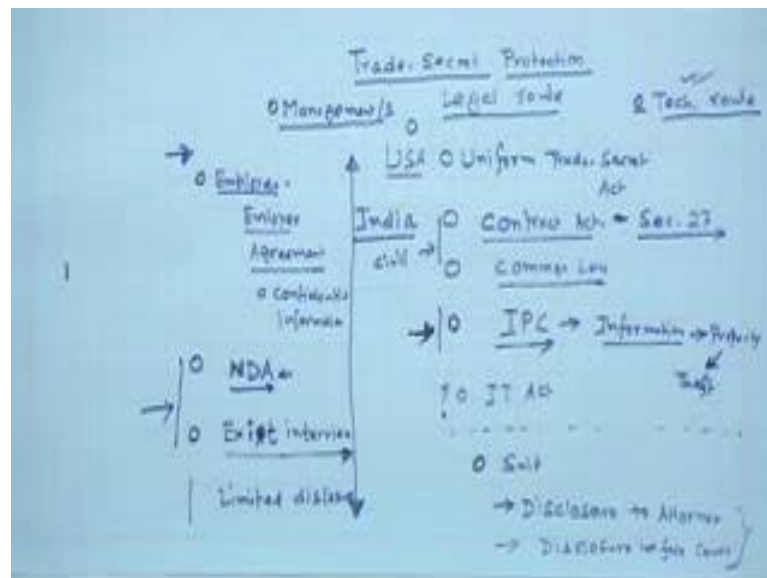


**Introduction on Intellectual Property to Engineers and Technologists**  
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**Lecture – 34**  
**Trade-Secret Protection**

So, now, I will discuss about the methods adopted or in practice for trade secret protection.

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One is let us saying legal routes. Then, you may consider whether technical routes let us thought about; then the management routes. So, all that three routes whether just protections protection of what? Information whether they will go by say along with the legal routes, they will go by other two routes also just like say when you discussed about the cooperative, you know that the technology-based protection of the cooperate protected world and also law along protect that technology also.

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So, let us see, what are the legal routes? For protection of trade secrets with reference to India, other countries specifically although you know that TRIPS has suggested article 39 of the TRIPS. TRIPS has suggested the country to get a (Refer Time: 01:57) of legislation for say for protection of the trade secret, I want to mention here in India, we do not have any specific legislation for protection of the trade secret till date. In USA, it is protected we are basically federal legislation just like uniform trade secret act trade secret act. So, this uniform trade secret act is there a federal legislation and also they have several state legislation that, for regarding the trade secrets also. And, uniform trade secret act has defined the trade secret similar lies just like TRIPS agreement. And, they have suggested what type of remedies in the form of civil remedies or criminal remedies will be provided in this spectrum, a breach of trade secrets. This simplified legislation if you read the legislation, they prefer the definition they refer definition clause. And, the subsequent other parts refers to in a breach of trade secrets. That is the situation with reference to the set that, international perspective TRIPS, then USA and then some other countries also they have legislation.

But, now, we are considering about the India. So, this is will be the USA, Now, we are considering about the India. We do not have any specific legislation as already mentioned with reference to the protection of trade secret in India. So, now what way

they will protect the trade secret in India? Just like say we have contract act. There section 25 section 27. There is a provision; the (Refer Time: 04:15) of the provisions suggested distant of trade, if that you can and the respective provision you can apply for enforcement of trade secret. So, section 27 irrespective of Indian contract act in the purview of restrict of trade just like say some (Refer Time: 04:41) trade. So, that can be applicable for enforcement of enforcement of trade secret; then, we may consider some common law provision; I try to apply the common law provision just like say unclear trade practices. If you try to link with the reference to the breach of trade secret; then just like unclear advantage and unclear competitions, you try to incorporate within the purview of breach of trade secret you may apply; just like say I think let us consider a situation; let us say a company a former employee based on that now, they are following out of after that they are following some unfair trade practices because they extracted some information from that your former employee. They are attracting the clients your clients now. Then, they are trying to adopt that unfair trade practices. Then, you may follow consider that is unfair competition unfair trade practices; that like by virtue of trade secret theft or trade secret breach of (Refer Time: 06:11) of the trade secret. Then, you may follow the common law ideologies or ideology and enforce.

Then also, if you try to put I also try considering like this way that criminal part. So, there you may have to consider the civil part that within the purview of the contract act or within the purview of common law provisions. But, sometimes I try to put in the purview of, when provisions available, if you consider trade secret as an information if trade secret is information and information having value although person having value and person having value; and, try put that in the form of a property and he try to put in the theft of property. Then, I think you can apply Indian panel courts under criminal provisions for protection of the trade secrets. So, what is just like say the provisions applicable? Similarly, say maybe provisions of IP law applicable just information technology act may be applicable with reference to few elements also. Just like say information guided client list; those things also may be consider information within the purview of IT act.

Let us try to do a research on that part. Applicability of the IT acts for protection of the trade secret the research the question mark I have kept it. So, that way the trade secret

and legal routes for protection of the trade secret in respect of India; so, the contract act section 27, how can you restrict the trade with reference to that? Just like say the question lies on that because just like say mister x has some x has a sweet shop in a particular market. Now, in that sweet shop, a worker was working. Now, that mister y has also created a sweet shop in the same market.

Now, somehow the main worker, who was working with say mister x has shifted to that that second shop. So, in that case, whether he will be restricted to join that sweet shop in the same market or different way you can create just like say in company A mister x was working; he was the main architect behind that company. Later on, he has switched over from that company and trying to create a company, who's portfolio is similar to that earlier company whether he will be prevented to establish a company having the similar portfolio in the same jurisdictions or not. So, like this way, you can apply the contract act there; and also, on by virtue of that, you may consider the protection of trade secrets.

So, there just like say in company perspectives; so, just like say these are the legal routes or legal tools available for an organization for protection of the trade secret by any specific law. Although researcher are suggesting that time has come in India to enact a specific legislation or protection of trade secret just like say I have taken few of the materials from this source just like a <http://linkedin.com>. So, just like say what they are referring just like the different cases they are referring. Shalin Zhaveri an Indian origin former employee of pharma company Bristo-Myers-Squibb pleaded guilty in 2011 before an US court, who for stealing trade secret from the (Refer Time: 11:27) drug manufacturer; so, understood the stealing part. So, several cases we will get it in the respect of India in respect of breach of trade secret. There some cases they apply their contract act; some cases they try to apply the penal provisions also, so that the document suggesting that to enact a specific legislations for protection of trade secret in India.

Similarly, the document suggested mentioned that, Royal Bank of Scotland Group fired its Singapore based chief Singapore based chief currency trader a few years back for sending an email allegedly containing confidential data. So, understood this sorts of things, you will get in a business world use of you know that Rajat Mehta's incident in US part. So that way that business world trade information or trade secret has an

enormous value. So, these are the situations there that their trade secret or confidential data, original data may be having the commercial value involved. So, there goes the series of incident; you will get it with reference to the trade secret violations. Also, similar incidents are there in software company just like say (Refer Time: 13:05) related to that; that a husband, wife working in two competitive companies; some elements of the source code platform or computer related platform, where husband is working (Refer Time: 13:18) So, disclose that things to the wife; then, the issues lies that whether this lead to the trade secret valuations or not.

Now, issues are coming up just like a one person is shifting one software company to other software company; then, how that trade secret part will be protected? That the issues related to that also have been coming over the years coming over the years. So, that way that so, in different situations, they try to protect by means of the different laws in India; So, again the lies the issues with reference to the enforceability by laws also just like a how in respect of trade secret related suit trade secret related suit or suit. Just like say if someone files a suit for trade secret breach or misappropriation; then, the litigations part just like a whether how sometimes his fear of disclosures disclosing the trade secret although it is considered as a privilege communication between attorney and clients; just like attorney and client, we say company he wants to disclose the trade secret to the attorney, who is fighting for him. That is considered as a privilege communication; some cases he fears of the disclosure because he has to prove the facts in the court that, the information breach.

So, this is also a very strategically you have to deal with in respect of trade secret related litigations trade secret related litigations in the court specifically. So, then say that way the trade secret is important parameters in respect of legal litigation part. So, these are the legal routes you may thought about for enforcement of the trade secret. And, I also try to mention what is also issues are coming up in respect of enforcement just like say disclosures to advocate to attorney; so, disclosure before court these are the issues are also there in respect of litigations of trade secret although this even understood the science-wise; scientific method wise these are not say considered as a privilege communications; not say a public-related communications or not. So, these are the legal routes.

Now, the management routes say company wise law is there; but, what type of strategy they will adopt for protection of trade secret? So, definitely, they have what they have? They have employee-employer agreement. So, they have the employee-employer agreement; in that agreement, they try to create a clause for confidential information; and, what each say confidential information and just like say related provisions also they created in employee-employer contract employee-employer agreement. Also, subsequently along with that employee-employer agreement, they suggested that employee also that, let us say all employees signing employee-employer agreement. Now, few employees are working in a specific platform; then also they suggested for them to signing a separate agreement; sometime it is called a non-disclosure agreement. So, they have to separately sign a non-disclosure agreement.

So, if now any breach with reference to that disclosure happened; just like say you are sharing some business let us say; consider you are sharing some business strategy with another company personnel; then also, you suggested that company person to sign a non-disclosure agreement specifically first, so that will not be considered as public disclosure kinds thing. Within the company also, if now you want to involve few of your employee to work in a platform, which is so confidential; and also, within the confidential elements, some of the things like the trades having commercial value; you may consider that also may involve. So, they suggested them to sign a non-disclosure agreement, so that the non-disclosure agreement nice way they will define what is confidential information; what lead to the disclosures; if disclosure happens, then what type of so, penalty provisions will be applicable to the employee. So, that way a non-disclosure agreement can applicable for say enforcement of that trade secret maybe.

Then, further strategically, what they do they will also conduct say exit interview. Let us say somebody is quitting your organization; they were quitting your organization. So, some how you want to conduct an exit interview of that so, his exit interview, exit interview of that employee. So, that exit interview will give indications of that; where he is going; which platform he is working. All those kinds situation clearly suggested that, if he is working in a company and joining another company; in which platform he was working, he should not be allowed to work in the same platform. Just like say I have discussed about a corporate case called computer associated batch; unlike computer, they

lead to the cooperative infringement. But, these sorts of things may happen based on even trade secret misappropriation; we can consider, that is, misappropriation by persons leaving an organization and joining another organization; that also may this type of situation may come up.

So, now, that way the strategically along with the strategy along with the legal tool, they are applying the strategy part exit interview, non-disclosure agreement, employer-employee agreement; then, limited disclosure. What do you mean by limited disclosure? Just like say only few very limited number of people will be allowed to work in the company circle let us say in the company circle, just like say some person is joining in a day 1. So, they will thought about that trust part first. So, building trust, whether he is trust worthy or not; then, he may be allowed to involve in the company letters with where the trade secret-related things the company have been working. So, he may be allowed to involve in that team. So, that way, the limited disclosures within the company premises or within the company involvement is also essential.

And similarly, I told you when company try to negotiate with another company, they have to be strategic enough and not to disclose some elements of their trade secret; and also, they should initially sign a non-disclosure agreement with that company during the disclosures; this will give you the negotiation before the negotiation start. So, that way, they strategize their strategically thought about protecting the trade secrets. So, technical part, managerial part or management or strategy parts by strategically also, they are protecting the trade secret within that organization premises. Then, how the technical rules you may thought about; I want everything; I will encode it the key just like say key will be available with few persons only; just like see you know that, electronic signatures or digital signatures the just generally the key with reference to a particular organization provided with only few people. So, they can be allowed; they have the digital signature certificate key the public key, private key; that part with reference to that.

Similarly, they can thought about that type of mechanism; technically means route to protect, because understood them, that for protection measures people suggested protecting the trade secret. Company has to spend huge amount of money. So, based on the strategy, based on the technical means they have to protect the trade secret. So, the

cost involved in respect to protection of trade secret; although you understood there is no statutory fee involved in respect of registration and others, I am considering with reference to India specifically. But, to protect it by means of available provisions, Indian systems, they may require huge cost with respect of say management part and other way.

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(A) WHERE AN EMPLOYEE COMES INTO POSSESSION OF SECRET AND CONFIDENTIAL INFORMATION IN THE NORMAL COURSE OF HIS WORK, AND EITHER CARELESSLY OR DELIBERATELY PASSES THAT INFORMATION TO AN UNAUTHORIZED PERSON;

(B) WHERE AN UNAUTHORIZED PERSON (SUCH AS A NEW EMPLOYER) INCITES SUCH AN EMPLOYEE TO PROVIDE HIM WITH SUCH CONFIDENTIAL INFORMATION . . . ; AND

(C) WHERE, UNDER A LICENSE FOR THE USE OF KNOW-HOW, A LICENSEE IS IN BREACH OF A CONDITION, EITHER EXPRESSED IN ANY AGREEMENT OR IMPLIED FROM CONDUCT, TO MAINTAIN SECRECY IN RESPECT OF SUCH KNOW-HOW AND FAILS TO DO SO

Source: <https://www.linkedin.com/pulse/trade-secrets-protection-india-law-whose-time-has-finally-kamat>

So, that part I want to mention here although there no specific provisions; but, we understood that is a they are required huge investment. Now, again you refer few of the cases that I have taken again that, just like say where an employee comes into a position of secret and confidential information in the normal course of his work. And, either carelessly or deliberately passes that information to an unauthorized person. The situation I want to refer here that document has suggested that, where an employee come into position of secret and confidential information that, having the business that I referred all those kind of things. So, that and now, he carelessly this part or deliberately two things situation may come up; just like say you leave the organization and deliberately discussed disclosed that information to that organization to get edge or to create his position in that organization; that lead to the breach.

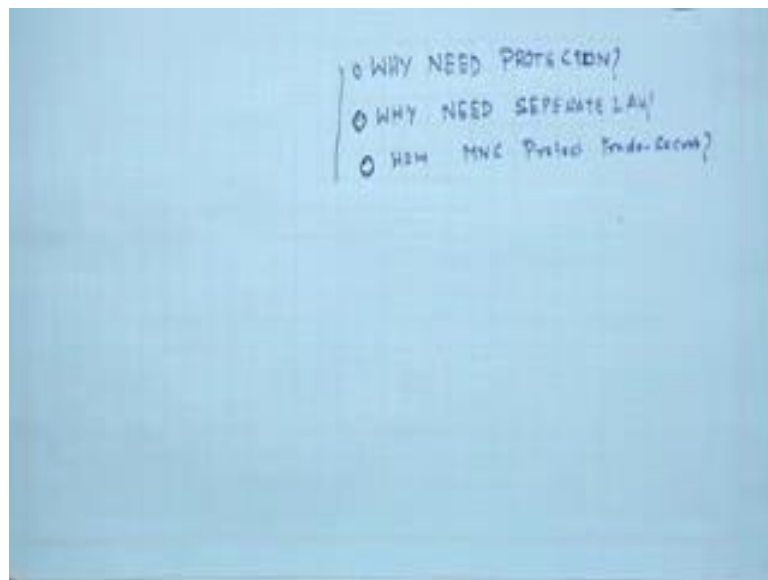
Then, when an authorized person such as the new employer inside such an employee to provide him with such confidential information; that may happen sometime this type of



illegal trade practices also adopted in the business circles; then, that also may happen. And, where under a license for the use of know-how, a licensee is in breach of a condition either expressed in an agreement or implied from the conduct to maintain secrecy in respect of such know-how fails to do. So, these are the situations, where also you understood the trade secret breach may happen. That I also refer this type of (Refer Time: 26:55) situation, this type of practice may prevails in the industries. Specifically nowadays we are telling that, database type of industries, database can also consider information.

And now, all the analytical company they are working on somebody's data. The data may be considered databases. Databases can be considered information. Now, information theft may happen; information breach of information, breach related to that agreement may happen. So, that way that different situation you understood is may prevail in the in the business circle that leads to the breach of trade secret breach of trade secret.

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So now, let us summarize the class now. We have discussed about trade secret protection. Specifically, why need protection? You know that, why; if I asked why need protection, you will be able to answer. Why? If I ask second question now why need just like all MNC's are now visibly in US also wants India to enact specific legislation for trade

secret in India also, why need separate law? Why it is important for a business circle? How let us say MNC protect trade secret? Some of the crafts I told you, but some may not be available in the public documents. They may adopt different type of strategies. Why is it referred based on some literature on my presumption? Few of those methods; maybe few others method you may get it. So, these are the things we discussed now with reference to the trade secrets.

And, just one small portion is remaining in this part. Next class I will discuss that, how to strategize just like when to patents, when to trade secrets; there I will try to distinguish patents and trade secrets and their intermingling between the patents and trade secrets. So, let us close now. Next class, we will discuss about patents versus trade secrets.