

Michaël De Vroey & Noah Verbaenen | October 2023

In the first two episodes of our Trade Secrets Series we gave an introduction to the legal framework governing trade secrets in Belgium and explained in more detail the acts against which a trade secret holder can and cannot take action. In this third episode we will analyse the procedures, measures and remedies that can be taken against unlawful acts.

PROCEDURES, MEASURES AND REMEDIES AGAINST UNLAWFUL ACTS

Under Belgian law, there are typically three procedures open to holders of trade secrets: an ordinary action on the merits, an accelerated action on the merits (also referred to as “*cease-and-desist action*”) (“*vordering tot staken zoals in kortgeding*”, “*action en cessation, comme en référé*”) and/or summary proceedings (“*kort geding*”, “*action en référé*”). It is important to note that the procedure of seizure of counterfeits (“*beslag inzake namaak*”, “*saisie-contrefaçon*”) is not available for the enforcement of trade secrets, although some case law seems to accept a limited civil evidence seizure on certain strict conditions.

ACTION ON THE MERITS

Competent court - The enterprise court is competent to hear all claims relating to trade secrets, regardless of the amount of the claim, even when the parties are not enterprises. The labour court remains competent to hear disputes dealing with trade secret breaches in an employment relationship. The enterprise court having territorial jurisdiction is the one located in the same town as a court of appeal (Antwerp, Ghent, Brussels, Mons or Liège) in the jurisdiction where the infringing act occurred, or where the defendant (or one of them) is domiciled, or where the plaintiff is domiciled if the defendant has no domicile or residence in Belgium. Parties cannot contractually deviate from these rules, notwithstanding the possibility of arbitration.

Injunctions and corrective measures - If an unlawful act has been established, the court may order :

1. injunctive relief, including against the future or imminent acquisition of a trade secret, which can be useful, for example, when it comes to a continuous acquisition;
2. the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;
3. a recall of the infringing goods from the market;
4. the removal of the infringing nature of the goods;
5. the destruction of the infringing goods or, where appropriate, their withdrawal from the market, provided that the withdrawal does not undermine the protection of the trade secret in question;

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PROCEDURES, MEASURES AND REMEDIES



6. the destruction of all or part of any document, object, material, substance or electronic file containing or embodying the trade secret or, where appropriate, the delivery up to the applicant of all or part of those documents, objects, materials, substances or electronic files.

The judge may limit the duration of the cessation measures on certain conditions, and the defendant may request that the cessation measures are revoked or otherwise cease to have effect, if the information in question no longer constitutes a trade secret for reasons that cannot be attributed directly or indirectly to the defendant.

The judge must assess the proportionality of the measures, which means they will not be granted automatically, taking into account the specific circumstances of the case, including, where appropriate:

1. the value or other specific features of the trade secret;
2. the measures taken to protect the trade secret;
3. the conduct of the infringer in acquiring, using or disclosing the trade secret;
4. the impact of the unlawful use or disclosure of the trade secret;
5. the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
6. the legitimate interests of third parties;
7. the public interest; and
8. the safeguard of fundamental rights.

As an alternative to the aforementioned measures, the court may order financial compensation if all the following conditions are met:

1. the person concerned at the time of use or disclosure neither knew nor ought, under the circumstances, to have known that the trade secret was acquired from another person who was using or disclosing the trade secret unlawfully;
2. execution of the measures in question would cause that person disproportionate harm; and
3. financial compensation to the injured party appears reasonably satisfactory.

The financial compensation may not surpass the amount of royalties or fees which would have been due, had the person requested authorisation to use the trade secret in question, for the period of time for which use of the trade secret could have been prohibited.

Damages - The trade secret holder can claim compensation for any damage suffered as a result of the unlawful acquisition, use or disclosure of the trade secret. The court must take into account all appropriate factors, such as lost profits suffered by the injured party, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the trade secret holder. The court must ensure to compensate all damage actually suffered, but not more than that. Punitive damages are prohibited.

Where the extent of the damage cannot be determined by any other means, the court may set the compensation in fairness and reasonableness at a lump sum. Alternatively, the court may order the handing over of the infringing goods and, in appropriate cases, of the materials and tools principally used in the creation or manufacture of those goods.



Publication of court decision - The court may also order the publication of the judgment or a summary in or outside the infringer's premises, and in newspapers or in any other manner, at the infringer's expense.

ACCELERATED ACTION ON THE MERITS (CEASE-AND-DESIST ACTION)

The trade secrets holder can decide to bring an accelerated action on the merits (cease-and-desist action) before the president of the enterprise court (or the labour court, as the case may be) who may order the same injunctions and corrective measures as the judge in an ordinary action on the merits, but no damages. This procedure does not require proof of urgency and is typically faster as it can lead up to an enforceable judgment in a couple weeks to a couple of months depending on inter alia the complexity of the case.

SUMMARY PROCEEDINGS

In cases of urgency, trade secret holders can obtain provisional measures through summary proceedings before the president of the competent court who may order to seizure or surrender of the infringing goods, including imported goods, as well as the cessation or the prohibition of the use or disclosure of the trade secret on a provisional basis and the prohibition of producing, offering, placing on the marketing, using infringing goods, or importing, exporting or storing them for these purposes. The president of the court must balance the interests of the parties and assess the proportionality of the measures taking into account the same circumstances as in the case of an action on the merits.

The provisional measures shall be revoked or cease to have effect at the request of the defendant if:

1. the plaintiff does not institute proceedings on the merits before a competent court within a reasonable period determined by the court or, failing this, within a period not exceeding twenty working days or thirty-one calendar days, whichever is longer from the service of the order;
2. the information in question no longer meets the conditions for protection as a trade secret on grounds that are not attributable to the defendant.

If the provisional measures are revoked, or if they lapse due to any act or omission of the plaintiff, or if it is later established that there was no unlawful acquisition, use or disclosure of the trade secret or threat of such conduct, the court may, at the request of the defendant or an aggrieved third party, order the plaintiff to compensate the defendant or the aggrieved third party appropriately for the damage caused by these measures. To secure this compensation for all damages suffered by the defendant and, if applicable, by other persons affected by the measures, the court may make the provisional measures conditional on the plaintiff providing adequate security or an equivalent guarantee.



STATUTE OF LIMITATIONS

In principle, claims relating to trade secrets expire after five years. The five-year statute of limitations starts on the day following the day on which the plaintiff has knowledge of (1) the conduct and the fact that such conduct constitutes an unlawful acquisition, use or disclosure of a trade secret; and (2) the identity of the infringer. However, claims arising from an employment contract expire one year after the termination of the employment contract or five years after the fact from which the claim arose, where the latter may not exceed one year after the termination of the employment contract. In addition, accelerated actions on the merits are subject to a one-year limitation period. In any event, claims relating to trade secrets expire twenty years from the day following that on which the unlawful acquisition, use or disclosure occurred.

SOME NUMBERS

The European Union Intellectual Property Office (EUIPO) has recently published a study covering the trade secrets litigation trends in the EU¹. The most commonly granted measure on the merits in the EU is an order for the cessation of use of the trade secret. Publication measures are denied in most of the cases. The destruction of the documents or goods is more often denied than granted. The study further reports 59 proceedings concerning trade secrets in Belgium in the period from 1 January 2017 to 31 October 2022. 30% of the infringement claims in these proceedings were successful. Among the identified claims, 21% were for unauthorised acquisition based on direct unauthorised access, 36% were for breach of a confidentiality agreement, and 23% were for unauthorised use or disclosure based on unauthorised acquisition. Requests for the injunctive measure of cessation and prohibition on use of the trade secret were denied in 29 instances and granted in 18 instances.

1. EUIPO, "TRADE SECRETS LITIGATION TRENDS IN THE EU", https://eipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2023_Trade_Secrets_Litigation_Trends_in_the_EU/2023_Trade_Secrets_Litigation_Trends_Study_FullIR_en.pdf.

STAY TUNED

In part four of our Trade Secrets Series we will elaborate on the position of trade secrets in the employer-employee relationship.

**For any questions or assistance, please reach out to our
Intellectual Property Team | IP@simontbraun.eu – +32 (0)2 543 70 80**

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SIMONT BRAUN

Avenue Louise 250 / 10
1050 Brussels

+32 (0)2 543 70 80

www.simontbraun.eu

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