



Protecting Trade Secret in South-East Asia

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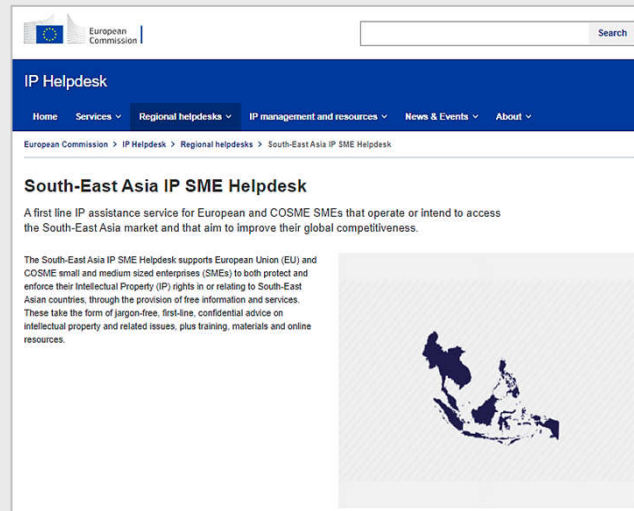
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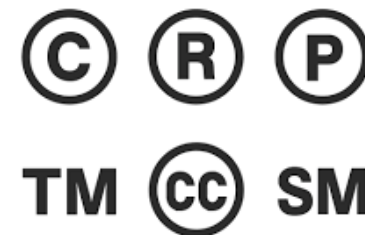
Guides and Factsheets



Agenda

- IP and Trade Secrets
- Practical Examples
- Commercial factors in Trade Secrets protection
- Trade Secrets v Confidential Information
- Managing Trade Secrets
- Contracts
- Enforcement
- Cases

IP and Trade Secrets



- Registered IP - trademarks, patents, designs – register with National IP Offices
- Unregistered IP – copyright, **trade secrets**, unfair competition/passing off – protected automatically
- Automatic protection for unregistered rights is **subject to special rules** however
- 2 different legal regimes exists
 - a. Civil law – Trade Secrets – e.g. Indonesia
 - b. Common law – Confidential Information – e.g. Singapore
- In today's world trade secrets are fast becoming one of the most important IP assets (e.g. Google's search algorithm, Facebook's data, Spotify's music selection algorithm, Amazon's shopping prompts (other customers bought...))
- Every patent and design ever...

Practical Examples of Trade Secrets

World Intellectual Property Organization (WIPO) definition of trade secrets includes:

- sales methods
- distribution methods
- consumer profiles
- advertising strategies
- lists of suppliers and clients, customer and supplier information
- manufacturing processes and industrial secrets
- technical know-how, new products or business models,
- business operation manuals, recipes, formulae,
- special techniques for development of a product or services

Key Issues for Trade Secrets Protection

- The competitive edge of many businesses is based on keeping information confidential
- The difference between Trade Secrets and general know how = the level of secrecy
- It does not matter whether you think it is secret but in fact whether it is (you may have to prove this)
- Secret means it must not be known to your competitors or other public sources
- You will likely need to prove what steps you have taken to protect the secrecy
- Unlike other IP, Trade Secrets can last forever (e.g. the Coca Cola recipe created 100 year ago!)
- First and foremost, define the Trade Secrets. A list or description, locked in the safe or a password protected file will suffice
- Precise conditions for protection of a trade secret may vary from country to country – the key is looking at where the secret is kept or deployed/used and where any breach has taken place. Use that country's laws.

Trade Secrets vs Confidential Information

- Indonesia has a specific Trade Secrets law, which defines trade secrets as business or technical information that is not known by the public and has economic value in business. Civil and criminal remedies exist, and they are easily transferrable under contract.
- Malaysia: Malaysia uses common law of confidence to protect confidential information. Equity-based rules come from civil case law. Confidential information is non-public information, which is kept confidential. Protection is against unauthorised use, which causes harm; and protection is through civil courts only, e.g. Soon Seng Palm Oil Mill (Gemas) Sdn Bhd and others v Jang Kim Luang, Yeo Kim Luang and others, 2011. Confidential information is not an easily transferable asset.
- Key difference is better portability of Trade Secrets (assignment, license etc)

Country	Rules/Law
Singapore	Common law -Confidential Information
Malaysia	Common law -Confidential Information
Indonesia	Law on Trade Secrets No 30/2002
Philippines	IP Code
Vietnam	IP Code
Thailand	Trade Secret Act (No. 2) B.E. 2558
Cambodia	Common law -Confidential Information
Myanmar	Common law -Confidential Information
Brunei Darussalam	Common law -Confidential Information
Laos	IP Code

Managing Trade Secrets

- Unregistered rights are invisible, with no formal proof; but to prove them you must show various steps
- Trade Secrets must be managed to be protected – so first place **someone in charge**
- Then **identify and catalogue** them, and keep them updated. Use a document, or spreadsheet, to set them out, marked Confidential. Keep it secret and locked up in the business (physically and/or password protected file)
- Make sure you have good **IT security** for confidential data protection; separate drives with no access to junior staff, etc
- Check **physical security** is effective. Companies restrict access to manufacturing, technical, R&D and sensitive areas
- **Train** your staff on Trade Secrets issues e.g. once a year e.g. no copying documents
- Involve **HR** in entry and exit interviews to remind staff to protect and not disclose any Trade Secrets
- **Employment contracts** contain Trade Secrets clauses, obliging employees to protect and not disclose trade secrets
- **Maintain records** of and document all these steps and **keep them updated**

Contracts and NDAs

- Always use NDAs (aka confidentiality agreements) before you disclose any sensitive information
- Any contract with a third party in which Trade Secrets are used, must have adequate clauses
- Employee agreements must contain Trade Secrets protection clauses
- Assignment of Trade Secrets (Civil law jurisdictions), to correct owning entity, esp. external contractors
- Contracts must be local to the country in question
- Follow the usual contract rules – choice of law, dispute resolution (consider Arbitration for Trade Secrets if local courts in experienced)
- Register relevant contracts (licenses etc)

Trade Secrets Enforcement

- The unauthorised use of trade secrets by anyone other than the owner is regarded as infringement
- Check the contracts. Well drafted contracts set out a solution, termination, dispute resolution.
- Civil legal action. The usual goal is a civil court injunction to stop the misuse or disclosure, as well as damages
- In some countries Trade Secret theft is criminal. Criminal cases are investigated by the police and cases brought by the prosecutors. IP disputes can be investigated by the IP Office.
- Legal Warning letters, settlements and negotiation are a common resolution tool
- Most common Trade Secrets disputes are ex-employees stealing ideas to work for competitors or start new businesses. Some sensitive industries suffer from cybertheft.

SEA Case Examples on Trade Secrets

- I-Admin (Singapore) Pte Ltd v Hong Ying Ting and others [2020]. 2 individuals set up a competing business while still employed by I-Admin. The court ordered an Anton Piller order which revealed the individuals took and used confidential materials relating to software. They even deleted files during the raid, while the APO was being executed.
- In 2010, several relationship managers of a bank in Singapore left en masse to a rival bank. Prior to leaving the bank, they emailed data from the bank's computer system to their own personal email accounts; they also accessed and printed confidential company data. These employees were subsequently charged in a Singaporean court for the unauthorised access of confidential client data.
- PT Basuki Indonesia filed a claim in 2008 against a local division of Hitachi Construction and several individuals for trade secrets infringement. The issue related to a competing boiler construction. In 2017, the court of appeal set damages at USD750,000 against Hitachi Construction amounting to 50% of the lost profits during the period of the theft. Supreme Court (under case no. 3305 K/Pdt/2016) awarded USD84,000 for material and immaterial loss.
- In Thailand, the Plaintiff claimed that there was a nondisclosure clause in the employment agreement, but it was unable to demonstrate that the documents with the list of customers and the information containing the origin of goods were protected by the appropriate measures to prevent access by an employee who is not normally connected to this information. Supreme Court under Judgement 10217/2553, determined that a general non-disclosure and non-competition clause inserted in an employment agreement was not an appropriate measure to maintain the secrecy of the trade information, and it consequently dismissed the Plaintiff's claim.

Other Case Examples relating to Trade Secrets

- United States of America v. United Microelectronics Corporation – criminal prosecution of Taiwan company United Microelectronic Corporation (UMC), Fujian Jinhua Integrated Circuit and three individuals for a scheme to steal trade secrets from US competitor Micron Technology. United Micro pleaded guilty and was fined \$60M for IP theft.
- Google's Waymo Self-Driving Car subsidiary sued former Google employee, Anthony Levandowski, for secretly downloading 14,000 LIDAR data files from Google's hardware systems before resigning a month later and launching a self-driving truck start-up called Otto, which Uber acquired in August 2016. Google won USD245 Million.



Thanks for your attention

Questions?

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