

LIGUE INTERNATIONALE DU DROIT DE LA CONCURRENCE

CONGRESS 2015 STOCKHOLM

QUESTION B

The Protection of Trade Secrets and Know-How

Are countries providing enough or too much protection?

SWISS REPORT

National Reporter: Charlotte Boulay

University of Neuchâtel

charlotte.boulay@unine.ch

Center for Intellectual Property and Innovation Law
University of Neuchâtel
Avenue du Premier-Mars 26
2000 Neuchâtel
Switzerland

Swiss Report / Draft 12 June 2015

Table of Contents

1.	Introduction	1
2.	Definition of Trade Secrets	1
2.1.	Conditions	1
2.2.	Lack of a Uniform Terminology.....	2
3.	Legal Framework Concerning Trade Secrets	2
3.1.	Protection of Trade Secrets and the Code of Obligations	2
3.1.1.	Protection of Trade Secrets and Contractual Liability	2
3.1.2.	Protection of Trade Secrets and Corporate Law	4
3.2.	Protection of Trade Secrets and the Unfair Competition Act	4
3.3.	Protection of Trade Secrets and the Criminal Code.....	5
3.4.	Protection of Trade Secrets and the Civil Code.....	6
3.5.	Protection of Trade Secrets and the Intellectual Property Acts	6
3.6.	Protection of Trade Secrets and the Federal Act on Data Protection.....	7
3.7.	Protection of Trade Secrets and the Federal Law on Banks And Saving Banks	7
3.8.	Protection of Trade Secrets and the Collective Investment Schemes Act	8
4.	Procedural Aspects	8
4.1.	Measures to Ensure Confidentiality During Civil Proceedings	8
4.2.	Measures to Ensure Confidentiality During Criminal Proceedings	10
4.3.	Measures to Ensure Confidentiality During Administrative Proceedings	11
4.4.	Measures to Ensure Confidentiality During Extra-Judicial Proceedings.....	12
5.	Remedies to Trade Secret Misappropriation	12
5.1.	Civil Remedies	12
5.2.	Criminal Penalties	12
6.	Misuse of Trade Secrets Protection	13
7.	Know-How	13
7.1.	Definition of Know-How.....	13
7.2.	Contractual Protection of Know-How	14
8.	Conclusion and Personal Reflections	14

1. Introduction

This report is a summary of the current legal situation regarding the protection of trade secrets in Switzerland. Trade secrets protection first gained attention in Swiss law many years ago. Indeed, the Swiss Federal Supreme Court (hereinafter “the Supreme Court”) first ruled upon trade secrets protection in a decision in 1938.¹

After first focusing upon the definition of trade secrets (Section 2), its legal framework will be analysed (Section 3). Following this, the report will deal with procedural aspects (Section 4). Afterwards, civil remedies and criminal penalties will be analysed (Section 5). A specific part will then be dedicated to the misuse of trade secrets protection (Section 6) and finally, know-how will be reviewed (Section 7).

2. Definition of Trade Secrets

The conditions of the definition described below are very similar to the three conditions of Article 39 (2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights of 1994 (hereinafter “TRIPS Agreement”) concerning protection of trade secrets. Hence, Switzerland, a member of the World Trade Organization, who administers the TRIPS Agreement, respects the standards provided by Article 39 (2) of the TRIPS Agreement.²

2.1. Conditions

The secret must be information which is not known or readily accessible - it must be objectively secret. The secret is absolute if only one person knows the secret. According to the Supreme Court, a relative secret has to be protected³ but only the owner of the secret and a restricted circle of people can know this secret.⁴ Neither legal provisions nor jurisprudence provide a definition of the number of persons that can know. In fact, according to the main legal literature, it is not necessary to focus on the number of persons knowing the secret.⁵ An important aspect is that the information must be kept out of the public domain. “Readily accessible” does not mean that the secret must remain in Switzerland.⁶

Moreover, according to the jurisprudence, the owner must have an interest in keeping the information secret⁷. In a decision discussing trade secrets, the Supreme Court referred to them as “information that may affect the profits of a business”.⁸ Therefore, this interest refers to a commercial value and does not concern an ideal interest.⁹ Disclosure of information, which would accelerate the development of a competitor’s product, would be a legitimate interest to keep the information secret.¹⁰

Finally, the owner of the trade secret must take reasonable steps to keep the information secret. According to the Supreme Court, the owner of the trade secret has to take positive measures preventing misappropriation of the secret. These measures have to be effective¹¹ and are of a varying nature: they can be technical (e.g. secured access to rooms, passwords on computers, seals on documents, etc.), or contractual (e.g.

¹ Swiss Federal Supreme Court’s decision ATF 64 II 162 of 1 March 1938.

² P. Münch, P. Böhringer, S. Kasper Lehne and F. Probst, *Schweizer Vertrags-Handbuch*, 2nd ed., Helbing & Lichtenhahn 2010, p. 62; I. Meitinger, *Die globale Rahmenordnung für den Schutz von Geschäftsgeheimnissen im TRIPS-Abkommen der WTO und ihre Auswirkungen auf die Rechtslage in der Schweiz*, *sic!* 3/2002 p. 154.

³ F. Dessemontet, *Le savoir-faire*. In: *Schweizerisches Immaterialgüter- und Wettbewerbsrecht von Büren and David* (eds.), vol. IV, Helbing & Lichtenhahn 2006, pp. 829-830.

⁴ F. Dessemontet, *Intellectual Property Law in Switzerland*, 2nd ed., Staempfli 2014, n°671.

⁵ O. Weniger, *La protection des secrets économiques et du savoir-faire (Know-How)*, 1994, p. 148.

⁶ F. Dessemontet, *Intellectual Property Law in Switzerland*, 2nd ed., Staempfli 2014, n°671.

⁷ R. Schlosser, *La protection des secrets économiques*, CEDIDAC 2010, p. 81.

⁸ Swiss Federal Supreme Court’s decision ATF 103 IV 283 consid. 2 b of 1 July 1977.

⁹ R. Schlosser, *Le contrat de savoir-faire. Etude de droit suisse*, 1996, p. 53.

¹⁰ R. Schlosser, *La protection des secrets économiques*, CEDIDAC 2010, p. 81.

¹¹ F. Dessemontet, *Le savoir-faire*. In: *Schweizerisches Immaterialgüter- und Wettbewerbsrecht*, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006, p. 836.

non-disclosure agreements). In an old decision, the Supreme Court found it insufficient that machines, in which the mechanism was supposed to be secret, were not put in a separate and secure room in the factory.¹²

2.2. Lack of a Uniform Terminology

Swiss law makes the distinction between commercial secrets and manufacturing secrets. This is, for example, the case with Article 6 of the Unlawful Competition Act of 19 December 1986 (hereinafter “UCA”) entitled “Misappropriation of manufacturing and commercial secrets”. Commercial secrets concern the company’s organisation (advertisement plans, business strategy, etc.) whereas manufacturing secrets focus on the process of product development (techniques, production process, etc.).¹³ The Supreme Court considers, for instance, that customer lists or information regarding advertisement strategy are commercial secrets.¹⁴

However, there is no homogeneity concerning the use of the terminology, neither in provisions nor in jurisprudence.¹⁵ Indeed, the Supreme Court describes trade secrets differently depending on the legal basis. In a 1977¹⁶ decision concerning criminal law and unfair competition law, the Supreme Court described a secret as knowledge, which is not from “public notoriety”¹⁷ and is not reasonably accessible, whereas in a 2012¹⁸ decision regarding labour law, it stated the secret also has to be specific.¹⁹ Another example of this lack of uniform terminology is the definition of secret given in criminal law. Based on Article 162 of the Criminal Code of 21 December 1937 (hereinafter “CC”), the Supreme Court describes trade secrets, in the criminal context, as information which is not known and readily accessible and must be kept secret because of their legitimate interest.²⁰ Nevertheless, the same court provided a broader definition of trade secrets regarding Article 273 CC (industrial espionage): it concerns all acts of the economic life that must not be disclosed because of a legitimate interest.²¹

3. Legal Framework Concerning Trade Secrets

3.1. Protection of Trade Secrets and the Code of Obligations

3.1.1. Protection of Trade Secrets and Contractual Liability

Protection of trade secrets is deeply linked with the employment relationship. Therefore, several provisions of the chapter concerning employment contracts in the Code of Obligations of 30 March 1911 (hereinafter “CO”) are available for use in the protection of trade secrets.

¹² Swiss Federal Supreme Court’s decision ATF 88 II 319 consid. c 1 of 18 September 1962.

¹³ W. Portmann and J.-F. Stöckli, *Schweizerisches Arbeitsrecht*, 3rd ed., Dike 2013, p. 108.

¹⁴ O. Weniger, *La protection des secrets économiques et du savoir-faire (Know-How)*, 1994, p. 261.

¹⁵ R. Schlosser, *Les secrets économiques dans les relations de travail, les collaborations et les procès civils*. In: *La protection des secrets d’affaires*, de Werra (ed.), Schulthess 2013, p. 66; A. Witzig, *Secrets de fabrication et secret d’affaires (art. 340 CO): certitudes et incertitudes de la jurisprudence du TF*. In: *Panorama II en droit du travail*, Wyler (ed.), Staempfli 2012, pp. 256-259.

¹⁶ Swiss Federal Supreme Court’s decision ATF 103 IV 283 consid. 2 b of 1 July 1977.

¹⁷ This notion of “public notoriety” is not defined. According to some authors, it means that everyone cannot discover easily the trade secrets. Intellectual efforts and costs are required in order to discover the secrets (in that sense: R. Schlosser, *Les secrets économiques dans les relations de travail, les collaborations et les procès civils*. In: *La protection des secrets d’affaires*, de Werra (ed.), Schulthess 2013, p. 67).

¹⁸ Swiss Federal Supreme Court’s decision ATF 138 III 67 consid. 2.3.2 of 10 January 2012: « Pour être qualifiées de secrets d’affaires ou de fabrication, les connaissances acquises par le travail doivent toucher à des questions techniques, organisationnelles ou financières, qui sont spécifiques et que l’employeur veut garder secrètes »; R. Schlosser, *Les secrets économiques dans les relations de travail, les collaborations et les procès civils*. In: *La protection des secrets d’affaires*, de Werra (ed.), Schulthess 2013, p. 67.

¹⁹ R. Schlosser, *Les secrets économiques dans les relations de travail, les collaborations et les procès civils*. In: *La protection des secrets d’affaires*, de Werra (ed.), Schulthess 2013, p. 67.

²⁰ Swiss Federal Supreme Court’s decision ATF 103 IV 283 consid. 2 b of 1 July 1977; F. Dessemontet, *Le savoir faire*. In: *Schweizerisches Immaterialgüter- und Wettbewerbsrecht*, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006, p. 824.

²¹ Swiss Federal Supreme Court’s decision ATF 65 I 47 of 6 March 1939.

Paragraph 4 of the Article 321a CO states that the employee has a duty of loyalty:

“For the duration of the employment relationship the employee must not exploit or reveal confidential information obtained while in the employer's service, such as manufacturing or trade secrets; he remains bound by such duty of confidentiality even after the end of the employment relationship to the extent required to safeguard the employer's legitimate interests”.

Hence, the employee must act in good faith during his employment and cannot disclose or use any secret learned from his employer.²² This obligation also remains valid after the termination of the employment contract, even without the conclusion of a non-compete clause.²³

As Article 321a (4) *in fine* CO instructs, this duty of loyalty is restricted “to the extent required to safeguard the employer's legitimate interests”. However, the employer has to prove the existence of legitimate interests and the judge performs a balancing test to of the different interests involved.²⁴ Legitimate interests have been found to include the employee's knowledge of the secrecy and the trust relationship between him and his employee. Work field of the employee and his remuneration have also to be taken into account.²⁵ There is a doctrinal debate regarding the scope of the duty of loyalty after the end of the contract. Some authors believe that the former employee must not disclose and use secrets after the end of the contract, whereas other authors argue that the prohibition only concern disclosure of trade secrets because that would otherwise constitutes a prohibition of legal competition.²⁶ As regards to the burden of proof set out in Article 321a (4) CO, the claimant must demonstrate that a trade secret concerning the business line of the employer has been unlawfully disclosed by the employee. He must also prove the causal connection between the trade secrets misappropriation and the harm suffered.

Referring to the employment contract, the simple agency contract provides that the protection of trade secrets is part of the agent's duty of care. Article 398 paragraphs 1 and 2 CO states that, “The agent generally has the same duty of care as the employee in an employment relationship. The agent is liable to the principal for the diligent and faithful performance of the business entrusted to him”.

Article 340 (2) CO provides for the enforcement of a non-compete clause after the termination of the employment contract. This article states that,

“The prohibition of competition is binding only where the employment relationship allows the employee to have knowledge of the employer's clientele or manufacturing and trade secrets and where the use of such knowledge might cause the employer substantial harm”.

The non-compete clause must have a subject matter restriction, a time restriction (usually 3 years) and a geographical scope.²⁷ As regards to the burden of proof set out in Article 340 (2) CO, the employer has to demonstrate that even after the termination of the contract, the trade secret still exists and must remain confidential. The claimant must also prove that there is a causal connection between the unlawful use or disclosure of the trade secret by the former employee and the harm suffered.

²² G. Aubert, La protection des secrets économiques en droit privé suisse du travail. In: Les relations Suisse / CE: l'exemple de l'industrie pharmaceutique, Dufour and Hertig (eds.) Payot 1988, p. 210.

²³ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 3; R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 76.

²⁴ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 74.

²⁵ G. Aubert, La protection des secrets économiques en droit privé suisse du travail. In: Les relations Suisse / CE: l'exemple de l'industrie pharmaceutique, Dufour and Hertig (eds.) Payot 1988, p. 210.

²⁶ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 73.

²⁷ Swiss Federal Supreme Court's decision ATF 130 III 353 consid. 2 of 20 February 2004.

Other provisions of the CO deal with protection of trade secrets. For instance, a commercial agent has a duty of loyalty because he cannot use or reveal trade secrets learned during his contract. Indeed, Article 418*d* (1) CO states that,

“The agent must not exploit or reveal the principal's trade secrets with which he has been entrusted or of which he became aware by reason of the agency relationship even after the end of the commercial agency contract”.

This prohibition is also effective after the end of the contract but the agent has to receive a special remuneration.

3.1.2. Protection of Trade Secrets and Corporate Law

Further provisions concern protection of trade secrets such as those focused upon limited liability companies (Article 697*e* (4), Article 717 (1) CO and Article 730*b* (2) CO) and the duty of loyalty and the prohibition to concurrence of company members are described in Article 803 (1) CO. Shareholders' right to information and its restriction because of trade secrets protection are described in Article 697 (2) CO, Article 697*e* (1 and 2) CO and Article 730*b* (2) CO for limited liability companies and in Article 857 (2) CO for cooperative societies.

3.2. Protection of Trade Secrets and the Unfair Competition Act

Considering that a trade secret is important for its owner because it represents a competitive advantage, misappropriation of trade secrets is also punished through the UCA, which aims to ensure fair and undistorted competition in the interest of all parties.

Article 4 (c) UCA focuses on incitement of third parties to breach their duty of loyalty and to disclose trade secrets. This provision states the following:

“Acting unfairly is, in particular, whoever:

(...)

c. induces employees, agents or other auxiliary personnel to disclose or search out the manufacturing or business secrets of their employer or principal”.

Therefore, this provision forbids incitement of any employee, agent or ancillary person, who has a duty of loyalty, to disclose trade secrets of their employer or principal.²⁸ This unlawful act does not require successful acquisition of the information, only the breach of contract by the employee is necessary.²⁹

Article 5 (a) and (b) UCA concerns trade secrets as well as know-how³⁰. This article states that,

“Acting unfairly is, in particular, whoever:

a. without authorisation, exploits the results of work entrusted to him, for example, tenders, calculations or plans;

b. exploits the results of work of another, for example, tenders, calculations or plans, although he must know that they have been handed to him or made available without authorisation”.

Article 5 (a) UCA punishes a person who exploits without any authorisation “results of work” entrusted to him.³¹ Use and industrial and/or commercial exploitation of an intellectual result of work is prohibited.³² Article 5 (b) UCA differs from Article 5 (a) UCA because it punishes a person exploiting the “results of work” of a third party. The person, who disclosed unlawfully the “results of work”, has breached his duty of loyalty.³³ The list of examples of “results of work”, mentioned in the article, is not exhaustive and focuses on information which is

²⁸ M. Pedrazzini and F. Pedrazzini, *Unlauterer Wettbewerb UWG*, 2nd ed., Staempfli 2002, p. 179.

²⁹ K. Troller, *Précis du droit suisse des biens immatériels*, 2nd ed., Helbing & Lichtenhahn 2006, p. 365.

³⁰ The notion of know-how will be analysed in the section 7 of this report.

³¹ T. Meili, *Der Schutz von Know-how nach schweizerischem und internationalem Recht*, Staempfli 2000, pp. 76-77.

³² K. Troller, *Précis du droit suisse des biens immatériels*, 2nd ed., Helbing & Lichtenhahn 2006, p. 365.

³³ R. von Büren, E. Marbach and P. Ducrey, *Immaterialgüter- und Wettbewerbsrecht*, 3rd ed., Staempfli 2008, n°1212.

not yet allowed on the market and is the results of intellectual efforts and costs.³⁴

Article 6 UCA, one of the main provisions regarding protection of trade secrets, concerns unlawful disclosure or use of trade secrets that a person uncovered or knew in a wrongful manner:³⁵ This provision states that, “Acting unfairly is, in particular, whoever exploits or discloses to third parties manufacturing or business secrets which he searched out or learned about in any unlawful manner”. Unlike Article 4 (c) UCA, this article does not require a breach of contract. A person is punished if he unlawfully exploits or discloses a secret to a third party. According to the jurisprudence and the legal literature, theft and spying are covered by this article.³⁶ As regards to the burden of proof set out in Article 6 UCA, the claimant must prove that the defendant unlawfully gained access to the trade secret and disclosed it to a third party or exploited it for his own ends.

If conditions of Articles 4 (c) or 6 UCA are not met, Article 2 UCA may be useful for trade secrets protection:

“Any conduct or business practice which is deceptive or in another manner violates the principle of good faith dealing, and which affects the relationship between competitors or between sellers and purchasers, is unfair and illegal”.

This article is a “catch-all” clause and states that manners contrary to honest commercial practices or to good faith, and having an impact on competitors’ or on supplier-customer’s relationships, are unlawful. This general provision is useful for scenarios such as when a third party benefits from the employee’s disclosure of trade secrets even if the employee was not under a duty of confidentiality.³⁷

3.3. Protection of Trade Secrets and the Criminal Code

Article 162 CC concerns the unlawful disclosure and use of trade or manufacturing secrets:

“Any person who betrays a manufacturing or trade secret that he is under a statutory or contractual duty contract not to reveal,
any person who exploits for himself or another such a betrayal,
is liable on complaint to a custodial sentence not exceeding three years or to a monetary penalty”.

According to the first paragraph of Article 162 CC, a person commits a misdemeanour if he discloses a secret to a third party because it is a breach of a statutory or contractual duty.³⁸ Nevertheless, the person cannot be sanctioned by this provision if he merely uses the secret without disclosing it to a third party.³⁹

The second paragraph of this provision concerns the sanction of a person, which gets the benefits for himself or for another person, from the breach of a statutory or contractual duty.⁴⁰ The benefits consist of personal economic use of the secret. The offender does not need to receive the secret directly from the person who intentionally disclosed it as described in the first paragraph of Article 162 CC.⁴¹ The unlawful behaviour of the person also constitutes a misdemeanour. Intention as the subjective element is required for Article 162 CC.⁴²

Article 273 CC deals with economic espionage:

³⁴ R. Schlosser, *La protection des secrets économiques*, CEDIDAC 2010, p. 86 and p. 105; R. von Büren, E. Marbach and P. Ducrey, *Immaterialgüter- und Wettbewerbsrecht*, 3rd ed., Staempfli 2008, n°1212.

³⁵ F. Dessemontet, *Intellectual Property Law in Switzerland*, 2nd ed., Staempfli 2014, n°664.

³⁶ R. Schlosser, *La protection des secrets économiques*, CEDIDAC 2010, p. 84.

³⁷ F. Dessemontet, *Intellectual Property Law in Switzerland*, 2nd ed., Staempfli 2014, n°684.

³⁸ *Ibid.*, at n°658.

³⁹ C. Favre, M. Pellet and P. Stoudmann, *Code pénal, Bis & Ter 2011*, p. 437.

⁴⁰ G. Stratenwerth and W. Wohlers, *Schweizerisches Strafgesetzbuch Handkommentar*, 3rd ed, Staempfli 2013, p. 357.

⁴¹ F. Dessemontet, *Le savoir-faire*. In: *Schweizerisches Immaterialgüter- und Wettbewerbsrecht*, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006, p. 850; O. Weniger, *La protection des secrets économiques et du savoir-faire* (Know How), 1994, p. 257.

⁴² M. Dupuis, B. Geller, G. Monnier, C. Piguët, C. Bettex and D. Stoll (eds.) *Petit commentaire du Code pénal*, Helbing & Lichtenhahn 2012, p. 959.

“Any person who obtains a manufacturing or trade secret in order to make it available to an external official agency, a foreign organisation, a private enterprise, or the agents of any of these, or any person who makes a manufacturing or trade secret available to an external official agency, a foreign organisation, a private enterprise, or the agents of any of these, is liable to a custodial sentence not exceeding three years or to a monetary penalty, or in serious cases to a custodial sentence of not less than one year. Any custodial sentence may be combined with a monetary penalty”.

This provision only concerns offences committed against the Swiss economy, which therefore threaten the economic sovereignty of Switzerland.⁴³ Unlike Article 162 CC, the offender does not necessarily have the duty to keep the information secret.⁴⁴ The objective elements are the following: (i) economic information; (ii) try to obtain or to disclose the secret and (iii) the beneficiary has to be an external official agency, a foreign organisation, a private enterprise, or the agents of any of these. Subjective elements are the intention and purpose to disclose the information to the beneficiary.⁴⁵ It constitutes a misdemeanour and neither damage nor threat of damages is required.⁴⁶

3.4. Protection of Trade Secrets and the Civil Code

Article 28 of the Civil Code of 10 December 1907 (hereinafter “CivC”) focuses on the rights relating to the personality:

- “1. Any person whose personality rights are unlawfully infringed may petition the court for protection against all those causing the infringement.
2. An infringement is unlawful unless it is justified by the consent of the person whose rights are infringed or by an overriding private or public interest or by law”.

This provision was used in the past for trade secrets protection because these secrets were considered as information belonging to the personal sphere.⁴⁷ Therefore, trade secrets benefited from the *erga omnes* effect of this provision.⁴⁸ Nevertheless, now the Supreme Court tends to reject this protection arguing that economic interests are not the object of the protection granted under Article 28 CivC, which protects personality rights⁴⁹.

3.5. Protection of Trade Secrets and the Intellectual Property Acts

Several provisions in the Federal Act of 25 June 1954 on Patents for Inventions (hereinafter “PatA”) concern the protection of trade secrets.

Article 65 (1) PatA restrains the right of a third party to have access to the documents concerning a patent application. This provision states that,

“Following publication of the patent application, any person may inspect the dossier. The Federal Council may restrict the right of inspection only if manufacturing or trade secrets or other overriding interests so require”.

⁴³ *Ibid.*, at 1642.

⁴⁴ *Ibid.*, at 1644.

⁴⁵ *Ibid.*, at 1642.

⁴⁶ O. Weniger, *La protection des secrets économiques et du savoir-faire (Know-How)*, 1994, p. 261.

⁴⁷ Swiss Federal Supreme Court’s decision ATF 88 II 319 of 18 September 1962; K. Troller, *Précis du droit suisse des biens immatériels*, 2nd ed., Helbing & Lichtenhahn 2006, p. 261; F. Dessemontet, *Le savoir-faire*. In: *Schweizerisches Immaterialgüter und Wettbewerbsrecht*, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006, p. 861.

⁴⁸ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, *AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law*, 1 April 2010, p. 7.

⁴⁹ Swiss Federal Supreme Court’s decision ATF 114 II 91 consid. 6 of 24 March 1988: “Dem ist vorweg entgegenzuhalten, dass es grundsätzlich nicht angeht, Lücken des Leistungsschutzrechtes auf dem Umweg über eine allgemeine Norm ausfüllen zu wollen; dies gilt in Bereichen wie hier umso mehr, als offensichtlich wirtschaftliche Interessen auf dem Spiele stehen und in Art. 28 ZGB keine Rechtsgrundlage für derartige Ansprüche zu erblicken ist”.

Therefore, the Federal Council, which is the highest Swiss executive authority, can limit the access of third parties to the files regarding patent applications.⁵⁰

Paragraph 2 of Article 89 of the Patents Ordinance states the person who brings a piece of evidence to the patent application can request that the document containing trade secrets is filed separately. Existence of this document is mentioned in the patent application.

Article 90 (2) of the Patents Ordinance provides that the Swiss Federal Institute of Intellectual Propriety must hear from the patent applicant or the patent owner before granting the authorisation to access the document.⁵¹

The Federal Act on Copyright and Related Rights of 9 October 1992 also has a provision regarding trade secrets protection. According to Article 51 (2) of this act, “collective rights management organisations are obliged to preserve trade secrets”. Paragraph 1 of this provision states that it is reasonably expected that users of works have to disclose trade secrets to collective rights management organizations. In return, these organizations must keep this information secret.⁵²

3.6. Protection of Trade Secrets and the Federal Act on Data Protection

According to Article 3 (a) of the Federal Act on Data Protection of 19 June 1992 (hereinafter “FADP”), trade secrets can be qualified as personal data because they are “information relating to an identified or identifiable person”⁵³ and the identified or identifiable person can be a natural or legal person.⁵⁴

Article 4 (2) FADP states that data information must be processed lawfully, in a good faith and proportional and paragraph 3 of this article provides that, “Personal data may only be processed for the purpose indicated at the time of collection, that is evident from the circumstances, or that is provided for by law”.

Article 6 FADP forbids any disclosure of data abroad except if, for instance, this transfer endangers the data’s subject privacy or the data’s subject has given his assent.

The trade secrets protection is particularly effective if trade secrets are considered as personal data. Indeed, Article 7 FADP provides that the data processor has to adopt adequate technical and organisational measures to protect data and according to Article 10a (1) (b) FADP, the processing of personal data cannot be assigned to third parties by agreement or by law “if there is a statutory or contractual duty of confidentiality”.

3.7. Protection of Trade Secrets and the Federal Law on Banks And Saving Banks

According to Article 47 (1) (a) of the Federal Law on Banks and Saving Banks of 8 November 1934 ,

“Imprisonment of up to three years or fine will be awarded to persons who deliberately:

a. disclose a secret that is entrusted to him in his capacity as body, employee, appointee, or liquidator of a bank, as body or employee of an audit company or that he has observed in this capacity”.

Usually, the contractual relationship between the bank and its customer is qualified as a secret.⁵⁵ According to DESSEMONTET, “this is a rare case of a provision punishing also the disclosure that takes place after the official or employer-employee relationship has been severed”.⁵⁶

⁵⁰ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 7.

⁵¹ *Ibid.*

⁵² V. Salvadé, commentaire de l’article 52 LDA. In: Commentaire romand de propriété intellectuelle, de Werra and Gilliéron (eds.), Helbing & Lichtenhahn 2013, p. 457.

⁵³ Article 3 (a) FADP.

⁵⁴ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 9

3.8. Protection of Trade Secrets and the Collective Investment Schemes Act

Article 148 (1) (k) of the Federal Act on Collective Investment Schemes of 23 June 2006 deals with protection of trade secrets:

“Any person who willfully does any of the following is liable to a custodial sentence not exceeding three years or to a monetary penalty:

(...)

k. discloses confidential client information that has been entrusted to a person in their capacity as a member of an executive or governing body, employee, agent or liquidator of a fund management company, or that such person has become party to in the course of their duties, even after termination of the official or contractual relationship or the professional activity”.

The breach of this provision constitutes a misdemeanour.

4. Procedural Aspects

4.1. Measures to Ensure Confidentiality During Civil Proceedings

Each party to a case has the right to be heard. This fundamental right is provided for under Article 29 (2) of the Federal Constitution of the Swiss Confederation of 18 April 1999 and under Article 53 (1) of the Civil Procedure Code of 19 December 2008 (hereinafter “CPC”). The right of parties to participate in the taking of evidence (Article 155 (3) CPC) is part of the right to be heard.

However, Article 156 CPC states that, “The court shall take appropriate measures to ensure that taking evidence does not infringe the legitimate interests of any parties or third party, such as business secrets”. This provision allows the court to take appropriate measures in order to protect trade secrets. It does not restrain the right of the parties to be heard.⁵⁷

For example, Article 54 (3) CPC limits the publicity of proceedings; “Proceedings may be held completely or partially in camera when required by public interest or by the legitimate interests of a person involved”. Protection of trade secrets is one of these legitimate interests.

Moreover, the court can restrain access to the case files (Article 53 (2) CPC). Indeed, this provision states that the parties “have in particular the right to consult the case files and to obtain copies thereof provided this does not conflict with overriding public or private interests”. The court has the possibility to order the blacking out of confidential documents.⁵⁸

The court can also restrain a party from participating in the taking of evidence.⁵⁹ This restriction can affect testimony of a witness⁶⁰, submission of an expert’s opinion (Article 187 CPC) and the record of a party (Article 193 CPC). An expert witness can participate in an inspection (Article 180 CPC ss) in the context of a precautionary taking of evidence.⁶¹ The expert witness will issue a record (Article 182 CPC), which will not include trade secrets.⁶²

⁵⁵ G. Stratenwerth, Kommentar des Artikels 47. In: Bankengesetz Basler Kommentar, Watter, Vogt, Bauer and Winzeler (ed.), 2nd ed., Helbing & Lichtenhahn 2013, p. 801.

⁵⁶ F. Dessemontet, Intellectual Property Law in Switzerland, 2nd ed., Staempfli 2014, n°662.

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*, at n°1366.

⁵⁹ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d’affaires, de Werra (ed.), Schulthess 2013, p. 83.

⁶⁰ F. Böhnet, Procédure civile, 2nd ed., Helbing & Lichtenhahn 2014, n°1362 ; R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d’affaires, de Werra (ed.), Schulthess 2013, p. 83.

⁶¹ M. Vetter, Protection of Business Secrets in proceedings before the Commercial Court of the Canton of Aargau, presentation at

The party which wants to protect its trade secret must request a specific and proportionate measure at the earliest stage of the proceedings (*i.e.* in first legal statement).⁶³

A balancing of interests between the protection of trade secrets and the interest of a party to take evidence is required before the court orders an interim measure.⁶⁴ Thus, the owner of a trade secret has to show credibly that an interim measure is needed. The relevance of the secret has to also be taken into account. Indeed, it is easier to obtain an interim measure if the secret concerns minor aspects of the matter in dispute.⁶⁵

The CPC is not the only act to care about trade secrets during civil proceedings. The Federal Supreme Court Act of 17 June 2005 also deals with that through Article 56 (2) and (3). Paragraph 2 of this article provides that the Supreme Court can restrain access for parties to the taking of evidence when it is required by a public or private interest. Trade secrets are an example of overriding private interests.⁶⁶ Paragraph 3 adds that the Supreme Court must inform the adverse party concerning the file case and must give her the possibility to provide evidence. Therefore, the constitutional right to be heard is safeguarded. This limitation can be also found in other provisions (e.g. Article 28 of the Federal Act on Administrative Procedure of 20 December 1968, hereinafter “APA”).⁶⁷

Several provisions in the PatA also concern protection of trade secrets because trade secrets play a major role in proceedings concerning patents. Article 68 PatA, for instance, focuses on the safeguard of manufacturing or trade secrets:

“The parties' manufacturing or trade secrets must be safeguarded. Evidence which would disclose such secrets may be made available to the other party only to such an extent as is compatible with the safeguarding of the secrets”.

This provision, in addition to Article 156 CPC, Article 102 (1) CrimPC and Article 108 (1) CrimPC, protects trade secrets. In order to demonstrate the violation of the patent, the claimant might, for example, disclose the manufacturing process linked to the patent and the sales revenues obtained thanks to this process. Hence, in order to avoid such a situation, trade secrets must be protected.⁶⁸

Finally, protection of trade secrets also helps to fight against “fishing expeditions”, which are prohibited in Switzerland. Indeed, the claimant has to accurately indicate evidence that he wants to take and therefore, cannot have access to all evidence in the file.⁶⁹ Article 77 PatA focuses on interim measures and is one of the common provisions for protection in civil as well as criminal law. Restriction of access to evidence is described in paragraph 3:

the AIPPI Swiss Day 2015.

⁶² R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 83.

⁶³ M. Vetter, Protection of Business Secrets in proceedings before the Commercial Court of the Canton of Aargau, presentation at the AIPPI Swiss Day 2015.

⁶⁴ P. Guyan, Kommentar des Artikels 156 ZPO. In: Schweizerische Zivilprozessordnung Basler Kommentar, Spuehler, Tenchio and Infanger (eds.), 2nd ed., Helbing & Lichtenhahn 2013, p. 754 ; R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 83.

⁶⁵ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 85.

⁶⁶ J.-M. Frésard, commentaire de l'article 56 LTF. In: Commentaire de la LTF, Corboz, Wurzbürger, Ferrari, Frésard and Aubry Girardin, Staempfli 2009, p. 401.

⁶⁷ Y. Donzallaz, Loi sur le Tribunal fédéral – commentaire, Staempfli 2008, p. 641; Frésard J.-M., commentaire de l'article 56 LTF. In: Commentaire de la LTF, Corboz, Wurzbürger, Ferrari, Frésard and Aubry Girardin (eds.), Staempfli 2009, p. 402.

⁶⁸ L. Ehrler, commentaire de l'article 68 LBI. In: Commentaire romand de propriété intellectuelle, de Werra and Gilliéron (eds.), Helbing & Lichtenhahn 2013, p. 1989.

⁶⁹ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 86.

“If the opposing party claims that a manufacturing or trade secret is involved, the court shall take the necessary measures to safeguard it. It may exclude the applicant party from participating in the procedure for making the description”.

The applicant party must demonstrate the existence of a secret. Unlike what is put forward in paragraph 3, claiming that a trade secret is involved is not enough to obtain an interim measure.⁷⁰ The prohibition does not affect the lawyer or the patent attorney of the applicant party because their advices might help the court.⁷¹ Therefore, the interest of the opposing party to safeguard its secret and the interest of the applicant party to prove the patent infringement will be preserved.⁷² Paragraph 5 of Article 77 PatA adds that, “Before the applicant party is notified of the description, the opposing party shall be given the opportunity to comment”. The opposing party can black out some parts of the description. Afterwards, the court gives a report of the description with the blacking out to the parties.⁷³

4.2. Measures to Ensure Confidentiality During Criminal Proceedings

Several provisions protect trade secrets during criminal proceedings. Article 102 (1) of the Criminal Procedure Code of 5 October 2007 (hereinafter “CrimPC”) in regards to applications to inspect case documents states that, “The director of proceedings decides on whether case documents may be inspected. He or she shall take the measures required to prevent abuses and delays and to protect legitimate interests in confidentiality”. These measures can be, for instance, restriction on disclosure of case documents or prohibition for the claimant to make copies of the case documents.⁷⁴

Article 108 (1) (b) CrimPC restrains the right to be heard:

“The criminal justice authorities may restrict the right to be heard if:

(...)

b. this is required for the safety of persons or to safeguard public or private interests in preserving confidentiality”. The protection of trade secrets is an example of safeguard of private interests.

Article 173 (2) CrimPC provides that,

“Persons entrusted with other confidential information protected by law are required to testify. The director of proceedings may relieve them of the duty to testify if they are able to establish that the interest in preserving confidentiality outweighs the interest in establishing the truth”.

Whereas Article 173 (1) CrimPC focuses on a person, who has a duty of professional secrecy, paragraph 2 of Article 173 CrimPC concerns the owner of a trade secret. He can refuse to testify if he demonstrates that the protection of the trade secret is more important than the interest in establishing the truth.⁷⁵

Article 246 CrimPC deals with search of records and recording: “Documents, audio, video and other recordings, data carriers and equipment for processing and storing information may be searched if it is suspected that they contain information that is liable to seizure”. A search can be an issue for the owner of a trade secret or for third

⁷⁰ R. Schlosser, commentaire de l'article 77 LBI. In: Commentaire romand de propriété intellectuelle, de Werra and Gilliéron (eds.), Helbing & Lichtenhahn 2013, p. 2053.

⁷¹ Federal Patent Court's decision S2012_0007 consid. 5 of 14 June 2012 (The Swiss Federal Patent Court is the Confederation's court of first instance for litigation concerning patents); R. Schlosser, commentaire de l'article 77 LBI. In: Commentaire romand de propriété intellectuelle, de Werra and Gilliéron (eds.), Helbing & Lichtenhahn 2013, p. 2054.

⁷² M. Schweizer, Der Anspruch auf genaue Beschreibung gemäss Art. 77 PatG – Gedanken eines Mitglieds des Bundespatentgerichts, sic! 12/2010 p. 930 ; P. Fehlbaum, La jurisprudence du Tribunal fédéral des brevets, sic! 5/2014, p. 323.

⁷³ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d'affaires, de Werra (ed.), Schulthess 2013, p. 89; Swiss Federal Patent Court's decision S2012_0007 consid. 5 of 14 June 2012.

⁷⁴ M. Schmutz, Kommentar des Artikels 102 StPO, in: Schweizerische Strafprozessordnung und Jugendstrafprozessordnung Basler Kommentar, Niggli, Heer and Wiprächtiger (eds.), 2nd ed., Helbing & Lichtenhahn 2014, p. 702.

⁷⁵ S. Werly, commentaire de l'article 246 du code de procédure pénale. In: Commentaire romand du Code de procédure pénale suisse, Kuhn and Jeanneret (eds.), Helbing & Lichtenhahn 2011, p. 805.

parties. Hence, Article 264 (1) CrimPC gives details of information, that cannot be seized:⁷⁶ documents used in communications between the accused and his or her defense lawyer;⁷⁷ personal records and correspondence belonging to the accused if the interest in protecting his or her privacy outweighs the interest in prosecution⁷⁸ or items and documents used in communications between the accused and people who may refuse to testify in accordance with Articles 170-173 CrimPC and who are not accused of an offence relating to the same case.⁷⁹ The owner of a trade secret must request a sealing order from the court as soon as possible (Article 248 CrimPC).⁸⁰

4.3. Measures to Ensure Confidentiality During Administrative Proceedings

The APA also provides an exception of the right for parties to participate in the inspection of the files. Indeed, Article 27 (1) (b) and (2) APA states that,

“1) The authority may refuse to allow the inspection of the files only if:

(...)

b. essential private interests, and in particular those of respondents require that secrecy be preserved.

2) Any refusal to allow inspection may only extend to the documents that must remain confidential”.

Therefore, the administration or the court, may limit the right of inspection of the files if an essential private interest requires it.⁸¹

According to Article 28 APA,

“If a party is refused the right to inspect a document, this document may be relied on to the prejudice of that party only if the party has been notified by the authority either verbally or in writing of the content of the document that is relevant to the case and the party has been given the opportunity to state his position on the document and to provide counter evidence”.

A partial right to inspect the files exists because access to the majority of the files cannot be restrained due to the lack of essential private interests.⁸² Article 7 (1) (g) of the Federal Act on Freedom in the Administration states that, “The right of access shall be limited, deferred or refused if such access to an official document: (...) g. is likely to reveal professional, business or manufacturing secrets (...)”

Article 25 (4) of the Federal Act on Cartels and other Restraints of Competition of 6 October 1995 (hereinafter “CartA”) focuses on the restraint of publication by the competition authorities: “The competition authorities’ publications may not reveal any business secrets”. Therefore, the privacy of trade secrets may restrain the Swiss Competition Commission’s publication scope.⁸³

As regard to customs procedure, all intellectual property acts provide rules to secure trade secrets. For example, Article 86e (2) PatA states that, “The declarant, holder or owner may request to be present at the inspection in order to safeguard his manufacturing or trade secrets”. The same formulation is found at Article 77b (2) of the Federal Act on Copyright and Related Rights, Article 72b (2) of the Federal Act on the Protection of Trade Marks of 28 August 1992 and Article 48b of the Federal Act on the Protection of Designs of 5 October 2001.

⁷⁶ C. Chirazi, commentaire de l’article 246 du code de procédure pénale. In: Commentaire romand du Code de procédure pénale suisse, Kuhn and Jeanneret (eds.), Helbing & Lichtenhahn 2011, p. 1133.

⁷⁷ Article 264 (1) (a) CrimPC.

⁷⁸ Article 264 (1) (b) CrimPC.

⁷⁹ Article 264 (1) (c) CrimPC.

⁸⁰ C. Chirazi, commentaire de l’article 246 du code de procédure pénale. In: Commentaire romand du Code de procédure pénale suisse, Kuhn, Jeanneret (eds.), Helbing & Lichtenhahn 2011, p. 1133.

⁸¹ C. Bovet, Percer et gérer les secrets d’affaires en procédure administrative fédérale. In: Transparence et secret dans l’ordre juridique: Liber amicorum pour Me Vincent Jeanneret, Foëx and Hirsch (eds.), Slatkine 2010, p. 303.

⁸² J. Candrian, Introduction à la procédure administrative fédérale, Helbing & Lichtenhahn 2013, n°46; R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d’affaires, de Werra (ed.), Schulthess 2013, p. 90.

⁸³ V. Martenet, commentaire de l’article 25 LCart. In: Commentaire romand droit de la concurrence, Martenet, Bovet and Tercier (eds.), Helbing & Lichtenhahn 2013, p. 1205.

4.4. Measures to Ensure Confidentiality During Extra-Judicial Proceedings

According to Article 44 (1) of the 2012 Swiss Rules of International Arbitration by the Swiss Chambers of Commerce Association for Arbitration and Mediation, the parties have to keep all awards, orders and other material submitted by another party during the proceedings confidential. Therefore, this article highlights that confidentiality is one of the main characteristic of arbitration.⁸⁴ Paragraph 1 of Article 44 deals with confidentiality of the arbitral proceeding. Paragraph 2 concerns confidentiality of the deliberations and paragraph 3 focuses on publication of awards and orders.⁸⁵

The 2007 Swiss Rules of Commercial Mediation by the Swiss Chambers of Commerce Association for Arbitration and Mediation also contain a provision regarding confidentiality during the proceedings in Article 18.

5. Remedies to Trade Secret Misappropriation

5.1. Civil Remedies

Swiss law provides several types of remedies in case of a trade secret misappropriation.

The owner of a trade secret can obtain compensation for damages. He has to establish damages, a causal connection between the activities and damages and the offender's fault. However, if that is too complex, the court calculates it taking into account the usual course of events.⁸⁶ The owner of a trade secret can obtain damages based on the losses incurred and lost profits but cannot receive punitive damages as they are forbidden in Switzerland.⁸⁷

The owner of a trade secret can also ask for an account of profits. He has to prove the existence of an infringement, the offender's profits, the causal connection and the offender's bad faith.⁸⁸

Finally, the owner of a trade secret can introduce a claim based on unjustified enrichment. The claimant must demonstrate that the defender illegitimately used the trade secrets and was enriched through the use of the trade secret.

As regard to competition, all of these types of damages can be cumulative.⁸⁹ Indeed, according to Article 9 (3) UCA, the claimant can "sue for damages and compensation, and petition for disgorgement of profit pursuant to the provisions of the Code of Obligations on conducting business without a mandate". The UCA expressly provides for the possibility of the owner of trade secrets to obtain compensation for the moral prejudice suffered.

5.2. Criminal Penalties

Article 162 (3) CC states that the offender will be punished with at least three years of imprisonment or will have to pay a fine.

⁸⁴ M. Arroyo, *Arbitration in Switzerland – The Practitioner's Guide*, Wolters Kluwer 2013, p. 652.

⁸⁵ T. Rohner and F. La Spada, Article 44 of the Swiss Rules of International Arbitration. In: *Swiss Rules of International Arbitration - Commentary*, Zuberbühler, Müller and Habegger (eds.), 2nd ed., Schulthess 2013, pp. 475-483.

⁸⁶ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 12.

⁸⁷ Baker & McKenzie, *Study on Trade Secrets and Confidential Business Information in the Internal Market*, MARKT/2011/128/D, April 2013, p. 37.

⁸⁸ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer. AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 12.

⁸⁹ Baker & McKenzie, *Study on Trade Secrets and Confidential Business Information in the Internal Market*, MARKT/2011/128/D, April 2013, p. 37.

Article 273 (3) CC provides for at least three years of imprisonment or a monetary penalty. However, in serious cases, custodial sentence of not less than one year can be applied. According to the jurisprudence, in serious cases, the court must appreciate the situation based on the secret's importance and the resulting danger.⁹⁰

Article 23 (1) UCA states that persons who intentionally breaches Articles 4, 5 and 6 UCA can, on complaint, be punished by imprisonment or by a fine:⁹¹ "Anyone who intentionally commits an act of unfair competition as defined in Art. 3, 4, 4a, 5 or 6, shall, upon petition, be punished with at least three years of imprisonment or a fine". Therefore, these provisions grant civil sanctions as well as criminal penalties.⁹²

6. Misuse of Trade Secrets Protection

Swiss law does not provide specific rules for combating the misuse of a trade secret by its owner. However, some provisions concerning competition law may be helpful. Misuse of trade secrets protection may be seen as an abuse of a dominant position.

Article 7(1) CartA states that, "Dominant undertakings behave unlawfully if they, by abusing their position in the market, hinder other undertakings from starting or continuing to compete, or disadvantage trading partners". Therefore, a company, which misuses the trade secrets protection, can be punished through the CartA because the abuse of a dominant position, based on the misuse of the trade secrets protection, restricts competitors' access to the market. Moreover, the company's behaviour is not based on legitimate business reasons⁹³. According to Article 12 (1) CartA, the civil remedies consist of, "the elimination of or desistance from the hindrance, damages and satisfaction or surrender of unlawfully earned profits in accordance with the provisions on agency without authority".

Another helpful provision is Article 2 UCA because it punishes actions contrary to honest commercial practices or to good faith, and having an impact on competitors' or on supplier-customer's relationships (*supra* Section 3.2.).

7. Know-How

7.1. Definition of Know-How

As is the case with trade secrets, know-how is not clearly defined in Swiss law. The legal literature describes know-how as a combination of knowledge and experiences of, for example, a technical, commercial or financial nature.⁹⁴ Know-how is, on the one hand, not necessarily secret but is, on the other hand, not readily accessible.⁹⁵

Know-how can be distinguished from trade secrets because it is directly applicable to fabrication and/or commercialisation of goods or services. It does not, for example, concern information regarding the financial health of companies.⁹⁶ Nevertheless, the distinction between know-how and trade secrets appears to be quite

⁹⁰ M. Dupuis, B. Geller, G. Monnier, C. Piguët, C. Bettex and D. Stoll (eds.), *Petit commentaire du Code pénal*, Helbing & Lichtenhahn 2012, p. 1646.

⁹¹ M. Killias and G. Gillérion, *Kommentar des Artikels 23 UWG*. In: *Bundesgesetz gegen den Unlauteren Wettbewerb Basler Kommentar*, Hilty and Arpagaus (eds.), Helbing & Lichtenhahn 2013, p. 786.

⁹² B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, *AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law*, 1 April 2010, p. 6.

⁹³ E. Clerc, *commentaire de l'article 7 I LCart*. In: *Commentaire romand droit de la concurrence*, Martenet, Bovet and Tercier (eds.), Helbing & Lichtenhahn 2013, p. 692.

⁹⁴ K. Troller, *Précis du droit suisse des biens immatériels*, 2nd ed., Helbing & Lichtenhahn 2006, p. 178.

⁹⁵ O. Weniger, *La protection des secrets économiques et du savoir-faire (Know-How)*, 1994, pp. 16-17.

⁹⁶ R. Schlosser, *La protection des secrets économiques*, CEDIDAC 2010, p. 82; R. Schlosser, *Der Know-how Vertrag*, sic! 3/1998, p. 270; C. Baudenbacher (ed.) and J. Glöckner, *Lauterkeitsrecht*, Helbing & Lichtenhahn 2001, p. 763.

artificial⁹⁷ because know-how is mainly protected through the provisions which protect trade secrets (*supra* Section 3.2. Article 5 (a) and (b) UCA).⁹⁸

7.2. Contractual Protection of Know-How

Know-how is mainly protected through contract law. In practice, know-how can be, for instance, included in a confidentiality clause of an employment contract or a licensing agreement. Know-how can also be the object of specific confidentiality agreements: for instance, a non-disclosure agreement or a know-how license agreement...⁹⁹

In the case of a know-how license agreement, parties must take appropriate measures in order to protect confidentiality.¹⁰⁰ They must define with great accuracy know-how, the duration of know-how and the scope of know-how. Finally, the parties must describe the various assumptions of termination of the agreement and the fate of know-how after the end of the agreement.¹⁰¹ If the agreement is deficient regarding protection of know-how, the parties must rely on legal provisions in order to deal with this issue.¹⁰² In case of a breach of the agreement, reparation of a trade secret misappropriation *in natura* is prohibited. The best way to obtain reparation is to provide a contractual penalty in the agreement (Article 160 CO ss). Because of this contractual penalty, the infringer must pay damages.¹⁰³

8. Conclusion and Personal Reflections

The Swiss framework for the protection of trade secrets is fairly robust thanks to various provisions in unfair competition law, labour law, criminal law, etc.

However, this proliferation of articles also represents a weakness and legal security is affected because of the lack of a uniform terminology. As described above (*supra* Section 2.2.), the jurisprudence defines the scope of protection of trade secrets differently depending on the legal basis.¹⁰⁴ Hence, possible improvements could be made, which would bring more clarity concerning protection of trade secrets. It is likely that a unique legislation regarding trade secrets protection would not be the best approach¹⁰⁵ but the reworking of the current provisions, especially in labour and criminal law, with more precision concerning the scope of protection of trade secrets would be advisable.

The generic term of “trade secret” which would include business secrets and manufacturing secrets, should be mentioned in all provisions regarding the protection of trade secrets because the word “trade” encompasses all types of secrets playing a crucial economic role for its owner.

⁹⁷ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 14 (“Trade secrets are understood as part of an individual’s or company’s undisclosed know-how”); F. Dessemontet, Le savoir-faire. In: Schweizerisches Immaterialgüter- und Wettbewerbsrecht, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006 (the author uses the word “savoir-faire” to analyse trade secrets).

⁹⁸ O. Weniger, La protection des secrets économiques et du savoir-faire (Know-How) 1994, p. 16.

⁹⁹ R. Schlosser, La protection des secrets économiques, CEDIDAC 2010, p. 99.

¹⁰⁰ P. Münch, P. Böhringer, S. Kasper Lehne and F. Probst (eds.), Schweizer Vertrags Handbuch, 2nd ed., Helbing & Lichtenhahn 2010, p. 60.

¹⁰¹ F. Dessemontet, Le savoir-faire. In: Schweizerisches Immaterialgüter- und Wettbewerbsrecht, von Büren and David (eds.), vol. IV, Helbing & Lichtenhahn 2006, pp. 858-860.

¹⁰² R. Schlosser, La protection des secrets économiques, CEDIDAC 2010, p. 99.

¹⁰³ P. Münch, P. Böhringer, S. Kasper Lehne and F. Probst (eds.), Schweizer Vertrags Handbuch, 2nd ed., Helbing & Lichtenhahn 2010, p. 62.

¹⁰⁴ R. Schlosser, Les secrets économiques dans les relations de travail, les collaborations et les procès civils. In: La protection des secrets d’affaires, de Werra (ed.), Schulthess 2013, p. 66.

¹⁰⁵ B. Beck, S. Day, T. Kretschmer, R. Oertli, R. Staub, E.-M. Strobel and P. Widmer, AIPPI Swiss Group - Question 215 Protection of trade secrets through IPR and unfair competition law, 1 April 2010, p. 19.

The scope of Article 321a (4) CO should be developed. Indeed, this provision does not indicate if an employee can or cannot exploit the secret after the termination of the contract.

Moreover, it would be advisable to include exceptions concerning the lawful acquisition, use and disclosure of trade secrets in the relevant provisions. These exceptions should, for example, concern legitimate whistleblowing and reverse-engineering. Hence, this improvement would reinforce the balance between promotion of innovation, competitiveness and protection of the right for third parties to lawfully acquire, use and disclose trade secrets.

Finally, a clear distinction should be made between trade secrets and know-how because the current situation regarding the terminology of know-how is not satisfactory.

* * *

Country: Switzerland

National rapporteur: Charlotte Boulay

Title: BLaw and MLaw University of Fribourg and Paris II Panthéon-Assas University (2012), MLaw Aix-Marseille University (2013)

Place of work: Center for Intellectual Property and Innovation Law of the University of Neuchâtel

Address: Avenue du Premier-Mars 26, 2000 Neuchâtel, Switzerland

Tel: +41 32 718 1256

E-mail: charlotte.boulay@unine.ch