

Law 1/2019, of February 20th 2019, on trade secrets

CHAPTER 1

General Provisions

Article 1. *Subject Matter*

1. The subject matter of this law is the protection of trade secrets.

For the purposes of this law, a trade secret is defined as any information or knowledge, of technologic, scientific, industrial, commercial, organizational or financial nature, which meets all the following requirements:

- a) it 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) it has commercial value, either real or potential, precisely because it is secret; and
- c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret;

2. The protection is granted to the trade secret holder, defined as any natural or legal person lawfully controlling a trade secret, and it extends to any kind of acquisition, use and disclosure of such trade secret that is considered unlawful or of unlawful origin in accordance to the provisions of this act.

3. The protection of trade secrets shall not affect the autonomy of social partners and their right to enter into collective agreements. It shall not restrict the mobility of employees. In particular, it shall not offer any ground for limiting employees' use of experience and skills honestly acquired in the normal course of their career nor for limiting employees' use of information that does not constitute a trade secret, nor for imposing any additional restrictions on employees in their employment contracts other than those imposed in accordance with the law.

Moreover, the provisions of this law will apply without prejudice of the provisions of Title IV of Act 24/2014, of 24th July, of Patents.

CHAPTER 2

Acquisition, use and disclosure of trade secrets

Article 2. *Lawful acquisition, use and disclosure of trade secrets*

1. The acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means:

- a) independent discovery or creation;

- b) observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;
 - c) exercise of the right of workers or workers' representatives to information and consultation in accordance with European or Spanish law and practices;
 - d) any other practice which, under the circumstances, is in conformity with honest commercial practices, including the transfer or assignment, and contractual license of a trade secret, in accordance with Chapter III.
2. The acquisition, use, or disclosure of a trade secret shall be considered lawful to the extent that such acquisition, use or disclosure is required or allowed by European or Spanish law.
3. The measures, procedures and remedies provided for in this act shall not apply when the acquisition, use, or disclosure of a trade secret was carried out in any of the following cases:
- a) for exercising the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, including respect for the freedom and pluralism of the media;
 - b) for the purpose of revealing, with the objective of protecting the general public interest, any misconduct, wrongdoing or illegal activity directly related to such trade secret;
 - c) disclosure by workers to their representatives as part of the legitimate exercise by those representatives of their functions in accordance with European or Spanish law, provided that such disclosure was necessary for that exercise;
 - d) for the purpose of protecting a legitimate interest recognized by European or Spanish law. In particular, the protection awarded by this act shall not be invoked to obstruct the application of rules requiring trade secret holders to disclose or communicate information to administrative or judicial authorities for the performance of the duties of those authorities; nor to prevent the application of rules requiring or allowing European or Spanish institutions and bodies or public authorities to disclose information submitted by businesses which those institutions, bodies or authorities hold pursuant to, and in compliance with, the obligations and prerogatives set out in European or Spanish law;

Article 3. *Infringement of trade secrets*

1. The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, whenever carried out by:
- a) unauthorized access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, 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 market practices.
2. The use or disclosure of a trade secret shall be considered unlawful whenever carried out, without the consent of the trade secret holder, by a person who has acquired the trade secret unlawfully, who has

breached a confidentiality agreement or any other duty not to disclose the trade secret, or who has breached a contractual duty or any other duty to limit the use of the trade secret.

3. The acquisition, use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of the previous paragraph.

4. The production, offering or placing on the market of infringing goods, or the importation, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret when the person carrying out such activities knew, or ought, under the circumstances, to have known that the trade secret was used unlawfully within the meaning of paragraph 2.

For the purposes of this act, 'infringing goods' are those goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed.

CHAPTER 3

Trade secrets as object of property rights

Article 4. *Transferability of trade secrets*

Trade secrets are transferable.

In any transmission of trade secrets, European regulations regarding the application of paragraph 3 of article 101 of the Treaty on the Functioning of the European Union to certain categories of technology transfer agreements shall be observed, if applicable due to the nature of the trade secret.

Article 5. *Joint Ownership*

1. A trade secret can be under joint ownership of several persons. The resulting joint ownership will be regulated according to the parties' agreement, or, in the absence of an agreement, by the provisions laid out in the following paragraphs, and, as last resort, by Spanish common regulations on joint ownership.

2. Any co-owner may, on its own:

- a) Exploit the trade secret with prior notice to the other co-owners.
- b) Perform the necessary actions to keep the trade secret a secret.
- c) Exercise the civil and criminal actions to defend the trade secret, upon prior notice to the other co-owners, to allow them to take part in such actions, contributing in such case to the expenses incurred. In any case, if the action is considered useful for the joint ownership, all co-owners must contribute for the payment of such expenses.

3. The transfer of a trade secret or the granting of a license to a third party for its exploitation shall be awarded jointly by all co-owners, unless the jurisdictional body, on grounds of equity, given the circumstances of the case, authorizes any of the co-owners to carry out the mentioned transfer or grant.

Article 6. Licenses on trade secrets.

1. Trade secrets may be the subject matter of licenses with the objective, material, geographical and temporary scope that may be agreed upon in each case. Unless otherwise agreed, the holder of a contractual license will have the right to perform all acts covered by the use of the trade secret.
2. The license can be exclusive or non-exclusive. It will be presumed that a license is non-exclusive and that the licensor may grant other licenses or use the trade secret on its own. The exclusive license prevents the granting of additional licenses and the licensor may only use the trade secret on its own if such right has been expressly reserved in the contract.
3. The holder of a contractual license may not transfer it to third parties nor grant sub-licenses, unless agreed otherwise.
4. The licensee or sub-licensee must adopt the necessary measures to avoid the infringement of the trade secret.

Article 7. Transfer or license without ownership or authorization.

In case a person transfers a trade secret for payment or grants a license on such secret and it is later declared that the transferor or licensor lacked the ownership or necessary authorization for the acts carried out, he shall be accountable before the acquirer for the damages caused, unless agreed otherwise. He must be accountable in all cases if he had acted in bad faith.

CHAPTER 4

Actions to defend trade secrets

Article 8. Defense of trade secrets

The corresponding actions, whatever their class or nature, may be addressed against infringers of trade secrets. Moreover, the adoption of measures necessary for the protection of the secrets may also be demanded.

For the purposes of this act, an infringer shall be any natural or legal person who carries out any act of infringement from those established in article 3.

Moreover, with the conditions set forth in article 9.7, said actions may be addressed against third parties that obtained the trade secret in good faith, meaning, for the purposes of this act, those that, at the time of the use or disclosure, did not know or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from an infringer.

Article 9. Civil actions

1. The following actions may be addressed especially against trade secret infringement acts:
 - a) The declaration of infringement.
 - b) The cessation or, if applicable, the prohibition of acts of infringement.
 - c) The prohibition to manufacture, offer, market or use infringing goods or to import, export or store them to such ends.

- d) The recall of infringing goods, including withdrawing those goods from the market, as well as the recall of the means destined exclusively to the manufacturing of such goods, as long as such recall does not lessen the protection of the trade secret. The recall must be carried out with one of the following aims: the modification of such goods to remove their infringing characteristics; or, regarding the means destined exclusively to the manufacturing of such goods, their destruction or donation to charitable entities.
 - e) The removal, meaning the delivery to the plaintiff of all or part of the documents, objects, materials, substances, electronic files and any other support containing the trade secret, or if applicable, their total or partial destruction.
 - f) The attribution of ownership of the goods in favor of the plaintiff, in which case the value of the goods delivered may be accounted for in the amount of the damages awarded, without limiting the responsibility of the infringer regarding the damages amount in excess of said value. If the value of the goods exceeds that of the amount awarded as damages, the plaintiff shall compensate its counterpart.
 - g) Damages compensation in case of intent or negligence by the infringer, which shall be awarded in regard to the real damages caused as a consequence of the infringement of trade secrets.
 - h) The publication and publicity, in full or in part, of the judgement, which shall in all cases preserve the confidentiality of the trade secret in accordance with article 15 of this act.
2. The measures adopted pursuant to the preceding paragraphs d), e) and h) shall be executed at the infringers expense, unless there are particular reasons for not doing so, and such remedies shall not restrict the right to damages that the plaintiff may hold.
3. To determine the measures granted or rejected pursuant to the actions set forth in paragraph 1, proportionality and the circumstances of the case will be considered, and among those the value and other specific features of the trade secret, the measures taken to protect the secret, the conduct of the infringer, the impact of the infringement, the probability that the infringer continues infringing, the legitimate interests of the parties, the impact which the granting or rejection of the measures could have on the parties, the legitimate interests of third parties, the public interest, and the safeguard of fundamental rights.
- Regarding the publication and publicity of the judgement, the competent judicial authorities shall also take into account whether the information published regarding the infringer would be such as to allow a natural person to be identified and, if so, whether publication of that information would be justified, in particular in the light of the possible harm that such measure may cause to the privacy and reputation of the sentenced infringer.
4. When the judgement limits the time frame of the ordered cessation or prohibition, such time frame shall be enough to eliminate any competitive or economic advantage that the infringer may have extracted from the infringement.
5. The measures of cessation and prohibition will cease to have effects when, at the request of one of the parties, the information in question ceases to constitute a trade secret for reasons that may not be attributed directly or indirectly to the sentenced infringer.
6. In the cases established in the preceding letters a) and f) of paragraph 1, the judgement will set, if requested by the plaintiff, sanctions in the form of daily recurrent liquid penalties in favor of the plaintiff, according to the circumstances, until the judgement is complied with. The amount will accumulate to the amount awarded to the plaintiff in general terms. When requesting the execution of the judgement, such

execution may be extended to the successive infringements, in accordance with the provisions of article 578 of Act 1/2000, of 7th of January, on Civil Procedure.

7. At the request of the defending party, if such party in an acquirer of the trade secret that acted in good faith, the remedies set forth in paragraph 1 may be substituted by the payment of a pecuniary compensation to the injured party, if such compensation appears reasonably satisfactory and execution of the measures in question would cause that person disproportionate harm. The pecuniary compensation that substitutes the cessation or prohibition shall not exceed the amount of royalties or fees which would have been due, had that person requested authorization to use the trade secret in question, for the period of time for which use of the trade secret could have been prohibited.

Article 10. *Calculation of damages*

1. When determining the damages caused, all appropriate factors shall be taken into account, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the trade secret holder by the unlawful acquisition, use or disclosure of the trade secret. The investigation costs incurred to obtain reasonable evidence of the infringement may also be included, if applicable.

Alternatively, in appropriate cases, the damages may be set as a lump sum on the basis of elements such as, at a minimum among other aspects, the amount of royalties or fees which would have been due had the infringer requested authorization to use the trade secret in question for the period of time for which use of the trade secret could have been prohibited.

2. Regarding the calculation and liquidation of damages, the provisions of article 7 of the Patent Act shall apply. Moreover, the procedures carried out to this effect, shall take place on the basis set by the judgement in accordance with Chapter IV of Title V of Book III of the Civil Procedure Act.

Article 11. *Limitation Period*

The claims and actions to protect trade secrets will be tied to a limitation period, the duration of which shall be of three years from the moment in which the claiming party had knowledge of the person who committed the infringement. The limitation period shall be interrupted pursuant to the general provisions of the Civil Code.

CHAPTER 5

Jurisdiction and procedural regulations

Section 1. General Provisions

Article 12. *Jurisdiction and procedure*

The civil lawsuits that may arise pursuant to this act will be heard by the judges and courts of the civil jurisdictional order and will be resolved by the respective trial in accordance with the Civil Procedure Act.

Article 13. *Legitimation for the exercising of claims and actions*

1. The trade secret holder will be legitimized to exercise the claims and actions established in this act, as well as those parties who prove to be licensees of an exclusive or non-exclusive license for exploiting the trade secret, if the license expressly authorizes them to exercise claims.

2. The licensee of an exclusive or non-exclusive license for exploiting a trade secret who is not legitimized to exercise claims and actions pursuant to the previous paragraph may duly require the trade secret holder to present the respective claim. If the holder refuses or does not exercise the respective claim within three months, the licensee may present such claim, submitting the request presented to the holder. Before the expiry of the mentioned three-month period, the licensee may request from a judge the adoption of urgent interim measures when the adoption of which is justified to prevent important damages, also submitting the request presented to the holder.

3. The licensee that exercises an action pursuant to any of the previous two paragraphs shall duly notify the trade secret holder, who may appear and intervene in the proceedings, as party or as contributor.

Article 14. *Competency*

The Mercantile Court belonging to the defendant's domicile or, at the plaintiff's choice, the Mercantile Court belonging to the province where the infringement or its effects had taken place, shall be territorially competent to hear the claims and actions established in this act.

Article 15. *Preservation of confidentiality of trade secrets in the course of legal proceedings*

1. The parties, their lawyers or other representatives, court officials, witnesses, experts and any other person participating in legal proceedings relating to the infringement of a trade secret, or those who have access to documents pertaining to those legal proceedings, are not permitted to use or disclose any trade secret or alleged trade secret which the competent judicial authorities have, on their own initiative or in response to a duly reasoned application by an interested party, declared as confidential, and of which they have become aware as a result of such participation or access.

The obligation referred to in the first paragraph shall remain in force after the legal proceedings have ended, unless a final decision finds that the alleged information does not constitute a trade secret or, where over time, the information in question becomes generally known among or readily accessible to persons within the circles that normally deal with that kind of information

2. The competent judicial authorities may also, on their own initiative or on a duly reasoned application by a party, take specific measures necessary to preserve the confidentiality of any trade secret or alleged trade secret used or referred to in the course of legal proceedings relating to the infringement of a trade secret, or any other kind of proceeding that requires taking into account the trade secret to solve the matter.

The measures referred to in the first paragraph above may include, among others considered adequate and proportional, the following:

a) Restricting access to a limited number of persons, to any document, object, material, substance, electronic file or any other support containing information that may, in whole or in part, constitute a trade secret;

(b) Restricting access to a limited number of persons to hearings in which information that may, in whole or in part, constitute a trade secret may be revealed, and to the corresponding recording or transcript of those hearings;

(c) Providing to any person other than those comprised in the limited number of persons referred to in points (a) and (b) a non-confidential version of the respective judicial decision, in which the passages containing information that may constitute trade secrets have been removed or redacted.

The number of persons referred to in points (a) and (b) of the second paragraph shall ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one natural person from each party and the respective lawyers or other representatives of those parties to the legal proceedings.

In any case, the adoption, content and circumstances of the measures to preserve the confidentiality referred to in this article shall take into account the legitimate interests of the parties and of third parties, and any potential harm for either of the parties and for third parties, and must ensure the right to an effective remedy and to a fair trial.

3. Any processing of personal data pursuant to the preceding paragraphs shall be carried out in accordance with European and Spanish regulations regarding the protection of personal data.

Article 16. Abuse of procedural good faith

The parties in in legal proceedings relating to the infringement of a trade secret shall abide by the rules of procedural good faith established in article 247 of the Civil Procedure Act. As a special note on the content of paragraph 3 of such article, the fine that may be imposed to the plaintiff who is found to have initiated the legal proceedings abusively or in bad faith, may reach, without any other limit, a third of the amount claimed in the proceedings. Its determination shall consider, among other criteria, the gravity of the damage caused, the nature and importance of the abusive or bad faith conduct, the intent and the number of people affected. Moreover, the courts may order that the publicity of the judgement states the abusive and evidently unfounded nature of the claim filed.

Section 2. Procedures in preparation for the filing of actions to protect trade secrets

Article 17. Verification of facts

A party that intends to file a civil action to protect trade secrets may request the competent Mercantile Court to proceed to verify those facts that are deemed indispensable to prepare the respective lawsuit. This verification of facts will be governed by the provisions of Chapter II of Title XII of the Patent Act.

Article 18. Access to sources of evidence

A party filing or intending to file a civil action to protect trade secrets may request the competent Mercantile Court to adopt appropriate measures to access sources of evidence pursuant to the procedures established in articles 283 bis a), 283 bis h) and 283 bis k) of the Civil Procedure Act.

Article 19. Measures to safeguard evidence

A party filing or intending to file a civil action to protect trade secrets may request the competent Mercantile Court to adopt appropriate measures to safeguard evidence, in accordance with article 297 of the Civil Procedure Act and, in particular, the measures mentioned in the second paragraph of part 2 of said article.

Section 3. Interim measures

Article 20. Request and rules on interim measures.

A party filing or intending to file a civil action to protect trade secrets may request the competent judicial authority to adopt interim measures to ensure the efficacy of said action, which shall be governed by the rules set forth in this act and, in addition, by the provisions of Chapter III of Title XII of the Patent Act and of Title VI of Book III of the Civil Procedure Act.

Article 21. Possible interim measures.

Those measures that duly ensure the complete effectiveness of a future judgement may be adopted as interim measures and, especially, the following:

- a) the cessation or, if applicable, the prohibition of the use or disclosure of the trade secret.
- b) the cessation or, if applicable, the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes.
- c) the retention and deposit of infringing goods.
- d) the preventive seizure of goods, in order to ensure a future compensation on damages.

Article 22. Requirements.

To analyze the concurrence of the requirements to order an interim measure, the court will have to examine especially the specific circumstances of the case and their proportionality, taking into account the value and other characteristics of the trade secret, measures taken to protect the trade secret, the conduct of the defendant in acquiring, using or disclosing the trade secret, the consequences of the illicit use or disclosure, the legitimate interests of the parties and the consequences which the granting or rejection of the measures could have on the parties, legitimate interests of third parties, public interest and the need to safeguard fundamental rights.

Article 23. Requests for a substitute bond by the defendant

The defendant may request to substitute the effectiveness of the interim measures adopted for the submission of a sufficient bond, in accordance with the provisions of article 129 of the Patent Act and articles 746 and 747 of the Civil Procedure Act.

As an exception, the mentioned substitution will not be granted to the defendant to replace those interim measures directed at avoiding the disclosure of trade secrets.

Article 24. Lifting of interim measures due to the supervened disappearance of the trade secret

As per request by the defendant, interim measures established in letter a), b), and c) of article 21 shall be lifted if the information on which the claim was based no longer meets the requirements to be considered a trade secret, for reasons that may not be attributed to the defendant.

Article 25. Bond deposited by the applicant

1. The party applying for an interim measure must provide a sufficient bond to respond, effectively and swiftly, for the damages that the adoption of said interim measure may cause to the defendant’s assets, in accordance with the provisions of article 728.3 of the Civil Procedure Act.

2. In order to define the amount of the bond, the court will have to evaluate the potential damages that the interim measures may cause to third parties that are negatively affected by said measures. Regarding the conditions set forth in the next paragraph, the bond will be preserved for at least a year after the interim measures have been lifted.

3. Third parties who are negatively affected by interim measures adopted according to the provisions of this section and that have been lifted due to an act or omission by the plaintiff, or due to finding that the acquisition, use and disclosure of the trade secret was not unlawful or was free of risk of being unlawful, may request a compensation for damages according to the provisions of Chapter IV, of Title V of Book III of the Civil Procedure Act, even if they were not part of the declarative proceedings. In such case, they may request that the bond mentioned in the previous paragraph is preserved, in full or in part, until a judgement is made, provided that the request for compensation is submitted in the time frame established in the previous paragraph.

Sole Transitional Provision. Transitory Regulations.

1. This act shall be applicable to the protection of any trade secret, independent of the date in which it may have been legitimately acquired.

2. The actions to protect trade secrets that have been initiated before this act enters into force shall follow the same procedure on which their filing had been supported.

(...)

Second Final Provision. Modification of Act 3/1991, of January 10, on unfair competition.

Article 13 of Act 3/1991, of January 10, on unfair competition, is stands as follows:

<Article 13. Infringement of secrets.

The infringement of trade secrets is considered unfair, and it shall be regulated according to the provisions of the regulations on trade secrets.>

(...)

Sixth Final Provision. Entry into force.

This act will enter into force after twenty days of its publication in the “Official State Gazette”

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