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THE UNIFORMIZATION OF THE PRINCIPLES OF TRADE SECRET PROTECTION IN THE EUROPEAN UNION LAW – THE IMPLICATIONS FOR POLISH LAW. A STUDY OF SELECTED ISSUES

ABSTRACT

This paper covers the issues related to the Polish model of trade secret protection from the angle of harmonizing the European Union regulations stemming from the provisions of the Directive 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

Keywords: Trade secret; competition law; unfair trade practice; know-how protection; intellectual property; industrial property; undisclosed trade information; the European Union law; European Internal Market

1. INTRODUCTION

New technologies, research and innovations are nowadays *spiritus movens* of entrepreneurship. Entrepreneurs, regardless of their respective financial potential or market position, still more and more willingly invest in the processes aimed at the acquisition of exclusive rights to new solutions within the remit of intellectual property. Due to an appropriate measure of legal protection, inventions, industrial designs or utility models become goods that constitute a decisive factor for competitiveness and a market position of a given enterprise. However, the acquisition of a patent or of a right of registration only crowns a long-term process of research and development, which in turn leads up to creating a new good. The cost of funding research and development works is incurred by an entrepreneur who invests both in intellec-

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tual capital and in technical equipment allowing him to conduct given research. That is why, what is necessary is to ensure to him a proper protection of information constituting the so-called trade secret. The so-far international standards pertinent to trade secret protection are determined mainly on the basis of the provisions of *The Agreement on Trade-Related Aspects of Intellectual Property Rights*), being an appendix to Agreement Establishing WTO (World Trade Organization) (hereinafter referred to as TRIPS)¹. Although the content of the agreement is applicable to the European Union member states, one failed to ensure an adequate measure of protection of this category of intellectual property on the European Union level. There are still considerable discrepancies between the regulations of respective member states with respect to the protection of trade secret against its unlawful acquisition, use and disclosure. The innovative provisions related to the above-mentioned issues were specified in the content of the Directive 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (*Official Journal of the European Union of 15 June 2016, L 157/1, hereinafter referred to as 'the Directive'*).

The purpose of introducing the Directive was mainly aimed at levelling out the difference between the legal regimes of the particular states, and to undertake some actions aimed at introducing a uniform standard of protection.² As indicated in the Preamble, not in every member state, there are operative regulations containing proper definitions related to the said institutions. What is more, there is a lack of coherence in connection with civil remedies that one could avail oneself of in the case of unlawful acquisition, use or disclosure of trade secrets because not always in every member states there are available injunctions to cease the infringement, the said injunctions being directed against third parties that are not competitors of a lawful holder of trade secret. Also, there are some discrepancies between the member states in the way of threatening third parties which acquired trade secret *bona fide* and then found out, while taking advantage of that secret, that its acquisition was possibly only by dint of its previous unlawful acquisition by some other person. Furthermore, the effective national regulations related to the settlement of a value of restitution do not always take the intangible nature of trade secret into consideration, which, in the case of impossibility to determine the market value of information, hinders the determination of a real benefit foregone or an unjust enrichment of an infringer (*see point 6 and 7 of the Preamble*).

The above-indicated discrepancies between particular legal regimes of the member states are only of illustrative nature. A complete description of these issues as presented in the Preamble of the scrutinized Directive points to much larger areas of legal relations that are subject to incoherent regulations. Undoubtedly, such considerable differences between the member states with respect to legal protection of trade secret definitely adversely affects the

¹ The decision of Council of the European Union 94/800 WE of 22 December 1994 related to entering – on the behalf of the European Community in the realms being subject to its powers – into the agreements being a result of multi-lateral negotiations within the Uruguay Round (1986–1994) (*The Journal of Law. L 336 as of 23 December 1994, p. 1*)

² The Directive is effectuated while taking into account art. 114 of the Treaty of the functioning of the European (The Journal of Law, No. 90 as of 2004 item 864/2.) stating that „The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market”. (art.114 paragraph 1 sentence 2 TFUE)

functioning of the European Internal Market. That is why, harmonizing the regulations pertaining to the protection of undisclosed *know-how* and undisclosed trade information would be not only an advisable action, but also a necessary one. In accordance with the provisions of the Directive, relevant amendments shall be introduced by the member states till 9 June 2018. Hence, it is worthwhile to scrutinize the provisions of national acts from the angle of suggested amendments and delineate the areas which in the nearest future should be of interest to a Polish legislator. The analysis of the issues of the above-delineated realm, as the one of utmost importance not only from the standpoint of internal economic relations but also from the international one, will constitute the subject matter of the present study. What will be subject to in-depth analysis are mainly the regulations pertinent to a definition of trade secret. In the successive sections, what will be presented are the norms related to entitlements of legal entities as well as to an issue of trade secret infringement.

The issues connected with the measure of legal protection of undisclosed know-how and undisclosed trade information, both with respect to substantive law and procedures, will be only hinted at. A detailed analysis of the regulations within that remit, as too extensive, would require a separate study and therefore, the issues related thereto will not be tackled within the present publication.

2.THE PROBLEM OF TRADE SECRET INFRINGEMENT AS CONSTRUED IN THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS) AND IN THE DIRECTIVE 2016/943

One of the reasons for taking actions aimed at harmonizing the regulation at the European Union level is the fact that the legislation of particular member states lack a uniform definition of both the concept of 'trade secret' and the enumeration of the actions constituting an infringement thereupon. The key regulations at the internal level related to the considered institutions are contained in the art. 39 of TRIPS Agreement. Pursuant to paragraph 1 of the above-cited article, the regulations ensuring the protection of 'undisclosed information' are introduced to ensure the effective protection against unfair competition.³ A definition of undisclosed information and a circle of persons entitled to its protection by virtue of holding relevant rights is contained in article 39 paragraph 2. The said paragraph goes as follows: "Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices as long as such information

- 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; an

³ The duty to ensure proper measures serving to protect stems from art. 10 of the Paris Convention for the Protection of Industrial Property; (The Paris Convention for the Protection of Industrial Property of 20 March 1883 later amended in Brussels as of 14 December 1900, in Washington as of 2 June 1911, in the Hague as of 6 November 1925, in London as of 2 June 1934, in Lisbon as of 31 October 1958 and in Stockholm as of 14 July 1967 – Stockholm Act as of 13 July 1967 (The Journal of Law of 1975, No. 9, item 51)

- c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret” (art. 39. 2. TRIPS).

The above-stated norms due to their fundamental character became a benchmark for regulating the issues pertinent to trade secret in legal regimes of particular member states. At the same time, the regulation contained in article 39 of TRIPS is too general. At the national level, one should have adequately specified both quite vague definitions and have introduced appropriate measures of protection or procedural norms. The effect of the actions undertaken by particular member states was to end up with many varied systems of trade secret protection being incoherent both in terms of substantive law and of applicable procedures. It is precisely ordering and uniformizing the regulations that is one of the principled purposes of introducing the Directive 2016/943, being related to the protection of undisclosed know-how and undisclosed trade information against its unlawful acquisition, disclosure or use.

As far the sought-for definition goes, the key solutions were formulated in paragraph 2 of the Directive. Standardizing the concept of ‘trade secret’, the Directive resorts to a definition which is equivalent with the principle applied on the grounds of art. 39. 2. of TRIPS. Pursuant to art. 2, point 1 of the Directive, trade secret means all the information satisfying conjunctively 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; and
- c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

However, the successive definitions related to the entitled entities and to potential infringers are of definitely much more precise nature than the regulations introduced on the grounds of TRIPS. Pursuant to art. 2 point 2 of the Directive, trade secret holder means any natural or legal person lawfully controlling a trade secret. This regulation is supplemented by art. 3 indicating that the acquisition of trade secrets shall be lawful when obtained by any of the following means:

- a) independent discovery or creation;
- b) observation, study, disassembly or test of a product or object that has been made available to the public or that it is lawfully in the possession of the acquirer of the information;
- c) exercise of the right of workers, representatives to information and consultation in accordance with Union and national law and/or practices;
- d) any other practice which, under the circumstances, is in conformity with honest commercial practices.

Acquisition, use or disclosure of trade secret is regarded as lawful also to such an extent that such an acquisition, use or disclosure is required by the European Union law or by national legislation or insofar as these two permit the actions in question (art.3 *in fine*). It must be underlined that the further clarification of lawful actions involving acquisition, use or disclosure of trade secrets is a regulatory novelty within the European Union legislation. At the same time, it should be positively assessed since it fills the gaps in the so-far regulations being in effect.

In accordance with the provisions of the Directive, infringing upon trade secrets involves their unlawful acquisition, use or disclosure. Any **natural or legal person**, who **unlawfully** acquired, used or disclosed a trade secret is – pursuant to art. 2 point 3 – recognized as an infringer. The enumeration of unlawful actions is contained in art. 4 of the Directive. As it provides, the **acquisition** of a trade secret without the consent of its holder is **regarded as unlawful** when obtained by any of the following means:

- a) unauthorized access to or copy of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;
- b) any other conduct which, under the circumstances, is considered contrary to honest commercial practices (art. 4. 2.).

On the other hand, **use or disclosure** of a trade secret is considered unlawful in each case in which without the consent of a holder of a trade secret, the said two actions are done by a person who is found to meet **any** of the following conditions:

- a) has acquired the trade secret unlawfully;
- b) is in breach of a confidentiality agreement or any other duty to maintain secrecy of the trade secret;
- c) is in breach of a contractual or any other duty to limit the use of the trade secret (art.4 paragraph 3).

Additionally, the use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of use or disclosure, knew or should, under the circumstances, have known that the trade secret was obtained from another person who was using or disclosing the trade secret unlawfully (art. 4 paragraph 4).

A sharp formulation of a list of unlawful actions on the grounds of the Directive and their transposition to the national law of respective member states will allow for the uniformization of the binding regulations in this respect within the European Union. The divergences that have occurred so far resulted in the lack of certainty as to a legal status of both right-holders and of potential infringers.

At the same time, to ensure the trade secret protection against unlawful actions, art. 4. 1. of the Directive imposes on the member states an obligation to ensure to trade secret holders a legal power to petition for general measures, procedures and legal means in order to preclude any unlawful acquisition, use or disclosure of their respective trade secrets and in order to be restituted for the damages stemming therefrom. In this respect, what amounts to a peculiar regulatory novelty is art. 5 stating that there shall be no entitlement to the applications of the above-stated measures and remedies under the circumstances in which the alleged acquisition, disclosure or use of the trade secret was carried out in any of the following cases:

- a) for making legitimate use of the right to freedom of expression and information;
- b) for the purpose of revealing an applicant's misconduct, wrongdoing or illegal activity, provided that the alleged acquisition, use or disclosure of the trade secret was necessary for such revelation and that the respondent acted in the public interest;
- c) the trade secret was disclosed by workers to their representatives as part of the legitimate exercise of their representative functions;
- d) for the purpose of protecting a legitimate interest recognized in the European Union and in the national law.

The above regulation is aimed at ensuring legal security to the so-called whistleblowers, that is to the persons who infringe on trade secret to protect a more vital good of public nature.

A list of appropriate measures serving to protect undisclosed know-how and undisclosed trade information is described in details in chapter III of the Directive. As was indicated in the introduction, a detailed study of these issues exceeded the scope of the present paper. Still, we should take heed of, stemming from art. 6, a general duty to introduce in the regimes of particular member states proper measures and procedures enabling a person to pursue his claims arising from trade secret infringement by means of a civil lawsuit. The introduced measures and procedures shall be fair and equitable as well as effective and deterring. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays. It is also worthwhile to pay attention to the content of art. 14, paragraph 2 pertaining to the determination of the amount of restitution. The cited provision explicitly states that while making an estimation thereof, relevant judiciary authorities take into account all the relevant factors such as negative economic repercussions suffered by the victim, coupled with all the benefits foregone; any unjustified advantage achieved by an infringer; and, in certain cases, the elements other than economic factors, such as a non-financial harm inflicted upon a holder a trade secret due to unlawful acquisition, use or disclosure of the trade secret. Explicitly pointing to a duty to also take into account a non-financial harm is a regulation of special significance. It should exert a considerable influence on the determination of the amount of a restitution due to trade secret infringement in Polish law. This problem has been for years a hotly debated issue; so there occurred a lack of a uniform standpoint thereupon both in a legal doctrine as well as in the verdicts reached. The said issue will be studied in detail in the successive part of the present paper.

3. TRADE SECRET IN THE LIGHT OF UNFAIR COMPETITION ACT OF 16 APRIL 1993.⁴

3.1. LEGAL NATURE OF A TRADE SECRET

In Polish legal regime, trade secret protection is mainly based on the norms contained in the Act of 16 April 1993 on unfair competition (hereinafter referred to as UZNK – from Polish ‘Ustawa o Zwalczaniu Nieuczciwej Konkurencji’). As is pointed out in the doctrine, the purpose of the unfair competition act is to ensure efficient protection to entrepreneurs who invent in broadly understood innovative businesses and combating such competitions which are contrary to law and good practices. (Gogulski & Sołtysiński, 2016). The provision of article 11, paragraph 4 of UZNK defines the concept of a ‘trade secret’ and describes it as undisclosed to public opinion technical, technological and organization information of a given enterprise or any other information of economic value, as to which an entrepreneur took pains to preserve its confidentiality. As is indicated by the content of the above-cited provision, the definition of a trade secret on the grounds of UZNK only partly corresponds with the standards assumed at the international level. Recognizing a requirement of “the lack of disclosure to the public” as a condition to be satisfied by anything to count as a trade secret

⁴ The Act of 16 April 1993 on combating unfair competition (Journal of Law of 1993, no. 47, item 211)

allows for a broader construal of this concept. It is both the above-cited art. 39 paragraph 2 of TRIPS Agreement and art. 2, point 1 of the Directive 2016/943 on the protection of undisclosed know-how and undisclosed trade information resort to a more precise definition, which results in the restriction on the possibility of classifying certain data as a trade secret. It is because on the grounds of the latter definitions, what would be ranked as trade secrets is only this bunch of information which in its entirety or in a particular configuration are not widely known or easily accessible for the persons belonging to the circles that normally deal with this sort of information. Due to a lack of new propositions pertaining to any amendments to the provisions of UZNK, what is missing nowadays are commentaries on the doctrine related to possible consequences stemming from the occurrent divergences of the definitions. Some part of practitioners predict a sort of revolution that will take place after amendments (Pinkalski, 2017). At the same time, one can encounter the opinion that in Polish legal regime not much will be amended and a new definition matters mainly from the standpoint of uniformizing the perception of a trade secret within the entire EU (Partyka-Opiela, 2016). Leaning towards the former, one must state that expected amendment of provisions will bring in a series of changes to the national system and to a judicial practice with respect to the protection of know-how and of undisclosed trade information. First of all, in the case of a direct transposition of the provisions of the Directive, what it will lead up to is narrowing down of the so-far construal of the concept of a 'trade secret'. On the other hand, what will become possible is the protection of a special set of data, which, being comprised entirely or partly of widely accessible information, still amount to a trade secret as an element of a broader set which allows for, by virtue of a specific configuration of the data contained therein, acquiring information of confidential nature. Certainly, these considerations are nowadays of purely academic nature. Taking an ultimate stand on the issue of new solutions will be possible once new propositions of regulations have been put forward.

In accordance with the regulations contained in UZNK, trade secret infringement exemplifies an act of unfair competition. Pursuant to art. 11, paragraph 1 of UZNK, **an act of unfair competition is a transfer or disclosure or use of somebody else's information amounting to their respective trade secret or its acquisition from an unauthorized person if it threatens or infringes upon an entrepreneur's interest.** Despite the fact that a reference to good practices is not explicitly derived from the content of article 11, it must be stated that this regulation is strictly connected with article 3 of UZNK, which in turn provides in paragraph 1 that what counts as an act of unfair competition is an act which is contrary to law or good practices as long as it threatens or infringes upon an interest of another entrepreneur or a customer. Additionally, what article 3, paragraph 2 explicitly subsumes under acts of unfair competition is trade secret infringement. As opposed to the contents of the cited provisions of the Directive related to undisclosed know-how and undisclosed trade information, it does not treat a premise of the occurrence of a threat or infringement upon an entrepreneur's trade secret as the one which would be a definitional criterion for the unlawfulness of an infringer's actions. It suffices for such an act to be recognized under given circumstances as contrary to fair trade practice. (art. 4, paragraph 2, letter b). The solution adopted on the grounds of the Directive must be regarded as just since it better protects the interests of entrepreneurs against still wider and wider array of means that potential infringers nowadays avail themselves of in order to acquire a trade secret. It is the Directive that allows for applying proper protective

measures in each case of unfair practices, regardless of their nature and the scope of a threat they pose.

As follows from the content of the previously-cited art. 1, paragraph 4, not each type of information is subject to statutory protection on the grounds of UZNK as a trade secret. What is subject to the said protection is only certain categories of information. This encompasses mainly information of confidential nature, simultaneously having some economic value. For a given type of information to be recognized as being of confidential nature, it takes its holder to take necessary measures in order to keep it secret. It should be underlined that it is also at this point that the solutions adopted in the Directive appear to be more restrictive. The already-discussed art. 2, paragraph 2, letter c of the Directive requires a holder of confidential information to take 'reasonable' actions under given circumstances. Although both expressions exemplify the so-called fuzzy concepts, reasonable actions imply that an entrepreneur should act more diligently and far-reachingly in order to keep some information secret than necessary actions seem to imply.

What is recognized as a secret is the information which is available only to some individuals or to a certain circle of people. Information that constitutes a secret should ex hypothesi not be made available to third parties. For it is its confidentiality that is the essence of a trade secret, being at the same time its "core and its borderline" (Kunicka-Michalska, 1972, p. 5). A circle of people having access to confidential information may vary according to a type thereof. What will be a decisive factor is a function that a given piece of information performs in a structure of an enterprise. Article 4, paragraph 4 explicitly enumerates the types of information of technical, technological and organizational nature related to a given enterprise. Technical and technological information relate to a production cycle of an enterprise. What counts as technical information is all the data related to purposeful, rational and a theory-based method of performing works in a given field. On the other hand, what is ranked as technological information includes all the data related to the process of producing goods and to a series of chemical and physical processes occurring during a process of production (Kraus, Zoll, 1929). What the concept of a 'trade secret' also embraces is the data of organizational character not directly connected with methods of production. As is pointed out in the professional literature, this sort of information may be connected with an organizational structure of an enterprise, with the data pertinent to a system of wages a given business applies, or with organization of labour, accounting principles or methods of funding (Mozgawa, 2014). It is to be stressed that the enumeration of the types of information specified in art. 11 paragraph 4 is of an open-ended nature. And therefore, what will be subsumed under a trade secret is the information the character of which is neither technical nor organization providing that it is confidential and endowed with some economic value. And this very group of information includes trade information. In the judgement of 3 October 2000 (ICKN 304/00), the Supreme Court (Sąd Najwyższy) defined trade information as an "entirety of experience and data useful for running business and not directly connected with a production cycle". Therefore, what can be subsumed under this category is marketing data, the methods of acquiring customers, list of contractors, customer database, trade correspondence, the content of commercial offers, the ways of realizing orders or sales forecast, internal budget plans and the draft of required financial statements before they are ultimately disclosed. At the same time, that the doctrine points out that to determine an economic value of information, one should not resort to fixed principles but rather interpret it liberally. (Michalak, 2003).

Each infringement upon somebody else's confidential information, which has a bearing on business assets or inflicts a measurable harm on an entrepreneur constitutes an act of unfair competition.

As far as the substance of the scrutinized provision goes, what craves for detailed description is the provision 11, paragraph 1 stating that what counts as an act of unfair competition is transferring, disclosing or using somebody else's information which amounts to a trade secret. What we can infer from the literal interpretation of that provision is the conclusion that what it takes to infringe upon a trade secret is for confidential information being characterized by some economic value to be disclosed by a **person who acquired it, lawfully or not, at the same time not being a rightful holder of that information, that is a person entitled to take further steps towards its dissemination**. The legal basis for earning a right in a trade secret may vary, depending on what is subject to a secret being protected as confidential information and under which circumstances the very information was possessed by its rightful holder. At the same time, this very issue needs scrutinizing due to the fact that article 11, paragraph 1 of UZNK regards as an act of unfair competition only sharing and transferring the information labelled as 'somebody else's'. An access to confidential information is thus mainly an entitlement of an entrepreneur whose interests are being protected by UZNK. Therefore, these issues are strictly connected with a legal nature of a trade secret. A right to secret of one's own enterprise is an intellectual property right of absolute nature. The professional literature points out that this right is not exclusive for it can be granted to many entities which are not co-owners of the information in question. It is the case, say, in the situation in two entrepreneurs independently take actions of innovative characters; or else, they acquire similar knowledge by virtue of differential means of research. However, it should be emphasized that even then the acquired information is of confidential nature and it does not cease to be protected (Nowińska, 2015).

Although there is an ongoing doctrinal dispute as to a justification for an entrepreneur holding a right to trade secret protection, one should incline towards the dominant belief that a right to a trade secret is granted to its holder as a substantive right. E. Nowińska points out that article 11 of UZNK specifies precisely enough what is subject to protection (somebody else's information constituting a trade secret) as well as the content of the substantive right of an entrepreneur (a possibility of claiming that any person unauthorized forbears from transferring, disclosing or using somebody else's information that constitutes a trade secret). Moreover, the legislation also started to protect a purchaser of confidential information amounting to a trade secret providing that this information was purchased in good faith from an authorized person on the basis of a legal financial transaction (art. 1, paragraph 3 of UZNK). The provision of article 11, paragraph 1 of UZNK is not applicable to such a purchaser. In accordance with article 11, paragraph 3, a court may oblige a bona fide purchaser to pay an appropriate fee for taking advantage of confidential information until the trade-secret status of the information in question expires. A restitution granted by a court depends on – among others – the proportions of harm done to a rightful holder of a trade secret by its unlawful disclosure. What is incumbent upon the other market participants is a duty not to disclose, transfer or use such information regardless of the manner in which the access thereto was acquired.

In the light of the currently operative regulations (art. 11 of UZNK, art. 39, paragraph 2 of TRIPS) the bearers of the duty not to infringe upon a trade secret are both entrepreneurs

and natural persons. Therefore, who is bound to keep confidential information secret are both an entrepreneur's employees who got the access to the said information due to performed works stemming from civil contracts; and legal as well as natural persons who acquired some knowledge related to a trade secret in connection with the business contacts with an entrepreneur in question. The obligation incumbent on the employees during the term of an employment contract mainly stems from contractual liability. What also performs the role of enforcing the rights of an employer is also art. 100 § 2 point 4 of the Labour Code, which imposes on an employee a duty to keep secret all the information pertaining to a given enterprise that could act to the detriment of an employer. After the termination of employment, a trade secret is protected mainly on the basis of the regulations of UZNK (the already-mentioned art. 11, paragraph 2) and relevant contract containing appropriate clauses pertaining to confidentiality and a non-competition clause. In business contacts, a trade secret protection revealed eg. during negotiations is ensured, on the one hand, on the basis of UZNK; and, on the other hand, by virtue of contractual liability on the basis of two parties concluding an agreement related to preserving confidentiality.

In case of partners in partnerships and corporations, the duty of keeping confidential information secret stems from the relevant provisions of UZNK and also from relevant provisions contained in Commercial Companies Code. In case of partners in partnerships, such a right and duty will be a natural consequence of concluding the articles of association; whereas in case of corporations, they will stem from acquiring shares or securities in a business entity, depending on a type of an entity.

In business partnerships, the partners have a duty to protect the company's interests connected with holding a trade secret on the basis of art. 56 of Commercial Companies Code due to a non-competition clause binding them (Michalak, 2006; Sołtysiński, 2012). The provision of art. 56 § 1 of Commercial Companies Code expresses the so-called duty of loyalty; that is, a partner in a general partnership is bound to forbear from any actions being contrary to an interest of a company. This duty is incumbent upon all the partners regardless of whether they run a company's affairs (art. 47 of Commercial Companies Code) or they are entitled to represent it (art. 30 of Commercial Companies Code). As is emphasized in the professional literature, the duty to forbear from any actions contrary to a company's interest should be broadly construed and go beyond mere competitive behaviors. What shall be understood by the concept of the actions contrary to a company's interests are not only any competitive actions against a company but also any acts and omissions which could act to the detriment of a company and are not competitive against the company at the same time. On the other hand, in corporations, trade secrets are protected against unlawful actions on the part of partners (shareholders) mainly by art. 11 of UZNK (Gogulski, Sołtysiński, 2016)).

3.2. TRADE SECRET PROTECTION AGAINST ACTS OF UNFAIR COMPETITION

As was hinted at in the previous considerations, the Directive imposes a duty to introduce general measures and procedures ensuring to a trade secret holder a possibility of civil enforcement of the rights granted to him. A deeper analysis of these issues would exceed the scope of the present study; yet, it is worthwhile to review *de lege ferenda* the provisions binding within the Polish legal regime.

The infringement upon an entrepreneur's rights in a trade secret vests him with the power of pursuing the claims that are granted to him on the basis of UZNK. In accordance with art. 18, an entrepreneur whose interest was threatened or infringed upon may issue a claim:

- 1) for any other person to forbear from prohibited actions;
- 2) to remove the effects of unlawful actions;
- 3) to make a single or multiple statement in appropriate wording and of appropriate content;
- 4) to redress a damage on general grounds;
- 5) to return unfair advantages on general grounds;
- 6) for a court to pay an appropriate sum of money for the social purpose connected with promoting culture or protecting national heritage – if another party is guilty of an act of unfair competition.

Each of the above claims may give rise to a separate lawsuit. It is also possible to base trade secret protection on the relevant provisions of the Civil Code, the provision regulating tort liability (art. 415 and others of the Civil Code). However, as pointed out the professional literature, the role of provisions pertinent to tort liability contained in the Civil Code is of secondary importance for trade secret protection as compared to the measures of protection contained in UZNK (Michalak, 2006)

Analyzing the issue of trade secret protection in a system of national law, it should be emphasized that any infringement on rights in a trade secret results not only in tort liability. The Act on Unfair Competition contains also regulations related to criminal liability tightening the liability of an infringer. According to art. 23, paragraph 1 of UZNK, **disclosing to another person or taking advantage in one's own enterprise of the information constituting a trade secret, providing that it does considerable harm to an entrepreneur, are subject to fine, restriction of personal liberty or to imprisonment up to and including 2 years.** The same penalties are threatened for disclosing or using an unlawfully acquired trade secret (art. 23, paragraph 2). Both crimes can be committed only by willful misconduct. A good protected by art. 23, paragraph 1 of UZNK is an entrepreneur's interest, the interest being reducible to keeping confidential some pieces of information connected with his enterprise and simultaneously constituting a trade secret. A criminal act of a perpetrator consists in a disclosure of a trade secret and/or its use in his or her own enterprise (Mozgawa 2016). What disclosure of a trade secret consists in is to make it possible for an unauthorized person to get acquainted with the very confidential information. The relevant professional literature points out that disclosure as understood by UZNK occurs even in the situation when the information is made available to a reliable person on whose discretion one can rely (Mozgawa, 2014, p.1141). When it comes to a manner of disclosure, it was a Supreme Court that reached a verdict related thereto, the verdict as of 17 March 1971 (IIIKR 260/70) expressing the belief that a manner of disclosure may involve "sharing a document, making an utterance and even by dint of a sign or a gesture". A use of a trade secret in one's own enterprise, on the other hand, consists in taking steps based on the acquisition of the protected data of confidential nature. A perpetrator of a crime specified in art. 23, paragraph 1 of UZNK can be only such a person that there is a duty incumbent upon them to keep some information secret towards an entrepreneur. As was noted before, this crime can be committed only by willful misconduct. A perpetrator must then be aware of, even allowing for his recklessness, the fact that the information that they disclose (or use) amount to a trade secret and that

they are bound by the prohibition by their disclosure or use in their respective enterprises (Mozgawa, 2016).

What is broadly discussed within the doctrine and judicature is the issue of doing considerable damage to an entrepreneur, the said damage being a prerequisite for criminal liability on the grounds of art. 23, paragraph 1 of UZNK. It stems from the fact that despite the occurrence of the concept of harm both on the grounds of the civil regulations and criminal ones, what is missing is a legal definition of the said concept in either of the two legal regimes. Damage is a material loss that a victim has suffered against their will. On the grounds of criminal law, the concept of damage is interpreted from different angles. At times, damages encompasses merely a material loss and sometimes it refers to harm, that is a non-material loss. In case of a loss construed as a material loss (damage), the question arises whether what is at stake is only *damnum emergens* (an actual loss) or also *lucrum cessans* (lost profits). According to an incisive observation by M. Uliasz, an infringement upon a trade secret does not generally (though it is not excluded) cause losses involving the diminishment of a (harmed) entrepreneur's endowments. On the other hand, a damage resulting from such behavior assumes the form of lost profits. It is because, in principle, a direct consequence of use or disclosure of confidential information belonging to a given entrepreneur is to deprive him or her – at least partly – of his customers. Only then does the loss of profits or advantages occurs, the profits and advantages being such that an entrepreneur would have achieved if the trade secret had not been infringed upon (Uliasz, 2001) According to a part of the doctrine, in case of running business, it is justifiable to construe of damage as a material loss. “A damage must manifest itself as a loss of some wealth, or else, as a loss of future stream of economic profits on the part of the entrepreneur whose trade secret was disclosed or used by a perpetrator in the latter's business operations” (Mozgawa, 2014, p.1140). This belief is reflected also in the verdict reached by the Supreme Court of 3 April 2002, with the Supreme Court stating that “on the grounds of art. 23, paragraph of UZNK, a damage should be identified with a material loss; and for the estimation whether a damage is significant or not, what is essential is not only its amount expressed in absolute cardinal numbers but also its relation to the proportions of business operations run, with these business operations being directly connected with the said damage”. Still, it should be noted that in the doctrine there are other positions on this issue. They hint at the fact that a damage might occur also via a loss in intangible assets. As is pointed out by M. Uliasz, „it is difficult to imagine that disclosure of confidential organization-related data might cause a material loss on the part of an entrepreneur, whereas it is perfectly feasible that it might give rise to a considerable loss in the entrepreneur's reputation. The belief according to which an effect of a crime might only cause a material loss is not justified on the grounds of the provisions of UZNK” (Uliasz, 2011). A similar belief is adhered to by E. Nowińska and M. DuVall (DuVall, Nowińska, 2010)). We should incline towards this position, citing an apt belief expressed by P. Kozłowska-Kalisz, the belief positing that “if it had been the will of a legislator to construe of that concept narrowly, narrowing it down only to a material loss, he would have resorted in his stipulations of the evidence of scrutinized crime to some qualification (an adjectival complement) eg. it inflicts a serious material damage on an entrepreneur” (Kozłowska-Kalisz, 2006, p. 260).

On the grounds of art. 23, paragraph 1 of UZNK, the ascription of criminal liability occurs only when the emergent loss is significant. Due to a fuzzy nature of this concept, it is impossible to point to non-arbitrary general measures that would decisively settle the issue

whether a given loss was significant or not (Mozgawa, 1996). It was the Supreme Court in art. 23, paragraph 1 that made reference to the issue of a significant damage in the above-quoted verdict as of 3 April 2002 by stating that the formulation “if it inflicts a serious damage on an entrepreneur” – contained in the final part of the provision of art. 23, paragraph 1 of the Act of 16 April 1993 on unfair competition (the Journal of Law, no. 47, item 211 with future amendments) – does not specify the so-called objective condition of punishability, but rather – an unlawful consequence being constitutive of the existence of an unlawful act. As a result, there are no grounds to claim that “a prohibited act, as specified in art. 23, paragraph 1 of the said Act cannot be done at an attempt-stage of committing a crime”. Taking into account a lack of unequivocal regulations, an estimation whether a suffered loss can be categorized as a significant damage will depend on a court’s discretion. As is rightly pointed out by M. Uliasz, it is not fully justified to resort to economic measures when it comes to determine the proportions of a given damage and of its nature. What should be also taken into consideration are such elements as the nature of disclosed of use information, its significance in production processes or in marketing, commercial practice and its proportions as well as the manner in which it was disclosed and/or used. Conducting such an analysis – particularly of a loss in intangible assets – it is justified to also make use of objectified criteria (Uliasz, 2001).

Describing the issues related to criminal-law protection of trade secret, one should also pay attention to the way in which the other regulations connected with a broadly understood protection of a trade secret function in a system of criminal law. Having no pretense to exhaust all of the remaining regulations, due to factual circumstances, one should pay special attention to art. 266, § 1, contained in chapter XXXIII of the Criminal Code, penalizing the infringement of a broadly understood professional secrecy. According to the wording of the cite provision, **he who, contrary to the provisions of an Act or a contractual duty incumbent on him, discloses or uses the information that he got acquainted with in connection with the function he performs, the work done and in connection with public, social economic or scientific activities, is subject to a fine and to a restriction of personal liberty or to imprisonment up to and including 2 years.** The features of the crime defined in this regulation are at many points convergent with the previously studied crime of trade secret infringement, regulated by art. 23, paragraph 1 of UZNK. Here, it is also disclosure and use of any information of confidential nature. Still, it should be underlined that the scope of penalized actions is in this case much broader. For criminal liability to be imposed, it is not necessary for a considerable damage to occur. It must be stated that liability is ascribed merely as a result of the very disclosing or using in whatever form of such information that should be kept secret. Furthermore, unlawful disclosure or use pertains not only to the information connected with business operations but also connected with the function performed, works done and with public, social and scientific activities. What is directly subject to protection is a right in some information to be kept secret. According to the verdict by the Supreme Court reached 21 March 2013 (III KK 267/12, Legalis), the duty to keep discretion may stem from the need for protecting one’s own vital interest or a relation of confidentiality between a holder of some given information and its depository as well as from the need for correct performance of duties related to given occupations. Eventually, it may stem from the need for running such business operations in which the relation of confidentiality is of utmost importance (Wróbel, 2013). What can be subsumed under the features of a crime as specified in art. 266 § 1 of the Criminal Code is disclosure and use of information only when there

is a violation of legal regulations and/or when it conflicts with a duty that a person voluntarily imposed on themselves. The liability as defined in art. 266 § 1 of the Criminal Code is ascribed only when a specific Act, obliging a person to discretion, will not make on the basis of *lex specialis* a distinct stipulation providing for criminal liability for the infringement on a given kind of secret. In the doctrine, there are divergent views on the mutual relation between art. 266 § 1 and art. 23, paragraph 1 of UZNK. According to some authors, art. 23, paragraph 1 of UZNK has a character of a specific provision relative to the norm as expressed in art. 266 § 1 and that is why it invalidates the latter when the subject of a crime is information constituting a trade secret (Kunicka-Michalska, 2013). According to still other authors, the principle of *lex specialis derogat legi generali* is inapplicable in this case and disclosing or using a trade secret will be concurrent with a crime as defined in art. 266 §1 (Bojarski,.....). However, it should be emphasized that irrespective of the divergent views manifested in the professional literature, what is a common denominator to this plethora of various beliefs is a view on the ascription of criminal liability as defined in art. 266 §1 when in the features of a crime what is missing is an element of considerable damage inflicted upon an entrepreneur (Kunicka-Michalska, 2013).

4. CONCLUSIONS

As follows from the presented considerations, the solutions implemented on the grounds of the Directive 2016/943 on the protection of undisclosed know-how and undisclosed information will not be without influence on the form the regulations binding within Polish legal regime. The expected amendments, however not extensive, will pertain to regulations of fundamental nature. It implies the regulations connected with the very definition of a trade secret as well as its rightful holders. Despite the fact that in our national legal regime there operates a rather complex list of measures aimed at trade secret protection, these measures should be revised both in terms of substantive law and procedures attached thereto. What requires further specification and supplementation are the regulations connected with trade secret infringement, which is a prerequisite for the ascription of liability to potential infringers. Due to its significance to internal security and to domestic commercial trade, it is advisable to as quickly as possible prepare a draft of the amendments to an Act on unfair competition (UZNK) and all the legal instruments connected therewith. It is only then that what will become possible is a substantive reference to suggested changes as well as raising a debate on the suggested model of trade secret protection in the light of new European standards.

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