

# The Trade Secrets Directive—Ireland

By Peter Bolger

## 1. Trade Secrets Protection: Legal Framework

Traditionally, in Ireland trade secrets were protected insofar as they fell within the scope of the law of confidence which is an equitable remedy applied by a court on a case-by-case basis (the principle of *stare decisis* applies in Ireland).

The law of confidence in Ireland protects information which is confidential in nature and which is disclosed in circumstances importing an obligation of confidence. Case law has expanded the law of confidence over the years to apply it to different types of information and to disclosures in different types of circumstances.

The Trade Secrets Directive (“Directive”) was implemented in Ireland by the European Union (Protection of Trade Secrets) Regulations 2018 (S.I. No. 188 of 2018) (“**Irish Trade Secrets Regulation**”) which came into operation on 9 June 2018. A copy of the Irish Trade Secrets Regulation is available at <http://www.irishstatutebook.ie/eli/2018/si/188/made/en/print>.

Arguably, the law of confidence in Ireland could protect a wider category of information than as set out in the Directive and the Irish Trade Secrets Regulation. The Irish Trade Secrets Regulation is drafted without reference to the law of confidence and an open question is whether the law of confidence continues to apply after the implementation of the Directive.

The Directive itself provides at Recital 10 and Article 1 that Member States may provide for more far-reaching protection against unlawful acquisition, use or disclosure of trade secrets, as long as the safeguards explicitly provided for in the Directive for protecting the interests of other parties are respected.

Similarly, Recitals 17 and 39 make it clear that the Directive does not aim to reform or harmonise the law on unfair competition in general and does not affect the application of any other relevant law in other areas, including intellectual property rights and the law of contract.

Therefore, it seems clear, but unfortunately not beyond doubt, that the intention was to preserve pre-existing Member State laws and the issue may, in the future, be the subject of a CJEU reference.

In Ireland, there are no discrete criminal offences for misappropriation of trade secrets but there could be criminal sanctions if the same act or omission were to infringe another statute such as the Official Secrets Act or other legislation.

## 2. Definition

Under the Irish Trade Secrets Regulation, a “trade secret” has the same meaning as set out in the Directive, namely information which meets all of the following requirements:

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

## 3. Lawful Acts

Regulations 3(1), 3(2) and 4 of the Irish Trade Secrets Regulation faithfully transpose Article 3 and Article 4(1) of the Directive and therefore have the same meaning and requirements set out for the lawful acquisition, use and disclosure of trade secrets in the Directive.

## 4. Unlawful Acts

Regulations 5(1) to 5(4) of the Irish Trade Secrets Regulation faithfully transpose Articles 4(2) to 4(5) of the Directive and therefore have the same meaning and requirements set out for the unlawful acquisition, use and disclosure of trade secrets in the Directive.

## 5. Exceptions

Regulation 5(6) of the Irish Trade Secrets Regulation faithfully transposes Article 5 of the Directive and therefore the same exceptions apply as set out in the Directive.

## 6. Enforcement: Measures, Procedures and Remedies

Regulation 14 of the Irish Trade Secrets Regulation transposes Article 12 of the Directive in respect of injunctions and corrective measures but Ireland has not implemented the discretionary option permitted by Article 12(3) of the Directive. Article 13 of the Directive concerning conditions of application, safeguards and alternative measures is implemented by Regulation 15 of the Irish Trade Secrets Regulation. Article 14 of the Directive (damages) is transposed by Regulation 16 of the Irish Trade Secrets Regulation. Article 15 of the Directive relating to publication of judicial decisions is transposed by Regulation 17 of the Irish Trade Secrets Regulation.

## 7. Preliminary Injunctions

Regulation 12 of the Irish Trade Secrets Regulation transposes Article 10 of the Directive in respect of provisional and precautionary matters and further clarifies in Regulation 12(4) (as required by Article 11(4) of the Directive) that the appropriate court may make the grant of provisional and precautionary measures and the lodging of guarantees intended to ensure the compensation of the trade secret holders subject to lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the respondent to that application and, where appropriate, by any other person affected by the measures.

The conditions of application and safeguards in Article 11 of the Directive are transposed by Regulation 13 of the Irish Trade Secrets Regulation. Ireland, likely unnecessarily, added the requirement that the trade secret exists to the criteria prescribed by Article 11(2) of the Directive and has provided in Regulation 13(5) that the request (or any application) for compensation provided for under Article 11(5), second paragraph, may be made in separate legal proceedings.

## 8. Alternative Measures

Alternative measures may be permitted under Irish law. For example, an action may exist or an offence committed under the law of confidence (see above) as qualified by Article 1 of the Directive or under relevant Irish anti-corruption legislation. In relation to the Irish State, the Official Secrets Act may apply. A breach of the Data Protection Acts 1988 to 2018 and the GDPR may also have occurred.

## 9. Limitation Period

Actions under the Irish Trade Secrets Regulation (other than Regulation 18) shall not be brought after the expiration of six years from the date on which the cause of action accrued.

## 10. Trade Secrets as an Object of Property

Neither the Directive nor the Irish Trade Secrets Regulation specifies the legal nature of a trade secret. Further, neither instrument provide for a common approach to the assignment or licensing of trade secrets.

Since the purpose of the Directive is to harmonise trade secrets in the EU on a cross-border basis, this is a clear missed opportunity.

No particular assistance can be derived from Article TRIPS other than to state there are different possible legal bases for trade secrets (unjust enrichment, misappropriation, property etc.). Therefore, it seems likely these issues will need to be addressed by national Member State laws. In Ireland, it is likely legal practice will continue in respect of the protection, transfer and licensing of trade secrets as applied to confidential information or know-how under the law of confidence.

## 11. Trade Secrets in Court Proceedings

Regulation 10 of the Irish Trade Secrets Regulation transposes Article 9(1) of the Directive and Regulation 11 transposes Articles 9(2) to 9(4) of the Directive. Accordingly the preservation of confidentiality of trade secrets in the course of legal proceedings is in accordance with the provisions of the Directive.

## 12. Recommendations for Corporate Trade Secrets Policies

As can be seen from the third limb of a trade secret, the relevant secret information must be subject to reasonable steps under the circumstances to keep it secret. Therefore, it is now recommended that corporate bodies take steps to identify and protect its trade secrets, including taking appropriate technical and organisational measures to keep the information secret. If there is no current policy in place to achieve this, it is recommended to develop and implement a corporate policy to facilitate the capture, recordal and categorisation of trade secrets in place (and any other IP) and to implement steps for the protection of those trade secrets within the organisation and with any third party with whom the trade secret is shared. ■

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