



瑞士与中国的 商业秘密保护

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MLL商务律师事务所

20 June 2019




The Protection of Know-how in Switzerland and in China

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Introduction

Der verbotene Blick ins Firmeninnere

Obschon es kaum verlässliche Zahlen gibt, ist zu vermuten, dass in der Schweiz Chemie- und Pharmafirmen öfters Opfer von Spionage-Angriffen sind. Die grösste Gefahr geht von den eigenen Mitarbeitern aus.

COMPANIES

Tesla lawsuit unmasks fierce headhunting by China's Xpeng

Ex-employee allegedly moves to Guangzhou startup with 300,000 files

Schutz für Geschäftsgeheimnisse

Der derzeitige Flickenteppich von nationalen Regeln reicht aus Sicht der EU-Kommission zum Schutz von Geschäftsgeheimnissen der Unternehmen nicht mehr aus. Sie will mit den USA und Japan gleichziehen.

Berné Höltzsch, Brüssel
28.11.2019

Uber vs. Waymo: Trade Secrets or Talent?

Published on 2017 M06 1

11		Plaintiff,	
12		v.	
13			
14	HUAWEI DEVICE CO., LTD., and		
15	HUAWEI DEVICE USA, INC.,		
16		Defendants.	
17	The Grand Jury charges that:		
18		COUNT 1	
19		(Theft of Trade Secrets Conspiracy)	

19-010 RSM

DID UBER STEAL GOOGLE'S INTELLECTUAL PROPERTY?

Silicon Valley was built on job-hopping. But when a leader of Google's self-driving-car unit joined Uber, Google filed suit. Now the Feds are on the case.

By Charles Duhigg October 15, 2018

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Definition of a trade secret

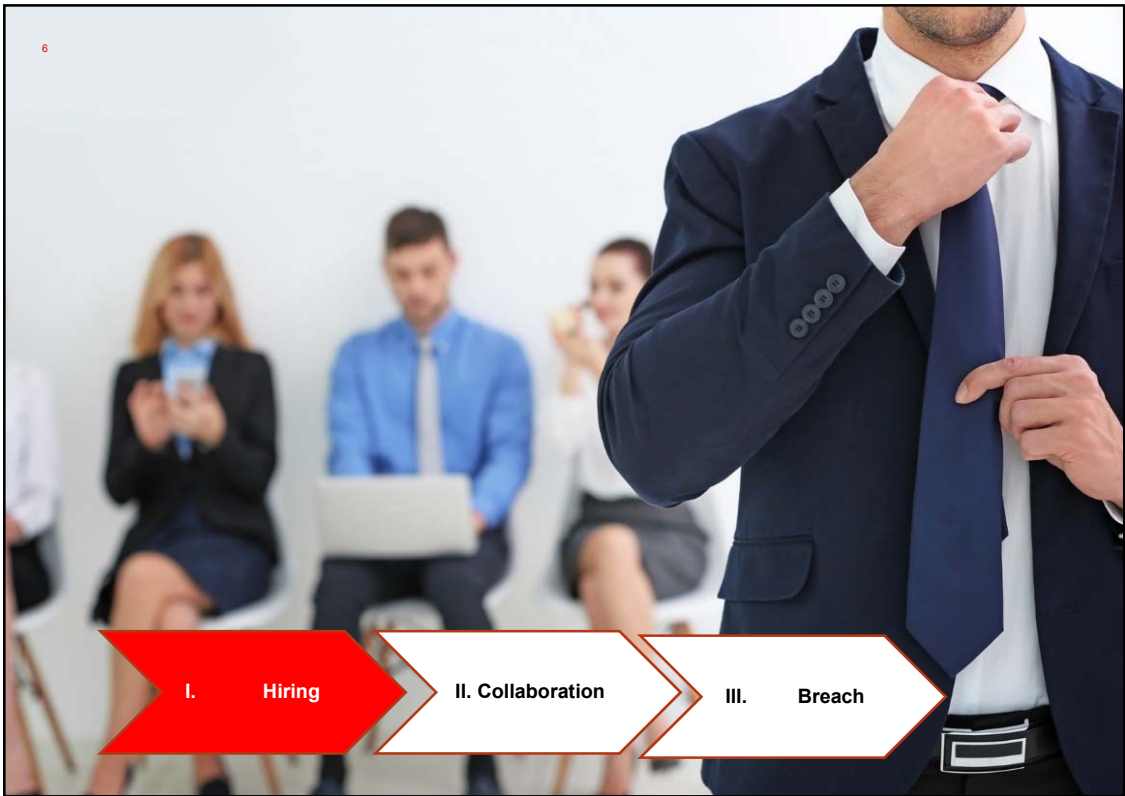
In Switzerland:


1. **relatively unknown**
2. objective criteria:
legitimate interest in maintaining secrecy
3. subjective criteria:
intention of the owner to maintain secrecy

In China:

1. **technical information**, business operation information, and other **commercial information**
2. that is **not known to the public**,
3. has **commercial value**, and
4. for which the trade secret owner has adopted corresponding **measures to maintain its confidentiality**

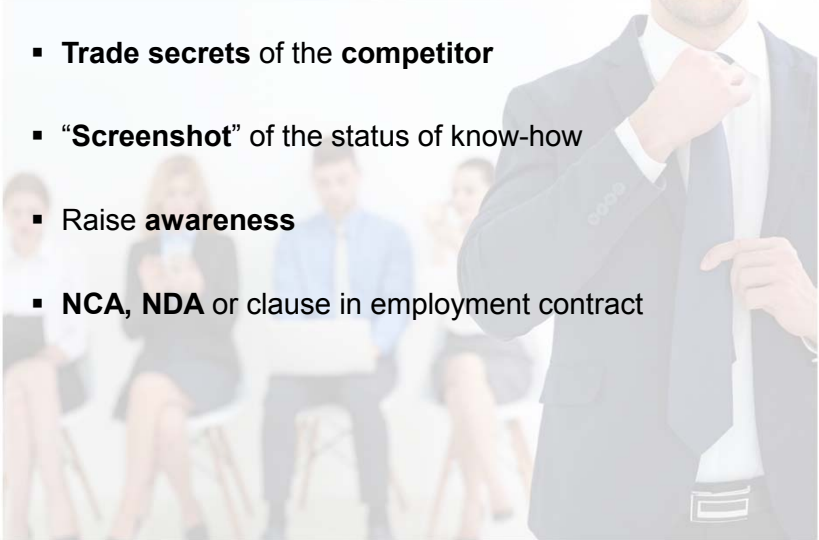
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I. **Hiring** II. Collaboration III. Breach

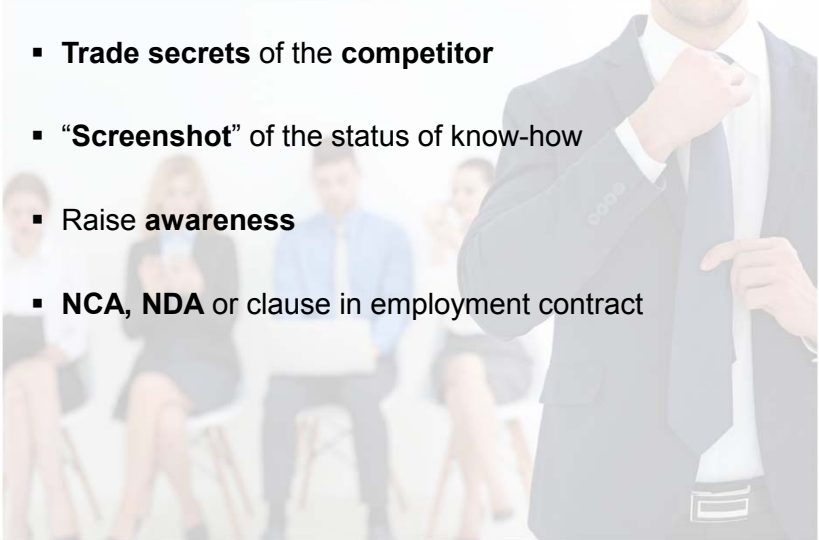
- Trade secrets of the **competitor**
- “Screenshot” of the status of know-how
- Raise **awareness**
- **NCA, NDA** or clause in employment contract

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NCA for post-contractual relations

<p>In Switzerland:</p> <ul style="list-style-type: none"> ▪ Limitation of scope and time: max. 3 years ▪ Compensation: not mandatory ▪ ! NCA obligation extinguished if employment is terminated by or due to employer 	<p>In China:</p> <ul style="list-style-type: none"> ▪ Limitation of time: max. 2 years ▪ Limited to key employees ▪ Compensation: mandatory
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- **Organisational** measures
- **Technical** measures
- If collaboration with third parties :
project-based **NDA or confidentiality clause**

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Actions

In Switzerland...	In China...
<ul style="list-style-type: none"> ▪ against Dr Nosy: <ul style="list-style-type: none"> ▪ Civil liability ▪ Criminal liability ▪ against the competitor: <ul style="list-style-type: none"> ▪ Civil liability ▪ Criminal liability: "no" 	<ul style="list-style-type: none"> ▪ against Dr Nosy: <ul style="list-style-type: none"> ▪ Civil liability ▪ Criminal liability ▪ against the competitor: <ul style="list-style-type: none"> ▪ Civil liability ▪ Criminal liability

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Questions?

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The Protection of Know-how in Switzerland and China

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2 SCCC Legal Chapter 2019 - The Protection of Know-how in Switzerland and China - Handout



Overview

1. Legal Landscape
2. Definition of a “Trade Secret”
3. Criminal Liability
4. Civil Liability
5. Burden of Proof
6. Non-Disclosure Agreements (NDA) / Non-Compete Agreements (NCA)
7. Preventive Protection Mechanisms



1. Legal Landscape – Switzerland

▪ Swiss Code of Obligations

- **Statutory confidentiality obligations** set forth in the CO
 - Employees (Art. 321a para. 4 CO)
 - Agents (Art. 418d para. 1 CO)
 - Members of a limited liability company (Art. 803 para. 1 CO)
- **Contractual confidentiality obligations** governed by the CO
 - Confidentiality clauses in R&D / manufacturing / supply / license / distribution agreements etc.
 - «Stand-alone» NDAs (= innominate contracts)
- Rules regarding **post-contractual non-compete obligations** for employees set forth in the CO (Art. 340 et seqq. CO)



1. Legal Landscape – Switzerland

▪ Swiss Criminal Code

- Art. 162 (**Breach of manufacturing or business secrets**)
 - Illicit disclosure of trade secrets
 - Exploitation of such illicit disclosure
- Art. 143bis (**Unauthorised access to a data processing system**)
- Art. 273 (**Industrial espionage**)
- ...

▪ Unfair Competition Act / Criminal law provisions

- Art. 23 para. 1 in conjunction with Art. 4 letter c (**Instigation** of employees, agents etc. **to disclose or spy out trade secrets**)
- Art. 23 para. 1 in conjunction with Art. 6 (**Exploitation of trade secrets** which were spied out or otherwise accessed unlawfully)



1. Legal Landscape – Switzerland

- **Unfair Competition Act / Civil law provisions**
 - Art. 4 letter c (**Instigation** of employees, agents etc. **to disclose or spy out trade secrets**)
 - Art. 6 (**Exploitation of trade secrets** which were spied out or otherwise accessed unlawfully)
- **Swiss Code of Civil Procedure**
 - Art. 156 (Safeguarding of legitimate interests / **protection of trade secrets in civil proceedings**)
- **Rules in further laws**
 - Art. 47 Banking Act (**Bank secrecy**)
 - ...



1. Legal Landscape – China

- **General Principles of Civil Law (1986)**
 - Art. 97 (2), Art. 118
- **General Rules of Civil Law (2017)**
 - Art. 123: Subcategory of IP rights
- **Contract Act (1999)**
 - Art. 43 (Protection during Conclusion of Contracts)
 - Art. 326 (Contract in respect of job-related Technologies with Employees)
 - Art. 342 ff. (Technology Transfer Contracts)
- **Anti-Unfair Competition Act (AUCA), last revision April 2019, i.a.**
 - Art. 9 (Definition and Scope)
 - Art. 13, 15 (Investigative Powers and Confidentiality Obligation of Authorities)
 - Art. 17, 21, 31 (Compensation and Penalties, Criminal Liability)
 - Art. 32 (Burden of Proof)



1. Legal Landscape – China

- **Labor Law (1995)**

- Art. 22 (Contractual Confidentiality Provision)
- Art. 99 (Recruitment of Employees during ongoing Employment with former Employer)
- Art. 102 (Violation of contractual Confidentiality Provision)

- **Labor Contract Law (2008, revised 2013)**

- Art. 17 (Contractual Confidentiality Provision)
- Art. 23 et seq. (Scope and Financial Compensation)
- Art. 90, 91 (Civil liability for Breach of Contract)

- **Criminal Law**

- Art. 219: Crimes of Infringing upon IP Rights (limited to significant losses); including persons who obtain business information



1. Legal Landscape – China

- **Code of Civil Procedure** (revised 2017)

- Art. 68, Art. 156 (Evidence and Judgements involving trade secrets to be kept confidential)
- Art. 100 et seq. (Preservation and Preliminary Execution)

- **Interpretations / Administrative Rules**, e.g.

- Regulations on the Prohibition of Acts of Infringement of Trade Secrets by the State Administration of Industry and Commerce SAIC (**1995 Regulations**, revised 1998)
- Opinions of the Supreme Court on the Application of the Code of Civil Procedure, Point 154
- Interpretation by SPC and SPP on Several Issues of Concrete Application of Laws in Handling Criminal Cases of Infringing Intellectual Property (SPC and SPP, 2004)
- Judicial Interpretation of the SPC on Matters Concerning the Application of Law in the Trial of Civil Cases Involving Unfair Competition (2007; “**2007 Judicial Interpretation**”), Art. 9 – 17
- Judicial Interpretation of the SPC on Problems arising from applying the Labor Contract Act to Labor Disputes (2013; 2013 Judicial Interpretation)



2. Definition – Switzerland

Trade secrets must be...

1. **relatively unknown** (certain control of owner over trade secret/possibility to effectively prevent third parties from accessing trade secret)
2. objective criteria: be covered by a **legitimate interest in maintaining secrecy** (e.g., if relevant for competitive position of owner)
3. subjective criteria: be covered by an **intention of the owner to maintain secrecy** (to be expressed explicitly or tacitly)

Note: Distinction between terms «business secrets» and «manufacturing secrets» without significant relevance



2. Definition – China

Trade secrets must be...

- 1) **technical information, business operation information, and other commercial information**
- 2) that are **not known to the public**,
- 3) have **commercial value**, and
- 4) for which the trade secret owner has adopted corresponding **measures to maintain its confidentiality**

(Art. 9 AUCA 2019; cf. also SPC 2007 Judicial Interpretation, Art. 9-17; 1995 Regulations)



2. Definition – Examples

- Technical information (construction plans, processes, R&D results, recipes, chemical compositions etc.)
- Customer lists
- Balance sheets
- Price calculations
- Supply sources
- Planned transactions (M&A etc.)
- ...



3. Criminal Liability – Switzerland

- **Personal scope:** in principle, only the **individual** who acted unlawfully can be punished
- **Punishable acts:**
 - Art. 162 Criminal Code: **Breach of manufacturing or business secrets**
 - covers **illicit disclosure** of trade secrets and
 - **exploitation of such illicit disclosure** of trade secrets
 - Art. 23 para. 1 in conjunction with Art. 4 letter c: **Instigation** of employees, agents etc. **to disclose or spy out trade secrets**
 - Art. 23 para. 1 in conjunction with Art. 6: **Exploitation of trade secrets** which were spied out or otherwise accessed unlawfully
 - Art. 273: **Industrial espionage** (= spying out trade secrets in order to make them available to foreign agency / organization / enterprise etc.)
- **Sanctions:**
 - in principle: **up to three years imprisonment** or **monetary fine**
 - will be registered in **criminal record**
 - Note: prosecution only after timely filing of **criminal complaint; three-month deadline!**



3. Criminal Liability – China

- **Personal scope:**

- Individuals or legal entities

- **Punishable acts:**

- obtaining an obligee's business secrets by stealing, luring, coercion or any other illegitimate means;
- disclosing, using or allowing another to use the business secrets obtained from the obligee by the means mentioned in the preceding paragraph; or
- in violation of the agreement on or against the obligee's demand for keeping business secrets, disclosing, using or allowing another person to use the business secrets he has;
- and thus causes "heavy losses" (> RMB 500,000) to obligee
- obtains, uses or discloses another's business secrets, which he clearly knows or ought to know falls under the categories of the acts listed above

(Art. 219 et seq., 30 et seq. Criminal Law)



3. Criminal Liability – China

- **Sanctions:**

- a) fixed-term imprisonment of not more than 3 years or criminal detention and a fine OR
- b) only a fine (→ legal entities)
- c) if the consequences are "especially serious" (damages > RMB 2,500,000): fixed-term imprisonment of not less than 3 years but not more than 7 years and a fine

(Art. 219 et seq., 30 et seq. Criminal Law)



4. Civil Liability – Switzerland

- **Personal scope:** depends on the legal basis concerned
 - **Breach of statutory confidentiality obligations:** action typically directed against **individual**
 - **Breach of contractual confidentiality obligations:** depending on who is a **party** to the confidentiality obligation (NDA etc.)
 - **Unfair Competition Act:** action typically directed against **undertaking**
- **Infringing act:** depends on the legal basis concerned
 - **Statutory and/or contractual confidentiality obligations:** typically **disclosure of trade secrets** to third parties and **use for unauthorized (own) purposes** (Note: use for own purposes should be prohibited explicitly in NDA)
 - **Unfair Competition Act:**
 - **Instigation** of employees, agents etc. **to disclose or spy out trade secrets**
 - **Exploitation of trade secrets** which were spied out or otherwise accessed unlawfully



4. Civil Liability – Switzerland

- **Sanctions:** depends on the legal basis concerned
 - **Termination** of, e.g., employment relationship (with immediate effect; Art. 337 CO)
 - Extraordinary termination of other further agreements (with immediate effect)
 - **Damage claims** (note: «exact» proof of damages required)
 - **Contractual penalties** (if provided for in agreement; Note: contractual penalty for breach of confidentiality might not be enforceable if contained in an employment agreement, at least if breach took place during employment relationship)
- **Injunctive relief** (preliminary injunction in ex-parte proceedings might also be available)



4. Civil Liability – China

- **Personal scope:** natural persons (including employees/former employees), legal entities, other organizations
 - **Infringing act:**
 - Obtaining by theft, bribery, fraud, coercion, **electronic intrusion** or other unfair means
 - Disclosing, using or allowing others to use trade secrets so obtained
 - Disclosing, using or allowing others to use trade secrets one possesses in breach of confidential obligations or in violation of the requirements of the rights holder on keeping trade secrets confidential
 - **Indirect infringement:** instigating, inducing, or helping others to obtain, disclose, use, or allow others to use the trade secrets of the rights holders in breach of confidential obligations or in violation of the requirements of the rights holder on keeping trade secrets confidential
- Not** reverse engineering (disassembling, mapping or analyzing publicly available products)
- Obtaining, using or disclosing another's trade secrets by a third party, who know or should have known that the trade secret was obtained by such acts



4. Civil Liability – China

Amount of compensation under the AUCA has been revised:

- according to the actual loss suffered
- if difficult to calculate: according to the benefit obtained by the infringer.
- if malicious infringement and in case of “serious acts”: punitive damages within more **than 1 to 5 times** the determined amount
- if too difficult to calculate the benefit obtained: statutory damages of less than **RMB 5,000,000** awarded by the court
- shall also include the reasonable expenses paid to stop the infringement.

(Art. 17 AUCA 2019)

Injunctive relief (preliminary injunction in ex-parte proceedings might also be available)



5. Burden of Proof – Switzerland

Principle set forth in Art. 8 of the Swiss Civil Code: *“the burden of proving the existence of an alleged fact shall rest on the person who derives rights from that fact”*

- **Burden of proof** generally lies **with the owner of the trade secret**, e.g., with regard to
 - Existence of trade secret
 - Unlawful acts by infringer (employee, competitor etc.)
- Reduced burden of proof for **preliminary injunctions (prima facie evidence sufficient)**; if granted, preliminary injunction must be followed by proceedings on the merits



5. Burden of Proof – China

AUCA 2019 Revision, Art. 32

- **preliminary evidence** on reasonable confidentiality measures taken;
- show, **to a reasonable extent**, that trade secret is infringed, e.g.

→ **Burden of proof shifts to alleged infringer** to prove that he did not commit an infringement



6. NDA / NCA – Switzerland

- Reinforcement of obligations by **contractual penalty** advisable
- Provide for the right of owner of trade secret to request **specific performance** of obligations undertaken in NDA / NCA
- **General restrictions** under Swiss law:
 - **No excessive commitments** (Art. 27 para. 2 Civil Code); no eternal obligations
 - **Reduction of excessively high contractual penalties** (Art. 163 para. 3 CO)
- **Post-contractual NCAs with employees** in particular:
 - **Balancing of interests** of employer/owner of trade secrets and employee (**no undue limitation of an employee's freedom**)
 - (Geographic/material) **scope** must be **limited & term shall not exceed 3 years** (ideally less than 1 year; the longer, the more difficult to enforce)
 - **Compensation not mandatory**
 - Post-contractual non-compete **obligation lapses automatically, if:**
 - termination by employer, unless employee has given objective cause for such termination;
 - termination by employee, provided that the employer has given objective cause for such termination.



6. NDA / NCA – China

- For employees
 - in China
 - with ties to China
 - of industries relevant to China
- Chin/Engl bilingual
- China-centric contract that complies with Chinese laws
- **Limitations to NCA** (cf. Labor Contract Act and 2013 Judicial Interpretation)
 - max. 2 years
 - limited to senior managers, senior engineers, other employees who have the obligation to maintain secrets of employer
 - Monthly economic compensation during non-competition period; contractual compensation or up to 30% of the employee's former salary
 - Breach → contractual penalty



7. Preventive Protection Measures

- **Register IP rights** (if possible)
- Raising **awareness for need to protect trade secrets** and consequences of breaches
 - Keep in mind that engineers are not lawyers – different mindsets
 - Breaches can lead to termination (with immediate effect)
 - Deterrent effects of criminal law
- **Contractual measures**
 - Conclude project-based, enforceable **NDAs** (reinforced by contractual penalties) **prior to exchange of trade secrets**
 - Consider **post-contractual non-compete obligations for key employees**



7. Preventive Protection Measures

- **Organisational measures**
 - Restrict access to know-how (“**need to know**” principle)
 - **Mark know-how** as confidential
 - **Follow-up** of **where key employees work after leaving** the company / **monitor compliance** with confidentiality obligations
- **Technical measures**
 - **Encryption**, password protection etc.
 - “**Screenshots**” of know-how existing at certain points in time
 - **Track access** to know-how
 - **Monitor/block unusual data transfers** (e.g., on external storage devices)
- **Strict enforcement**: initiate immediate measures in the event of illegal disclosure of / access to know-how



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