

AIPPI Study Question 2022 – General - Protection of trade secrets during civil proceedings

Draft: Finland

Group members: Vilhelm Schröder, Eero Liikanen, Juhani Sinkkonen, Saara Heinonen, Silva Peltola, Suvi Julin & Pamela Lönnqvist

Questions

I. Current law and practice

Please answer the below questions with regard to your Group's current law and practice.

Note: unless expressly indicated otherwise, for purposes throughout these Study Guidelines, "proceeding" may be any civil court proceeding or action (including, e.g., cases on the merits, preliminary injunction proceedings, discovery applications/motions, evidence gathering/preservation procedures including seizures, et al.).

1. Does your Group's current law provide for the protection of trade secrets for or during any of the following stages of civil proceedings? Please tick all that apply. Please explain.

complaint/pleading/writ of summons initiating a proceeding

any other pleadings or submissions filed in the context of a proceeding

production of documents during discovery phase or court-ordered production of evidence

evidence seizure

prepared-for-litigation technical description/declaration or any other exhibits

oral hearing

hearing transcripts

witness statements made out of court and on the record for use in litigation (e.g., deposition

court decision

potential for future misuse of trade secret information gained from claimant or defendant during the proceeding

other, namely

The main rule is the publicity of proceedings. Protection of trade secrets (e.g. limiting the public's access to information in trial documents) is always an exception from such main rule and needs to be justified in each case.

Pursuant to the Act on the Publicity of Court Proceedings in General Courts (370/2007, as amended), a court may, at the request of a party or for a special reason, order that a trial

document (e.g. a document submitted to the court by a party or prepared in the court for the court proceedings) is to be kept secret to the extent necessary (i) if it contains information which is to be kept secret based on another act of law and (ii) if revealing such information would likely cause significant detriment or harm to the interests the secrecy obligation is designed to protect. The same applies to oral hearings, which can be held as closed proceedings without the presence of the public. The court may also order its decision to be kept secret to the extent necessary. However, it is at the discretion of the court to make the above-mentioned orders. A secrecy order to protect a trade secret may not exceed 25 years. Further, a secrecy order to protect trade secrets under the above-mentioned acts does not limit a party's right to access such information or being present at an oral hearing.

In relation to witness testimonies, we would like to note that while written experts statements made out of court are allowed under Finnish law and can be subject to a secrecy order referred to above, witnesses are to be heard in court and out of court depositions (pre-recorded oral witness testimonies) are not possible under Finnish law.

Further, based on the Act on the Openness of Government Activities (621/1999, as amended), a party, his or her representative or counsel shall not disclose to third parties secret information obtained on the basis of a party status and concerning other persons than the party ("non-disclosure obligation"). Further, a party shall not use such secret information for personal benefit or the benefit of another, nor for the detriment of another ("prohibition of use"). However, a party, his or her representative and counsel may use information concerning a person other than the party where the matter concerns the right, interest or obligation on which the access of the party to the information is based. A violation of such provisions is punishable under the Criminal Code of Finland (39/1889, as amended) as a secrecy offence and may lead to a fine or imprisonment for at most one year.

Further, the Finnish legal system does not provide for discovery per se but contains a provision on an obligation to present documents and appear in a hearing for evidentiary purposes. A court may order a document to be brought to the court or to be reviewed outside the court if it can be assumed to have significance as evidence. Further, in proceedings concerning infringement of an intellectual property right, at the request of the plaintiff, the defendant who has infringed such right may be ordered to provide information about the origin and distribution network of the infringing goods or services. However, one can refuse to testify about a trade secret unless there are for very important reasons for lifting this protection considering e.g. the nature of the case, the significance of the evidence and the potential consequences. Disclosure of documents can also be objected by referring to trade secret protection (Code of Judicial Procedure 4/1734, as amended).

As for preservation of evidence, the Act on Preserving Evidence in Civil Actions Concerning Industrial Property Rights and Copyright (344/2000, as amended) provides that a court may order a preliminary injunction to seize evidence in civil cases concerning intellectual property rights (also concerning, e.g., compensation for damages of unlawful use or disclosure of a trade secret or issuance of a prohibition to use or disclose a trade secret). In addition, a preliminary injunction by virtue of Code of Judicial Procedure provides mechanisms for seizing objects. As court proceedings, the above Acts on the Openness of Government Activities and on the Publicity of Court Proceedings in General Courts are relevant where applicable. An application for a preliminary injunction is not accepted without hearing the other party unless its purpose could otherwise be compromised. The Act on Preserving Evidence referred to above further provides that when deciding on such order, the court must consider that it does not cause unreasonably harm in relation to the interest that is secured. Based on the preparatory works of the Act, Government Bill 119/1999, a preliminary injunction should not harm the legitimate interests related to the other party's trade secrets and according to Section 6 of the Act an

expert or a party that gains secret information as a result of the preservation of evidence is not allowed to disclose or use the information for any other purposes than protection of the right at issue in the proceedings.

2. Under your Group's current law, is there a requirement:

- a) for specificity in the pleadings (e.g., the trade secret allegedly misappropriated is required in written documents provided to the court); and/or

The Finnish law does not explicitly provide for a level of specificity required from a trade secret in a pleading but general provisions on trade secrets and evidence in civil proceedings apply.

In civil proceedings, a party shall prove the circumstances on which his or her claim or objection is based. Thus, a party who claims that a trade secret has been misappropriated must also prove such claim. To prove that a trade secret has been misappropriated, it must be shown that the conditions for qualifying as a trade secret are met and that there has been an unlawful use, disclosure or acquisition of the trade secret.

Pursuant to Trade Secrets Act (595/2018, as amended), a trade secret means information:

- a) which is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons who normally deal with the kind of information in question;*
 - b) which has financial value in the business activities owing to a characteristic referred to in subparagraph a); and*
 - c) the lawful holder of which has taken reasonable steps to protect it.*
- b) that knowledge of the trade secret details be known by more than defendant's outside counsel (e.g., General Counsel, Managing Director, or other types of representatives), so that a defendant can properly defend against a charge of misappropriation of a trade secret? If YES, please explain.

Yes. A party has the right to be informed about the contents of trial documents. This has also been confirmed by the Supreme Court of Finland in its decision KKO 2004:79 where the Court stated that fair trial requires that the Court's decision is based only on information which has been known to the parties to the proceedings and which they have had the opportunity to examine.

Moreover, if the proceeding pertains to an unlawful acquisition, use or disclosure of a trade secret and a party to the proceedings is a legal person, at the request of another party, the court may order that only a limited number of natural persons within the legal person (e.g. directors or employees) may be informed about trial documents containing a trade secret, or take part in oral proceedings where a trade secret is presented (Trade Secrets Act 595/2018, as amended). Such order is subject to the court having ordered a trial document or its part to be kept secret and decided to hold the oral proceedings entirely or in necessary parts without the presence of the public and that having a greater number of natural persons within the legal person aware of such information than the limited number would cause significant detriment or harm to the interests aimed to be protected by ordering the information to be kept secret.

If the above-mentioned provision is applied and also the court's ruling is ordered to be kept secret to the extent it contains trade secrets, at the request of another party and pursuant to the above-mentioned conditions, the right to access such ruling as a party may be restricted to a limited number of natural persons within the legal person.

A request to limit the number of natural persons shall not be accepted if it could jeopardize the parties' right to a fair trial.

3. Under your Group's current law, do any remedies exist for the holder of the trade secret to "re-establish" or "re-gain" the status of a trade secret exposed during a Disclosure action, or more generally during civil proceedings? That is, can a trade secret exposed during a civil proceeding effectively be made or held "secret" so as to still be considered a trade secret? If YES, please explain.

No. In Finland, if a trade secret is exposed during civil proceedings in the sense that the trade secret becomes known to the public, there is no remedy to make such information secret again, e.g., to "re-establish" or "re-gain" the trade secret status. In principle, such information has then become publicly known. There are of course remedies against unlawful disclosure of a trade secret, but such remedies will not lead to "re-establishment" or "re-gaining" of the trade secret status.

If a trade secret is exposed in the sense that the trade secret becomes known only within the proceedings, the trade secret should not be considered exposed but remains a trade secret (given that it meets the substantive law definition of a trade secret as described above in section 2 a). If a piece of information in a trial document has been ordered to be kept secret in the proceedings on the basis of trade secrecy but becomes known to the parties due to their right to access trial documents, such information does not in general lose its status as a trade secret. However, this will have to be decided on a case-by-case basis and the trade secret status is safeguarded only upon the condition that the information does not become, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons who normally deal with the kind of information in question. If the trade secret is e.g. disclosed outside of the proceedings in violation of a secrecy order, it may well be the trade secret status is effectively lost.

II. Policy considerations and proposals for improvements of your Group's current law

4. Could your Group's current law or practice relating to the protection of trade secret(s) during civil proceedings be improved? Please explain.

Generally, the protection of trade secrets in court proceedings is well safeguarded in the law. But certain further improvement could be considered. Currently, the period of protection for trade secrets disclosed to the court and the counterparty within a judicial document under the court's secrecy order is 25 years. In some areas of business and technology, trade secrets can retain their value and significance for a longer period. Therefore, a possibility to apply for an extension of this term could occasionally be justified. The possibility to extend the term would be particularly important in trade secret disputes but it could be important in other disputes as well.

To avoid any ambiguities and possible issues related to the interpretation of the trade secret definition, the Finnish AIPPI Group considers that the Finnish Trade Secret Act could be supplemented with a provision explicitly stipulating that the secret nature of information is not

lost where the information has been disclosed only within court proceedings and has been subject to a secrecy order.

5. In order to limit disclosure of a trade secret, should there be more specific requirements regarding access by a party to a trade secret during a civil proceeding? Please explain.

No.

6. Should remedies to re-establish or regain a trade secret be available to the trade secret holder:

As a preliminary note, the Finnish AIPPI Group considers that, given the trade secret definition (and the requirement of the information being "secret" in particular), there should not be remedies to "re-establish or regain the trade secret status" as such, but there could rather be provisions on situations where the trade secret status/nature would not be lost in the first place. Please note that below questions have been answered from this particular perspective.

- a) if the disclosure of the trade secret during the proceeding occurred intentionally due to a legal requirement (e.g., a legal requirement to specify the basis of a claim, or in response to a court order/interrogatories, etc.);

Yes. Should the disclosure of trade secret occur intentionally during the proceeding due to a legal requirement, and given that the holder of the trade secret has taken all available legal protective measures, there should be remedies in place in order to avoid losing the trade secret status. However, instead of re-establish or regaining the trade secret status, which may already have been lost due to the disclosure, the Finnish trade secrets legislation could provide that the trade secret status would not be lost in the first place in such situation.

- b) if the disclosure of the trade secret occurred intentionally before exhaustion of all available legal protections, (e.g., protection order, redaction of transcripts, etc.);

No, in light of the answer to question a), remedies related to keeping the trade secret status should only be available if all the available means of legal protective measures have been taken.

- c) if the disclosure of the trade secret occurred unintentionally before exhaustion of all available legal protections;

No, such unintentional disclosures before exhaustion of all available legal protections by the trade secret's holder should not, as a point of departure, enable the re-establishment or regain of a trade secret status. However, if the document has not been actually given to third parties, it could be considered that the trade secret status would not be lost in the first place (already under the current Finnish trade secret legislation). Also, if the trade secret holder takes adequate measures to protect his trade secret soon after the unintentional disclosure, this could favor a finding that the trade secret should not be considered to have been lost in the first place. This assessment should be made in light of the trade secret status criteria (that is the definition of trade secret) and, in particular, involve assessment of whether the information has become generally known and whether the holder has taken reasonable steps to protect the secrecy of the information.

The Finnish AIPPI Group also considers that should the trade secret be disclosed during the court proceedings unintentionally due to an error of the court (e.g. such as the court accidentally allow an access to documents that were ordered secret), it would be

reasonable to consider that the trade secret status would not be lost in such case in the first place.

d) other, namely....?

-

Please answer YES or NO for each. Please explain.

7. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes. For example, a provision corresponding to Section 14 of the Finnish Trade Secrets Act stipulating on restrictions to a parties' right of access within a legal person in court proceedings, could be introduced in the legislation to apply also in other cases than purely the ones that concern the unlawful acquisition, disclosure, and use of trade secret. Extending the scope of application to also other cases where trade secrets are disclosed would improve the protection of trade secrets during all kinds of civil proceedings.

III. **Proposals for harmonisation**

Please consult with relevant in-house / industry members of your Group in responding to Part III.

8. Does your Group believe that there should be harmonisation in relation to the protection of trade secrets during civil proceedings? Please answer YES or NO.

Yes.

If YES, please respond to the following questions without regard to your Group's current law or practice.

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

9. Does your Group believe that there should be protection of trade secrets for or during any of the following stages of civil proceedings? Please tick all that apply. Please explain

Please explain.

complaint/pleading/writ of summons initiating a proceeding

any other pleadings or submissions filed in the context of a proceeding

production of documents during discovery phase or court-ordered

production of evidence

evidence seizure

prepared-for-litigation technical description/declaration or any other

exhibits

oral hearing

hearing transcripts

witness statements made out of court and on the record for use in litigation (e.g., deposition)

court decision

potential for future misuse of trade secret information gained from claimant or defendant during the proceeding

other, namely protective letters and in general any other stage of civil proceedings that may exist under different national laws during which trade secrets may be disclosed.

There should be no stages in civil proceedings for or during which law does not provide for protection of trade secrets. If such stages existed, the trade secret protection provided for or during any other stages would be inefficient if not useless. Only partial protection would not prevent leakage to the public, and lack of protection against potential misuse of trade secret information gained during the proceedings could encourage abuse of law.

Gaps in adequate protection could potentially harm interests of all the parties to the proceedings. On one hand, gaps in protection could unnecessarily prevent the trade secret owner from disclosing such trade secrets that are required for building the case. On the other hand, gaps in protection could potentially prevent otherwise justified disclosure upon request of the counterparty because of the risk of leakage to the public domain. Gaps in protection could also inappropriately affect the conduct of the proceedings. If, e.g. only part of the means of evidence benefited from protection that could drive the trade secret owner to use such means of evidence even if alternative means of evidence were otherwise better. For the above reasons gaps in trade secret protection undermine access to justice and make it more difficult to find a fair balance between the interests of the trade secret owner and his counterparty in civil proceedings.

The only interest that would potentially be harmed if trade secrets were adequately protected in relation to the public during all stages of civil proceedings would be the publicity of proceedings. Publicity of proceedings, however, should not override the parties right to trade secret protection. However, trade secret protection should not be taken too far, and the counterparty's right to a fair trial should always be safeguarded.

10. During a proceeding, what limits and/or restrictions should there be on Disclosure actions and/or procedures (such as a saisie contrefaçon or other seizure) to limit the unnecessary production of trade secrets, thereby reducing the risk of unnecessary disclosure to those involved in the proceeding and leakage into the public domain? For example:

- a) should a court bailiff conducting seizure of evidence identify and separate and keep separate documents relating to trade secrets solely by virtue of the document being labelled a trade secret and/or confidential;

Yes. However, even if such separation may be beneficial, this would not by itself be a sufficient measure to protect trade secrets. All the documents subject to Disclosure actions should be treated with similar care and confidentiality regardless of their markings until the parties have had the opportunity to indicate which documents should benefit from trade secret protection. After the parties have been reserved an

opportunity to opine on the matter, separation of confidential from non-confidential documents could reduce the risk of accidental disclosure of trade secrets.

- b) should a witness testifying about a trade secret do so only in a private/closed hearing with the judge, with the judge and outside counsels, or similar limited-audience proceeding;

Yes. The hearing could be closed from public but not from outside counsel and official representatives instructing the counsel in the hearing. At least limited party representation should always be allowed in order to ensure that the party – and not only the outside counsel – has the opportunity to comment on all evidence and arguments presented to the court and give instructions to their counsel.

- c) should a document (whether or not marked as, e.g., “confidential” and/or “trade secret,”) containing a trade secret that is accidentally disclosed during a proceeding be retractable and not considered a public disclosure;

Yes, but it should usually be required that the trade secret holder has resorted to adequate measures to protect his trade secret either before or soon after the accidental disclosure. However, instead of re-establish or regaining the trade secret status, which may have already been lost due to the disclosure, the national trade secrets legislation could provide that the trade secret status would not be lost in the first place in such situation.

- d) should a broad injunction prohibiting use of a disclosed trade secret accompany a Disclosure action and/or

Yes. The disclosure is just for the purposes of the proceedings and its should not be possible to use the trade secret for any other purpose than enforcement of the right on the basis of which the Disclosure action is granted.

- e) other, namely?

-

11. Should a trade secret be able to “re-gain” its trade secret status after a disclosure action during a civil proceeding? What conditions should there be to allow the recovery, e.g., trade secret was appropriately marked as “confidential,” and/or “trade secret”?

If the disclosure of the trade secret took place during the civil proceeding intentionally due to a legal requirement, and the holder of the trade secret had taken all available legal protective measures, there should be remedies available to avoid losing the trade secret status. Instead of re-establish or regaining the trade secret status the national trade secrets legislation could provide that the trade secret status would not be lost in the first place in such situation.,

If the disclosure of the trade secret occurred intentionally before exhaustion of all available legal protections, it should not be possible to keep the trade secret status

If the disclosure of the trade secret occurred unintentionally before exhaustion of all available legal protections, the possibility of keeping the trade secret status would depend on the circumstances. If the trade secret has been disclosed during the court proceedings unintentionally due to an error of the court (e.g. such as the court accidentally allow an access to documents that were ordered secret), it would be reasonable to consider that the trade

secret status would not have been lost. If the unintentional disclosure took place due to an error or omission of the holder of the trade secret, it should, as a point of departure, not be possible to keep the trade secret status.

12. Which, if any, of the following should be required or encouraged in any civil litigation in order to maintain a balance between protecting the allegedly misappropriated trade secret and allowing a defendant to defend against a misappropriation charge? Please tick all that apply. Please explain.

limit access to the trade secret details to defendant's outside counsels only;

limit access to the trade secret details to a limited number and type of defendant's inhouse representatives (e.g., General Counsel, Managing Director, Chief Technology Officer, etc.) and outside counsel;

limit access to the trade secret details to hired third party expert(s) to view and provide directed findings regarding the trade secret details (e.g., court-ordered expert or defendant's hired expert and plaintiff's hired expert meet separate from the parties to compare the plaintiff's trade secret details with the defendant's information); and/or,

allow the defendant to challenge the confidentiality or trade secret status of a document / material during the proceeding

other, namely....?

As a general rule, the parties right to a fair trial should be safeguarded, which includes the right to adversarial proceedings and to comment all the evidence that is put forth by the counterparty and that may be used as a basis for a court's decision. Protection of trade secrets during court proceedings is of importance and, thus, limiting access to identified persons with a need to access for the purposes of the proceedings would be justified. Those persons who have been provided an access to trade secret materials should also be bound by obligations to keep the information secret and not to use or disclose the trade secret for any other purpose than what is necessary for the proceedings at hand.

The right to adversarial proceedings would also require a possibility to challenge the trade secret status of information during the proceedings. Case by case consideration may be needed to establish who needs to have access to materials containing trade secrets. In practice, control of trade secrets could be improved by using data room type solutions to control access to documents and prevent misuse.

13. Should there be a requirement in trade secret misappropriation cases such that in response to a first identification of a trade secret, there is an immediate redaction of all specific trade secret details from the hearing transcripts, court decisions, or other written document before publication?

Yes, there should be a requirement in misappropriation cases that, upon a request of a party, there would be an immediate redaction of all identified specific trade secret details from the hearing transcripts, court decisions and/or other written documents before publication.

14. How can one, since injunctions naturally are limited in geographical scope, adequately protect trade secrets obtained during the course of a proceeding against misuse in a different jurisdiction?

The Finnish Group believes that global harmonization and extraterritorial enforcement of legal judgments is needed to provide adequate and effective measures to protect trade secrets obtained during the course of a proceeding in one jurisdiction against misuse in a different jurisdiction. In addition, measures such as, limiting the access to identified persons with a need to access for the purposes of the first/original proceedings and effective prohibitions to use the trade secrets outside the scope of the proceedings in question, are needed, provided that such measures are adequate and proportional, and accompanied by sanctions and/or fines when necessary. However, without global harmonization and willingness to accept the validity of foreign legal judgments, it is questionable if such measures alone provide adequate and effective measures against misuse in another jurisdiction.

15. Should evidence involving trade secrets be preserved by the court after the proceeding has concluded? Please explain.

Yes, the evidence involving trade secrets should be preserved by the court after the proceedings have been terminated in accordance with the archival plan of the court. The preservation of evidence must be carried out in a manner that supports the performance of the court's functions and enables the right to access to public documents and files, while simultaneously providing effective protection for such trade secrets, which have not yet become public. The protection of trade secrets must be duly taken into account, but also balanced against the right to a fair trial, including the right to an effective defense and the right of the parties to have access to and opine on the relevant evidence.

As a general rule, evidence involving trade secrets should remain confidential for a predetermined fixed period of time, the length of which depends on the trade secret in question (and how long trade secret status is/will be maintained) and extensions should be available where required/appropriate, after which the evidence should be publicly available in the official archives, e.g. for research and other purposes.

16. Please comment on any additional issues concerning the protection of trade secrets in civil proceedings that you consider relevant to this Study Question.

-

17. Please indicate which industry/cultural sector views provided by in-house counsel are included in your Group's answers to Part III.

-