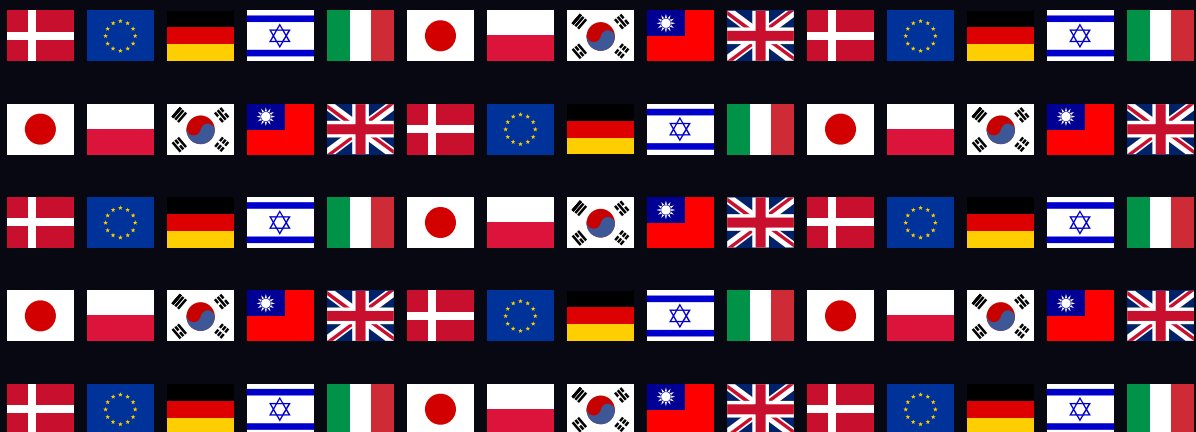


TRADE SECRETS

Germany



Trade Secrets

Consulting editors

Chloe Taylor

Carpmaels & Ransford LLP

Quick reference guide enabling side-by-side comparison of local insights, including protection; misappropriation; enforcement; remedies; and recent trends.

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Contributors

Germany



Dr. Reinhard Fischer
rfischer@cohausz-florack.de
COHAUSZ & FLORACK

COHAUSZ & FLORACK



Tamara Moll
tmoll@cohausz-florack.de
COHAUSZ & FLORACK

PROTECTION

Legislation and legal definition

What legislation governs the protection of trade secrets in your jurisdiction? How is a 'trade secret' legally defined?

Trade secrets are mainly covered by the new Trade Secret Act (GeschGehG), which implements Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of confidential know-how and confidential business information (business secrets) against unlawful acquisition, use and disclosure, and entered into force on 26 April 2019. Trade secrets may also be protected in parallel by claims based on other acts (for example, by the Act Against Unfair Competition). However, these acts regularly have a different scope of protection outside of the GeschGehG and therefore usually require special accompanying circumstances.

Under section 2, paragraph 1 of the GeschGehG, 'trade secret' is legally defined as:

'information that is not, either as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons in the circles that normally deal with the kind of information and that is therefore of commercial value; that is subject to reasonable steps under the circumstances, by its rightful owner, to keep it secret; and where there is a legitimate interest in confidentiality.'

Law stated - 09 August 2023

Ownership

How is ownership of a trade secret established?

The GeschGehG and Directive (EU) 2016/943 do not use the term owner. While secret know-how has been qualified as economic asset closely resembling an ownership right, it has not been qualified as full property right. The new act has narrowed this gap further since it contains provisions dealing with the fungibility of secret information. However, the term used is 'holder' (Inhaber). The trade secret holder is any natural or legal person lawfully controlling a trade secret (see section 2, paragraph 2 of the GeschGehG). This means that, with regard to the same information, more than one holder may exist provided that the trade secret was acquired lawfully and the holder exercises control, which is more than actual knowledge of the secret and comprises legal and factual dominion, such as by the employer in a labour relationship. Such control may be the basis of licensing a trade secret.

Law stated - 09 August 2023

Secrecy

What criteria are used to establish the state of secrecy of a trade secret before misappropriation or disclosure?

The GeschGehG provides for the requirements in section 2(1) of the GeschGehG to be met. Unlike the absolute 'novelty' requirement set out in Germany's patent law, information is protected as trade secret if it 1) is not easily accessible to third parties active in the relevant field of knowledge and 2) has a commercial value. The threshold for establishing such value will usually not be very high. However, while under the old law only a perceivable will to maintain secrecy was required, the GeschGehG now requires that steps have been taken by the holder to maintain secrecy under the circumstances. A lack of appropriate confidentiality measures has the consequence that the protection of a trade

secret based on the GeschGehG is lost.

The required steps are not defined in the act and criteria have only been partly defined through case law since 2019. Hence, there are no uniform requirements for the protection of trade secrets and the courts decide on a case-by-case basis. Adequate protection does not require the best possible protection, so as not to restrict the concept of secrecy too much. The trade secret holder should at least be able to prove that a protection concept tailored to the respective trade secrets was applied. In this respect, pure general references to technical IT security measures or access controls to the business premises typically do not meet the requirements for demonstrating an appropriate confidentiality protection concept. With regard to the criteria to be used to establish the state of secrecy in a protection concept, the legal literature recommends implementing a three-part distinction between top secret (highest protection level), important (medium protection level) and sensitive (low protection level) information.

Minimum standards defined by case law are, for example, complying with a need-to-know principle, eliminating emerging data leaks, and prohibiting employees from storing electronic files (without password protection) on private data carriers.

Further, generally held employment contract provisions that extend boundlessly to all company information received during the employment relationship ('catch-all clauses') are seen as critical if relevant trade secrets are disclosed on the basis of such agreements.

Further examples of possible confidentiality measures, mentioned by the legislator in the explanatory memorandum to the GeschGehG, are technical access barriers (access locks, spatial access protections, cybersecurity measures, etc), general internal guidelines and instructions, and labour law security mechanisms.

Law stated - 09 August 2023

Commercial value

How is the commercial value of a trade secret established?

There is no legal definition of the 'commercial value of a trade secret' required for information to be protected as a trade secret. The threshold should, however, be very low and information should only be excluded if it is 'irrelevant' and has no value from an economic point of view.

Law stated - 09 August 2023

Protective measures

What criteria are used to determine whether the rights holder has adopted reasonable protective measures to prevent disclosure and misappropriation of trade secrets?

The GeschGehG does not require specific protective measures. The required minimum steps by the holder under the circumstances required for protection as a secret are emerging on a case-by-case basis, in other words, as precedents. Reasonable protective measures will probably be defined by reference to actual practice in the concerned industry sector and with regard to the category of trade secret concerned. Because duties to maintain secrecy are usually included in labour and service agreements and in non-disclosure agreements with commercial partners that may involve communication of confidential information, such legal precaution will usually be required. However, recent case law by labour courts points into the direction that broad catch-all secrecy provisions in labour contracts alone may not be sufficient and that the concerned information may need to be more precisely defined therein. It may also not be excluded that certain internal information management measures may be required, such as access to secrets on a need-to-know basis and the identification and categorisation of trade secrets based on importance. This highlights the need for inventory, documentation and classification of information; organisational measures such as intellectual

property compliance management, including instruction of employees and monitoring and controlling of security measures (the presentation of a protection concept has already been considered a basic requirement in some court decisions); restriction of the persons getting access to information; non-disclosure agreements (NDAs) that are not too general; technical access protection (password and encryption); and evidence-securing measures to enable legal prosecution, such as digital watermarking and signatures.

Law stated - 09 August 2023

Best practices

What best practices and internal policies should rights holders consider to ensure maximum protection of their trade secrets?

Trade secret rights holders should not limit protective measures to confidentiality agreements alone, and should also take steps to manage the handling of trade secrets by organisational measures. They must also be able to prove to the satisfaction of a court that they have taken the appropriate measures to protect their trade secrets to prove their claims. This requires policy and internal protection measures within the organisation of the right owner. Some of these measures are:

- systematic use of NDAs whenever trade secrets are shared with third parties, such as employees, suppliers, cooperation partners and external consultants, that reasonably specify the categories of secret information. If clauses with employees are broad and unspecific, secrets should be specifically addressed when the employee leaves the company;
- physical and IT access restrictions to trade secrets on a need-to-know basis (role model); and
- classification of trade secrets considering their value and sensitivity and applying customised measures concerning the different levels of secrecy, namely:
 - the higher the level of secrecy, the more restrictive the numbers of persons who are given access should be; and
 - the higher the technical access protection, the more specific NDAs governing the confidentiality of the trade secrets should be.

The above ultimately requires that there are processes in the rights holder's organisation that serve to identify and document trade secrets with a view to categorising their importance so that they may be assigned a relevance level, which, in turn, determines the level of protective measures. These processes also comprise the management of NDAs and the information disclosed and received under each such agreement.

Such documented measures also assist in proving and defining the concerned trade secret in the event of misappropriation – an enforcement aspect that too often causes practical difficulties, except in simple clear-cut cases, such as misappropriated customer databases.

Law stated - 09 August 2023

MISAPPROPRIATION

Definition

What constitutes misappropriation of trade secrets?

Sections 3 to 5 of the Trade Secret Act (GeschGehG) implement essentially the wording of Directive (EU) 2016/943. Sections 3 and 5 address lawful acts regarding trade secrets. Section 4 defines prohibited acts.

Accordingly, misappropriation comprises unauthorised access to, appropriation of, or copying 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 as well as any other conduct that, under the circumstances, is considered contrary to honest commercial practices.

Further, misappropriation is the use or disclosure of a trade secret that has been acquired unlawfully as set out before or being in breach of a duty not to disclose or use the trade secret.

The acquisition, use or disclosure of a trade secret is also 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 set out before. This shall, in particular, apply if the use consists of the production, offering, placing on the market or import, export or storage for these purposes of products whose design, features, functionality, manufacturing process or marketing is based, to a significant extent, on an unlawfully obtained, used or disclosed trade secret.

Law stated - 09 August 2023

Exclusions

Are any activities explicitly excluded from the scope of trade secret misappropriation?

Activities explicitly excluded from the scope of trade secret misappropriation are:

- independent discovery or creation;
- observation, investigation, dismantling or testing of a product or object that has been made publicly available or is in the lawful possession of the observer, examiner, dismantler or test person without any obligation not to obtain a trade secret in such manner;
- where this is done to protect a legitimate interest, in particular:
 - the exercise of freedom of expression and information, including respect for the freedom and plurality of the media;
 - for the purpose of detecting any illegal activity or professional or other misconduct, where the obtaining, use or disclosure would be likely to protect the general public interest; and
 - in the context of disclosure by employees to the employee representatives, if this is necessary to enable the employee representatives to perform their duties; and
- acts permitted by law, under a statute or by contract.

Law stated - 09 August 2023

Elements of misappropriation

How can the rights holder prove trade secret misappropriation?

In substantive proceedings, evidence can be provided via expert opinions, inspection (particularly of goods or documents provided), party hearing (but only in exceptional cases), documents and witnesses. In preliminary proceedings, the hearing of witnesses or parties can be replaced by affidavits.

Burden of proof

How is the burden of proof distributed in trade secret misappropriation claims?

Before German civil courts the claimant bears the burden of proof for any facts supporting their claim. In trade secret misappropriation proceedings, this includes proving that the legal requirements are met, according to which the relevant information is considered a trade secret, as well as all circumstances from which a misappropriation act of the defendant arises. Further, the statement of facts must have a certain substance and must not be too vague. Otherwise, there is no obligation of the defendant to contest the facts asserted by a claimant in detail. If the statement of claims is sufficiently detailed and the defendant does not contest in detail regarding factual assertions of which it may have knowledge, the facts asserted by the claimant are considered as being admitted. The defendant may not deny factual assertions against its better knowledge.

Accordingly, the claimant must assert and be able to prove all facts establishing the trade secret as such, its misappropriation, and damages. The defendant must assert and be able to prove defences such as the lawful procurement of the concerned information from a third source or the prior possession of such information.

Even regarding facts for which the other party bears the burden of proof, a substantiated refutation may require offering counterevidence.

For common law lawyers, it is important to bear in mind that the court will only entertain evidence that supports written factual assertions that in its view are relevant for the decision and contested. The court will normally issue an order directing and limiting witness or expert evidence. Adducing evidence concerning other contested facts by witness (cross-) examination is not foreseen in German civil procedure. Accordingly, the issue of burden of proof is closely related to the duty to substantiate factual assertions in writing before the hearing date and to identify meticulously the offered (witness) evidence concerning specific assertions. Discovery is not available in German courts. Only specific identified documents may be requested from the other party, if available and relevant.

It is important to note that German civil proceedings do usually not comprise disclosure duties (discovery) and that requests for document production are only granted on very narrow grounds for specifically identified documents that are not in the possession of the requesting party. Notwithstanding, German courts have developed and granted by way of interlocutory pretrial relief claims for inspection at the site where the misappropriation takes place using a court-appointed expert and measures that protect the findings from the petitioner's taking cognisance unless explicitly allowed by the court. This remedy was first developed for patent infringement cases but should also be available for trade secret misappropriation despite not being provided for in the GeschGehG itself. The petitioner must show sufficient probability of misappropriation to the court. Another route for obtaining evidence for civil proceedings is criminal proceedings based on a criminal complaint by the aggrieved party that later, through its attorney, requests an inspection of the file held by the prosecutor's office.

Extraterritorial acts

Can acts taking place outside your jurisdiction support a charge of trade secret misappropriation?

If the territorial international competence of a German court in civil proceedings can be established, facts occurring outside of Germany may be considered. Since international jurisdictions concerning torts under German and EU procedural law require a factual nexus of the trade secret misappropriation with Germany, acts or omissions that take place outside of Germany will need to be part of the trade secret misappropriation triable under the GeschGehG. If

there is a valid choice of venue clause that also covers the tort of trade secret misappropriation, acts or omissions occurring outside of Germany may also be considered. Evidence is taken according to the German Code of Civil Procedure and the regulations concerning the taking of evidence outside of Germany by German courts.

Further, if the German court has international jurisdiction, depending on the specific circumstances, the German court may apply foreign law regarding trade secrets.

Law stated - 09 August 2023

ENFORCEMENT PROCEEDINGS

Causes of action

What causes of action are available and commonly asserted against misappropriation and unauthorised disclosure of trade secrets in your jurisdiction?

The Trade Secret Act (GeschGehG) provides for a whole range of statutory claims in the case of misappropriation or unauthorised disclosure of trade secrets, such as injunction, destruction or release of the documents, items, materials, substances or electronic files, recall or permanent removal or destruction of infringing products, information claims and claims for damages.

In the case of claims for damages, in the assessment of damages, the profit that the infringer has made from the infringement of the right may also be taken into account. Further, the claim for damages may be based on the amount that the infringer would have had to pay as appropriate remuneration if he or she had obtained consent to obtain, use or disclose the trade secret.

If the violation of trade secrets results from the breach of a confidentiality agreement, there may be contractual claims on which the claims can also be – and are typically – based.

Law stated - 09 August 2023

Court jurisdiction

What criteria are used to establish the courts' jurisdiction over trade secret disputes? Are there any specialist courts for the resolution of trade secret disputes?

In Germany, where the defendant is domiciled in Germany (natural persons) or has its seat of establishment in Germany (legal entities) the regional court in whose district the defendant has his or her general place of jurisdiction has exclusive jurisdiction in the first instance for actions before the ordinary courts. In the case of trade secret disputes against current or former employees that are connected to the employment relationship, labour courts have exclusive jurisdiction.

The federal states are empowered to assign jurisdiction to one regional court by decree for the districts of several regional courts to establish specialist courts for the resolution of trade secret disputes. Such courts have already been established in some states.

Internationally, if the defendant is domiciled or established outside of Germany, the German court will establish its international jurisdiction under Regulation (EU) No. 1215/2012 of 12 December 2012. Concerning delicts or quasi-delicts, section 2 thereof establishes that a person or entity domiciled in another member state may be sued at the place where the harmful event occurred or may occur. If this place is in Germany, section 15(2) of the GeschGehG establishes exclusive jurisdiction, at the place where the tortious act is being committed. EU and German law allow a choice of forum clauses for establishing jurisdiction.

Procedural considerations

What is the typical format and timetable of proceedings?

Regarding interlocutory injunctions, a decision may usually be obtained within a couple of days from filing the request for ex parte relief. However, owing to a recent change of federal case law, the court may decide to grant an interlocutory injunction only after having heard the other party within short periods. This may result in a duration of up to two or three months until a decision is made. If an ex parte injunction is issued and the respondent objects, one can expect an oral hearing within a time frame of two months. If the other party was heard and the decision on interlocutory relief is rendered by way of a judgment, a decision by the court of appeal may be expected within six to 12 months. Given that the German court system up to the appeal stage is organised on the level of the German states, there are notable differences concerning court practice and duration of the proceedings.

For the main proceedings, one may expect a first instance decision within 12 months and a decision upon appeal within six to eight months.

However, owing to the federal structure of the German court system and the heterogeneity among the competent courts there may be substantial differences regarding duration. The main factor having an impact on duration is probably the complexity of the facts. Factually complex technical trade secret misappropriation cases may have a considerably longer duration, especially if there is a need for the court to appoint an expert and to hear numerous witnesses of the fact.

Law stated - 09 August 2023

Limitation periods

What limitation periods apply for trade secret misappropriation claims?

The limitation period for trade secret misappropriation claims is typically three years beginning at the end of the year in which the claim has arisen and the claimant has become or should have become aware of the circumstances giving rise to the claim, but not longer than 10 years from arising of the claim.

Under certain circumstances, the limitation period for claims to surrender unjustifiably obtained advantages is six years after its accrual.

Law stated - 09 August 2023

Secondary liability

To what extent can someone be liable for inducing or contributing to trade secret misappropriation? Can multiple parties be joined as defendants in the same suit?

Any natural or legal person who unlawfully acquires, uses or discloses a trade secret is liable. This may also include employees and representatives of a company. Further, instigators and assistants of the infringers can be liable under certain circumstances. If there is no jurisdiction of different courts, multiple parties can be joined as defendants in the same suit if they are entitled or obliged for the same factual and legal reason.

Law stated - 09 August 2023

Obtaining and preserving evidence

What mechanisms are available to obtain and preserve evidence from defendants and third parties in trade secret litigation?

The violation of trade secrets is a criminal offence under certain conditions. If there is sufficient suspicion of a crime, the criminal prosecution authorities can investigate and secure evidence through a criminal complaint. Simply, the owner of the trade secrets then has a legitimate interest in inspecting the files and thus access to the evidence.

If there is a certain probability of misappropriation of trade secrets, the owner of the trade secrets may also have an inspection right, such as by having an expert who is commissioned by the court to inspect and assess an object that may have been manufactured using unlawfully obtained trade secrets.

Further, the court may order a party or a third party to produce deeds or other documents in his or her possession to which a party has referred. However, in this case, it must be possible to specify the document to be produced.

Law stated - 09 August 2023

Expert evidence

What rules and standards govern the admissibility of expert evidence?

Expert evidence is ordered either ex officio or upon party application in court proceedings, if there is a lack of expertise of the court. In such cases, an expert opinion submitted by a party does not substitute expert evidence ordered by the court. Party-appointed expert reports are essentially treated as party submissions and not as compelling means of proof.

Law stated - 09 August 2023

Confidentiality during litigation

What measures may the court and litigants take to protect trade secrets during litigation?

The court may, at the request of one of the parties, classify information as confidential information, if that information may be a trade secret. The requesting party must identify the trade secrets (in the case of documents, it additionally submits a censored version without disclosure of trade secrets) and show credibly that the information is a trade secret (the requirements for credibility are not too high). The parties, their attorneys, witnesses, experts, other representatives and all other persons involved in trade secret litigation or having access to documents of such litigation have to keep confidential information classified as confidential and shall not use or disclose such information outside of judicial proceedings unless they have obtained knowledge of it outside of such proceedings.

At the request of the party, the court may also restrict access in whole or in part to a certain number of reliable persons to documents submitted or presented, or to the oral proceedings.

Law stated - 09 August 2023

Defences

What defences are available and commonly asserted against trade secret misappropriation claims?

Common defences in civil proceedings are:

- the asserted trade secrets of the claimant are not being used;
- the asserted trade secrets of the claimant do not fulfil the statutory requirements for being qualified as such under the GeschGehG (eg, because they are in the public domain);
- the asserted trade secrets of the claimant were not misappropriated because they were obtained by independent efforts of the respondent or lawfully from a third source;
- procedurally, the inadmissibility of the prayers for relief (eg, the cease-and-desist claim) for being too broad or too vague;
- concerning damage claims, contestation of the facts on which the damage claims are being based and quantified; and
- that the statutory claims under the GeschGehG are excluded because their fulfilment would be disproportionate in the individual case, taking into account, in particular, the value or other specific feature of a trade secret, the confidentiality measures taken, conduct of the infringer in obtaining, using or disclosing the trade secret, the consequences of unlawful use or disclosure of a trade secret, and the legitimate interests of the owner of a trade secret and the infringer, as well as the consequences that the fulfilment of the claims may have for both of them, the legitimate interests of third parties, or public interest.

Law stated - 09 August 2023

Appeal

What avenues of appeal are available following an adverse decision in a civil suit? Is new evidence allowed at the appeal stage?

An ex parte interlocutory injunction in the form of a court order is appealed by a filed opposition and is decided by the first instance court that issued the order. The decision on the opposition is rendered as a judgment and may be appealed. First instance judgments issued may be appealed.

To be admissible, new factual assertions and evidence must be filed as early as possible in the appeal proceedings together with an explanation why they could not be introduced during the first instance. The grounds of admission are stated in the German Code of Civil Procedure. In interlocutory injunction proceedings, new evidence is allowed at the appeal stage without restriction, provided that the late submission is not regarded as a lack of urgency.

Law stated - 09 August 2023

Costs

What is the typical cost range of a trade secret misappropriation suit? Can a successful litigant recover costs and attorneys' fees?

There is no 'normal' cost range. Court fees and recoverable attorney fees are determined based on the value at stake, which varies depending on the economic importance of the matter for the claimant. The claimant must provide an estimate of the amount in dispute and the court will fix the amount based on the information on file. Since in trade secret misappropriation cases part of the claims will not be for money, they need to be appraised. Based on the amount at stake, a successful claimant will be able to recover fees set by the German Attorney Fee Act (RVG), which sets variable lump sums for certain procedural steps, which are determined by court order. Moreover, court fees will have to be paid in accordance with the Court Fee Act (GKG). If the claimant only partially prevails, the court will determine the portions in which each party has to bear costs. In most instances, a party and their representatives will

agree on a higher remuneration that better reflects the work done. The difference between the fixed amount and the paid higher fee is not recoverable from the other side. The recoverable costs are very moderate in comparison with other countries.

For example, if the amount at stake is set at €10 million, a fully winning claimant could recover, excluding eventual VAT, under RVG and GKG, roughly €211,806, plus recoverable out-of-pocket expenses unless the case justifies representation by an attorney at law and a patent attorney. In the latter case, recoverable costs would double.

Interestingly, in litigation cases, German attorneys at law are not permitted to charge fees below the amounts set by the RVG.

Law stated - 09 August 2023

Litigation funding

What litigation funding options are available?

Third-party funding is not restricted by regulations. However, attorneys at law are severely restricted in their ability to enter into contingency fee agreements by ethical regulations in Germany.

Law stated - 09 August 2023

Alternative dispute resolution

What alternative dispute resolution (ADR) methods are available to resolve trade secret disputes?

All alternative dispute resolutions methods are available for resolving civil trade secret disputes. The most frequently practised ADR method is arbitration, which, in a purely national context, often includes settlement discussions facilitated by the arbitrators and triggered by sharing their preliminary views on relevant aspects of the case, when the parties agree or request it. Such requests are common. Of course, that practice would be unusual in international cases. Mediation, early evaluation or early (non-binding or binding) determination by experts are practised, if the parties agree.

Notwithstanding this, in most trade secret misappropriation cases there is no existing agreement on any such ADR method. Considering the grave nature of the claims, the parties would be unlikely to reach an agreement subsequent to ADR.

Law stated - 09 August 2023

Enforcement risks

To what extent may enforcement of trade secret rights expose the rights holder to liabilities such as unfair competition?

Generally, to no extent, especially insofar as the enforcement of monetary relief is concerned. However, under the German Unfair Trade Practices Act, a party must be careful to avoid spreading misleading information in the market concerning the existing judgment or arbitral award and its bearing, since this could give rise to cease-and-desist and damage claims. Regarding cease-and-desist claims, there is a theoretical possibility that EU or German antitrust and cartel law concerning abuse of a dominant position in the relevant market comes to bearing. However, in German court proceedings, such a defence would need to be raised before the final judgment is issued. Concerning foreign judgments or arbitral awards that require recognition by the competent German court before execution, a defence of abuse of a dominant position in the relevant market could eventually be raised on (international) public policy grounds.

The outcome will depend on the facts of the specific atypical case.

If interlocutory relief is initially granted but then lifted because the relief was not justified, the petitioner must compensate the other side for actual damages, irrespective of any fault. Infringers who act without intent or negligence may prevent a cease-and-desist or recall order by paying a commensurate amount of money based on licence fee analogy (section 11 of the GeschGehG).

Law stated - 09 August 2023

REMEDIES

Injunctions

Under what circumstances can a rights holder obtain a preliminary or final injunction in a civil suit for trade secret misappropriation?

Preliminary cease-and-desist injunctions may be obtained if the claimant can establish to the satisfaction of the court that the matter is urgent and that its claims are well founded. Urgency requires that as of the date on which the claimant learned about the relevant facts, it has not remained inactive for too long a period before requesting the relief. If filed within one month from taking cognisance, the matter will always be considered urgent. However, according to diverging court practices, and the facts, a longer period, for example, three months, may still meet the urgency requirement. This aspect should be addressed by obtaining legal advice as soon as a suspicion of trade secret misappropriation arises. The prima facie establishment of the merits of the claims is usually based on documentary evidence and – most importantly – affidavits.

Under section 6 of the Trade Secret Act (GeschGehG) final cease-and-desist injunctions may include an order for a recall of infringing products (section 2, No. 4 of the GeschGehG). However, pursuant to section 9, Nos. 1 to 7 of the GeschGehG such an injunction is not to be granted if it would be disproportionate taking into consideration the enumerated elements including public interest.

Law stated - 09 August 2023

Damages

What rules and criteria govern the award and calculation of damages for trade secret misappropriation?

Under German law, the damages are assessed according to the general principles established in the German Civil Code. Simply, only actual damages may be obtained, which may include consequential damages. Punitive damages are not provided. If sufficient factual elements are established but the precise amount of damages remains unclear, the court has the power of appraisal. Typical damage categories that are mutually exclusive and eligible by the claimant are loss of profits, a hypothetical licence, or the profits of the infringer. Damage claims require at least negligence.

As is the case for cease-and-desist injunctions, pursuant to section 9, Nos. 1 to 7 of the GeschGehG, damages are not to be granted if this would be disproportionate taking into consideration the enumerated elements including public interest.

Law stated - 09 August 2023

Other civil remedies

Are any other civil remedies available for wilful trade secret misappropriation?

Civil remedies are cease-and-desist claims, claims for damages, and claims for the rendering of account or information regarding the activities that were enabled by the misappropriation, subject to section 9 of the GeschGehG. In certain cases, these claims may not only result from the GeschGehG but also other heads of claim such as wilful contra bonos mores acts.

The following remedies are also available:

- destruction or release of the documents, items, materials, substances or electronic files in the possession or property of the infringer that contain or embody the trade secret;
- recall of the infringing products, subject to section 9 of the GeschGehG;
- permanent removal of the infringing products from the distribution channels;
- destruction of the infringing products and withdrawal of the infringing products from the market; and
- if the protection of a trade secret is not affected, a claim for the publication of the judgment (section 9, Nos. 1 to 7 of the GeschGehG).

Law stated - 09 August 2023

Criminal remedies

What criminal remedies are available for trade secret misappropriation? Under what circumstances will they be awarded, and what procedural issues should be considered when seeking them?

Criminal remedies are available against natural persons. The GeschGehG also contains provisions that foresee criminal sanction (section 23 of the GeschGehG) if misappropriation was intentional. Moreover, in the context of carrying out the misappropriation, other illicit activities may be carried out that are triable under other statutes. The aggrieved party may file the criminal complaint, or the public prosecutor may take up the case ex officio if there is a public interest. If the case goes to criminal trial the aggrieved party could file an adhesion complaint for recovering damages. However, in most instances, the aggrieved party will use its controlled access to the results of the criminal investigations for obtaining additional information and often evidence that it could not lawfully obtain otherwise and that can be used in the civil proceedings.

The action taken by the prosecutor's office will also depend on public interest. The speed of the criminal investigation will largely depend on the public prosecutor's office and its resources. The aggrieved party has only limited influence on these aspects.

Law stated - 09 August 2023

Administrative remedies

What administrative remedies are available for trade secret misappropriation? Under what circumstances will they be awarded, and what procedural issues should be considered when seeking them?

There is no specific procedure under German Administrative Law that would provide for remedies in cases of trade secret misappropriation.











UPDATE AND TRENDS**Key developments and future prospects**

What were the key judicial, legislative, regulatory and policy developments of the past year in relation to the protection and enforcement of trade secrets? What are the prospects for future developments?

The Trade Secret Act (GeschGehG) was only promulgated on 18 April 2019. In comparison with the protection of trade secrets under the prior rules contained in the German Unfair Trade Practices Act (UWG), it strengthens the protection of trade secrets. However, by requiring active protection of trade secrets, it potentially raises the barrier for protection, since under the UWG only an objectively discernible will to keep the information secret was deemed to be sufficient. Moreover, the exclusion of statutory claims under the GeschGehG if their fulfilment would be disproportionate in the individual case gives courts a much wider discretion than existed previously. Accordingly, case law will increasingly give these provisions more contour and foreseeability. The standards of appropriate confidentiality measures are still poorly clarified by the courts. It therefore remains to be seen whether and how the case law, particularly of the highest courts, will further specify the requirements to be met.

Law stated - 09 August 2023

Jurisdictions

	Denmark	Clemens Advokatfirma
	European Union	Freshfields Bruckhaus Deringer
	Germany	COHAUSZ & FLORACK
	Israel	Gilat Bareket & Co, Reinhold Cohn Group
	Italy	Jacobacci Avvocati
	Japan	Anderson Mōri & Tomotsune
	Poland	Ernst & Young
	South Korea	Bae, Kim & Lee LLC
	Taiwan	Lee and Li Attorneys at Law
	United Kingdom	Carpmaels & Ransford LLP