

SOME ISSUES CONCERNING THE PROTECTION OF TRADE SECRET AND THE COMPLETION OF TRADE SECRET PROTECTION LEGISLATION IN VIETNAM

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Trade secret as the object of intellectual property rights is one of the categories which has still been not extensively studied. In addition, the application of the stipulations related to trade secret is too little if we don't want to say that it has not been in existence in reality. The formation of the trade secret protection regulations in Vietnam's legislation can be considered to be incomplete. On the other hand, some scholars have shown that at present the shortcomings of the trade secret protection system usually cause more inhibition to foreign investment than the limitations in the protection of other intellectual property objects {4, P.88}. Therefore, the completion of trade secret protection legislation not only speeds up the integration process of Vietnam into the region and the world but also contributes to speeding up the economic growth through foreign investment attraction.

In this article, the author will present the aspects of trade secret notion and the features of trade secret protection as the object of industrial property rights, compare the trade secret protection

mechanism of Vietnam with those of other developed nations which have a lot of experience in this field as well as compare the requirements for trade secret protection to the international treaties that Vietnam has participated or will participate in. Then, the author advances some proposals, aiming at completing the trade secret protection legislation in Vietnam.

1. An Overview of the Trade Secret Protection Legislation System in the World

Trade secret is one of the traditional objects of intellectual property rights. In the old days before the notion of intellectual property was first used, skilled workers had conserved their professional secret. Their professional secret didn't exist in documents, but it simply was the knowledge, the secret of a particular individual.

Until the Industrial Revolution in Europe, the nature of know-hows and trade secrets had gradually changed. The complexity of the production process and the wide-open relationships required to have a record and paper system and at the same time offered employees the possibilities to change their employers.

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From that time, the two trends which threatened the entirety of know-hows and trade secrets emerged: First, the unfaithful attitude of some workers to their ex-employers occurred; second, the documents and papers relating to these secrets were stolen. To settle a part of this situation, employers introduced in the employment contracts the provisions which required employees to have a liability to keep secret the know-hows and the trade secrets they approached during work process. It was considered as an effective method of resisting employees' unfaithful attitudes as well as the stealing of the secret information mentioned above. The state passed the law system to resist this situation by strengthening the sanction measures to deal with the people who violate the liability above.

So far, in most of countries in the world, the protection of trade secret has been given an appropriate position in the law systems which protect the goals of people's intellectual work. However, in the developing countries with a little experience in the protection for intellectual property in general and trade secret in particular, the settlement of this matter is quite different.

In some countries, trade secret protection is primarily implemented on the basis of the contract signed by employers and employees or by trading partners. The liability of revealing secret information is examined in the scope of the civil relationships between the parties to the contract. In addition, the civil service

employees (eg: customs officers, policemen...) are under an obligation not to reveal the secrets they approach when they do their work through the special contracts. This model exists in Great Britain and in some of its colonies such as Australia and India. In Australia, for example there is no particular trade secret protection law, but the legislation of Australia is applied to examine the civil and criminal liabilities to those who make mistakes in revealing secret information illegally (3, P. 59- 64).

In some other countries, besides the mode of trade secret protection through the adjustment of the employer-employee and trading partner relationships, there are regulations related to the protection for this object, which are scattered in different legal documents such as the laws against unfair competition, of information and information protection and the operations of judgment office, tax office and insurance office,... This fact exists in some countries such as Germany, Austria, Italy and Russia.

In some countries, the protection for trade secret is implemented on the basis of particular law documents of this object, combined with a few stipulations in other law documents. In 1979, America introduced the general law of trade secrets (The Uniform Trade Secrets Act). The trade secret protection is specifically defined by the law systems of the states, basically suitable to this law. America's law of trade secret protection is appreciated and considered as one the most perfect law systems in this field (5, P. 8).

In some other countries, the mechanism of trade secret protection is guaranteed by the general stipulations of labour law, civil law and criminal law. The laws of some countries such as France, Poland, Switzerland provide trade secret protection in the following directions: (1) In the mode of labour relationships, employees have responsibility to protect secret information and are not allowed to compete with their ex-employers when they terminate their work contract; (2) the civil liability of the people who propagate the secret information which is assigned by the others or called "trust abuse"; (3) the criminal liability the state civil servants and the officials of the offices which examine the secret information propagation.

Finally, another mode of trade secret protection is to protect mainly the legal documents of each production or business unit, which is usually called "*law of employees' behaviour rules*". This mode is applied in Japan (1).

It is possible to find in reality that the trade secret protection in each country in the world is different in the approach to settling problems on the one hand and has certain common trends on the other. The common trends are as follows: (1) There is no particular trade secret protection law (America can be considered an exception. Because of the high independence of the states in legislation, it is necessary to have a common trade secret law to ensure the unity of adjusting the relationships of this object); (2) enhancing the responsibility of employees to protection for the information

known as trade secret; (3) strengthening liability, including criminal liability and civil liability to the state civil servants working in the fields related to trade secrets.

In addition, the relationships concerning trade secret protection are also adjusted to conform with the mode of relating international conventions. In 1900, in the conference of considering and modifying Convention Paris of industrial property rights in Brussels, the rights against unfair competition were supplemented in the mode of the object of industrial property, which were protected in accordance with this convention. Article 10bis provides: the member countries have responsibility to ensure for the other members' citizens the effective liability against unfair competition actions, each of the unfair competition actions is understood to be any actions against the honest customs in industry and business. The seizing of secret information on technology or trade secret is obviously considered to be "against the honest customs in industry and business" mentioned above. Thus, it is possible to consider this as the first international article which provides indirectly the protection for the information considered as trade secret.

Until the end of the twentieth century, the protection for the object mentioned above was recorded in terms of the regulations of the protection for secret information as the object of intellectual property rights in the multilateral trade agreements on the trade aspects of

intellectual property rights (TRIPS). Article No 39.1 of this agreement provides: "to ensure the effective protection against unfair competition actions provided in article No 10bis of the Paris Convention (1967), the member countries must protect the secret information and documents handed to the government or the governmental offices..." Moreover, the mentioned article provides some specific regulations of secret information protection. Remarkably, the term "secret information" is used in this article to insist on the fact that the protection for this object must be larger than the conceptions which have existed for over half a century; for example, trade secret, know-how, the list of trading partners, TRIPS is the most comprehensive multilateral agreement on trade secret protection.

Trade secret is one of the contents related to the intellectual property rights mentioned in the Vietnam - America Trade Agreement. Basically, the stipulations related to the Paris Convention and TRIPS Agreement is considered to be the basis of the two countries' responsibilities to protect this object.

2. Features of Trade Secret and Criteria of Trade Secret Protection

2. 1. Features of Trade Secret as the Object of Industrial Property Rights

Being one of the objects of industrial property rights, trade secret has sufficient features of intellectual property: the invisibility of the objects and the result of people's intellectual work. In addition,

trade secret has a wide range of specific features. The basis of trade secret protection is the real monopoly of certain subject to a set of certain knowledge (4, P. 5). The legal tool in the hand of trade secret owners can allow them to have certain ability to resist the violations of the people around, but these tools are not as effective as those of the owners of other intellectual property rights. Therefore, the existence of juridical capacity of trade secret owners depends on themselves, the comprehensiveness and effectiveness of the measures which the owners apply aiming at protecting their exclusive rights of the information.

The next feature is the high *generality* of trade secret. If invention, industrial design, trademark and other objects of intellectual property rights can be defined as the products of creative work, trade secret can be defined as various materials related to production, technological information, management, finance and different operation aspects of trade. Trade secret can be the solutions which can be protected as invention, trademark, industrial design, but for one reason the owner doesn't want to announce and register it in accordance with the legal formalities of patent. Moreover, the ability of the businessmen who consider the information that they have as trade secret is not boundless. Any states have the rights to supervise the operations of businessmen, fully and timely obey the payment duty, assess the influences of business operations on the surroundings,

etc. Thus, law provides that some kinds of information can't be considered as trade secret: business registration permits, documents related to finance and accounting operations in accordance with legal regulations, information of quantity and composition, salary, the working conditions of employees, documents of environmental pollution level, consumption of noxious products, etc.

Another feature of trade secret is to help distinguish it from other forms of intellectual property known as *the limitlessness of protection time*. Trade secret rights are protected when the real exclusive rights of the subjects to information still exist and the information meets completely the protection requirements provided by the law. This makes the choice of the forms to protect the object known as trade secret become more attractive to businessmen, especially in case the principle of limited time protection doesn't satisfy their business profits.

Finally, trade secret known as the object of intellectual property rights doesn't require the legal acknowledgment of protected possibility, the registration through appropriate authorities, and the implementation of formalities or fee payment. This is also significant to the choice of trade secret protection forms of the object which is the goal of people's creative works.

2.2. Criteria of Trade Secret Protection

Like other forms of intellectual property rights, the law of trade secret protection provides a range of criteria

which information needs to be protected as trade secret.

TRIPS Agreement addressed the minimum criteria of trade secret protection such as the protection for the information under the legal control of individuals and legal people if the information:

- has secrecy with the meaning that it is widely known or it is easy of approach for the people who often contact the information;

- has trade values because it is secret;

- was protected by the people with legal rights to implement the reasonable measures in accordance with the real situation. (Item 2, Provision 31, TRIPS Agreement)

Analyzing the senses above indicates that to be protected as trade secret, information must meet the following protection criteria:

First, it must have secrecy or in other word, it can't be free to approach the information legally. If any of the interested third people can get access to the information legally, that information can't be protected as trade secret. For example, studying available information, analyzing the models of products circulated in the market, catching up with the information through different means, etc.

Second, it must have trade values. In other words, the exploitation of information values implemented by its holders at present or in the future will create more advantages for them than the

people who don't hold this information. On the basis of this criterion, some of the following information will not be protected as trade secret:

- information that is not paid attention to by the people around;

- information that the people around can't use to gain their trade purposes; etc.

Moreover, the information that has explicit or implicit trade values can't be known to the others. The other people here can't be understood as the ones for whom the information brings about certain trade profits. For example, manufacturers compete with the manufacturers who have trade secret, the consumers of their products and services.

Third, it must be protected by the owners with necessary measures. The kind of these protection measures is diversified and plentiful. They can be technical, organizational, legal measures aiming at preventing the others' illegal approach from the information which owners are protecting. It doesn't require the owners of the information to apply the special measures to protect it. The importance is that the specific behaviours of the owners must express a desire to ensure the secrecy of the information which they are holding. The necessary and sufficient condition is that the owners have measures to restrict the access to information; when there is (eg: employees), the owners must make them understand that it is impossible to disseminate the information without the owners' approval.

It is necessary to emphasize that the protection conditions mentioned above are of great significance. However, the last criterion is of decisive significance. If the owners of trade secret don't pay attention to the obligation to conserve specific private information such as employees or trading partners, the possibility to protect the profits of trade secret is very low.

3. Some Proposals for Completing the Legislation and Raising the Efficiency of the Protection for Trade Secret in Vietnam

The general requirement for intellectual property in Vietnam when entering the 21st century is to set up a complete law system of intellectual property (the protection for every object and the complete and comprehensive protection in terms of content, scope and duration) and the efficiency in accordance with international standards (the legal norms must be reasonable and realizable, the violation of intellectual property rights must be legally treated), especially the criteria in TRIPS Agreement. The expansion of the scope of the protected objects, including trade secret not only meets the requirements for the development process of science and technology and business knowledge but also is an important step in the development strategies of intellectual property in Vietnam. However, with the complexity of the protection for the particular object which is trade secret and together with the application of stipulations on this which is still too little,

the trade secret protection law in Vietnam can be said to be in the formation and development. In general the establishment of the law system of intellectual property protection in general must be based on the experience of the developed countries. On the other hand, to meet the requirements for the integration into the region and the world, we must have the legal environment which is appropriate, but not too far apart from the world. First of all, to participate in the World Trade Organization (WTO), establishment of a law system of intellectual property protection in accordance with the criteria of minimum protection mentioned in TRIPS Agreement is undeniably a necessity.

Given that, the proposals for completing the legislation of trade secret protection, which we mentioned here, are mainly based on TRIPS stipulations and the experience consultancy of the developed countries. We will mention some problems as follows:

To determine the scope of protected objects

Provision No. 6, Decree No. 54/ CP on the industrial property protection for trade secret, geographical indications, trade names addressed the notion of trade secret known as the invested achievement in terms of information, with the following conditions:

- It is not common knowledge.
- It is applicable to business and when applied, it will create more advantages for the owner than the people who don't hold or use it.

- It is protected by the owner with necessary measures so that the information will not be leaked out and easily approached.

On the whole, the protection criteria mentioned above are suitable to the criteria of TRIPS Agreement, which was analyzed above. Another problem is to define the violation to trade secret. Analyzing the regulations of TRIPS Agreement indicates that there are some modes of receiving the information belonging to other people's secret trade information not considered as the violation of the rights of the information owner. Trade secret protection is not applied to the information which is received as the result of the following processes:

- independent invention
- reverse analysis
- honest information reception

According to Item 2, Provision No. 8, Decree No. 54/ CP, one of the actions considered as industrial property violation to trade secret is "the revelation and use of the information belonging to trade secret without the permission from the owner of that trade secret." The content of this norm can lead to the understanding in contradiction with the regulation of TRIPS Agreement on the determination of violation of trade secret. According to this regulation, the announcement and use of the information which is the result of independent invention and reverse analysis processes or honestly acquired information can be considered as the

violation to the rights of trade secret owner. Therefore, in our opinion, it is necessary to supplement the regulations on the acts considered as industrial property violation of trade secret, including the acquisition of the information made mentioned above which is considered to be legal.

The Trade Secret Protection for the Operations of the State Office

Competent state offices have the rights to require enterprises to provide the information about their operation characteristics as well as their goods and services. It is special that some products closely related to the safety of consumers such as medicines, chemical substance used for agriculture, the products used for aviation, etc. must be qualitatively tested by the competent state office. At that time the enterprises which have secret information always need to be protected so that that information will not be fallen into the hand of their competitors. To solve this contradiction, Item 3, Provision No.39, TRIPS Agreement provides that the experiments or data which are not revealed when submitted as a condition to certify that the marketing of pharmaceutical products or agricultural chemical products used with new chemical ingredients must be protected from the unhealthy use in business and revelation in some certain cases. These stipulations in TRIPS Agreement clearly have a limited scope. The state offices can require different information related to the products outside the pharmaceutical

products and agricultural chemical products mentioned above. Vietnam's legislation solves this issue in a larger scope: All the acts of approaching and acquiring the information belonging to other people's trade secret when they submit in accordance with the procedure to apply for business and circulation permission in order to be against the protection measures of administration offices, or the use of that information for business purpose and for the purpose of applying to business or circulation permission are all considered as the industrial property violation to trade secret. (Item 4, Provision 18, Decree No. 54/ CP). It is possible to consider this as an advantage of the trade secret protection system of Vietnam. However, raising the efficiency of the trade secret protection system in relation to the state offices' examination and supervision of products does not stop there. In our point of view, the issue above will be comprehensively solved in the following directions:

First, it is necessary to examine the liability of the staffs of the state offices in authority to the acts of revealing the information known as trade secret which they approach when they do their work. Item 2, Provision 2, Decree No. 12/ CP dated March 6th, 1999 "on the fine in the field of industrial property" provides: Every organization and every individual who intentionally unintentionally acts which violates the stipulations of the State's protection and management of industrial property, are under the level of being held criminal liability is fined in accordance with the fine ordinance and the

Decree mentioned above. However, until now there haven't been any specific stipulations related to the determination of the liability of the staffs in the state offices which have competence to grant permissions related to business or circulation permissions of products on the revelation of the information known as the trade secret of the people who apply for the sorts of permissions above.

Second, it is necessary to limit and stipulate specifically the scope of information that enterprises need to submit to the state offices and the authorities when they apply for business permissions or the circulation permissions of products. If the offices mentioned above advance the requirements out of the allowed scope, the people who apply for permissions can refuse to provide the information related to their trade secret.

Combining the law of industrial property protection for trade secret with other legal forms.

As mentioned above, of many developing countries of the world, the law

of trade secret protection is the combination of legal stipulations of some different fields. This originates from the features of trade secret which is the monopoly of the owner about certain information. In that content, the form as well as the application scope of that information is diversified and plentiful. Thus, to protect effectively the object known as trade secret, it requires a combination of many different law branches. Even it is not necessary to promulgate a specific legal document on this object. The importance is the harmonious and comprehensive combination of law branches. Therefore, for Vietnam, together with the completion of the trade secret protection stipulations in Decree No. 54/CP and law documents related to industrial property protection (technology transfer, violation treatment in industrial property, etc.), the protection for trade secret must be mentioned and dealt with in other fields such as law of employment contracts, law of unfair competition, customs office operation, tax bureau and others.

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Bài viết trình bày những nghiên cứu về một số vấn đề lí thuyết bảo hộ bí mật kinh doanh và việc thực hiện Pháp luật bảo hộ bí mật kinh doanh của Việt Nam. Dựa trên những phân tích khoa học, tác giả sơ lược hệ thống Pháp luật bảo hộ bí mật kinh doanh trên thế giới, nêu lên những đặc điểm của bí mật kinh doanh và những tiêu chuẩn bảo hộ bí mật kinh doanh với tư cách là đối tượng của quyền sở hữu trí tuệ và đồng thời nêu ra giải pháp cho việc thực hiện Pháp luật và nâng cao hiệu quả của bảo hộ bí mật kinh doanh ở Việt Nam.