

Publication of the Decree on the Protection of Trade Secrets in France

January 2019

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Following the promulgation of Law n°2018-670 on the Protection of Trade Secrets on 30 July 2018 transposing the provisions of Directive (EU) 2016/493 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, Decree n°2018-1126 dated 11 December 2018 was published on 13 December 2018 and entered into force on 14 December 2018 with regard to most of its provisions.

The Decree introduces a new section within the French Commercial Code - as well as other provisions of the French Intellectual Property Code - devoted to the protection of trade secrets.

In particular, the following procedural issues are addressed: provisional and protective measures granted *ex parte* or in summary proceedings, a provisional escrow mechanism, and the filing or production of documents. The Decree also unifies sectoral provisions related to the protection of trade secrets within several codes.

Rules on granting provisional and protective measures granted *ex parte* or in summary proceedings in order to prevent or put an end to an infringement of trade secrets

According to the definition set forth in Article L. 151-1 of the Commercial Code, the information to be protected is information which is "*not generally known or easily accessible to those familiar with this type of information because of their sector of activity*"; "*of commercial value, actual or potential, because of its secret nature*"; and subject to "*reasonable protection measures by its legitimate holder, given the circumstances, to maintain its secret nature*". This rather general definition provides a relatively broad protection of information since it covers know-how, commercial strategies, and economic, technological, and scientific information against misappropriation due to theft, unauthorized copying, or economic espionage.

Considering the potentially serious economic and financial consequences that the disclosure of trade secrets could generate, provisional and protective measures may be ordered *ex parte* or in summary proceedings.

Articles R. 152-1 et seq. of the French Commercial Code therefore provide for provisional and protective measures, before any proceedings, to put an end to the obtaining, use or unlawful disclosure of trade secrets. Thus, when a court is seized in order to prevent an imminent infringement or to put an end to an unlawful infringement of a trade secret, it may prescribe, *ex parte* or in summary proceedings, any proportionate interim and protective measures, including penalties.

These measures, may include, in particular: (i) the prohibition of any use or disclosure of trade secrets, (ii) the prohibition of any manufacturing, offering for sale, putting on the market or use of products that are suspected of resulting from a significant infringement of trade secrets, (iii) the ordering of the seizure or third party escrow placement of such products, including imported products, in order to prevent their entry or circulation on the market.

Article R. 151-1 II and III introduce a guarantee mechanism under which the judge may order the provision of financial guarantees to the defendant, as a condition for allowing it to continue the alleged infringement (and to ensure the potential subsequent compensation of the secret holder). The judge may also order the provision of financial guarantees to a claimant who was granted provisional or protective measures, if the alleged infringement of the secret is subsequently found to be baseless, in order to compensate the defendant or any third party affected by such measures. This guarantee mechanism will probably enable the judge to ensure a proportional balance between the manifest nature of the infringement of the claimant's trade secrets on the one hand, and the harmful nature of the provisional and protective measures for the defendant, on the other hand. These guarantees will be provided under the conditions set forth by Articles 517 et seq. of the French Civil Procedure Code on provisional enforcement.

Article R. 152-1 V provides that such provisional and protective measures will not apply if the claimant fails to bring the matter before the court within 20 working days, or 31 calendar days if the latter period is longer, from the date of the order.

Provisional escrow mechanism related to documents obtained following *in futurum* investigations or infringement seizures

Under Article 145 of the French Civil Procedure Code, if there is a legitimate reason to preserve or to establish, before any legal process, the evidence of the facts upon which the resolution of the dispute depends, legally permissible preparatory inquiries may be ordered at the request of any interested party, by way of a petition or by way of a summary procedure.

Based on the aforementioned provision, Article R. 153-1 of the French Commercial Code introduces an provisional escrow mechanism under which the judge may order the escrow of documents obtained following *in futurum* investigations or infringement seizures (see Articles R. 332-1, R. 343-2, R. 521-2, R. 615-2, R. 623-51, R. 716-2 and R. 722-2 of the French Intellectual Property Code) in order to ensure the protection of trade secrets. However, such a mechanism is only provisional. Hence, if no request for the amendment or withdrawal of the order is lodged within one month as from its notification, the escrow is lifted and the documents may be sent to the claimant.

Procedural rules related to the filing or production of documents: an enhancement of the judge's role

The judge's role is enhanced by Articles R. 153-2 et seq. In particular, the judge may limit access to documents to the person(s) entitled to assist or represent the parties. The judge can also decide that these persons cannot make copies of documents, except with the consent of the holder of the document. Furthermore, the party or the third party invoking the protection of trade secrets related to documents the filing or production of which is requested by the judge shall provide the judge, within a time limit set by the judge, with (i) the complete confidential version of the document, (ii) a non-confidential version or summary version, and (iii) a memorandum specifying the alleged reasons for which the document is confidential (Article R. 153-3). The judge can rule on the confidentiality of a given document without holding a hearing (Article R. 153-4). Depending on what the judge considers "*necessary for the resolution of the dispute*", the judge may (i) decide that the filing or production of such document can be refused, (ii) order its filing or production in its complete version but with limited access, or order the filing or production of a non-confidential version or a summary of the document, (Articles R. 153-5 to 153-7).

Under articles 153-8 and 153-9 of the French Commercial Code, a decision regarding the filing or production of a document, whether it is rendered before any proceedings on the merits (*ex parte* or in summary proceedings) or on the merits, may be challenged in accordance with the civil procedure rules. As regards the party who requested the filing or production of the litigious document on the merits, if the decision dismisses such request, the party may only appeal this decision along with the future decision on the merits.

Article R. 153-10 of the French Commercial Code provides that an extract of the decision containing only its operative part, carrying the enforcement formula, may be delivered to the claimant in order to be enforced, and that a non-confidential version of the decision, in which information covered by trade secrets are concealed, may be provided to third parties and made available to the public in electronic form.

Unification of sectoral provisions

Finally, the decree proceeds to remove sectoral provisions in order to protect the confidentiality of certain information during civil and commercial proceedings and to unify the terminology used.

The decree, by formalizing the rules protecting trade secrets, promises significant protection for innovative companies that were too often hitherto without effective means of action. The latter will necessarily have to organize themselves accordingly by introducing an *ad hoc* security policy so that their business secrets are effectively protected. Hence, companies will have to define, identify, and prioritize the information they consider to be trade secrets, while providing for internal controls to ensure the protection of information (the appointment of managers, the implementation of internal control procedures, the limitation of the number of people who have access to information, the organization of training for employees in order to raise awareness of the concept of trade secrets, and the implementation of non-disclosure agreements with employees and business partners, etc.).

The application of the provisions related to the protection of trade secrets will deeply depend on the civil judge's interpretation of the many legal standards contained in the Law and Decree on the Protection of Trade Secrets.

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