Know-how and Trade Secret Protection

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Know-how and Trade Secrets as IP rights

Know-how and Trade Secrets vs. IP rights

Protection of Know-How and Trade Secrets

Workshop

Agenda

- Know-how and Trade Secrets as Intellectual Property
- Intellectual Property Rights vs. Know-how and Trade Secret Protection
- Protection of Know-how and Trade Secrets outside Intellectual Property Law
- Workshop on the Protection of Know-how and Trade Secrets in Companies

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What do we mean by Know-how and Trade Secrets?

„Know-how" is defined as a package of **non-patented practical knowledge** resulting from **experience and testing**, which is **not generally known or easily accessible** („secret"), significant and useful […] and **described in a sufficiently comprehensive manner** so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality.

Source: Commission Regulation (EC) No 772/2004 of April 27, 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements.

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What do we mean by Know-how and Trade Secrets?

Know-how is **technical and non-technical business information** concerning a certain business, **which is not generally known or readily ascertainable** *(nicht offenkundig)* but **only known by a restricted number of persons** and which is **kept confidential** according to the will of the person in control of the information.

Source: Federal Court of Justice *(BGH),* Decision of 27 April 2006 (Docket No. I ZR 126/03)

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Introduction to Intellectual Property Law

IP Right	Scope of Protection	Requirements
Patent	Technical Invention (such as Machines, Production Methods etc., in exceptions even Software)	• Novelty • Inventiveness (Intentive Activity) • Industrial Application
Utility Model	Technical Invention (such as Machines, Production Methods etc., in exceptions even Software)	• Novelty • Inventiveness (Intentive Step) • Industrial Application
Copyright	Works of Music, Science, Arts, Photography, Literature (eventually even Software and Databases) etc.	• Personal Intellectual Creation • threshold of originality
Design	Design of a Product or Interface	• Novelty • Uniqueness
Trademark	Signs to distinguish between and to identify the Geographical Origin of Trade Goods and Services (e. g. Words, Images, Designs or Audio)	• Must be depictable in a graphical manner • Not describing but distinguishing • No public interest

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Patent / Utility Model Law vs. Know-how / Trade Secret Protection

- Must be a technical invention
- Know-how is not limited to secret information, nor does it require an inventive step
- Know-how of a business often exceeds the value of a business' patents
- Invention must be disclosed to be patented
- Software can only be patented if it interacts with forces of nature ("technical aspect" of software must be shown)

→ know-how or information as such cannot be protected with patent rights!

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Copyright vs. Know-how / Trade Secret Protection

- Protection of software only if it exceeds the threshold of originality (not every source code can be proteced!)
- No registration of copyrights, therefore only poor legal certainty and highly dependent on court decisions
- No protection of mere ideas, events, motifs, scientific theories or discoveries

→ know-how or information as such cannot be protected with copyrights!

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Know-how and Trade Secrets Protection in Germany

- Act Against Unfair Competition (UWG)
  - § 17 (1) UWG: **Employees** (including managers and directors of an undertaking) are **prohibited during the term of their employment from communicating** without authorization industrial or trade secrets entrusted or made available to them in their capacity as employees **to other persons for purposes of competition, personal gain, for the benefit of a third party or with the intent to damage** the proprietor of the undertaking.

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Know-how and Trade Secrets Protection in Germany

- Act Against Unfair Competition (UWG)
  - § 17 (2) No. 1 UWG: It is prohibited for anyone to **obtain or secure business or industrial secrets for personal gain**, for the **benefit of a third party** or with **the intent to damage** the proprietor of the undertaking, through (i) the use of technical means, (ii) the creation of an embodied reproduction of the secret, or (iii) the removal of an item in which the secret is embodied, for purposes of competition.
  - § 17 (2) No. 2 UWG: It is prohibited for anyone **to use or communicate to another person a trade or industrial secret** that he has obtained by means of an unauthorized communication from an employee or through an act of industrial espionage of his own or by another person.

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Know-how and Trade Secrets Protection in Germany

- Act Against Unfair Competition (UWG)
  - § 18 UWG: **It is prohibited to use or communicate masters or specifications of a technical nature, in particular drawings, models, templates, patterns and recipes for purposes of competition or personal advancement**, irrespective of whether they are kept secret or not, if they are entrusted to a person in the course of trade.

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Know-how and Trade Secrets Protection in Germany

- Contract / Labour Law
  - Conclusion of Individual Confidentiality Agreements between employees, customers or vendors
- Act on Employee's Inventions
  - § 24(2) ArbnErfG: statutory duty for the employee to keep an invention confidential
  - § 17 ArbnErfG: statutory right of the employer to refrain from filing a patent application if it is in his best interest not to disclose the invention

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Know-how and Trade Secrets Protection in Germany

- Criminal Code
  - § 202a StGB: Spying out of data is forbidden
- Commercial Code
  - § 90 HGB: statutory confidentiality obligation for sales agents

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Workshop

- Build groups of 3-4 students
- Each group chooses one of the following companies that are involved in different industries:
  - Coca Cola
  - Google
  - KPMG
- Work on the following workshop tasks (next slide!)
- Prepare a presentation with your results
- Discuss your results and find similarities and differences in the meaning and treatment of know-how and trade secrets throughout different industries

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Workshop Tasks

- What's the business model of the company?
- What kinds of intellectual property (rights) are of extraordinary importance to do the specific business? Do consider know-how and trade secrets as well as other IP rights!
- Think of IP assets where you could use a patent as a protection tool but where you would rather not disclose the content of your invention!
- Which practical actions does a company in the respective industry need to take to make sure their know-how and trade secrets are protected? Think of IT organization, staff trainings or other instruments!
- Which are the specific challenges in know-how and trade secret protection when entering markets in foreign countries? Should companies rather do R&D trans-national or national?

Thank you for your attention!

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