

Trade Secrets in South-East Asia

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**SOUTH-EAST ASIA
IP SME HELPDESK**

Speaker's Bio



Name: Nick Redfearn

Firm: Rouse

Location: Jakarta, Indonesia

Nick started at Rouse's London office, where he then relocated to Indonesia, Vietnam and Dubai respectively. He was appointed Indonesia Country Manager from 1999 – 2003, where he then helped set up the Rouse businesses in Thailand in 2000 and the Philippines in 2005. He then moved to run the Hong Kong office in 2003 and Guangzhou office in 2004 before returning to manage Rouse's business in Indonesia from 2010 - 2013. Nick also took leadership in opening Rouse's office in Africa in 2015.

Nick has decades of experience in Asia, which has led him to successfully run anti-counterfeiting and anti-piracy work throughout Asia, from the southeast Asian countries to China. He has adept expertise in complex IP litigation in Asia, including cross border disputes, Chinese infringement disputes, and famous trade mark recovery and trademark squatter cases. He has then built and managed many China IP protection and enforcement programs.

Nick advises many MNCs as well as Asian companies on copyright, patent, and trade mark protection on an international scale. His commercial experience includes IP agreements and deal structuring including IP merger and acquisition and financing.

Nick leads Rouse's IPR Policy and Development practice helping international institutions implement IP capacity building and similar programs that pay particular focus to Southeast Asia.



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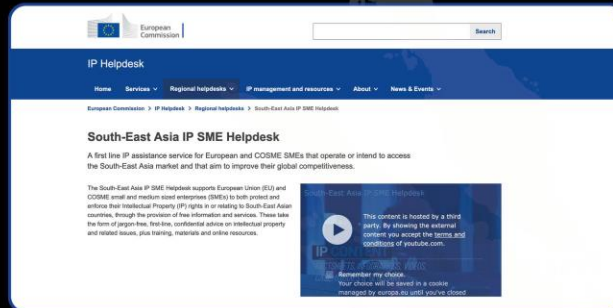
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SEA – Snapshot of our Trade Secrets Guide

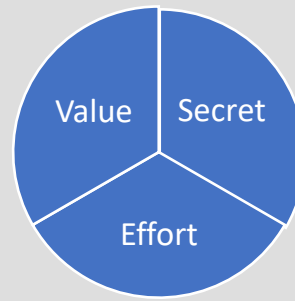


https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/south-east-asia-ip-sme-helpdesk/ip-guides_en

Agenda

1. Definitions
2. Legal systems
3. Case studies
4. Tips

Definitions - general



- A trade secret is business information that provides a competitive advantage and is kept secret. 3 key elements:
 - **Not publicly known:** The information must not be something that is generally known or readily ascertainable by the public or by competitors.
 - **Economic value:** The information must provide some sort of economic benefit to the business that owns it. This could be because it gives them a cost advantage over competitors, allows them to produce a higher quality product, or something else.
 - **Reasonable efforts to maintain secrecy:** The business must take steps to keep the information secret. This could include things like using non-disclosure agreements with employees and contractors, keeping the information in secure locations, and limiting who has access to it.
- Trade secrets are a valuable form of IP, different from patents. Patents are granted and published by governments and give owners exclusive rights to inventions for a limited time. Trade secrets are not publicly known and are protected by law so long as a business takes reasonable steps to keep them secret.

Definitions – more detail

Ref. link: <https://www.wipo.int/tradesecrets/en>

World Intellectual Property Organization (WIPO) defines as any confidential business information that is of considerable commercial value to businesses and that provides an enterprise with a competitive edge may be considered a trade secret. This includes all kinds of information like:

- sales & distribution methods
- consumer profiles and pricing strategies
- advertising & marketing plans, new brand names
- lists of suppliers and clients
- manufacturing processes, R&D data, recipes/raw materials, product designs
- data, algorithms
- technical equipment use
- financial info., costings, remuneration, projections

AND SO MUCH MORE

Who uses trade secrets

- All kinds of businesses!
- Tech companies
- Manufacturers, suppliers, sub contractors
- Sales & distribution companies
- Franchises
- Designers
- Start Ups
- Today virtually everyone!

Legal systems and legal rules

- Territoriality of IP rules – country by country protection
- WTO TRIPS rules – ‘undisclosed information’ - trade secrets or know-how
- Other Treaties – RCEP (follows trips undisclosed information), CTPPP (adds criminal liability requirement)
- Common Law – ‘confidential information’ = broader information, no property right, court decisions
- Civil law – ‘Trade Secret’ = a form of IPR, statute based, specific, assignable, commercial value, active protection
- Patents and trade secrets – at pre filing stage disclosures must be kept confidential
- No time limit on protection vs patent 20 years

Civil law	Common Law
ID	SG
TH	MY
VN	MN?
PH	BN
KH	
LA	

Laws

Country	Laws
Indonesia	Trade Secret Law No. 30 of 2000 Source: https://peraturan.go.id/id/uu-no-30-tahun-2000
Singapore	Common Law Confidentiality (Law of Confidence) Source: https://www.ipos.gov.sg/about-ip/trade-secrets
Malaysia	Common Law tort of breach of confidential information and/or by contract Source: https://tinyl.io/Aa3X
Thailand	Trade Secrets Act B.E. 2545 Source: https://www.ipthailand.go.th/images/781/2_1.pdf
Vietnam	Vietnam Intellectual Property Law Source: https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/vn/vn003en.pdf
Brunei Darussalam	No specific regulation on Trade Secret but common law of confidence can apply Source: https://dip.gov.la/wp-content/uploads/2021/09/201_Brunei-Factsheet_SEA-IPR-SME-Helpdesk.pdf
Cambodia	No specific regulation on Trade Secret Source: https://intellectual-property-helpdesk.ec.europa.eu/ip-management-and-resources/trade-secrets_en#:~:text=Is%20there%20any%20protection%20for,be%20protected%20under%20other%20laws.
Laos	Laos Intellectual Property Law No. 38/NA of November 15, 2017 Source: https://www.wipo.int/wipolex/en/legislation/details/18024
Myanmar	No specific regulation on Trade Secrets yet
Philippines	Intellectual Property (IP) Code - Republic Act No. 8293 Source: https://www.wipo.int/wipolex/en/legislation/details/18399

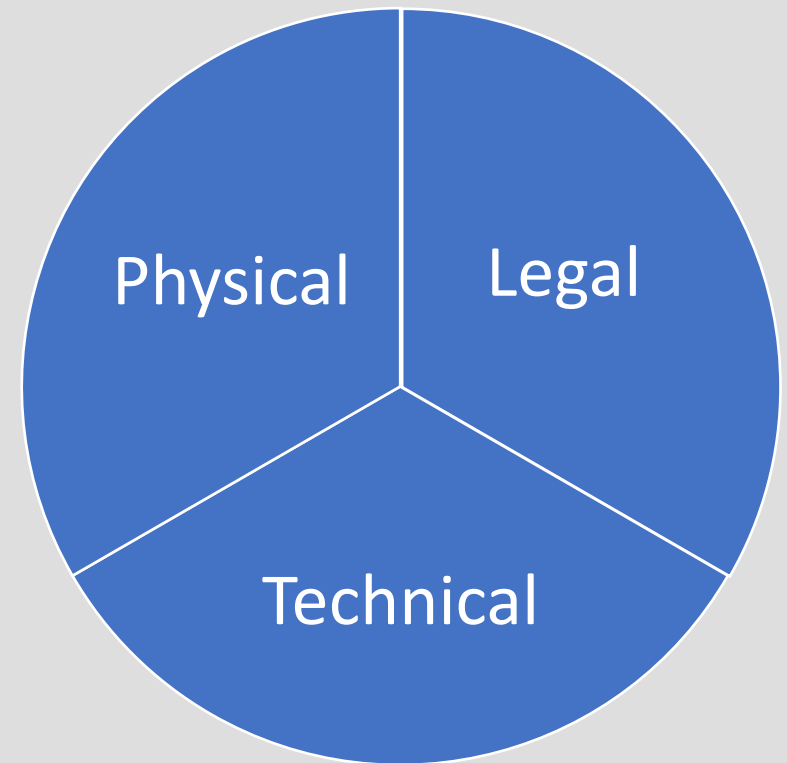
IP and trade secrets

- Rough hierarchy of technical IPRs
- Patents or designs, or copyrights can be technical IP
- Registrable v non registrable IPRs
- Know How v Trade Secrets
- In 21st Century, digital tech sectors the top two may be reversed
- Data in the 21st Century is positively and negatively protected



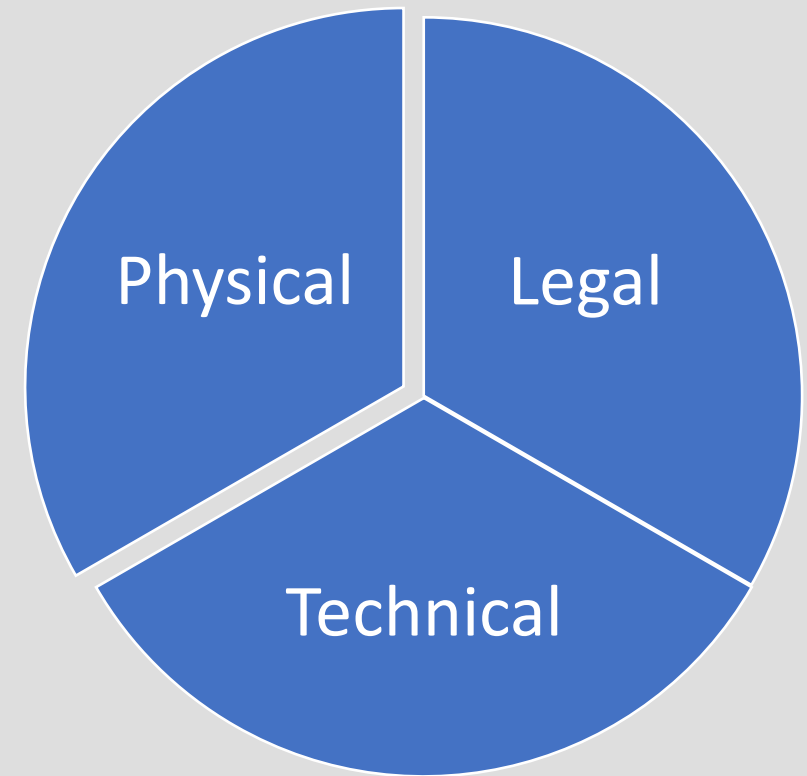
How to protect Trade Secrets

- Keep them secret
- 3 key techniques/steps
 - Physical
 - Technical
 - Legal
- Requires internal work – lawyers, HR, IT, management, security
- Requires external advisors – lawyers, IT,



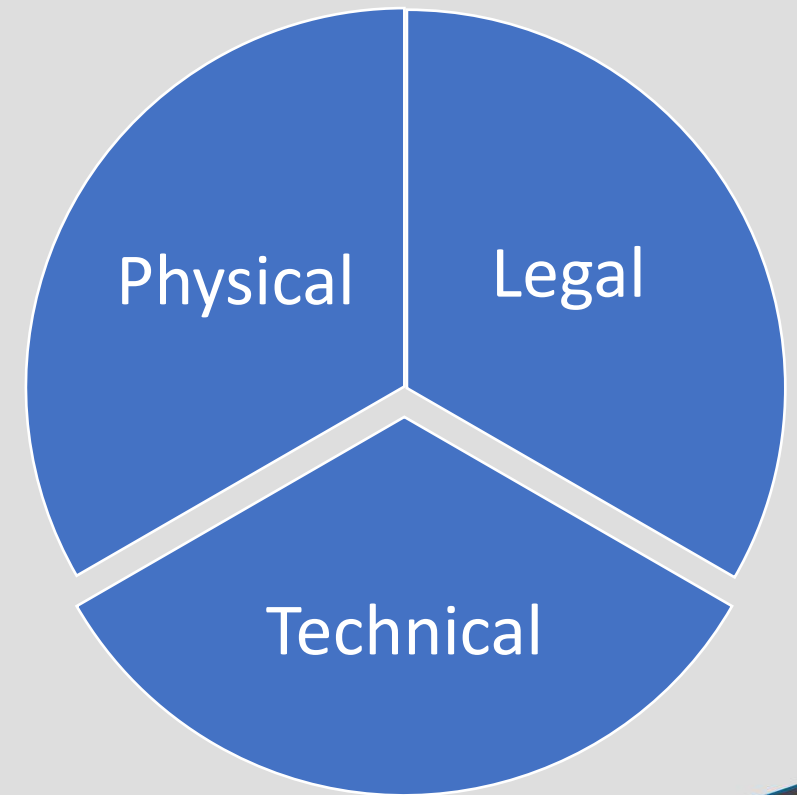
How to protect Trade Secrets

- Physical
- Locks, physical security, guards, NDAs signed, access rules, different location/premises systems, employee and visitor restrictions, visitor logs, staff sign ins/key cards, mark documents CONFIDENTIAL, Need to Know approach
- Internal Management, Board, HR, security/premises team



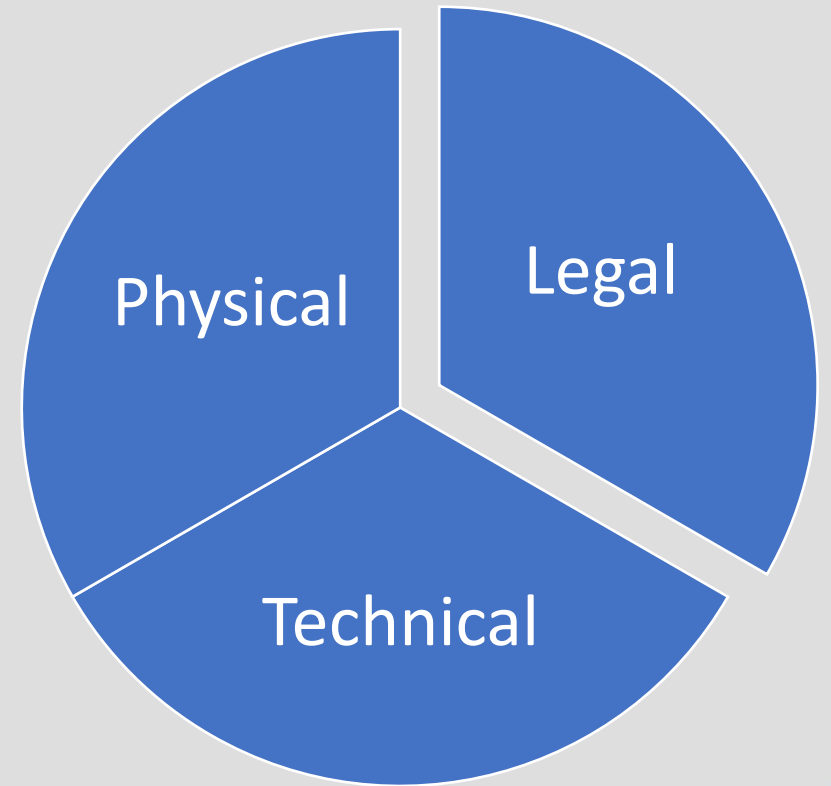
How to protect Trade Secrets

- Technical
- Device and copying restrictions, password rules, encryption, cybersecurity, data partitions, drive limitations, ISOs and IT policies, HR policies, staff Manual, entry and exit briefings, staff training, confidentiality notices/pop ups, data logs & reports, implement ISO 27001,
- Internal IT team and external IT consultants, HR team, Legal department



How to protect Trade Secrets

- Legal
- Contracts, NDAs, Confidentiality clauses (employees, officers, suppliers, subcontractors, JVs, sourcing, all business partners), contract localization, franchise agreements, voluntary records incl licenses (e.g. TH, ID)
- Legal training for key management staff
- Non compete agreements – but beware!
- Legal team, external lawyers, management team



Managing trade secrets

- The challenge of definition
- Whether and how to audit and capture them
- Trade Secret databases do exist
- Danger of third-party reliance, even disclosure
- The cross-border problem of trade secret management and IT risks
- Main risk areas:
 - Inadvertent disclosure usually by staff
 - Employee theft
 - Competitor theft
 - Cyber attack
 - Industrial Espionage

Case studies

- Vietnam People's Court of Ho Chi Minh City (**Case No. 20/LD-ST** dated March 17, 2005) – a US company dismissed one employee due to a breach of its internal staff rules on confidentiality. The reason was the employee had sent an email to her sister which disclosed information about the company's products. The People's Court of Ho Chi Minh City decide for the company. The dismissal was correct due to the breach of the companies' internal rules which the court considered valid and legally and properly registered.

Case studies

- Singapore Court of Appeal April 2020, **I-Admin (Singapore) Pte Ltd v Hong Ying Ting** and others - A Singaporean payroll and HR services company sued 2 former employees who set up their own company providing similar services. The Plaintiff undertook an Anton Pillar (civil search & seizure) order against them seizing laptops and the server and discovering their documents on the systems. The court decided there was no breach of confidence, that the presence of the documents could not be connected to the defendant's own business. The Plaintiffs had failed to show that there was unauthorized use of its confidential information to their detriment.

Case studies

- Malaysia – in the 2014 case of **Ecooils Sdn Bhd v Raghunath Ramaiah Kandikeri** a company manager was found to have breached his terms of employment by misusing and disclosing to third parties confidential information of the company. In determining whether the employee breached the duty of confidentiality, the Court had to consider whether the confidentiality clause in his contract of appointment imposed a duty of fidelity and confidence. The High Court ruled in this case that the confidentiality clause in the employee's contract of appointment imposed an express obligation of faithfulness on him.
- A second rises as to whether this duty of fidelity only subsists during the term of the employment or after such employment has ended. The Court in the 1997 case of **Schmidt Scientific Sdn Bhd v Ong Han Suan** considered this point and held that such a duty subsists even after the term of employment has ended.

Tips

- Trade secret protection is a legal issue but also a business one
 - Protection starts with management commitment and business processes
 - HR, IT and other departments play a major role
 - Lawyers both internal and external can help set up the processes
 - Contracts are vital – everyone in the business must understand NDAs and confidentiality clauses
 - If not, implicit and fiduciary duties may exist in some countries
-
- Prevention is better than cure, when there is no cure!

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