2 and 3 implement effectively the definitions in the Directive?
- Q2. What are your views on the rules set out in regulations 4 – 9?
- Q3. Do you agree that regulation 10 provides the appropriate level of clarity and transparency with regard to preserving the confidentiality of trade secrets in proceedings?
- Q4. Do you agree that regulation 11 is necessary to ensure that the UK complies with Article 10 of the Directive?
- Q5. Do you agree that regulation 12 is necessary to ensure certainty and compliance with the Directive?
- Q6. Do you agree that regulation 13 is necessary to ensure that the UK complies with Article 11(3) of the Directive?
- Q7. Do you agree that regulations 14 and 15 are necessary in order to ensure that the UK complies with Articles 12 and 13(1) of the Directive?
- Q8. Do you agree that regulation 16 is necessary in order to implement Article 13(3) of the Directive?
- Q9. Do you agree that regulation 17 is necessary in order to implement Article 14 of the Directive?
- Q10. Do you agree that regulation 18 is necessary in order to implement Article 15 of the Directive?
- Q11. Do you agree with the overall approach taken to implement the Directive?
- Q12. Do you agree that we have correctly identified all the relevant articles in the Directive that need implementing in UK law to ensure the UK complies with the Directive?

S T A T U T O R Y I N S T R U M E N T S

2018 No.

INTELLECTUAL PROPERTY

The Trade Secrets (Enforcement, etc.) Regulations 2018

<i>Made</i> - - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	***

The Secretary of State is a Minister designated for the purposes of section 2(2) of the European Communities Act 1972^(a) in relation to intellectual property (including both registered and unregistered rights)^(b).

The Secretary of State, in exercise of the powers conferred by section 2(2) of that Act, makes the following Regulations:

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Trade Secrets Regulations 2018 and come into force on [9th June 2018].

(2) These Regulations extend to England, Wales, Scotland and Northern Ireland.

Interpretation

2. For the purposes of these Regulations—

“court” means in England and Wales, a county court hearing centre where there is also a District Registry or the High Court, in Scotland, the sheriff or the Court of Session and in Northern Ireland, a county court or the High Court;

“infringer” means a person who has acted in breach of confidence in relation to a trade secret;

“infringing goods” means goods which benefit from a breach of confidence in relation to a trade secret (as regards amongst other matters the design, characteristics, functioning, production process or marketing of the goods) to the detriment of the trade secret holder;

“trade secret” means confidential information which—

- (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;

^(a) 1972 c.68; by virtue of the amendment of section 1(2) of that Act by section 1 of the European Economic Area Act 1993 (c.51) regulations may be made under section 2(2) to implement obligations of the United Kingdom arising under the EEA Agreement.

^(b) SI 2006/608.

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

“trade secret holder” means any natural or legal person lawfully controlling a trade secret.

3. In the application of these Regulations to Scotland, “injunction” means interdict.

Time limits for bringing proceedings

4.—(1) Under the law of England and Wales and the law of Northern Ireland, proceedings in respect of a breach of confidence in relation to a trade secret may not be brought before a court after the end of the limitation period determined in accordance with regulations 5 to 8.

(2) Section 36 of the Limitation Act 1980^(a) (equitable jurisdiction and remedies) does not apply in relation to proceedings brought under paragraph (1).

(3) Under the law of Scotland—

- (a) proceedings in respect of a breach of confidence in relation to a trade secret may not be brought before a court after the end of the prescriptive period for the claim determined in accordance with this regulation and regulations 5 to 8, and
- (b) accordingly, an obligation in respect of the loss or damage that is the subject of the claim is extinguished,

except where the subsistence of the obligation in relation to which the claim is made was relevantly acknowledged before the end of that period.

(4) Section 6 of the Prescription and Limitation (Scotland) Act 1973^(b) (extinction of obligations by prescriptive periods of five years) does not apply in relation to an obligation described in paragraph (3).

(5) The following provisions of the Prescription and Limitation (Scotland) Act 1973 apply for the purposes of, or in relation to, paragraph (3) as they apply for the purposes of, or in relation to, section 6 of that Act—

- (a) section 10 (relevant acknowledgment);
- (b) section 13 (prohibition of contracting out);
- (c) section 14(1)(c) and (d) (computation of prescriptive periods).

Limitation or prescriptive period

5. Subject to regulations 6 and 7, the limitation period is six years and the prescriptive period is five years.

Beginning of limitation or prescriptive period

6.—(1) The limitation or prescriptive period for a claim for breach of confidence in relation to a trade secret against an infringer begins with the later of—

- (a) the day on which the breach of confidence that is the subject of the action ceases, and
- (b) the day of knowledge of the trade secret holder.

(2) “The day of knowledge of the trade secret holder” is the day on which the trade secret holder first knows or could reasonably be expected to know—

- (a) of the infringer’s behaviour;
- (b) that the behaviour constitutes a breach of confidence;
- (c) that the trade secret holder has suffered loss or damage arising from that breach; and
- (d) the identity of the infringer.

^(a) 1980 c. 58.

^(b) 1973 c. 52.

(3) Where the trade secret holder has acquired the right to bring a claim for breach of confidence in relation to a trade secret from another person (whether by operation of law or otherwise), the reference in paragraph (2) to the day on which the trade secret holder first knows or could reasonably be expected to know something is to be read as a reference to the first day on which the trade secret holder or a person in whom the cause of action was previously vested first knows or could reasonably be expected to know it.

(4) Where a person (“P”) has acquired an infringer’s liability in respect of a breach of confidence in relation to a trade secret from another person (whether by operation of law or otherwise)—

- (a) the reference to an infringer in paragraph (1) is to be read as a reference to P, but
- (b) the references to the infringer in paragraph (2) are to be read as references to the original infringer.

(5) The references in paragraphs (2) and (3) to a person knowing something are to a person having sufficient knowledge of it to bring a claim for breach of confidence in relation to a trade secret.

(6) This regulation has effect subject to regulations 7 to 9 which defer the beginning of the limitation period in certain circumstances.

Effect of disability on beginning of limitation period

7.—(1) This regulation applies if the trade secret holder in relation to a claim for breach of confidence in relation to a trade secret is under a disability on the day on which, but for this regulation, the limitation period for the claim would begin.

(2) In England and Wales and Northern Ireland, the limitation period for the claim begins with the earlier of—

- (a) the day on which the trade secret holder ceases to be under a disability, and
- (b) the day on which the trade secret holder dies.

(3) Where—

- (a) the trade secret holder has acquired the right to make the claim for breach of confidence from another person (whether by operation of law or otherwise), and
- (b) but for this regulation, the limitation period would begin on the day specified in regulation 6(2),

the references to the trade secret holder in paragraphs (1) and (2) of this paragraph are to be read as references to the person by reference to whose knowledge that day would fall to be determined in accordance with regulation 6(3).

(4) In England and Wales, references in this paragraph to a person being “under a disability” have the same meaning as in the Limitation Act 1980^(a).

(5) In Northern Ireland, references in this paragraph to a person being “under a disability” have the same meaning as in the Limitation (Northern Ireland) Order 1989^(b).

Suspension of prescriptive period during period of disability

8.—(1) This regulation applies if the trade secret holder in relation to a claim for breach of confidence in relation to a trade secret is under legal disability for a period at any time.

(2) In Scotland, the period during which the trade secret holder is under a legal disability is not to be counted when calculating whether the prescriptive period for the claim has expired.

(3) References in this paragraph to a person being “under legal disability” have the same meaning as in the Prescription and Limitation (Scotland) Act 1973^(c).

^(a) See section 38(2) of that Act.

^(b) S.I. 1989/1339 (N.I. 11). See Article 47 of that Order.

^(c) 1973 c.52. See section 15(1) of that Act.

(4) For the purposes of calculating whether the prescriptive period has expired, the period described in paragraph (2) is not to be regarded as separating the time immediately before it from the time immediately after it.

New claims in pending actions: England and Wales and Northern Ireland

9.—(1) In section 35 of the Limitation Act 1980 (new claims in pending actions)—

- (a) subsection (1) applies for the purposes of these Regulations as it applies for the purposes of that Act, and
- (b) subsections (3) to (8) apply in relation to a claim for breach of confidence in relation to a trade secret that is a new claim and to proceedings for breach of confidence in relation to a trade secret as they apply in relation to other new claims and proceedings.

(2) In Article 73 of the Limitation (Northern Ireland) Order 1989 (new claims in pending actions)—

- (a) paragraph (1) applies for the purposes of these Regulations as it applies for the purposes of that Order, and
- (b) paragraphs (2) to (7) apply in relation to a claim for breach of confidence in relation to a trade secret that is a new claim and to proceedings for breach of confidence in relation to a trade secret as they apply in relation to other new claims and proceedings.

Preservation of confidentiality of trade secrets in the course of legal proceedings

10.—(1) Where, in response to an application by a party or on a court's own initiative, a court identifies as confidential any trade secret or alleged trade secret, participants in legal proceedings (whether as a party, a lawyer or other representative, a court official, a witness, an expert or otherwise) must not use or disclose the trade secret or alleged trade secret revealed in the course of legal proceedings for the duration, and after conclusion, of the legal proceedings.

(2) Where the legal proceedings have concluded and—

- (a) the court finds that there is no trade secret; or
- (b) the information in question in due course becomes generally known among or readily accessible to persons within circles that normally deal with that kind of information,

the obligation in paragraph (1) no longer applies.

(3) On application by a party or on a court's own initiative, a court may take any of the measures set out in paragraph (4) as may be necessary to preserve the confidentiality of any trade secret or alleged trade secret revealed in the course of legal proceedings relating to a breach of confidence in relation to a trade secret.

(4) A court may—

- (a) restrict access to any document containing a trade secret or alleged trade secret submitted by the parties or third parties, in whole or in part, to a limited number of persons;
- (b) restrict access to hearings, when trade secrets or alleged trade secrets may be disclosed, and restrict access to the record or transcript of those hearings to a limited number of persons;
- (c) make available to a person, who is not one of the limited number of persons referred to in sub-paragraphs (a) or (b), a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.

(5) The number of persons referred to in paragraph 4(a) or (b) shall be no greater than necessary to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one individual from each party and the lawyers or other representatives of those parties to the legal proceedings.

(6) In considering which of the measures in paragraph (4) to order and in assessing the proportionality of the measures, a court must consider the need to ensure the right to an effective remedy and to a fair trial.

- (7) In deciding whether or not to grant the measures in paragraph (4) a court must consider—
- (a) the legitimate interests of the parties, and
 - (b) any potential harm for the parties.
- (8) In paragraph (7), “parties” includes third parties.

Interim order for delivery up

11.—(1) Where it is suspected that infringing goods, including imported goods, may be or have been put on the market, the trade secret holder may apply to the court for an order that the goods be delivered up to the trade secret holder, in addition to any other remedy the trade secret holder may have.

(2) As an alternative to paragraph (1), the court may make an order making the continuation of the use, but not the disclosure, of the trade secret in breach of confidence subject to the lodging of guarantees to ensure compensation to the trade secret holder.

(3) A person to whom the suspected infringing goods are delivered up under paragraph (1) must retain the infringing goods pending a decision to make or not to make an order under regulation 14(5).

Matters to be considered before making an order under regulation 11(1)

12.—(1) Before making an order under regulation 11(1), a court must be reasonably satisfied that—

- (a) a trade secret exists;
- (b) the applicant is the trade secret holder; and
- (c) there has been or there is about to be a breach of confidence in relation to the trade secret.

(2) In considering whether to make an order under regulation 11(1) and in assessing the proportionality of such an order, a court must take into account the specific circumstances of the case, including, where appropriate—

- (a) the value and other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the alleged infringer in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which a decision to grant or not to grant the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the public interest; and
- (h) the safeguard of fundamental rights.

Time limit for claim to be brought

13.—(1) Where a court makes an order under regulation 11(1), and has set a reasonable period within which a claim must be brought, the order ceases to have effect if the applicant does not bring the claim within such period.

(2) Where a court makes an order under regulation 11(1) but has not set a reasonable period within which the claim must be brought, the claim must be brought within a period not exceeding 20 working days or 31 calendar days, whichever is the longer.

(3) If the claim is not brought within the period stated in paragraph (2), the order under regulation 11(1) shall cease to have effect.

Corrective measures

14.—(1) Where it has been found that there has been a breach of confidence in relation to a trade secret, the trade secret holder may apply to the court for any or all of the following orders, in addition to any other remedy trade secret holder may have.

(2) A trade secret holder may apply to the court for an order that, at the expense of the infringer, the infringing goods be modified such as to deprive the infringing goods of an infringing quality.

(3) A trade secret holder may apply to the court for an order that the infringing goods be withdrawn from the market at the expense of the infringer where withdrawal does not undermine the protection of the trade secret in question.

(4) Where a court orders that infringing goods be withdrawn from the market, the court may, on the application of the trade secret holder and at the expense of the infringer, order that the infringing goods be delivered up and forfeited to the trade secret holder together with all or part of any document, object, material, substance or electronic file containing or embodying the trade secret.

(5) A trade secret holder may apply to the court for an order that, at the expense of the infringer, the infringing goods, together with all or part of any document, object, material, substance or electronic file containing or embodying the trade secret, be forfeited to the trade secret holder or destroyed.

Matters to be considered when making an order under regulation 14

15. In considering an application for an order under regulation 14 and assessing the proportionality of such an order, the court shall take into account the specific circumstances of the case, including, where appropriate—

- (a) the value or other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the infringer in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the public interest; and
- (h) the safeguard of fundamental rights.

Compensation in lieu of final injunction or order under regulation 14

16.—(1) A person liable to the imposition of an order under regulation 14 or final injunction for breach of confidence in relation to a trade secret may apply to the court for an order to pay compensation instead of being made to comply with the order under regulation 14, or injunction or if the following conditions are met:

- (a) at the time of use or disclosure the person neither knew nor ought, under the circumstances, to have known that the trade secret was obtained from another person who was using or disclosing the trade secret in breach of confidence;
- (b) the execution of the measures in question would cause disproportionate harm to the person liable to the measures; and
- (c) it appears reasonably satisfactory to pay compensation to the person applying for the measures.

(2) Where a court makes an order for the payment of compensation in lieu of an injunction, the compensation shall not exceed the amount of royalties or fees which would have been due, had that person obtained a licence to use the trade secret in question, for the period of time for which use of the trade secret could have been prohibited.

Assessment of damages

17.—(1) Where in an action for breach of confidence in relation to a trade secret the infringer knew, or ought to have known, that the activity the infringer was engaging in was in breach of confidence in relation to the trade secret, the damages awarded to the trade secret holder must be appropriate to the actual prejudice suffered as a result of the breach of confidence in relation to the trade secret.

(2) When awarding such damages—

- (a) all appropriate aspects shall be taken into account, including in particular—
 - (i) the negative economic consequences, including any lost profits, which the trade secret holder has suffered, and any unfair profits made by the infringer; and
 - (ii) elements other than economic factors, including the moral prejudice caused to the trade secret holder by the breach of confidence in relation to the trade secret; or
- (b) where appropriate, damages may be awarded on the basis of the royalties or fees which would have been due had the infringer obtained a licence.

Publication of judicial decisions

18.—(1) Where the court finds there has been a breach of confidence in relation to a trade secret, the court may, at the request of the applicant and at the expense of the infringer, order appropriate measures for the dissemination of information concerning the judgment, including its publication in whole or in part.

(2) Any measure a court may order under paragraph (1) must preserve the confidentiality of the trade secret in question.

(3) In deciding whether to order a measure under paragraph (1) and when assessing whether such measure is proportionate, the court must take into account—

- (a) the value of the trade secret,
- (b) the conduct of the infringer,
- (c) the impact of the breach of confidence,
- (d) the likelihood of further acts in breach of confidence by the infringer; and
- (e) whether the information on the infringer would be such as to allow an individual to be identified and, if so, whether publication of that information would be justified, in particular in the light of the possible harm that such measure may cause to the privacy and reputation of the infringer.

Signatory text

Address	<i>Name</i>
Date	Parliamentary Under Secretary of State Department

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement provisions of Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L157, 15.6.2017, p.1) (“the Directive”). A number of the provisions of the Directive have been implemented in the United Kingdom by common law or statute and these Regulations address those areas where gaps occur or where the implementation of the provisions of the Directive by the law of the United Kingdom may be made more transparent.

:

Regulation 2 defines the terms “infringer”, “infringing goods”, “trade secret” and “trade secret holder” in accordance with Article 2 of the Directive and adds a definition of “court”.

Regulation 3 makes clear that in the application of the Regulations to Scotland, “injunction” means interdict.

Regulations 4 to 9 make provision for limitation and prescription periods applicable to claims for breach of confidence in implementation of the provisions in Article 8 of the Directive. A limitation period of six years is set for England and Wales and Northern Ireland. A prescription period of five years is set for Scotland. Provision is made for determining when the limitation or prescription period begins to run and the circumstances under which the limitation or prescription period is suspended.

Regulation 10 provides for the preservation of confidentiality of trade secrets in the course of legal proceedings in implementation of Article 9 of the Directive.

Regulation 11 provides for an interim order for delivery up where it is suspected that infringing goods may be or have been put on the market. The remedy is available to a trade secret holder in addition to any other remedy the trade secret holder may have. Under the interim order, a trade secret holder must retain the infringing goods until an order is made under regulation 14(4) that the goods be forfeited to the trade secret holder or destroyed. The matters a court needs to consider before making an interim order for delivery up are set out in regulation 12. Regulation 13 sets out a time limit within which a claim must be brought after an interim order for delivery up has been made. These provisions implement Articles 10 and 11 of the Directive.

Regulation 14 provides for measures which may be imposed on an infringer, at his expense, in addition to any other remedy a trade secret holder may have. These measures require an infringer, at his expense, to modify the infringing goods to deprive them of their infringing quality, to withdraw the goods from the market, to deliver up and forfeit the goods to the trade secret holder and to forfeit the infringing goods to the trade secret holder who may them destroyed. The matters to be considered when making an order under regulation 14 are set out in regulation 15. Under regulation 16, a court may order compensation in lieu of an order under regulation 14 or final injunction under certain conditions. This implements Articles 12 and 13 of the Directive.

Regulation 17 sets out the factors that need to be taken into account when making an award of damages in an action for breach of confidence in relation to a trade secret. This implements Article 14 of the Directive.

Regulation 18 makes provision for the publication of information relating to judicial decisions in legal proceedings for breach of confidence in relation to trade secrets.

A full impact assessment has not been produced for this instrument as no significant impact on the private, voluntary or public sector is foreseen. A transposition note is available from the Intellectual Property Office and is annexed to the Explanatory Memorandum which is available alongside the instrument on the website.

Annex B: Transposition Table

This transposition table has been prepared by the Intellectual Property Office to accompany the Trade Secrets (Enforcement, etc.) Regulations 2018 which transpose Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their lawful acquisition, use and disclosure (Trade Secrets Directive). Where measures have been transposed, these are intended to address gaps, for example, in statute and court rules. It has been necessary to transpose certain Articles in the regulations in order to provide clarity and cohesion.

Article	Description of Article	Copy out (Yes/No)	If no – Justification
1.	Defines subject matter of the Directive and its scope	N/A	No transposition required. Articles 1(1) and 1(2) do not impose any obligations that require implementation. The limiting principles set out in Article 1(3) have been implemented in UK case law.
2.	Lists definitions of certain terms used in the Directive.	No	Transposition required. Each definition is referenced in regulation 2 but for some, additional clarification is required e.g. the definition of ‘trade secret’ clarifies that the information needs to be ‘confidential information’ and the definition of ‘infringing goods’ clarifies that the breach of confidence is to be to ‘the detriment of the trade secret holder’. This implements the definition in line with the UK’s approach.

Article	Description of Article	Copy out (Yes/No)	If no – Justification
3.	Sets out the circumstances under which the acquisition of a trade secret is lawful and clarifies that independent discovery or creation and reverse engineering are legitimate means of acquiring information.	N/A	<p>No transposition required.</p> <p>Many elements of this Article have been implemented by UK common law. Article 3(1)(c) concerning the exercise of the right of workers or their representatives to information, has been implemented by for example, the Information and Consultation of Employees Regulations 2004 (SI 2004/3426) and the Transnational Information and Consultation of Employees Regulations 1999 as amended (SI 1999/3323 as last amended by SI 2010/1988)).</p>
4.	Provides that holders of trade secrets are entitled to apply for the measures, procedures and remedies set out in the Directive to prevent or obtain redress, and sets out the circumstances under which the acquisition, use and disclosure of a trade secret is to be considered unlawful.	N/A	<p>No transposition required.</p> <p>Article 4(1) relates to the measures, procedures and remedies provided for in the Directive and does not require implementation independently of these. The remaining provisions have been implemented through UK common law</p>
5.	Provides exceptions that permit the acquisition, use or disclosure of a trade secret.	N/A	<p>No transposition required.</p> <p>Provisions are covered by UK common law and current UK legislation including the Human Rights Act 1988 and Trade Union and Labour Relations (Consolidation) Act 1992, the European Convention on Human Rights and the public interest exception in common law.</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
6.	Puts a general obligation on Member States to provide measures, procedures and remedies necessary to ensure the availability of civil redress against the unlawful acquisition, use and disclosure of trade secrets, and sets out how measures are to be applied.	N/A	<p>No transposition required.</p> <p>Implemented through UK common law and court rules in various jurisdictions.</p>
7.	Sets out how the measures, procedures and remedies provided for in the Directive are to be applied, and establishes safeguards to avoid litigation being filed in bad faith.	N/A	<p>No transposition required.</p> <p>Implemented through legislation e.g. Senior Courts Act 1981, Judicature (Northern Ireland) Act 1978, and rules of the courts in the various jurisdictions.</p>
8.	Requires Member States to establish rules relating to limitation periods for claims and actions. The Article specifies that the limitation period should not exceed 6 years.	Some	<p>Transposition required</p> <p>Regulations 4-9 set out rules concerning time periods for claims and actions as required under Article 8(1). The rules provide for a 6 year limitation period (England, Wales and Northern Ireland) and a 5 year prescriptive period (Scotland). Additional rules specify when the periods will begin to run, how long they will last, and the circumstances under which they may be interrupted or suspended.</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
9.	Requires Member States to ensure trade secrets remain confidential during and after legal proceedings. It sets out the measures that a court may take to preserve the confidentiality of a trade secret or alleged trade secret, specifies how these measures should be applied, and sets out the circumstances under which the obligations no longer apply.	Some	<p>Some transposition required</p> <p>Many elements of this Article have been copied out, but where appropriate, we have simplified the provisions to provide further clarity. The Article has been transposed as follows:</p> <p>Article 9(1) – Regulation 10(1)</p> <p>Article 9(1)(a) & (b) – Regulation 10(2)</p> <p>Article 9(2) – Regulation 10(3)</p> <p>Article 9(2)(a – c) – Regulation 10(4)</p> <p>Article 9(2) – Regulation 10(5)</p> <p>Article 9(3) – Regulation 10(6) (7)&(8)</p> <p>Article 9(4) – implemented by the Data Protection Act 1998</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
10.	Requires that Member States ensure that judicial authorities may order certain provisional and precautionary measures against an alleged infringer.	Some	<p>Some transposition required.</p> <p>Where the Article has been transposed, the regulation makes clear that infringing goods delivered up under regulation 11(1) must be retained until an order is made under regulation 14(5) forfeiting the infringing goods to the trade secret holder or for destruction of the infringing goods. This Article has been transposed as follows:</p> <p>Article 10(1)(a)& (b) – no transposition required. As UK courts already have powers to order the measures referred to</p> <p>Article 10 (1)(c) – Regulation 11(1)</p> <p>Article 10 (2) – Regulation 11(2)</p>
11.	Requires Member States to establish certain conditions of application and safeguards in respect to the provisional and precautionary measures referred to in Article 10, including providing for the measures to be revoked.	Some	<p>Some transposition required.</p> <p>Where the Article has been transposed, the regulations provide further clarity. This Article has been transposed as follows:</p> <p>Article 11(1) – Regulation 12(1)</p> <p>Article 11(2) – Regulation 12(2)</p> <p>Article 11(3)(a) – Regulation 13(1)(2) & (3)</p> <p>Article 11(4) – No transposition required – implemented by court rules</p> <p>Article 11(5) – No transposition required – common law</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
12.	Sets out measures that may be ordered where unlawful acquisition, use or disclosure of a trade secret is found.	Some	<p>Some transposition required.</p> <p>Where the Article has been transposed, the regulation provides further clarity. This Article has been transposed as follows:</p> <p>Article 12(1) – Implemented by Regulation 14(1) in relation to 12(1)(c)</p> <p>Article 12(2)(b) & 12(4) – Regulation 14(2)</p> <p>Article 12(2)(c) & 12(4) – Regulation 14(3)</p> <p>Article 12(3), 12(1)(d) and 12(4) – Regulation 14(4)</p> <p>Article 12(3), 12(2)(c) – Regulation 14(5)</p>
13.	Requires Member States to establish conditions and safeguards concerning the injunctions and corrective measures referred to in Article 12, and provides for the measures to be revoked. It also provides for compensation to be paid to the injured party if certain conditions are met.	Some	<p>Some transposition required.</p> <p>Where the Article has been transposed, the regulations provide further clarity. This Article has been transposed as follows:</p> <p>Article 13(1) – regulation 15</p> <p>Article 13 (2) – No transposition required – implemented by court rules</p> <p>Article 13 (3)(a)(b)(c) – regulation 16 (1) & (2)</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
14.	Provides for judicial authorities to make an award of damages for the prejudice suffered by the trade secret holder as a result of the unlawful acquisition, use or disclosure of his/her trade secret and states that when setting damages, all appropriate factors should be taken into account.	Some	<p>Transposition required.</p> <p>Specific factors referred to need implementation. Where the Article has been transposed, the regulations provide further clarity. This Article has been transposed as follows:</p> <p>Article 14(1) – regulation 17(1)</p> <p>Article 14(2) – regulation 17(2)</p>
15.	Relates to the publication of judicial decisions resulting from proceedings for the unlawful acquisition, use or disclosure of a trade secret. Judicial authorities may order appropriate measures concerning publication of information, including publishing a decision in full or in part, and provided that the trade secret is not disclosed.	Some	<p>Transposition required.</p> <p>Where the Article has been transposed, the regulations provide further clarity. This Article has been transposed as follows:</p> <p>Article 15(1) – regulation 18(1)</p> <p>Article 15(2) – regulation 18(2)</p> <p>Article 15(3) – regulation 18(3)</p>
16.	Establishes that judicial authorities may impose sanctions on anyone who fails or refuses to comply with measures set out in the Directive. Sanctions are to be effective, proportionate and dissuasive.	N/A	<p>No transposition required.</p> <p>The current procedures in respect of contempt of court (Contempt of Court Act 1981 and Part 81 of the Rules of the Supreme Court) are considered sufficient for the purposes of the Article.</p>
17.	To promote cooperation, this Article requires Member States to designate one or more national correspondents for questions relating to the implementation of the Directive, and specifies that details need to be communicated to other Member States and the EU Commission	N/A	<p>No transposition required.</p> <p>The Intellectual Property Office is to be nominated as the contact point for implementation of this Directive.</p>

Article	Description of Article	Copy out (Yes/No)	If no – Justification
18.	Requires the European Union Intellectual Property Office to produce an initial report on litigation trends by 9 June 2021, and the Commission to produce an intermediate report on the application of the Directive by 9 June 2022. The Commission also needs to carry out an evaluation of the impact of the Directive by 9 June 2026 and submit its report to the European Parliament and the Council.	N/A	No transposition required. Only applicable to European Union Intellectual Property Office and the European Commission
19.	Requires that Member States must implement the Directive by 9 June 2018 and inform the Commission of the main provisions adopted in national law.	N/A	No transposition required.
20.	States that the Directive enters into force on the twentieth day following that of its publication in the Official Journal of the European Union		No transposition required.
21.	States that the Directive is addressed to Member States		No transposition required.

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