

FRANCE ADOPTS A CONFIDENTIALITY REGIME FOR THE TRADE SECRETS RELIED UPON IN (PATENT) LITIGATION

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Legal Briefings - By **Frédéric Chevallier, Partner**

As part of the [French Law on the Protection of Trade Secrets dated 31 July 2018](#), French lawmakers have finally adopted a long-awaited array of confidentiality rules covering the trade secrets that are being relied upon in cases that come before civil and commercial courts. Such provision was a requirement of the [EU Trade Secrets Directive of 8 June 2016](#). These confidentiality rules have already been applied in patent litigation in [a decision of the Paris Court of Appeal of 9 October 2018](#).

Until now, parties to patent litigation in France might have been reluctant and even precluded from providing confidential data, such as (i) their own financial data in the interests of calculating damages, or (ii) confidential contractual documents, as confidentiality could not be adequately preserved once these were relied upon as evidence in open court. This vulnerability has historically had a deterrent effect on efficient patent litigation in France compared to what was possible in other jurisdictions.

The following provisions went into force on 1 August 2018, marking a great improvement and quickly proving their worth in French patent litigation.

[Article L. 153-1 of the French Commercial Code](#) now provides that *"Where, in the course of civil or commercial proceedings aimed at obtaining a pre-trial order of investigative measures before any proceedings on the merits, or in the course of proceedings on the merits, and the exhibit has been deemed to infringe or alleged by a party to the proceedings or a third party to be capable of infringing a trade secret, the court may take any of the following steps sua sponte or at the request of a participating or third party if the trade secret cannot be otherwise protected, without prejudice to the rights of defence: 1° Have the court alone review the exhibit, and if deemed necessary, order an expert opinion and request an opinion from each of the parties via a person authorized to assist or represent the party so as to decide whether to apply the protective measures set out in this Article; 2° Decide to limit the disclosure or production of the exhibit to certain parts thereof, order disclosure or production of a summary of the exhibit only, or restrict all parties' access to a single individual person and a person authorized to assist or represent that party; 3° Decide that hearings will be held and the decision issued in chambers; 4° Adapt the grounds of the decision and the mode of publication thereof to the need to protect the trade secret."*

In addition, [Article L. 153-2 of the French Commercial Code](#) provides that *"Any person with access to an exhibit (or content thereof) that the court has deemed to be covered or likely to be covered by trade secret is bound by a duty of confidentiality and prohibited from any use or disclosure of the information in the exhibit. For a legal entity, this obligation [...] applies to its representatives by law or pursuant to the articles of association and to any persons acting for the entity in court. Persons with access to the exhibit or its content are not bound by this duty either in their interactions with one another or with the aforementioned representatives of the entity that is party to the proceedings. Persons authorized to assist or represent the parties are not bound by this duty of confidentiality vis-à-vis said parties, except as provided in Article L. 153-1(1°). The duty of confidentiality does not expire at the end of the proceedings. It does expire, however, if a court issues a non-appealable decision that trade secrecy does not apply or where the information in question has since ceased to qualify as a trade secret or has become easily available."*

The ability to rely on confidential data could be a game changer in future patent litigation in France, and the Paris Court of Appeal has already enforced these provisions to allow confidential license agreements to be disclosed while ensuring their confidentiality. The decision, dated 9 October 2018, was issued in a SEP/FRAND case, but its solution could apply across an extremely broad range of patent litigation cases in France. The operative part of the decision reads as follows:

"Rule that the communication of these non-redacted documents, along with their possible schedules, will first be made between attorney's only, that the attorneys will then revert to us - by 7 December 2018 at the latest - with their written observations on the excerpts or elements of those documents likely, on their opinion, to infringe or not a trade secret, such that we can decide, if relevant, to order one or several measures provided in paragraphs 2°, 3°, or 4° of Article L. 153-1 of the French Commercial Code."

Our London and Milan offices have also commented on the implementation of the Trade Secrets Directive in their respective jurisdictions on the [Herbert Smith Freehills Intellectual Property Notes blog](#): see [here for the UK](#) and [here for Italy](#).

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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