

# B LIST



1





**EUROPEAN COMMISSION**  
Internal Market and Services DG

**RESOURCES AND COMMUNICATION**  
Financial Resources and Internal control



Brussels,  
Markt/A2/ASV/jg/1535632

**Studio Professionale**  
Mr Lorenzo De Martinis  
Piazza Filippo Meda, 3  
IT – 20121 Milan

**Subject : Service contract : MARKT/2011/128/D3/ST/OP**

Dear Mr De Martinis,

Please find enclosed two original copies of the above-mentioned service contract .

I would appreciate if you could **initial all pages of the contract, sign on the last page** and return one copy to us as soon as possible at the following address:

European Commission  
Internal Market DG, MARKT A2  
For the attention of I....  
Office: SPA  
B-1049 Brussels

Yours sincerely,



For doc.1a, see doc.2





2





EUROPEAN COMMISSION  
Internal Market and Services DG  
RESOURCES AND COMMUNICATION  
Financial Resources and Internal Control

Ref. Ares(2012)885393 - 19/07/2012

2

## SERVICE CONTRACT

**CONTRACT NUMBER – MARKT/2011/128/D3/ST/OP**

The European Union (hereinafter referred to as "the Union"), represented by the European Commission (hereinafter referred to as "the Commission"), which is represented for the purposes of the signature of this contract by Mr. REDACTED Authorising Officer by sub-delegation, Directorate-General for Internal Market and Services,

of the one part,

and

Studio Professionale Associato a Baker & McKenzie  
Professional Association

Registration No

Piazza Filippo Meda, 3  
IT - 20121 Milan

VAT registration No

(hereinafter referred to as "the Contractor"), represented for the purposes of the signature of this contract by Mr Lorenzo De Martinis, Principal,

of the other part,

HAVE AGREED

the **Special Conditions** and the **General Conditions** below and the following Annexes:

**Annex I** – Tender Specifications (Invitation to Tender No MARKT/2011/128/D of 31/08/2011) and Monitoring

**Annex II** – Contractor's Tender of 17/10/2011

which form an integral part of this contract (hereinafter referred to as “the Contract”).

The terms set out in the Special Conditions shall take precedence over those in the other parts of the Contract. The terms set out in the General Conditions shall take precedence over those in the Annexes. The terms set out in the Tender Specifications (Annex I) shall take precedence over those in the Tender (Annex II).

Subject to the above, the several instruments forming part of the Contract are to be taken as mutually explanatory. Ambiguities or discrepancies within or between such parts shall be explained or rectified by a written instruction issued by the Commission, subject to the rights of the Contractor under Article I.7 should he dispute any such instruction.

## I – SPECIAL CONDITIONS

### ARTICLE I.1 - SUBJECT

- I.1.1.** The subject of the Contract is a study on the trade secrets, their role as a possible driver for innovation, competitiveness and economic growth and the suitability of the current legal framework throughout the European Union to protect trade secrets in the Internal Market.
- I.1.2.** The Contractor shall execute the tasks assigned to him in accordance with the Tender Specifications annexed to the Contract (Annex I).

### ARTICLE I.2 - DURATION

- I.2.1.** The Contract shall enter into force on the date on which it is signed by the last contracting party.
- I.2.2.** Execution of the tasks may under no circumstances begin before the date on which the Contract enters into force.
- I.2.3.** The duration of the tasks shall not exceed **12 months**. This period and all other periods specified in the Contract are calculated in calendar days. Execution of the tasks shall start from date of entry into force of the Contract. The period of execution of the tasks may be extended only with the express written agreement of the parties before such period elapses.

The Commission is not obliged to react to any request for extension of the duration of the tasks received less than 1 month before expiry of the period of execution.

### ARTICLE I.3 – CONTRACT PRICE

- I.3.1.** The total amount to be paid by the Commission under the Contract shall be **EUR 400,000** (four hundred thousand Euros) covering all tasks executed.

#### **ARTICLE I.4 – PAYMENT PERIODS AND FORMALITIES**

Payments under the Contract shall be made in accordance with Article II.4. Payments shall be executed only if the Contractor has fulfilled all his contractual obligations by the date on which the invoice is submitted.

Invoices and/or payment requests will be addressed to:

European Commission  
Directorate General for Internal Market and Services  
Unit A2 – SPA2 01/046  
B-1049 Brussels

##### **I.4.1. Pre-financing:**

No prefinancing shall be made

##### **I.4.2 Interim payment:**

A request for one interim payment by the Contractor shall be admissible if accompanied by:

- the second interim report in accordance with the instructions laid down in Annex I
- the relevant invoices

provided the report has been approved by the Commission.

The Commission shall have forty-five (45) days from receipt to approve or reject the interim study, and the Contractor shall have thirty (30) days in which to submit additional information or a new report.

After the interim study is approved and within thirty (30) days from the date of receipt by the Commission of the relevant invoices, an interim payment corresponding to **EUR 160,000** (one hundred and sixty thousand Euros) equal to **40%** of the total amount referred to in Article I.3.1 shall be made.

##### **I.4.3. Payment of the balance:**

The request for payment of the balance of the Contractor shall be admissible if accompanied by

- the final study in accordance with the instructions laid down in Annex I
- the relevant invoices

provided the final study has been approved by the Commission.

The Commission shall have forty-five (45) days from receipt to approve or reject the final study, and the Contractor shall have thirty (30) days in which to submit additional information or a new final study.

After the final study is approved and within thirty (30) days from the date of receipt by the Commission of the relevant invoices, payment of the balance corresponding to **EUR 240,000** [two hundred forty thousand Euros] equal to **60%** of the total amount referred to in Article I.3.1 shall be made.

*For Contractors established in Italy, the provisions of the Contract constitute a request for VAT exemption, provided the Contractor includes the following statement in his invoice(s): "Operazione non imponibile ai sensi dell'articolo 72, comma 3) paragrafo 3 del D.P.R. n. 633 del 26/10/1972 come modificato da ultimo dal D.L. n. 323 del 20/06/1996 convertito in Legge n. 425 dell'8/8/1996".*

#### **ARTICLE I.5 – BANK ACCOUNT**

Payments shall be made to the Contractor's bank account denominated in euro, identified as follows:

Name of bank:

REDACTED

Address of branch:

Account holder: Studio Professionale Associato a Baker & McKenzie

Full account number including codes: [REDACTED]

IBAN code: [REDACTED]

#### **ARTICLE I.6 – GENERAL ADMINISTRATIVE PROVISIONS**

Any communication relating to the Contract shall be made in writing and shall bear the Contract number. Ordinary mail shall be deemed to have been received by the Commission on the date on which it is registered by the department responsible indicated below. Communications shall be sent to the following addresses:

##### Commission:

European Commission  
Directorate-General Internal Market and Services  
Directorate D - Knowledge-based Economy  
Unit D/3 - Enforcement of Intellectual Property Rights

B-1049 Brussels

Contractor:

Mr Lorenzo De Martinis  
Principal  
Studio Professionale Associato a Baker & McKenzie  
Piazza Filippo Meda, 3,  
20121 Milan  
Italy

**ARTICLE I.7- APPLICABLE LAW AND SETTLEMENT OF DISPUTES**

- I.7.1. The Contract shall be governed by Union law, complemented, where necessary, by the national substantive law of the Kingdom of Belgium.
- I.7.2. Any dispute between the parties resulting from the interpretation or application of the Contract which cannot be settled amicably shall be brought before the courts of Brussels.

**ARTICLE I.8 – DATA PROTECTION**

Any personal data included in the Contract shall be processed pursuant to Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Such data shall be processed solely for the purposes of the performance, management and monitoring of the Contract by DG MARKT, Unit A2, Financial Resources and Internal Control without prejudice to possible transmission to the bodies charged with monitoring or inspection task in application of Union law.

**ARTICLE I.9 – TERMINATION BY EITHER CONTRACTING PARTY**

Either contracting party may, of its own volition and without being required to pay compensation, terminate the Contract by serving 30 days formal prior notice. Should the Commission terminate the Contract, the Contractor shall only be entitled to payment corresponding to part-performance of the Contract. On receipt of the letter terminating the Contract, the Contractor shall take all appropriate measures to minimise costs, prevent damage, and cancel or reduce his commitments. He shall draw up the documents required by the Special Conditions for the tasks executed up to the date on which termination takes effect, within a period not exceeding sixty days from that date.

**ARTICLE I.10 – OTHER SPECIAL CONDITIONS**

Wherever the Special Conditions refer to deliverables as being 'interim study' or 'final study', the terms 'interim technical report' and 'final technical report' in the General Conditions should be read as respectively 'interim study' and 'final study'.



## II – GENERAL CONDITIONS

### ARTICLE II.1 – PERFORMANCE OF THE CONTRACT

- II.1.1.** The Contractor shall perform the Contract to the highest professional standards. The Contractor shall have sole responsibility for complying with any legal obligations incumbent on him, notably those resulting from employment, tax and social legislation.
- II.1.2.** The Contractor shall have sole responsibility for taking the necessary steps to obtain any permit or licence required for performance of the Contract under the laws and regulations in force at the place where the tasks assigned to him are to be executed.
- II.1.3.** Without prejudice to Article II.3 any reference made to the Contractor's staff in the Contract shall relate exclusively to individuals involved in the performance of the Contract.
- II.1.4.** The Contractor must ensure that any staff performing the Contract have the professional qualifications and experience required for the execution of the tasks assigned to him.
- II.1.5.** The Contractor shall neither represent the Commission nor behave in any way that would give such an impression. The Contractor shall inform third parties that he does not belong to the European public service.
- II.1.6.** The Contractor shall have sole responsibility for the staff who execute the tasks assigned to him.

The Contractor shall make provision for the following employment or service relationships with his staff:

- staff executing the tasks assigned to the Contractor may not be given orders direct by the Commission;
  - the Commission may not under any circumstances be considered to be the staff's employer and the said staff shall undertake not to invoke in respect of the Commission any right arising from the contractual relationship between the Commission and the Contractor.
- II.1.7.** In the event of disruption resulting from the action of a member of the Contractor's staff working on Commission premises or in the event of the expertise of a member of the Contractor's staff failing to correspond to the profile required by the Contract, the Contractor shall replace him without delay. The Commission shall have the right to request the replacement of any such member of staff, stating its reasons for so doing. Replacement staff must have the necessary qualifications and be capable of performing the Contract under the same contractual conditions. The Contractor shall

be responsible for any delay in the execution of the tasks assigned to him resulting from the replacement of staff in accordance with this Article.

- II.1.8.** Should any unforeseen event, action or omission directly or indirectly hamper execution of the tasks, either partially or totally, the Contractor shall immediately and on his own initiative record it and report it to the Commission. The report shall include a description of the problem and an indication of the date on which it started and of the remedial action taken by the Contractor to ensure full compliance with his obligations under the Contract. In such event the Contractor shall give priority to solving the problem rather than determining liability.
- II.1.9.** Should the Contractor fail to perform his obligations under the Contract in accordance with the provisions laid down therein, the Commission may - without prejudice to its right to terminate the Contract - reduce or recover payments in proportion to the scale of the failure. In addition, the Commission may impose penalties or liquidated damages provided for in Article II.16.

## **ARTICLE II.2 – LIABILITY**

- II.2.1.** The Commission shall not be liable for damage sustained by the Contractor in performance of the Contract except in the event of wilful misconduct or gross negligence on the part of the Commission.
- II.2.2.** The Contractor shall be liable for any loss or damage caused by himself in performance of the Contract, including in the event of subcontracting under Article II.13. The Commission shall not be liable for any act or default on the part of the Contractor in performance of the Contract.
- II.2.3.** The Contractor shall provide compensation in the event of any action, claim or proceeding brought against the Commission by a third party as a result of damage caused by the Contractor in performance of the Contract.
- II.2.4.** In the event of any action brought by a third party against the Commission in connection with performance of the Contract, the Contractor shall assist the Commission. Expenditure incurred by the Contractor to this end may be borne by the Commission.
- II.2.5.** The Contractor shall take out insurance against risks and damage relating to performance of the Contract if required by the relevant applicable legislation. He shall take out supplementary insurance as reasonably required by standard practice in the industry. A copy of all the relevant insurance contracts shall be sent to the Commission should it so request.

## **ARTICLE II.3 - CONFLICT OF INTERESTS**

**II.3.1.** The Contractor shall take all necessary measures to prevent any situation that could compromise the impartial and objective performance of the Contract. Such conflict of interests could arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest. Any conflict of interests which could arise during performance of the Contract must be notified to the Commission in writing without delay. In the event of such conflict, the Contractor shall immediately take all necessary steps to resolve it.

The Commission reserves the right to verify that such measures are adequate and may require additional measures to be taken, if necessary, within a time limit which it shall set. The Contractor shall ensure that his staff, board and directors are not placed in a situation which could give rise to conflict of interests. Without prejudice to Article II.1 the Contractor shall replace, immediately and without compensation from the Commission, any member of his staff exposed to such a situation.

**II.3.2.** The Contractor shall abstain from any contact likely to compromise his independence.

**II.3.3.** The Contractor declares:

- that he has not made and will not make any offer of any type whatsoever from which an advantage can be derived under the Contract,
- that he has not granted and will not grant, has not sought and will not seek, has not attempted and will not attempt to obtain, and has not accepted and will not accept, any advantage, financial or in kind, to or from any party whatsoever, where such advantage constitutes an illegal practice or involves corruption, either directly or indirectly, inasmuch as it is an incentive or reward relating to performance of the Contract.

**II.3.4.** The Contractor shall pass on all the relevant obligations in writing to his staff, board, and directors as well as to third parties involved in performance of the Contract. A copy of the instructions given and the undertakings made in this respect shall be sent to the Commission should it so request.

## **ARTICLE II.4 – PAYMENTS**

**II.4.1.** Pre-financing:

Where required by Article I.4.1, the Contractor shall provide a financial guarantee in the form of a bank guarantee or equivalent supplied by a bank or an authorised financial institution (guarantor) equal to the amount indicated in the same Article to cover pre-financing under the Contract. Such guarantee may be replaced by a joint and several guarantee by a third party.

The guarantor shall pay to the Commission at its request an amount corresponding to payments made by it to the Contractor which have not yet been covered by equivalent work on his part.

The guarantor shall stand as first-call guarantor and shall not require the Commission to have recourse against the principal debtor (the Contractor).

The guarantee shall specify that it enters into force at the latest on the date on which the Contractor receives the pre-financing. The Commission shall release the guarantor from its obligations as soon as the Contractor has demonstrated that any pre-financing has been covered by equivalent work. The guarantee shall be retained until the pre-financing has been deducted from interim payments or payment of the balance to the Contractor. It shall be released the following month. The cost of providing such guarantee shall be borne by the Contractor.

#### II.4.2. Interim payment:

At the end of each of the periods indicated in Annex I the Contractor shall submit to the Commission a formal request for payment accompanied by those of the following documents which are provided for in the Special Conditions:

- an interim technical report in accordance with the instructions laid down in Annex I;
- the relevant invoices indicating the reference number of the Contract to which they refer;
- statements of reimbursable expenses in accordance with Article II.7.

If the report is a condition for payment, on receipt the Commission shall have the period of time indicated in the Special Conditions in which:

- to approve it, with or without comments or reservations, or suspend such period and request additional information; or
- to reject it and request a new report.

If the Commission does not react within this period, the report shall be deemed to have been approved. Approval of the report does not imply recognition either of its regularity or of the authenticity, completeness or correctness of the declarations or information enclosed.

Where the Commission requests a new report because the one previously submitted has been rejected, this shall be submitted within the period of time indicated in the Special Conditions. The new report shall likewise be subject to the above provisions.

#### II.4.3. Payment of the balance:

Within sixty days of completion of the tasks referred to in Annex I the Contractor shall submit to the Commission a formal request for payment accompanied by those of the following documents which are provided for in the Special Conditions:

- a final technical report in accordance with the instructions laid down in Annex I;
- the relevant invoices indicating the reference number of the Contract to which they refer;
- statements of reimbursable expenses in accordance with Article II.7.

If the report is a condition for payment, on receipt the Commission shall have the period of time indicated in the Special Conditions in which:

- to approve it, with or without comments or reservations, or suspend such period and request additional information; or
- to reject it and request a new report.

If the Commission does not react within this period, the report shall be deemed to have been approved. Approval of the report does not imply recognition either of its regularity or of the authenticity, completeness or correctness of the declarations and information enclosed.

Where the Commission requests a new report because the one previously submitted has been rejected, this shall be submitted within the period of time indicated in the Special Conditions. The new report shall likewise be subject to the above provisions.

## **ARTICLE II.5 – GENERAL PROVISIONS CONCERNING PAYMENTS**

**II.5.1.** Payments shall be deemed to have been made on the date on which the Commission's account is debited.

**II.5.2.** The payment periods referred to in Article I.4 may be suspended by the Commission at any time if it informs the Contractor that his payment request is not admissible, either because the amount is not due or because the necessary supporting documents have not been properly produced. In case of doubt on the eligibility of the expenditure indicated in the payment request, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is eligible.

The Commission shall notify the Contractor accordingly and set out the reasons for the suspension by registered letter with acknowledgment of receipt or equivalent. Suspension shall take effect from the date of dispatch of the letter. The remainder of the period referred to in Article I.4 shall begin to run again once the suspension has been lifted.

**II.5.3.** In the event of late payment the Contractor shall be entitled to interest, provided the calculated interest exceeds EUR 200. In case interest does not exceed EUR 200, the Contractor may claim interest within two months of receiving the payment. Interest shall be calculated at the rate applied by the European Central Bank to its most recent main refinancing operations ("*the reference rate*") plus seven percentage points ("*the margin*"). The reference rate in force on the first day of the month in which the payment is due shall apply. Such interest rate is published in the C series of the Official Journal of the European Union. Interest shall be payable for the period elapsing from the calendar day following expiry of the time limit for payment up to the day of payment. Suspension of payment by the Commission may not be deemed to constitute late payment.

## **ARTICLE II.6 – RECOVERY**

- II.6.1.** If total payments made exceed the amount actually due under the Contract or if recovery is justified in accordance with the terms of the Contract, the Contractor shall reimburse the appropriate amount in euro on receipt of the debit note, in the manner and within the time limits set by the Commission.
- II.6.2.** In the event of failure to pay by the deadline specified in the request for reimbursement, the sum due shall bear interest at the rate indicated in Article II.5.3. Interest shall be payable from the calendar day following the due date up to the calendar day on which the debt is repaid in full.
- II.6.3.** The Commission may, after informing the Contractor, recover amounts established as certain, of a fixed amount and due by offsetting, in cases where the Contractor also has a claim on the Union that is certain, of a fixed amount and due. The Commission may also claim against the guarantee, where provided for.

## **ARTICLE II.7 - REIMBURSEMENTS**

- II.7.1.** Where provided by the Special Conditions or by Annex I, the Commission shall reimburse the expenses which are directly connected with execution of the tasks on production of original supporting documents, including receipts and used tickets.
- II.7.2.** Travel and subsistence expenses shall be reimbursed, where appropriate, on the basis of the shortest itinerary.
- II.7.3.** Travel expenses shall be reimbursed as follows:
- a) travel by air shall be reimbursed up to the maximum cost of an economy class ticket at the time of the reservation;
  - b) travel by boat or rail shall be reimbursed up to the maximum cost of a first class ticket;
  - c) travel by car shall be reimbursed at the rate of one first class rail ticket for the same journey and on the same day;
  - d) travel outside Union territory shall be reimbursed under the general conditions stated above provided the Commission has given its prior written agreement.
- II.7.4.** Subsistence expenses shall be reimbursed on the basis of a daily allowance as follows:
- a) for journeys of less than 200 km (return trip) no subsistence allowance shall be payable;
  - b) daily subsistence allowance shall be payable only on receipt of a supporting document proving that the person concerned was present at the place of destination;

c) daily subsistence allowance shall take the form of a flat-rate payment to cover all subsistence expenses, including accommodation, meals, local transport, insurance and sundries;

d) daily subsistence allowance, where applicable, shall be reimbursed at the rate specified in Article I.3.3.

II.7.5. The cost of shipment of equipment or unaccompanied luggage shall be reimbursed provided the Commission has given prior written authorisation.

#### **ARTICLE II.8 – OWNERSHIP OF THE RESULTS - INTELLECTUAL AND INDUSTRIAL PROPERTY**

Any results or rights thereon, including copyright and other intellectual or industrial property rights, obtained in performance of the Contract, shall be owned solely by the Union, which may use, publish, assign or transfer them as it sees fit, without geographical or other limitation, except where industrial or intellectual property rights exist prior to the Contract being entered into.

#### **ARTICLE II.9 – CONFIDENTIALITY**

II.9.1. The Contractor undertakes to treat in the strictest confidence and not make use of or divulge to third parties any information or documents which are linked to performance of the Contract. The Contractor shall continue to be bound by this undertaking after completion of the tasks.

II.9.2. The Contractor shall obtain from each member of his staff, board and directors an undertaking that they will respect the confidentiality of any information which is linked, directly or indirectly, to execution of the tasks and that they will not divulge to third parties or use for their own benefit or that of any third party any document or information not available publicly, even after completion of the tasks.

## **ARTICLE II.10 - USE, DISTRIBUTION AND PUBLICATION OF INFORMATION**

- II.10.1. The Contractor shall authorise the Commission to process, use, distribute and publish, for whatever purpose, by whatever means and on whatever medium, any data contained in or relating to the Contract, in particular the identity of the Contractor, the subject matter, the duration, the amount paid and the reports. Where personal data is concerned, Article I.8 shall apply.
- II.10.2. Unless otherwise provided by the Special Conditions, the Commission shall not be required to distribute or publish documents or information supplied in performance of the Contract. If it decides not to publish the documents or information supplied, the Contractor may not have them distributed or published elsewhere without prior written authorisation from the Commission.
- II.10.3. Any distribution or publication of information relating to the Contract by the Contractor shall require prior written authorisation from the Commission and shall mention the amount paid by the Union. It shall state that the opinions expressed are those of the Contractor only and do not represent the Commission's official position.
- II.10.4. The use of information obtained by the Contractor in the course of the Contract for purposes other than its performance shall be forbidden, unless the Commission has specifically given prior written authorisation to the contrary.

## **ARTICLE II. 11 – TAXATION**

- II.11.1. The Contractor shall have sole responsibility for compliance with the tax laws which apply to him. Failure to comply shall make the relevant invoices invalid.
- II.11.2. The Contractor recognises that the Commission is, as a rule, exempt from all taxes and duties, including value added tax (VAT), pursuant to the provisions of Articles 3 and 4 of the Protocol on the Privileges and Immunities of the European Union.
- II.11.3. The Contractor shall accordingly complete the necessary formalities with the relevant authorities to ensure that the goods and services required for performance of the Contract are exempt from taxes and duties, including VAT.
- II.11.4. Invoices presented by the Contractor shall indicate his place of taxation for VAT purposes and shall specify separately the amounts not including VAT and the amounts including VAT.

## **ARTICLE II.12 – FORCE MAJEURE**

- II.12.1. Force majeure shall mean any unforeseeable and exceptional situation or event beyond the control of the contracting parties which prevents either of them from



performing any of their obligations under the Contract, was not due to error or negligence on their part or on the part of a subcontractor, and could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making it available, labour disputes, strikes or financial problems cannot be invoked as force majeure unless they stem directly from a relevant case of force majeure.

**II.12.2.** Without prejudice to the provisions of Article II.1.8, if either contracting party is faced with force majeure, it shall notify the other party without delay by registered letter with acknowledgment of receipt or equivalent, stating the nature, likely duration and foreseeable effects.

**II.12.3.** Neither contracting party shall be held in breach of its contractual obligations if it has been prevented from performing them by force majeure. Where the Contractor is unable to perform his contractual obligations owing to force majeure, he shall have the right to remuneration only for tasks actually executed.

**II.12.4.** The contracting parties shall take the necessary measures to reduce damage to a minimum.

#### **ARTICLE II.13 – SUBCONTRACTING**

**II.13.1.** The Contractor shall not subcontract without prior written authorisation from the Commission nor cause the Contract to be performed in fact by third parties.

**II.13.2.** Even where the Commission authorises the Contractor to subcontract to third parties, he shall none the less remain bound by his obligations to the Commission under the Contract and shall bear exclusive liability for proper performance of the Contract.

**II.13.3.** The Contractor shall make sure that the subcontract does not affect rights and guarantees to which the Commission is entitled by virtue of the Contract, notably Article II.17.

#### **ARTICLE II.14 – ASSIGNMENT**

**II.14.1.** The Contractor shall not assign the rights and obligations arising from the Contract, in whole or in part, without prior written authorisation from the Commission.

**II.14.2.** In the absence of the authorisation referred to in 1 above, or in the event of failure to observe the terms thereof, assignment by the Contractor shall not be enforceable against and shall have no effect on the Commission.

#### **ARTICLE II.15 – TERMINATION BY THE COMMISSION**

**II.15.1.** The Commission may terminate the Contract in the following circumstances:

- (a) where the Contractor is being wound up, is having his affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) where the Contractor has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which he is established or with those of the country applicable to the Contract or those of the country where the Contract is to be performed;
- (c) where the Commission has evidence or seriously suspects the Contractor or any related entity or person, of professional misconduct;
- (d) where the Commission has evidence or seriously suspects the Contractor or any related entity or person, of fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Union's financial interests;
- (e) where the Commission has evidence or seriously suspects the Contractor or any related entity or person, of substantial errors, irregularities or fraud in the award procedure or the performance of the Contract;
- (f) where the Contractor is in breach of his obligations under Article II.3;
- (g) where the Contractor was guilty of misrepresentation in supplying the information required by the Commission as a condition of participation in the Contract procedure or failed to supply this information;
- (h) where a change in the Contractor's legal, financial, technical or organisational situation could, in the Commission's opinion, have a significant effect on the performance of the Contract;
- (i) where execution of the tasks has not actually commenced within three months of the date foreseen, and the new date proposed, if any, is considered unacceptable by the Commission;
- (j) where the Contractor is unable, through his own fault, to obtain any permit or licence required for performance of the Contract;
- (k) where the Contractor, after receiving formal notice in writing to comply, specifying the nature of the alleged failure, and after being given the opportunity to remedy the failure within a reasonable period following receipt of the formal notice, remains in serious breach of his contractual obligations.

*Calif*

*b*

II.15.2. In case of force majeure, notified in accordance with Article II.12, either contracting party may terminate the Contract, where performance thereof cannot be ensured for a period corresponding to at least to one fifth of the period laid down in Article I.2.3.

II.15.3. Prior to termination under point c), d), e), h) or k), the Contractor shall be given the opportunity to submit his observations.

Termination shall take effect on the date on which a registered letter with acknowledgment of receipt terminating the Contract is received by the Contractor, or on any other date indicated in the letter of termination.

II.15.4. Consequences of termination:

In the event of the Commission terminating the Contract in accordance with this Article and without prejudice to any other measures provided for in the Contract, the Contractor shall waive any claim for consequential damages, including any loss of anticipated profits for uncompleted work. On receipt of the letter terminating the Contract, the Contractor shall take all appropriate measures to minimise costs, prevent damage, and cancel or reduce his commitments. He shall draw up the documents required by the Special Conditions for the tasks executed up to the date on which termination takes effect, within a period not exceeding sixty days from that date.

The Commission may claim compensation for any damage suffered and recover any sums paid to the Contractor under the Contract.

On termination the Commission may engage any other contractor to complete the services. The Commission shall be entitled to claim from the Contractor all extra costs incurred in making good and completing the services, without prejudice to any other rights or guarantees it has under the Contract.

#### **ARTICLE II.15a – SUBSTANTIAL ERRORS, IRREGULARITIES AND FRAUD ATTRIBUTABLE TO THE CONTRACTOR**

Where, after the award of the Contract, the award procedure or the performance of the Contract prove to have been subject to substantial errors, irregularities or fraud, and where such errors, irregularities or fraud are attributable to the Contractor, the Commission may refuse to make payments, may recover amounts already paid or may terminate all the contracts concluded with the Contractor, in proportion to the seriousness of the errors, irregularities or fraud.

#### **ARTICLE II.16 – LIQUIDATED DAMAGES**

Should the Contractor fail to perform his obligations under the Contract within the time limits set by the Contract, then, without prejudice to the Contractor's actual or potential liability incurred in relation to the Contract or to the Commission's right to terminate the Contract, the Commission may decide to impose liquidated damages of 0.2% of the amount

specified in Article I.3.1 per calendar day of delay. The Contractor may submit arguments against this decision within thirty days of notification by registered letter with acknowledgement of receipt or equivalent. In the absence of reaction on his part or of written withdrawal by the Commission within thirty days of the receipt of such arguments, the decision imposing the liquidated damages shall become enforceable. These liquidated damages shall not be imposed where there is provision for interest for late completion. The Commission and the Contractor expressly acknowledge and agree that any sums payable under this Article are in the nature of liquidated damages and not penalties, and represent a reasonable estimate of fair compensation for the losses that may be reasonably anticipated from such failure to perform obligations.

#### **ARTICLE II.17 – CHECKS AND AUDITS**

- II.17.1.** Pursuant to Article 142 of the Financial Regulation applicable to the general budget of the European Union, the European Court of Auditors shall be empowered to audit the documents held by the natural or legal persons receiving payments from the budget of the European Union from signature of the Contract up to five years after payment of the balance.
- II.17.2.** The Commission or an outside body of its choice shall have the same rights as the European Court of Auditors for the purpose of checks and audits limited to compliance with contractual obligations from signature of the Contract up to five years after payment of the balance.
- II.17.3.** In addition, the European Anti Fraud Office may carry out on-the-spot checks and inspections in accordance with Council Regulation (Euratom, EC) No 2185/96 and Parliament and Council Regulation (EC) No 1073/1999 from signature of the Contract up to five years after payment of the balance.

#### **ARTICLE II.18 – AMENDMENTS**

Any amendment to the Contract shall be the subject of a written agreement concluded by the contracting parties. An oral agreement shall not be binding on the contracting parties.

#### **ARTICLE II.19 – SUSPENSION OF THE CONTRACT**

Without prejudice to the Commission's right to terminate the Contract, the Commission may at any time and for any reason suspend execution of the tasks under the Contract or any part thereof. Suspension shall take effect on the day the Contractor receives notification by registered letter with acknowledgment of receipt or equivalent, or at a later date where the notification so provides. The Commission may at any time following suspension give notice to the Contractor to resume the work suspended. The Contractor shall not be entitled to claim compensation on account of suspension of the Contract or of part thereof.

#### **ARTICLE II.20 – DATA PROTECTION**

- II.20.1** The Contractor shall have the right of access to his/her personal data and the right to rectify any such data. Should the Contractor have any queries concerning the

processing of his/her personal data, s/he shall address them to the entity acting as data controller provided for in Article I.8.

**II.20.2** The Contractor shall have right of recourse at any time to the European Data Protection Supervisor.

**II.20.3** Where the Contract requires the processing of personal data by the Contractor, the Contractor may act only under the supervision of the data controller, in particular with regard to the purposes of the processing, the categories of data which may be processed, the recipients of the data, and the means by which the data subject may exercise his/her rights.

**II.20.4** The Contractor shall limit access to the data to the staff strictly necessary for the performance, management and monitoring of the Contract.

**II.20.5** The Contractor undertakes to adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned in order to:

- a) prevent any unauthorised person from having access to computer systems processing personal data, and especially:
  - aa) unauthorised reading, copying, alteration or removal of storage media;
  - ab) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
  - ac) unauthorised using of data-processing systems by means of data transmission facilities;
- b) ensure that authorised users of a data-processing system can access only the personal data to which their access right refers;
- c) record which personal data have been communicated, when and to whom;
- d) ensure that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the contracting institution or body;
- e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
- f) design its organisational structure in such a way that it meets data protection requirements.

**SIGNATURES**

Done at Bussan, on **28 DEC. 2011**

For the Contractor,

Mr Lorenzo De Martinis

Studio Professionale Associato a Baker &  
Mckenzie  
Principal

For the Commission,

[REDACTED]

Authorising Officer by Sub-delegation  
Directorate-General for Internal Market  
and Services

Signature: [REDACTED]

Signature: [REDACTED]

In duplicate in English.

3





GROW)

**From:** I (MARKT)  
**Sent:** 19 December 2011 16:50  
**To:** 'Lorenzo de Martinis - Baker & McKenzie'  
**Cc:** (MARKT); (MARKT)  
**Subject:** Study on Trade Secrets  
**Contacts:** Lorenzo de Martinis

Dear Mr de Martinis

I am responsible in DG Internal Market and Services for the work that we are carrying out in the field of trade secrets, and I am looking forward to work with you and your team on this project.

I understand that the contract for the study on trade secrets, as per invitation to tender MARKT/2011/128/D, is foreseen to be signed during the current month of December. According to the timetable we would be expected to meet two days following the signature of the contract. That will not be possible I will be leaving on vacations this Wednesday and I will only be back to work on the 9th of January.

Therefore, on the assumption that the contract will indeed be signed in the meantime, I would like to ask you whether you would be available to meet here in Brussels during the week of 9 to 13 January.

Kind regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 95  
<mailto:ec.europa.eu>



4



(GROW)

4

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 19 December 2011 19:15  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr.

Thank you for your message. We are still waiting for the contract and we will inform you as soon as the signature process is finalised at our end. I confirm that my colleague Francesca Gaudino (in charge of operative management of the project on our side) and I are available to meet you in Brussels in the week indicated. The best dates for us at this time would be the 12th or the 13th, but we can organize for the other days of the same week if needed. We really look forward to having your thoughts and to meeting you to organize together the startup of the project.

Kind regards,

Lorenzo de Martinis

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto:@ec.europa.eu]  
**Sent:** Monday, December 19, 2011 04:50 PM  
**To:** de Martinis, Lorenzo  
**Cc:** @ec.europa.eu; @ec.europa.eu  
**Subject:** Study on Trade Secrets

Dear Mr de Martinis

I am responsible in DG Internal Market and Services for the work that we are carrying out in the field of trade secrets, and I am looking forward to work with you and your team on this project.

I understand that the contract for the study on trade secrets, as per invitation to tender MARKT/2011/128/D, is foreseen to be signed during the current month of December. According to the timetable we would be expected to meet two days following the signature of the contract. That will not be possible I will be leaving on vacations this Wednesday and I will only be back to work on the 9th of January.

Therefore, on the assumption that the contract will indeed be signed in the meantime, I would like to ask you whether you would be available to meet here in Brussels during the week of 9 to 13 January.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22 99 99 99

mailto:\_\_\_\_\_@ec.europa.eu

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

*Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.*

5





GROW)

5

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 20 December 2011 20:59  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr.

We confirm the meeting as suggested. We look forward to see ' and you on the 12th of January.  
In the meantime we wish you a pleasant Christmas break.

Kind regards,

Lorenzo de Martinis                      Francesca Gaudino

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI – Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Tuesday, December 20, 2011 10:29 AM  
**To:** de Martinis, Lorenzo  
**Cc:** europa.eu; @ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr. de Martinis

Thank you for your prompt reply,

I suggest that we schedule our kick-off meeting for 12/01/12 - Thursday morning at 11:30.  
This way the Head of Unit, may be able to attend.

The meeting will take place at Rue de Spa, 2 - please ask for me at the reception desk and I will come down.

Best regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 95  
mailto: @ec.europa.eu

---

**From:** de Martinis, Lorenzo [<mailto:Lorenzo.de.Martinis@bakermckenzie.com>]  
**Sent:** Monday, December 19, 2011 7:15 PM  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr. :

Thank you for your message. We are still waiting for the contract and we will inform you as soon as the signature process is finalised at our end. I confirm that my colleague Francesca Gaudino (in charge of operative management of the project on our side) and I are available to meet you in Brussels in the week indicated. The best dates for us at this time would be the 12th or the 13th, but we can organize for the other days of the same week if needed. We really look forward to having your thoughts and to meeting you to organize together the startup of the project.

Kind regards,

Lorenzo de Martinis

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [<mailto:@ec.europa.eu>]  
**Sent:** Monday, December 19, 2011 04:50 PM  
**To:** de Martinis, Lorenzo  
**Cc:** @ec.europa.eu; @ec.europa.eu  
**Subject:** Study on Trade Secrets

Dear Mr de Martinis

I am responsible in DG Internal Market and Services for the work that we are carrying out in the field of trade secrets, and I am looking forward to work with you and your team on this project.

I understand that the contract for the study on trade secrets, as per invitation to tender MARKT/2011/128/D, is foreseen to be signed during the current month of December. According to the timetable we would be expected to meet two days following the signature of the contract. That will not be possible I will be leaving on vacations this Wednesday and I will only be back to work on the 9th of January.

Therefore, on the assumption that the contract will indeed be signed in the meantime, I would like to ask you whether you would be available to meet here in Brussels during the week of 9 to 13 January.

Kind regards

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 94 56 11  
<mailto:IS@ec.europa.eu>

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



6



GROW)

6

**From:** (MARKT)  
**Sent:** 05 January 2012 15:02  
**To:** 'de Martinis, Lorenzo'  
**Cc:** Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr de Martinis

First of all I wish you a very good 2012.

I understand that the contract has been sent to you for signature, have you received it?

Looking forward to meet you and Ms Gaudino next week.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22  
<mailto:> [ec.europa.eu](http://ec.europa.eu)

---

**From:** de Martinis, Lorenzo [<mailto:Lorenzo.de.Martinis@bakermckenzie.com>]  
**Sent:** Tuesday, December 20, 2011 8:59 PM  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr.

We confirm the meeting as suggested. We look forward to see / and you on the 12th of January.  
In the meantime we wish you a pleasant Christmas break.

Kind regards,

Lorenzo de Martinis      Francesca Gaudino

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** [redacted]@ec.europa.eu [mailto:[redacted]@ec.europa.eu]  
**Sent:** Tuesday, December 20, 2011 10:29 AM  
**To:** de Martinis, Lorenzo  
**Cc:** [redacted]@ec.europa.eu; [redacted]@ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr. de Martinis

Thank you for your prompt reply,

I suggest that we schedule our kick-off meeting for 12/01/12 - Thursday morning at 11:30.  
This way [redacted], the Head of Unit, may be able to attend.

The meeting will take place at Rue de Spa, 2 - please ask for me at the reception desk and I will come down.

Best regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 9  
mailto:[redacted]@ec.europa.eu

---

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Monday, December 19, 2011 7:15 PM  
**To:** [redacted] (MARKT)  
**Cc:** [redacted] (MARKT); [redacted] (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr. [redacted]

Thank you for your message. We are still waiting for the contract and we will inform you as soon as the signature process is finalised at our end. I confirm that my colleague Francesca Gaudino (in charge of operative management of the project on our side) and I are available to meet you in Brussels in the week indicated. The best dates for us at this time would be the 12th or the 13th, but we can organize for the other days of the same week if needed. We really look forward to having your thoughts and to meeting you to organize together the startup of the project.

Kind regards,

Lorenzo de Martinis

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?



---

**From:** . @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Monday, December 19, 2011 04:50 PM  
**To:** de Martinis, Lorenzo  
**Cc:** @ec.europa.eu; @ec.europa.eu  
**Subject:** Study on Trade Secrets

Dear Mr de Martinis

I am responsible in DG Internal Market and Services for the work that we are carrying out in the field of trade secrets, and I am looking forward to work with you and your team on this project.

I understand that the contract for the study on trade secrets, as per invitation to tender MARKT/2011/128/D, is foreseen to be signed during the current month of December. According to the timetable we would be expected to meet two days following the signature of the contract. That will not be possible I will be leaving on vacations this Wednesday and I will only be back to work on the 9th of January.

Therefore, on the assumption that the contract will indeed be signed in the meantime, I would like to ask you whether you would be available to meet here in Brussels during the week of 9 to 13 January.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 91  
<mailto: @ec.europa.eu>

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.

10/10/2020

10/10/2020

10/10/2020

7



(GROW)

7

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 05 January 2012 19:41  
**To:** : (MARKT)  
**Cc:** Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear

I confirm that we received the contract and I signed it as agreed. Because tomorrow is national holiday here, delivery to should be made early next week.  
We wish a great 2012 to you too! See you next week.

Kind regards,

Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI – Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Thursday, January 05, 2012 03:02 PM  
**To:** de Martinis, Lorenzo  
**Cc:** Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr de Martinis

First of all I wish you a very good 2012.

I understand that the contract has been sent to you for signature, have you received it?

Looking forward to meet you and Ms Gaudino next week.

Kind regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2. B-1049 Brussels  
Tel. (+32) 22  
mailto: @ec.europa.eu

---

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Tuesday, December 20, 2011 8:59 PM  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear

We confirm the meeting as suggested. We look forward to see and you on the 12th of January.  
In the meantime we wish you a pleasant Christmas break.

Kind regards,

Lorenzo de Martinis                      Francesca Gaudino

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Tuesday, December 20, 2011 10:29 AM  
**To:** de Martinis, Lorenzo  
**Cc:** 1@ec.europa.eu; @ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear Mr. de Martinis

Thank you for your prompt reply,

I suggest that we schedule our kick-off meeting for 12/01/12 - Thursday morning at 11:30.  
This way, the Head of Unit, may be able to attend.

The meeting will take place at Rue de Spa, 2 - please ask for me at the reception desk and I will come down.

Best regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 95  
mailto: @ec.europa.eu

---

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Monday, December 19, 2011 7:15 PM  
**To:** (MARKT)  
**Cc:** (MARKT); (MARKT); Gaudino, Francesca  
**Subject:** RE: Study on Trade Secrets

Dear

Thank you for your message. We are still waiting for the contract and we will inform you as soon as the signature process is finalised at our end. I confirm that my colleague Francesca Gaudino (in charge of operative management of the project on our side) and I are available to meet you in Brussels in the week indicated. The best dates for us at this time would be the 12th or the 13th, but we can organize for the other days of the same week if needed. We really look forward to having your thoughts and to meeting you to organize together the startup of the project.

Kind regards,

Lorenzo de Martinis

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Monday, December 19, 2011 04:50 PM  
**To:** de Martinis, Lorenzo  
**Cc:** @ec.europa.eu; @ec.europa.eu  
**Subject:** Study on Trade Secrets

Dear Mr de Martinis

I am responsible in DG Internal Market and Services for the work that we are carrying out in the field of trade secrets, and I am looking forward to work with you and your team on this project.

I understand that the contract for the study on trade secrets, as per invitation to tender MARKT/2011/128/D, is foreseen to be signed during the current month of December. According to the timetable we would be expected to meet two days following the signature of the contract. That will not be possible I will be leaving on vacations this Wednesday and I will only be back to work on the 9th of January.

Therefore, on the assumption that the contract will indeed be signed in the meantime, I would like to ask you whether you would be available to meet here in Brussels during the week of 9 to 13 January.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 95 44 44  
mailto: [ec.europa.eu](mailto:ec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



8



GROW)



**From:** (MARKT)  
**Sent:** 13 January 2012 18:09  
**To:** 'de Martinis, Lorenzo'; Gaudino, Francesca  
**Cc:** ARKT)  
**Subject:** The Lovells Study

Dear Lorenzo and dear Francesca

It was very nice to meet you yesterday and I am looking forward to work with you on this project.

I am sending you the link from where you can find and download the study by Hogan Lovells

[http://ec.europa.eu/commission\\_2010-2014/barnier/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/barnier/index_en.htm)

We have already some reaction



CBI Statement 13  
January 2012....

I have asked our secretary to find a convenient room for the conference in June.

Hogan Lovells having prepared this first study - focused on the legal framework - are very interested in participating in the conference as well.

We will need to further shape the conference later on, but we think it is a good idea that they participate.

I will at some point provide you with information on organisations that have approached us on the topic of trade secrets and also with materials that I have been collecting.

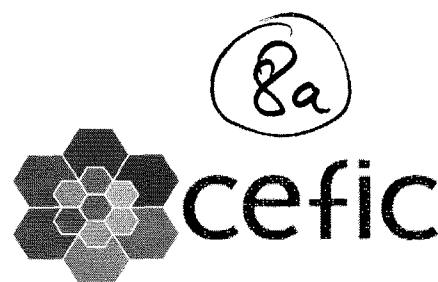
In the meantime, I wish you both a good weekend.

Regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 96  
[@ec.europa.eu](mailto:)



# STATEMENT



## **Statement by Cefic on new study published by the European Commission on trade secrets – confidential business information**

BRUSSELS, January 13, 2012 – Cefic welcomes the study released today by the European Commission on trade secrets. The study is a step in the right direction towards improved legal protection and enforcement of companies' confidential business information (CBI). We support activities of the European Commission in this area as being crucial to innovation and competitiveness, especially for small- and medium-sized enterprises.

Cefic Director General Hubert Mandery said: "It is important for our industry to effectively fight against theft of CBI, which is an important, intangible asset of companies. Greater protection will help their competitiveness and empower them to continue to more confidently invest in research and innovation in Europe."

### **Contacts:**

#### **James Pieper**

Manager, Media Relations

Office: +32 (0)2 6 76 73 98

Mobile: +32 (0)4 91 27 43 61

Email: [jpi@cefic.be](mailto:jpi@cefic.be)

#### **Jean Claude Lahaut**

Secretary General

Office: +32 (0)2 6 76 7203

Email: [jcl@cefic.be](mailto:jcl@cefic.be)

### **Notes to editor:**

#### **R&D spending in the European Union**

With €8.1 billion in 2008, R&D spending in the chemicals industry in the European Union was significant and represented about 4.2 per cent of added value in value terms. In absolute figures, R&D spending in the chemicals industry was valued at an average annual level of €7.8 billion in the European Union during the period from 1998 to 2008.

#### **Economic Importance of the EU chemicals industry**

The EU chemicals sector is a key driver of economic development and wealth creation, providing modern products and materials that enable technical solutions in virtually all parts of the economy. With a workforce of 1.2 million and sales of €491 billion in 2010, it is one of the largest industrial sectors and an important source of direct and indirect employment in many regions of the European Union.

#### **About Cefic**

Cefic, the European Chemical Industry Council, is the Brussels-based organisation representing the European chemicals industry. Created in 1972, it represents 29,000 companies, including SMEs, which produce about 21 per cent of the world's chemicals. For more information, go to [www.cefic.org](http://www.cefic.org) – Cefic's website.

*ends / all*



9





(GROW)

9

**From:** Gaudino, Francesca <Francesca.Gaudino@bakermckenzie.com>  
**Sent:** 13 January 2012 19:17  
**To:** (MARKT)  
**Cc:** (MARKT); de Martinis, Lorenzo  
**Subject:** RE: The Lovells Study

Dear

It was a pleasure also for us meeting you yesterday. The discussion was very useful and it seems that we all share the same enthusiasm for this interesting project.

Thanks for sending the Lovells study. We agree that it's a good idea that Hogan Lovells take part to the conference and on the need to define the conference details at a later stage.

The statement by CEFIC confirms what you anticipated yesterday on the interest on the topic of trade secrets and the need of specific regulation.

As to the date of the conference, we have already informed our team that it will be in June and will wait for you to confirm the date.

Thanks in advance also for the other information that you will be providing to us.

Lorenzo and I, together with all our team, really look forward to working with you and make this project a success.

We wish you all a good weekend,

Best regards,

Lorenzo and Francesca

Francesca Gaudino  
Counsel

Studio Professionale Associato a  
Baker & McKenzie  
3, Piazza Filippo Meda  
20121 Milan, Italy  
Tel: +39 02.76.231.1  
Fax: + 39 02.76.231.501



Do you really need to print this e-mail?  
Think twice and protect the environment, now.

---

**From:** [francesca.gaudino@ec.europa.eu](mailto:francesca.gaudino@ec.europa.eu) [mailto:[francesca.gaudino@ec.europa.eu](mailto:francesca.gaudino@ec.europa.eu)]  
**Sent:** Friday, January 13, 2012 06:09 PM  
**To:** de Martinis, Lorenzo; Gaudino, Francesca  
**Cc:** [francesca.gaudino@ec.europa.eu](mailto:francesca.gaudino@ec.europa.eu)  
**Subject:** The Lovells Study

Dear Lorenzo and dear Francesca

It was very nice to meet you yesterday and I am looking forward to work with you on this project.

I am sending you the link from where you can find and download the study by Hogan Lovells

[http://ec.europa.eu/commission\\_2010-2014/barnier/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/barnier/index_en.htm)

We have already some reaction

<<CBI Statement 13 January 2012.pdf>>

I have asked our secretary to find a convenient room for the conference in June.

Hogan Lovells having prepared this first study - focused on the legal framework - are very interested in participating in the conference as well.

We will need to further shape the conference later on, but we think it is a good idea that they participate.

I will at some point provide you with information on organisations that have approached us on the topic of trade secrets and also with materials that I have been collecting.

In the meantime, I wish you both a good weekend.

Regards

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 91  
mailto: [xxx@ec.europa.eu](mailto:xxx@ec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.

10



(GROW)

10

**From:** (MARKT)  
**Sent:** 26 January 2012 17:08  
**To:** Gaudino, Francesca; 'de Martinis, Lorenzo'  
**Cc:** (MARKT)  
**Subject:** Trade secrets study; meeting and conference; literature

Dear Francesca and Lorenzo

As promised I am forwarding you copies of literature that I have been collecting on trade secrets, some of them with an economic focus.

We should try to book our first progress meeting. I would suggest 9 February in the morning or any day of the subsequent week (13/02 to 17/02).

In the meantime we are trying to book a room for the conference, pointing at 20 of June, and we have to start thinking of how it will be structure.

On a first thought the meeting could have (apart from the opening and closing) 3 main parts:

- 1 - Presentation of the first results based on the literature review and the first interim report
- 2 - Debate, perhaps with a few invited speakers and a moderator
- 3 - The Methodology for the Survey: presentation and debate (what questions should be asked, to whom, through what means, timeline, etc)

We need to think about speakers to be invited. It should include people from the industry that have faced problems with trade secrets infringement.

The importance of Trade Secrets to SMEs should also be addressed. We should also pay special attention to enforcement issues.

To the extent possible with would like to have business organisations but also companies speaking up and participating in the discussion.

We are looking to a room with 120 persons capacity. It may be difficult to get it full but we have to do our best to get as many participants as possible.

I will contact some of the stakeholders that have been showing interest in the topic, get them to spread the word about the conference and perhaps listen to suggestions they may have on the conference (speakers, etc).

Please feel free to come with your ideas and suggestions, and we can always speak on the phone.

Best regards



Jorda on TS \_  
Patent synergy....



1106 Innovative  
firms rely on ...



1011 SEARLE  
determinants of ...



1003 Statistics US  
TS Litigati...



1000 Ottoz  
Cugno.pdf



0806 Lemley\_The  
Virtues of Tre...



0805  
Sherwood-rober...



0805  
mazzone-jason....



0700 Risch.pdf



0503 TS v  
Patents.pdf

**EUROPEAN COMMISSION**

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22 94 12 34

mailto: [ec.europa.eu](mailto:ec.europa.eu)

## Patent and Trade Secret Complementariness: An Unsuspected Synergy

Karl F. Jorda\*

### I. INTRODUCTION

As a matter of intellectual property management policy and strategy, it is important to exploit the overlap between intellectual property categories, especially between patents and trade secrets in order to achieve dual or multiple protection. Patents and trade secrets are not incompatible but dovetail: the former can protect patentable inventions, and the latter, the volumes of important, if not essential, collateral know-how associated with such inventions. This results in synergistic integration of patents and trade secrets and secures almost invulnerable exclusivity. Without the underlying collateral know-how, patent specifications are rarely sufficient for commercial use of patented technology.

Trade secrets often play a very valuable, if not indispensable, role in intellectual property management policies and strategies. Due to existing deep-seated misconceptions about trade secrets and the patent/trade secret interface, it is important to review trade secret law and practice in some detail. Before I do so, I should make it unequivocally clear that my position is not that one should embrace trade secrets instead of patents, nor is it my intention to denigrate patents in any way. What I have practiced in my career, and what I endorse as the best policy and practice, is to obtain patents as the centerpiece in an intellectual property portfolio and maintain trade secrets as underpinnings for patents to protect unpatentable collateral know-how and show-how.

This article will cover operational aspects of intellectual property practice in preference to legalistic issues and will, therefore, be more like a handbook than a treatise. Additionally, it will embody my manifesto on patent and trade secret complementariness. The various chapters will discuss, *inter alia*, the definitions and other attributes and characteristics of trade secrets, the importance of trade secrets and collateral

---

\* Karl F. Jorda, David Rines Professor of Intellectual Property Law & Industrial Innovation and Director, Kenneth J. Germeshausen Center for the Law of Innovation and Entrepreneurship, Franklin Pierce Law Center, Concord, New Hampshire since 1989. Before 1989, he was the Chief Intellectual Property Counsel and Director of the Intellectual Property Department for twenty-six years at Ciba-Geigy Corporation (now Novartis, Syngenta, and others) in Ardsley, New York. He holds M.A. and J.D. degrees from Notre Dame University, Notre Dame, Indiana. Professor Jorda was the 2008 Foulston Siefkin lecturer at Washburn University School of Law.





# Do Innovative Firms Rely on Big Secrets? An Analysis of IP Protection Strategies with the CIS 4 Survey

June, 2011

## Abstract

We investigate whether secrecy is used to protect small or large innovations using the French part of the 2004 Community Innovation Survey 4, which contains a large section dedicated to the use of intellectual property (IP) protection instruments by the surveyed firms. While the patent system's aim is that firms apply to patent their innovations, especially the most important ones, Anton and Yao (2004) argue that large innovations will rather be protected by secrecy because of the legal uncertainty surrounding IP rights. In line with the predictions of their model, our bivariate probit analysis show that, in the intermediate goods industry, small innovations are patented while secrecy is used to protect large ones. For very innovative small firms, the share of innovative sales in total sales has a negative effect on patent application. These findings support the view that many innovative firms regard patent-filing as no more secure than secrecy, which therefore limits the diffusion of knowledge.

**JEL Codes:** D23; K13; O32; O34.

**Keyword:** Intellectual property; innovation; secrecy; patenting behavior.



# **The Determinants of Trade Secret Intensity: Evidence from the Economic Espionage Act**

10c

## **Abstract**

The paper presents an empirical analysis of the determinants of trade secret intensity. Using evidence gathered from prosecutions under the Economic Espionage Act of 1996, the paper seeks to understand the nature of the use of trade secrets via an empirical analysis using regression tools. The primary purpose is to establish the relationship between the use of trade secrets and the factors that influence this, with a focus on firm size. The evidence suggests that smaller firms use trade secrets more intensely and agrees with the findings of other authors. Furthermore, the results of a treatment effects model suggest that outsiders to the firm are responsible for more damaging trade secret theft than insiders.

Nicola Searle, ncs5@st-andrews.ac.uk

ESRC Research Fellow at the U.K. Intellectual Property Office  
Centre for Research in Industry, Enterprise, Finance and the Firm (CRIEFF)  
School of Economics & Finance, University of St Andrews, Scotland  
St. Salvator's College, KY16 9AL

Working paper presented at the 5th Annual Conference of the EPIP Association held at Maastricht University, Maastricht, the Netherlands, September 20-21, 2010

JEL Codes: K14, O34

Keywords: Economic Espionage Act, Trade Secrets, Intellectual Property, and Insider Theft

Date of Draft: September 10, 2010.

I would like to thank the Horowitz Foundation for Social Research for their generous support of this project. I would also like to thank the U.K. Intellectual Property Office, Professor Gavin C. Reid and the Centre for Research in Industry, Enterprise, Finance and the Firm.



10d

## A Statistical Analysis of Trade Secret Litigation in Federal Courts

David S. Almeling,<sup>1</sup> Darin W. Snyder,<sup>2</sup> Michael Sapoznikow,<sup>3</sup>  
Whitney E. McCollum,<sup>4</sup> and Jill Weader<sup>5</sup>

### TABLE OF CONTENTS

I. INTRODUCTION.....	292
II. METHODOLOGY .....	295
A. <i>There Is Little Statistical Analysis on Trade Secrets</i> .....	295
B. <i>Selection of Opinions</i> .....	298
C. <i>Coding of Opinions</i> .....	300
D. <i>Limitations of the Methodology</i> .....	300
III. TRADE SECRET LITIGATION IN FEDERAL COURTS .....	301
A. <i>In the Past 50 Years, the Number of Trade Secret Cases Has         Grown Exponentially</i> .....	301
B. <i>Most Alleged Misappropriators Are Someone the Trade Secret         Owner Knows—Either an Employee or a Business Partner</i> .....	302
C. <i>Trade Secrets Divide Evenly Into Two Types: Internal Business         Information and Technical Information</i> .....	304
D. <i>Courts Apply Statutes More Often Than Common Law, and the         Substantive Law of Illinois Is Applied the Most Often</i> .....	306
E. <i>Courts in Illinois and California Are the Most Active</i> .....	309
F. <i>Courts Cite the Restatement (First) of Torts with Decreasing         Frequency, and Over 25% of Courts Cite Persuasive Authority</i> ....	310
G. <i>Choice-of-Law Disputes Are Increasing</i> .....	312
IV. WHO WINS TRADE SECRET LITIGATION, WHEN, AND WHY .....	313
A. <i>The Who: A Trade Secret Owner's Likelihood of Success         Depends in Part on Whether It Sues an Employee or Business         Partner</i> .....	313

1. Associate, O'Melveny & Myers LLP. The authors collectively thank James Pooley, Charles Tait Graves, Josh Lerner, Mark Hall, Michael Spillner, Barton Beebe, Matthew Lynde, Timothy Pomarole, Christopher Sabis, Mark Miller, Eric Amdursky, and Luann Simmons for their comments on earlier drafts. We also thank Stacey Drucker for her assistance. This article does not purport to represent the views of O'Melveny & Myers LLP or its clients.

2. Partner, O'Melveny & Myers LLP. Mr. Snyder is Chair of the Intellectual Property and Technology Practice of O'Melveny & Myers.

3. Counsel, O'Melveny & Myers LLP.

4. Associate, O'Melveny & Myers LLP.

5. Associate, O'Melveny & Myers LLP.

B. <i>The When: Over 80% of Decisions Coded Fell Into Three Types of Procedural Postures, and the Moving Party Has a Significant Chance of Success</i> .....	315
C. <i>The Why: Why Courts Reach the Decisions They Do</i> .....	317
1. The Prima Facie Trade Secret Case: Courts Are Most Likely To Decide Cases on Validity or Misappropriation.....	318
2. One Element of the Prima Facie Case in Depth: Agreements with Employees and Third Parties Are the Key to Reasonable Measures .....	321
3. Courts Infrequently Address Affirmative Defenses in the Coded Cases .....	324
V. CONCLUSION .....	326
APPENDIX A .....	328

## I. INTRODUCTION

This article presents, for the first time, a statistical analysis of trade secret litigation in federal courts.

Given the large and growing role of trade secrets in the U.S. economy, this article's first-in-kind status is surprising. Intellectual property ("IP") generally, and trade secrets specifically, are big business. Economists estimate that IP in the U.S. is worth about \$5 trillion, which is equivalent to almost half of the U.S. economy.<sup>6</sup> There is little data on the exact value of trade secrets because trade secrets are, by definition, secret. Economists nonetheless estimate that trade secrets are a large and increasing percentage of IP.<sup>7</sup> The theft of trade secrets is also big business, costing companies as much as \$300 billion per year.<sup>8</sup>

6. ROBERT J. SHAPIRO & KEVIN A. HASSETT, *supported by USA FOR INNOVATION, THE ECONOMIC VALUE OF INTELLECTUAL PROPERTY* 3-8 (2005), available at <http://www.sonecon.com/docs/studies/IntellectualPropertyReport-October2005.pdf>. For additional estimates on the value of intangible assets or IP to the United States economy, see Fen Gu & Baruch Lev, *The Information Content of Royalty Income*, 18 ACCOUNTING HORIZONS 1, 1 (2004); Baruch Lev, *Remarks on the Measurement, Valuation, and Reporting of Intangible Assets*, FRBNY ECON. POL'Y REV. 17, 17 (2003).

7. See generally NAT'L INTELLECTUAL PROP. LAW ENFORCEMENT COORDINATION COUNCIL, REPORT TO THE PRESIDENT AND CONGRESS ON COORDINATION OF INTELLECTUAL PROPERTY ENFORCEMENT AND PROTECTION (2006), available at [http://www.commerce.gov/opa/press/Secretary\\_Gutierrez/2006\\_Releases/September/2006%20IP%20report.pdf](http://www.commerce.gov/opa/press/Secretary_Gutierrez/2006_Releases/September/2006%20IP%20report.pdf); Wesley M. Cohen et al., *Protecting Their Intellectual Property Assets: Appropriability Conditions and Why U.S. Manufacturing Firms Patent (Or Not)*, (Nat'l Bureau of Econ. Research, Working Paper No. 7552, 2000), available at <http://www.nber.org/papers/w7552>.

8. OFFICE OF THE NAT'L COUNTERINTELLIGENCE EXECUTIVE, ANNUAL REPORT TO CONGRESS ON FOREIGN ECONOMIC COLLECTION AND INDUSTRIAL ESPIONAGE—2002 vii (2003), available at <http://www.fas.org/irp/ops/ci/docs/2002.pdf>. Other studies find different numbers, depending on the methodology used. Compare AM. SOC'Y FOR INDUS.

# Choosing the Scope of Trade Secret Law when Secrets Complement Patents

Elisabetta Ottoz<sup>a,b</sup>, Franco Cugno

Department of Economics, University of Turin

**Abstract.** We present a model where an incumbent firm has a proprietary product whose technology consists of at least two components, one of which is patented while the other is kept secret. At the patent expiration date, an entrant firm will enter the market on the same technological footing as the incumbent if it is successful in duplicating, at certain costs, the secret component of the incumbent's technology. Otherwise, it will enter the market with a production cost disadvantage. We show that under some conditions a broad scope of trade secret law is socially beneficial.

*JEL classification:* O31, O34

*Keywords:* Knowledge spillovers, Duplication costs, Covenants not to compete, Inevitable disclosure

## 1. Introduction

Since patents and trade secrets have generally been perceived as mutually exclusive, with few exception the law and economics literature has separately concentrated on the design of optimal patent policy and on the design of optimal trade secret policy.<sup>1</sup> However, while the interest in optimal patent design is long standing and has given rise to large literature in the field, whose origins can be dated back to Nordhaus (1969),<sup>2</sup> the issue of the optimal strength of trade secret protection has received little attention until a short time ago. Only recently, starting from a provocative paper by Bone (1998), some authors have widely discussed the question of whether trade secret deserves a legal protection which goes beyond the contract law or the tort law.<sup>3</sup> In the words of Lemley (2008), "Trade secret law is a

<sup>a</sup> *Corresponding author at:* Department of Economics, University of Turin, via Po 53, I-10124 Turin, Italy. Tel: +39 011 670 4917. E-mail address: [elisabetta.ottoz@unito.it](mailto:elisabetta.ottoz@unito.it).

<sup>b</sup> We would like to thank Luigi Franzoni who pointed out a fatal error in a preceding draft. The usual caveat applies.

<sup>1</sup> In some papers the choice between patent and trade secret protection is explicitly considered, but the strength of trade secret protection is treated as exogenous (e.g., Gallini, 1992; Denicolò and Franzoni, 2008; Cugno and Ottoz, 2006). For a discussion regarding the interplay between optimal patent and trade secret protection, see Erkal (2004). A general discussion on how innovator can prefer secret to patent protection can be found in Friedman, Landes and Posner (1991).

<sup>2</sup> A selection of the first contributions includes Tandon (1982), Gilbert and Shapiro (1990), Klemperer (1990), Gallini (1992).

<sup>3</sup> Previously, Friedman, Landes and Posner (1991) have yet maintained that, since the law does not protect against the loss of trade secrets by accident or by reverse engineering, there is in a sense no





109

# **The Surprising Virtues of treating Trade Secrets as IP Rights**

**Mark A. Lemley**

John M. Olin Program in Law and Economics  
Stanford Law School  
Working Paper No. 358  
June 2008

This paper can be downloaded without charge from the  
Social Science Research Network





## Trade Secret Protection: Help for a Treacherous Journey

Robert M. Sherwood\*

### I. INTRODUCTION

This article seeks to augment Professor Karl Jorda's article, *Patent and Trade Secret Complementariness: An Unsuspected Synergy*,<sup>1</sup> by considering public policy aspects of trade secret protection. It does so through a time-sequenced examination of the interplay between trade secret protection and patents as new technology travels the treacherous path from laboratory to marketplace. To sharpen the focus, this article concentrates on conditions in the United States and in an advanced developing country, Brazil. It does so with particular reference to efforts by universities in both countries to commercialize their research results. This article argues that trade secret protection, although little-noticed, makes a critical contribution to the legal infrastructure needed to support the journey of new technology along that pathway and notes the role judges play in supporting that journey. Without that infrastructure, newly created technology is much less useful as an engine of economic growth.

Aside from the assistance this article may provide for business lawyers, planners, and managers,<sup>2</sup> this article aspires to offer deeper insights

---

\* Robert M. Sherwood, an international business lawyer, author, researcher, and consultant, has written extensively about intellectual property and judicial system performance in relation to economic development in developing countries. He has spent a total of over two years in Brazil talking with hundreds of people who form the intellectual property community: government officials, media, lawyers, engineers, business managers, agricultural leaders, university officials, research scientists, and business association officers. The author wishes to thank Cristina Theodore Assimakopoulos, Walter Bayer, Edwin Einstein, José Antonio Faria Correa, Elisabeth Fekete, Karl Jorda, William Lambert, the Honorable Pauline Newman, Henry Sherrill, Fernando de Assis Torres, and Bernardo Camacho for valuable assistance and Anne Zimmer for review of this paper in an earlier version. Errors are the author's responsibility.

1. Karl Jorda, *Patent and Trade Secret Complementariness: An Unsuspected Synergy*, 48 WASHBURN L.J. 1 (2008). Professor Jorda's article serves well as a context for better understanding risk assessment and risk reduction, particularly in the setting of a large corporation. Business students assigned to prepare business plans will find that Professor Jorda's article provides useful insights into complex decisions that can have major consequences for a start-up company. Business managers in an established firm may find guidance for spotting more effective means to protect critical technology from competitor predation.

2. A useful, well-written handbook for business managers is DENNIS UNKOVIC, *THE TRADE SECRETS HANDBOOK: STRATEGIES AND TECHNIQUES FOR SAFEGUARDING CORPORATE INFORMATION* (1985).



104

## The Secret Life of Patents

Jason Mazzone\* & Matthew Moore<sup>+</sup>

### I. INTRODUCTION

Secrecy is not a characteristic of the age in which we live. The Internet brings virtually endless information to our laptops and cell phones. Websites make both facts and falsehoods available at a keystroke, often without any indication of which is which. Use of e-mail and instant messaging has eroded physical distances and social barriers. GPS devices help us navigate streets and forests, while enabling other people to know exactly where we are. Computers collect and analyze our online browsing and buying habits. Court cases, property prices, campaign contributions, and other governmental records of our lives are all available for anyone with a web browser and an interest to read. Blogs, chat rooms, and webcams let strangers into our minds and into our homes. With increasing popularity, social networking sites encourage people to volunteer personal information—from their demographic characteristics to their musical tastes—for strangers to peruse.

Most of the time, we welcome and thrive on this kind of openness. Yet just as new technologies allow us to connect and to share with other people, the same technologies also make it more difficult to keep private those things we do not want others to know. Most private information has little value to anyone else—even when the information is vulnerable, no one has an incentive to discover it or tell others about it. However, certain secrets are valuable; in fact, some are worth billions of dollars to their keepers. The secret recipes that built the Coca-Cola Company and PepsiCo are obvious examples. Many other individuals, proprietors, and entities hold commercially valuable secrets, such as a formula or method, a blueprint, a customer list, a database, a developing invention, or the results of clinical trials. Though it is hard to quantify

---

\* Associate Professor of Law, Brooklyn Law School. Professor Mazzone teaches constitutional law and intellectual property law. He is the author of *Copyfraud and Other Abuses of Intellectual Property*, forthcoming from Stanford University Press in 2009.

<sup>+</sup> J.D. Candidate 2009, Brooklyn Law School. Mr. Moore has worked in the music business for more than a decade. His work has included protection and enforcement of recording artists' royalty rights, music publishing, and various positions at both major and independent record labels in New York and London. The authors are grateful to Tom Volper for his helpful suggestions. This article was supported, in part, by a Dean's Summer Research Stipend from Brooklyn Law School. Gary Miller provided excellent research assistance.



## ARTICLES

### WHY DO WE HAVE TRADE SECRETS?

MICHAEL RISCH \*

INTRODUCTION .....	3
I. TRADE SECRETS AND THEIR HISTORY .....	6
A. <i>Trade Secret Basics</i> .....	6
1. Definition of a Trade Secret .....	6
2. Trade Secret Misappropriation .....	8
3. Differentiation from Other Intellectual Property .....	11
B. <i>Brief History of Trade Secret Law</i> .....	13
II. PROPERTY AS A POTENTIAL JUSTIFICATION .....	15
A. <i>Defining Property</i> .....	16
1. Exclusivity Theory .....	16
2. Integrated Theory .....	17
3. Bundle Theory .....	18
4. An Alternate Categorization .....	18
B. <i>Collateral Property</i> .....	19
C. <i>Substantive Property Rights</i> .....	21
D. <i>The Bundle of Rights</i> .....	23
III. THE JUSTIFICATION FOR TRADE SECRETS .....	26
A. <i>Economic Justification of Trade Secrets</i> .....	26
B. <i>Philosophical Justification of Trade Secrets</i> .....	28
1. Labor Value Theory .....	28
2. Original Position Theory .....	33
C. <i>Populist Justification</i> .....	35
IV. THE MARGINAL UTILITY OF TRADE SECRETS .....	37

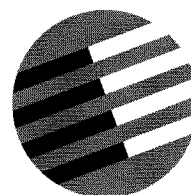
---

\* Olin Fellow in Law, Stanford Law School; Of Counsel, Russo & Hale LLP, Palo Alto, California. Associate Professor, West Virginia University College of Law, beginning Fall 2007. J.D., University of Chicago; A.B., Stanford University. The views expressed in this Article are my own. I would like to thank Robert Bone, Vincent Chiappetta, Eric Goldman, Tim Hale, John Kelley, Daniel Klerman, Mark Lemley, and Douglas Lichtman for their helpful comments. Any shortcomings that remain are due to my failure to heed their advice. Thank you as well to Julie Amador-Risch for early reality checks on this topic.

## 2 MARQUETTE INTELLECTUAL PROPERTY LAW REVIEW [Vol. 11:1]

A. <i>Only Some Information May Be Protected</i> .....	37
1. Economic Value Due to Secrecy.....	38
a. <i>Forced Disclosure</i> .....	39
b. <i>No Liability</i> .....	41
2. Requiring No More than Reasonable Efforts to Maintain Secrecy .....	42
3. Requiring at Least Reasonable Efforts to Maintain Secrecy.....	44
4. Non-Continuous Use .....	48
B. <i>Liability Only Accrues Under Limited Circumstances</i> .....	49
1. The Use of Improper Means .....	50
2. Determining How the Competitor Obtained the Information.....	52
a. <i>Reverse Engineering and Independent             Discovery</i> .....	53
b. <i>Readily Ascertainable</i> .....	54
C. <i>Enforcement and Remedies</i> .....	58
1. Loss to the Owner .....	58
2. Unjust Enrichment.....	58
3. Attorneys' Fees .....	59
4. Injunction.....	59
D. <i>Enforcement Costs and Detection</i> .....	61
1. Little Known Effect on the Arms Race.....	62
2. Incentives to Litigate .....	63
3. Litigation and Detection Costs.....	64
CONCLUSION.....	67
APPENDIX: AN ILLUSTRATIVE EXAMPLE .....	68
A. <i>No Trade Secrets</i> .....	69
B. <i>Basic Trade Secret Assumptions</i> .....	71
C. <i>Competitor Has a Higher Value</i> .....	72
D. <i>Attorneys' Fees</i> .....	74
E. <i>Unjust Enrichment and Fee Shifting</i> .....	74





GOVERNANCE AND THE EFFICIENCY  
OF ECONOMIC SYSTEMS  
**GESY**

Discussion Paper No. 37

## Is Silence Golden? Patents versus Secrecy at the Firm Level

Katrin Hussinger\*

March 2005

\*Katrin Hussinger, Center for European Economic Research (ZEW), P.O. Box 103443, D-68304 Mannheim, Germany,  
hussinger@zew.de

Financial support from the Deutsche Forschungsgemeinschaft through SFB/TR 15 is gratefully acknowledged.

Sonderforschungsbereich/Transregio 15 · [www.gesy.uni-mannheim.de](http://www.gesy.uni-mannheim.de)  
Universität Mannheim · Freie Universität Berlin · Humboldt-Universität zu Berlin · Ludwig-Maximilians-Universität München  
Rheinische Friedrich-Wilhelms-Universität Bonn · Zentrum für Europäische Wirtschaftsforschung Mannheim

Speaker: Prof. Konrad Stahl, Ph.D. · Department of Economics · University of Mannheim · D-68131 Mannheim,  
Phone: +49(0621)1812786 · Fax: +49(0621)1812785



**The rest of documents 10a to 10j have been removed. Full documents are accessible in the Internet or in specialised databases (e.g. ssrn).**



11



(GROW)

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 26 January 2012 19:11  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: Trade secrets study; meeting and conference; literature

Dear

Thank you for your message and for the materials, that we have already circulated in the workgroup.

Regarding your proposed structure for the meeting, it looks good at first sight and we will get back with specific comments early next week.

On the dates for our first progress meeting we suggest February 16 or 17 (timing to be agreed). Apart from that, we would like to share with you over the phone certain operational choices in order to make sure that we proceed in line with your expectations. Would you be available tomorrow, anytime after 1pm? Otherwise Monday?

Have a nice evening,

Francesca and Lorenzo

Lorenzo de Martinis  
 Partner  
 Studio Professionale Associato a  
 Baker & McKenzie  
 Piazza Filippo Meda, 3  
 20121 Milano MI - Italy  
 Tel: +39 02 76231 334  
 Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Thursday, January 26, 2012 05:08 PM  
**To:** Gaudino, Francesca; de Martinis, Lorenzo  
**Cc:** @ec.europa.eu  
**Subject:** Trade secrets study; meeting and conference; literature

Dear Francesca and Lorenzo

As promised I am forwarding you copies of literature that I have been collecting on trade secrets, some of them with an economic focus.

We should try to book our first progress meeting. I would suggest 9 February in the morning or any day of the subsequent week (13/02 to 17/02).

In the meantime we are trying to book a room for the conference, pointing at 20 of June, and we have to start thinking of how it will be structure.

On a first thought the meeting could have (apart from the opening and closing) 3 main parts:

- 1 - Presentation of the first results based on the literature review and the first interim report
- 2 - Debate, perhaps with a few invited speakers and a moderator

3 - The Methodology for the Survey: presentation and debate (what questions should be asked, to whom, through what means, timeline, etc)

We need to think about speakers to be invited. It should include people from the industry that have faced problems with trade secrets infringement.

The importance of Trade Secrets to SMEs should also be addressed. We should also pay special attention to enforcement issues.

To the extent possible we would like to have business organisations but also companies speaking up and participating in the discussion.

We are looking to a room with 120 persons capacity. It may be difficult to get it full but we have to do our best to get as many participants as possible.

I will contact some of the stakeholders that have been showing interest in the topic, get them to spread the word about the conference and perhaps listen to suggestions they may have on the conference (speakers, etc).

Please feel free to come with your ideas and suggestions, and we can always speak on the phone.

Best regards

<<Jorda on TS & Patent synergy.pdf>> <<1106 Innovative firms rely on secrets.pdf>> <<1011 SEARLE determinants of TS intensity.pdf>> <<1003 Statistics US TS Litigation.pdf>> <<1000 Otton Cugno.pdf>> <<0806 Lemley\_The Virtues of Treating TS as IP.pdf>> <<0805 Sherwood-robert.pdf>> <<0805 mazzone-jason.pdf>> <<0700 Risch.pdf>> <<0503 TS v Patents.pdf>>

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 96  
<mailto:> [cec.europa.eu](mailto:cec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



12



(GROW)

12

**From:** (MARKT)  
**Sent:** 27 January 2012 09:22  
**To:** 'de Martinis, Lorenzo'  
**Cc:** Gaudino, Francesca  
**Subject:** RE: Trade secrets study; meeting and conference; literature

Dear Francesca and Lorenzo

I will be available this afternoon from 3 to 4, so please feel free to call me (+32) 22 9 1).

As for the February meeting both days are good to me and from what I see they are also good to

Let me know which of those days would work better for you and let me know the approximate hour as well so that I can block agenda.

is not around today and he will only be back Tuesday, we could then confirm the final date and hour.

Regards

EUROPEAN COMMISSION  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 9 1  
<mailto:ec.europa.eu>

---

**From:** de Martinis, Lorenzo [<mailto:Lorenzo.de.Martinis@bakermckenzie.com>]  
**Sent:** Thursday, January 26, 2012 7:11 PM  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: Trade secrets study; meeting and conference; literature

Dear .

Thank you for your message and for the materials, that we have already circulated in the workgroup.

Regarding your proposed structure for the meeting, it looks good at first sight and we will get back with specific comments early next week.

On the dates for our first progress meeting we suggest February 16 or 17 (timing to be agreed). Apart from that, we would like to share with you over the phone certain operational choices in order to make sure that we proceed in line with your expectations. Would you be available tomorrow, anytime after 1pm? Otherwise Monday?

Have a nice evening,

Francesca and Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Thursday, January 26, 2012 05:08 PM  
**To:** Gaudino, Francesca; de Martinis, Lorenzo  
**Cc:** @ec.europa.eu  
**Subject:** Trade secrets study; meeting and conference; literature

Dear Francesca and Lorenzo

As promised I am forwarding you copies of literature that I have been collecting on trade secrets, some of them with an economic focus.

We should try to book our first progress meeting. I would suggest 9 February in the morning or any day of the subsequent week (13/02 to 17/02).

In the meantime we are trying to book a room for the conference, pointing at 20 of June, and we have to start thinking of how it will be structure.

On a first thought the meeting could have (apart from the opening and closing) 3 main parts:

- 1 - Presentation of the first results based on the literature review and the first interim report
- 2 - Debate, perhaps with a few invited speakers and a moderator
- 3 - The Methodology for the Survey: presentation and debate (what questions should be asked, to whom, through what means, timeline, etc)

We need to think about speakers to be invited. It should include people from the industry that have faced problems with trade secrets infringement.

The importance of Trade Secrets to SMEs should also be addressed. We should also pay special attention to enforcement issues.

To the extent possible with would like to have business organisations but also companies speaking up and participating in the discussion.

We are looking to a room with 120 persons capacity. It may be difficult to get it full but we have to do our best to get as many participants as possible.

I will contact some of the stakeholders that have been showing interest in the topic, get them to spread the word about the conference and perhaps listen to suggestions they may have on the conference (speakers, etc).

Please feel free to come with your ideas and suggestions, and we can always speak on the phone.

Best regards

<<Jorda on TS & Patent synergy.pdf>> <<1106 Innovative firms rely on secrets.pdf>> <<1011 SEARLE determinants of TS intensity.pdf>> <<1003 Statistics US TS Litigation.pdf>> <<1000 Ottoz Cugno.pdf>> <<0806 Lemley\_The Virtues of Treating TS as IP.pdf>> <<0805 Sherwood-robert.pdf>> <<0805 mazzone-jason.pdf>> <<0700 Risch.pdf>> <<0503 TS v Patents.pdf>>

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 9  
mailto: @ec.europa.eu

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



13





**From:** (MARKT)  
**Sent:** 27 January 2012 17:06  
**To:** 'de Martinis, Lorenzo'; Gaudino, Francesca  
**Subject:** Meeting in February

Hi there

From our part it would be better if the meeting could take place on the 17 Feb, instead of the 16th - we have a big meeting already being planned for 16 Feb. It will take the whole morning.

16 Feb in the afternoon is also a possibility, if you prefer so.

Have a nice weekend;

Regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22  
[@ec.europa.eu](mailto:)



14



(GROW)

14

**From:** (MARKT)  
**Sent:** 07 February 2012 11:14  
**To:** 'Francesca.Gaudino@bakermckenzie.com'  
**Cc:** (MARKT)  
**Subject:** FW: Trade Secrets Study - Research Material

Dear Ms Gaudino,

Just picking up on this issue, I am afraid that we don't have any specific contacts in Eurostat. However, the contact details of the author of the report are as follows:

[@ec.europa.eu](mailto:@ec.europa.eu); +(352)

You might like to consider contacting him directly.

Best regards,

**EUROPEAN COMMISSION**  
Directorate General Internal Market and Services  
INTELLECTUAL PROPERTY  
Unité D3: Fight against counterfeiting and piracy  
Rue de la Loi 200 (Office SPA2)  
B-1049 Brussels - Belgium

Tel. +32 2 29

[@ec.europa.eu](mailto:@ec.europa.eu)

[http://ec.europa.eu/internal\\_market/iprenforcement/index\\_en.htm](http://ec.europa.eu/internal_market/iprenforcement/index_en.htm)

---

**From:** (MARKT)  
**Sent:** Friday, February 03, 2012 4:58 PM  
**To:** 'Gaudino, Francesca'  
**Cc:** de Martinis, Lorenzo; (MARKT)  
**Subject:** RE: Trade Secrets Study - Research Material

Dear Francesca

I have no contact person in Eurostat

I am leaving now and I am only coming back on Wednesday

I am putting my colleague in copy, hoping that he may help you during my absence.

Regards

**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2. B-1049 Brussels  
Tel. (+32) 22  
[mailto:](mailto:mailto:)

[@ec.europa.eu](mailto:@ec.europa.eu)

---

**From:** Gaudino, Francesca [<mailto:Francesca.Gaudino@bakermckenzie.com>]  
**Sent:** Friday, February 03, 2012 4:47 PM  
**To:** (MARKT)  
**Cc:** de Martinis, Lorenzo  
**Subject:** Trade Secrets Study - Research Material

Dear :

I hope this mail finds you well.

In the course of our research we found an interesting research performed by EuroStat. The link to this research is the following:

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-07-091/EN/KS-SF-07-091-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-07-091/EN/KS-SF-07-091-EN.PDF); I also attach a pdf document of the research for your convenience.

We are interested in the complete results of the survey and we are thinking about contacting EuroStat to see if they are available to provide this material to us. Before proceeding, we wanted to touch base with you in order to ask if you have any contact person at EuroStat to whom we can address our request or if you can have access to the research material directly.

Thanks in advance for your inputs.

Best regards,  
Francesca

Francesca Gaudino  
Counsel

Studio Professionale Associato a  
Baker & McKenzie  
3, Piazza Filippo Meda  
20121 Milan, Italy  
Tel: +39 02.76.231.1  
Fax: + 39 02.76.231.501



Do you really need to print this e-mail?  
Think twice and protect the environment, now.

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.

15





**From:** (MARKT)  
**Sent:** 22 February 2012 10:13  
**To:** Gaudino, Francesca (Francesca.Gaudino@bakermckenzie.com)  
**Cc:** de Martinis, Lorenzo (Lorenzo.de.Martinis@bakermckenzie.com); (MARKT)  
**Subject:** Trade Secrets Coalition + Impact Assessment material

Dear Francesca

Some of the companies more concerned with the state of affairs of the protection of trade secrets in the EU are gathered in the Trade Secret & Innovation Coalition.

The Coalition's is represented by , assisted by , both from H+K Strategies with office in Brussels.

called me yesterday asking whether they could contact you as they are interested in the upcoming study and survey.

Although the study must be conducted in objective and unbiased manner, rather than driven by lobbying, I think that the Coalition (being formed by companies that face the real challenges in protecting adequately their confidential business information, know-how and technologies) is one source of information that should not be ignored.

I also think that the Coalition, through some of its members, could give a positive contribution to the conference, by providing for example real life experiences and case studies.

Therefore, with your permission, I propose to forward your email address and telephone number to so that they can contact you directly. Please let me know if this ok for you.

As you will see, the Coalition is mostly formed by companies of an International dimension; and while their views are certainly relevant, we must strive to identify other stakeholders, either big or small, that so far have not been involved. I must therefore stress that one of the objectives of the project we have in hands, and on which we trust you will be able to help, is to try to reach those whose voice cannot be heard in Brussels, and in particular the SMEs, across different economic sectors and Member States.

Finally, I attach some information on the Coalition, its members, its views and aims.



TSIC - Position  
Paper.pdf



TSIC - Trade  
Secret Rights in ...



TSIC - Case  
studies (coalitio...

As promised on our last meeting I am also providing you with material sent to me by the Analysis, Impact and Evaluation unit), on the impact assessment.

(my colleague from

A) Defining the Problem

- Nature of the problem with clear evidence (quantitative and qualitative data)
- Who is most affected (directly and indirectly)
- Scale of the problem
- Drivers or underlying causes of the problem (market or regulatory failure)
- Baseline scenario - how the problem is likely to develop in the future without action

B) Objectives - to tackle the problems identified in A

C) Options - that meet the objectives and thus tackle problems

- There should be wide but credible range of options to tackle the problems
- Options on the content first, than decision about the instrument
- There should be always a "no policy change" option
- Options should be analysed qualitatively and as much as possible quantified (e.g. cost savings, time saving, etc). Analysis should include
  - economic impacts (GDP, SMEs, competition, innovation, cross border trade and investment, international aspects)
  - social (job lost/created)
  - distribution effects (across stakeholder groups, markets, countries)
  - environment (if relevant)
  - administrative burden
- Cost benefit analysis
- The impact of different stakeholders group should be analysed as well (winners and losers)
- Finally options are compared to see how they meet the objectives

Link to the Impact Assessment Website: [http://ec.europa.eu/governance/impact/index\\_en.htm](http://ec.europa.eu/governance/impact/index_en.htm)

The Impact Assessment guidelines



IA\_Guidelines\_2...

and annexes to the guidelines

([http://ec.europa.eu/governance/impact/commission\\_guidelines/docs/ia\\_guidelines\\_annexes\\_en.pdf](http://ec.europa.eu/governance/impact/commission_guidelines/docs/ia_guidelines_annexes_en.pdf))



IA\_guidelines\_a...

Best regards,

**EUROPEAN COMMISSION**

Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 5  
<mailto:> [@ec.europa.eu](mailto:)

15a



#### The Coalition\*

A coalition of businesses from a wide range of industries has recently been formed to highlight the importance of trade secrets in the context of innovation and the ever increasing damage that trade secret theft is imposing on European industry. The coalition is open to any company or trade association with an interest in ensuring the protection and enforcement of trade secrets and know-how. It currently comprises Alstom, CEFIC, DuPont de Nemours, Michelin, Nestle, Procter & Gamble, Renault, Solvay and Europe's 500 iasbl.

The overall objective of the coalition is to obtain formal recognition by the European Institutions of the significance of trade secrets and knowhow for the European industry and to implement measures for effective protection against their theft. The European Commission has recently recognised the issue of trade theft in its response to a question put to it by Toine Manders MEP,<sup>1</sup> particularly regarding the lack of European legislation covering this aspect of intellectual property right ("IPR") protection.

The Commission stated the following: "As regards World Trade Organisation (WTO) arrangements applicable to trade secrets, the TRIPS Agreement requires undisclosed information, namely trade secrets or know-how, to benefit from protection."

"At present the law on undisclosed information is not harmonised at Community level. However, in most Member States trade secrets are protected by unfair competition remedies."

#### **The coalition petitions for the following actions by the European Union institutions:**

○ In the short term, a statement by the European Commission confirming the application of Directive 2004/48 on the enforcement of intellectual property rights (the "Enforcement Directive") to trade secrets already recognised in certain Member States and the amendment of Regulation 1383/2003 concerning customs action against goods suspected of infringing certain IPRs (the "Customs Regulation") to include such IPRs.

<sup>1</sup> P-3721/09EN, 14/09/09, « Answer given by Mr McCreedy on behalf of the Commission »

○ In the medium to long term, creation of Union-wide trade secrets based on the definition in TRIPS and the inclusion of such trade secrets in the Customs Regulation.

#### The Issue

"Trade secrets" are critical to European innovation, yet they lack formal recognition and protection at EU level. This combined with the growing trend in trade secret theft is very damaging to European industry. The concept of "trade secret", or know-how, can be defined broadly as information that (a) is secret, in the sense that it is not known or readily accessible within the relevant industry; (b) presents commercial value to competitors who do not have knowledge of it; and (c) has been subject to reasonable efforts to keep it confidential. It is enshrined in the TRIPS Agreement (Article 39(2)). Trade secrets can encompass a wide range of information and know-how, but generally speaking trade secrets are one of the several means available to companies and individuals to protect their innovation and R&D efforts. Trade secrets often cover some of a business' most valuable assets (e.g. the recipe to a successful drink, a state of the art manufacturing process). As such, the theft of a trade secret can be just as damaging as the infringement of patents or trademarks, if not more so in some cases, to a particular business.

It also constitutes an act of unfair competition in that the company committing the theft will not be competing on the merits. Most examples of trade secret theft are highly confidential due to the nature of the information involved. However, it is clear, not only from the current members of the coalition but also from industry associations, that a growing number of European companies are concerned about this. Trade secret, or know-how theft, can occur in a variety of shapes and forms. One of the more common examples involves ex-, or current, employees selling confidential information to a competitor. In some cases, the offering of the information is unsolicited, but in other cases the competitor approaches ex-employees for such information.

In the manufacturing industry, there is valuable know-how associated with processes which have often taken years to perfect and fine-tune.

\*The coalition is represented by Thomas Tindemans, H+K Strategies, rue Montoyer 51, 1000 Brussels



The advances may not individually be capable of being patented (or the owner may not wish to disclose such advances), yet they often provide its owner with a significant advantage over his competitors (either through a particular innovative step or through the combination of a series of incremental advances). In the field of materials production for instance, the exact combination of complex procedures, together with the iterative refinement of individual processes over the years, enables a particular company to produce an end-product in an efficient manner, at high productivity rates and exhibiting high physical characteristics. As a mature company in the industry, or as a player that has invested significantly in R&D, such results are achievable. A new entrant, or a company with little R&D capabilities, may be able to produce the same material, but would not necessarily be able to achieve the same productivity rates or physical properties for the material in question. Access to such information and know-how could not only save a new entrant (or a competitor with low R&D capabilities) years of R&D, but more importantly would provide it with immediate access to certain technological advances that it may not have the capability to develop. This would then allow the competitor to market products offering similar characteristics to the owner's at a cheaper price (due to the absence of any significant R&D costs), which amounts to unfair competition from the new entrant. EU legislation currently does not offer any adequate protection or remedies for these types of theft.

In some industries, the theft of know-how can be very simple, but no less damaging. By way of example, in May 2005 Michelin had one of its prototype tyres stolen during a rally in Japan. The tyre in question was the Michelin Z BTO, nicknamed the "magic tyre" after it enabled the relevant rally team to win six races in a row between 2004 and 2005. Michelin does not patent its competition tyres in order to protect the manufacturing methods it uses, but the theft of such a prototype would have enabled a competitor to gain an insight into Michelin's manufacturing processes. At the time, Michelin was reported as stating that this was a clear case of industrial espionage.

U.S. authorities generally treat trade secrets with the same deference as IPRs. In recent years, trade secret law has become largely statutory through the model Uniform Trade Secrets Act, which has now

been adopted in the great majority of US States. Once it has been established that a trade secret has been misappropriated, a number of remedies are available including injunctions and damages for the actual loss caused by the misappropriation. One recent example of trade theft in the US involved an ex-Goldman Sachs employee stealing sensitive trade codes just before leaving the company, but the employer was able to alert the authorities before it suffered any significant financial losses. Similarly Japan provides protection against infringement of trade secrets under the Unfair Competition Prevention Act. Protection against infringement may also be sought as civil protection under the Civil Code or the Commercial Code. Recent amendments to the legislation have provided stronger criminal protection of commercial secrets by introducing penalties for use or disclosure outside Japan and penalties for retirees and corporations.

#### The Problem

When trade secrets are stolen, it results in unfair competition among industry players and serves to stifle innovation in the long run. More importantly, the subject here is straightforward property theft. More often than not, there is an intention to acquire proprietary information by improper means.

The theft of know-how, or trade secrets, is presently damaging many European industries seriously and, with different sectors increasing reliance upon technological advances and innovation, the issue should be addressed by means of EU legislation. There are several reasons for this. Firstly, the taking of valuable proprietary information is illicit, immoral, and unethical. Secondly, it invariably harms a company's (or an individual's) business, its innovation strategy and its R&D efforts. Thirdly, the theft of know-how often leads to the marketing and sale of products that are tainted and of inferior quality and might, in some cases, present a danger to the public health and environment. Lastly, products created as a result of such thefts compete unfairly with the original product because they do not bear the burden of the costs of innovative efforts. Infringing products that are manufactured as a result of theft are only able to compete with the genuine product because they incorporate the stolen know-how. Without such know-how, the infringing manufacturer would either not be able to produce his product or would not be able to produce

\*The coalition is represented by Thomas Tindemans, H+K Strategies, rue Montoyer 51, 1000 Brussels



a product that offers the same characteristics or properties as the genuine article.

There are possibilities to challenge the theft itself, but there are no EU measures to prevent infringing products from entering the market (e.g. through customs control). These products can therefore enter the market, compete unfairly with and undercut the genuine products. In an age when the capacity to innovate determines the survival of European companies, it is critical that such aspects of intellectual and know-how portfolios be adequately protected.

Certain EU Member States have recognised this problem and have addressed it in their domestic legislation. However, the disparities in protection have led to obstacles to free movement of goods produced using trade secrets, since producers of such goods will be reluctant to enter and contest those markets where there is little or no protection of trade secrets.

The importance of trade secrets has also received recognition at an international level, particularly within institutions such as WIPO and the WTO (see Article 39(2) TRIPS which expressly provides for the protection of trade secrets), which have made significant efforts to promote strong protective measures for trade secrets and launched a number of initiatives to educate businesses on this aspect of intellectual property – specifically small and medium size enterprises that rely heavily on innovation.

At the EU level, the European Court of Justice has also confirmed that trade secrets should be treated in the same manner as other IPRs. In its *Microsoft* judgment,<sup>2</sup> the General Court ruled that that “trade secrets ... must be treated as equivalent to intellectual property rights”. The same approach is confirmed in Commission Regulation 772/2004 where trade secrets (know-how) and patents are equivalently considered “intellectual property rights”.<sup>3</sup> In other words, no distinction should be

drawn between trade secrets and other IPRs. Despite this, there is no EU-wide legislation explicitly protecting trade secrets and confidential know-how information, nor is there the availability of effective enforcement measures. Similarly there is no European unfair competition legislation providing the victims of the theft with effective protection.

### The Solution

There is legislation in place to protect IPRs and to prevent IP infringing goods from entering the EU market. However, it fails explicitly to protect trade secrets and innovation. An immediate step therefore should be a statement from the Commission confirming that trade secrets fall within the Enforcement Directive for those Member States which recognise them as IPRs and the amendment of the Customs Regulation to include such IPRs.

However, to ensure full implementation of TRIPS provisions at EU level, and to remove the impairment to the internal market, Union wide trade secrets should ultimately be created using, at the very least, the TRIPS definition as a minimum standard. In fact, trade secrets constitute the only intellectual property right under TRIPS,<sup>4</sup> which remains unimplemented at Union level. In this respect it is important to note that Article 41 (1) TRIPS provides that “[m]embers shall ensure that enforcement procedures ... are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements”.

In order to provide adequate border measures, Union-wide trade secrets, as other intellectual property rights, should also come within the ambit of the Customs Regulation.

<sup>2</sup> Case T-201/04 *Microsoft Corp. v Commission*, judgment of 17 September 2007, ECR II-3601, paragraph 289

<sup>3</sup> Commission Regulation (EC) 772/2004 of 27 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements, Article. 1.1(g).

<sup>4</sup> See Article 1(2), TRIPS.





### Creating Substantive Trade Secrets Rights in the EU

By failing to adequately protect trade secrets at EU level, the EU has attenuated the internal market. Such a gap in European legislation highlights a discrepancy in the protection provided for under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and that in existence in the EU (both at a European and Member State level). Individual Member States which already recognise trade secrets as 'intellectual property rights' in their national laws must urgently ensure that such rights are afforded the standards of protection provided for by the Enforcement Directive,<sup>1</sup> since the Directive applies to any infringements of intellectual property rights. The Customs Regulation<sup>2</sup> should also be amended to encompass these rights. However in order to fully implement the provisions of TRIPS at an EU level and to remove the impairment to the internal market, the ultimate solution is the eventual creation of 'EU - wide trade secrets'.

#### TRIPS

Trade Secrets / Undisclosed Information<sup>3</sup> is the only 'intellectual property right'<sup>4</sup> as defined under TRIPS which remains unimplemented at Union level. Therefore obligations under TRIPS have not been fully implemented notwithstanding the fact that the text of TRIPS in respect of trade secrets is heavily based on the EU proposal in the Uruguay Trade Round. The position in the EU is in stark contrast to that in other major WTO members such as the United States and Japan, which have taken

significant steps to ensure adequate protection for trade secrets.<sup>5</sup>

#### The Internal Market

As things currently stand, the protection of trade secrets in the EU is uneven; some Member States recognise and protect trade secrets but the level of protection afforded differs significantly.

The disparities in protection within the EU have led to obstacles to free movement and distortions of competition in respect of goods produced using trade secrets, undermining the internal market. In Member States with low levels of protection of trade secrets, enterprises marketing trade secret-orientated goods may have to face unfair competition from producers who have wrongfully appropriated and exploited their trade secrets, deterring such enterprises from entering and contesting these markets.

As a starting point, 'national trade secrets' must be recognised as falling within the Enforcement Directive and the Customs Regulation should be amended to encompass these intellectual property rights.

Given their status as 'an intellectual property right' under TRIPS,<sup>6</sup> trade secrets fall within the Enforcement Directive for those Member States that recognise them as such in their national law.

<sup>1</sup> Directive 2004/48 of 29 April 2004 on the enforcement of intellectual property rights.

<sup>2</sup> Regulation 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

<sup>3</sup> TRIPS, Article 39

<sup>4</sup> As defined in TRIPS, Article 1(2)

<sup>5</sup> In the United States trade secret protection has become largely statutory through the model Uniform Trade Secrets Act which has now been adopted in the great majority of US States. Similarly Japan provides protection against infringement of trade secrets under the Unfair Competition Prevention Act. Protection against infringement may also be sought as civil protection under the Civil Code or the Commercial Code.

<sup>6</sup> TRIPS, Article 1(2)



# The Trade Secrets & Innovation Coalition

Further, while TRIPS does not have direct effect it has been established by the European Court of Justice that when “national courts are called on to apply national rules with a view to ordering measures for the protection of rights in a field to which TRIPS applies and in which the Community has already legislated, they are required under Community law to do so, as far as possible, in the light of the wording and purpose of the relevant provisions of TRIPS.”<sup>7</sup> Accordingly those countries which do recognise trade secrets as intellectual property rights must, under Union law, interpret their own enforcement rules to comply with the standards laid-down in TRIPS.

Based on the above, as a starting point we would urgently request guidance from the Commission explicitly confirming that trade secrets are to fall within the Enforcement Directive for those Member States which recognise them as intellectual property rights, which then must take immediate steps to protect them accordingly. While this would not ensure full implementation of TRIPS provisions and it would not remedy the impairment to the internal market, it would at least ensure a consistent and adequate level of protection in those Member States in which a notion of trade secrets is recognised.

As the Enforcement Directive is applicable to “intellectual property rights as provided for by Community law and / or by the national law of the Member State concerned”<sup>8</sup> it need not be amended to include trade secrets recognised in the national law of the Member State concerned. However, the Commission should for the sake of clarity issue a statement confirming the scope of the Enforcement Directive.

‘National trade secrets’ must also be recognised as falling within the Customs Regulation so that products resulting from trade secret theft in a particular Member State

can be blocked from re-entering that Member State. As the ambit of the Customs Regulation is more tightly circumscribed,<sup>9</sup> it will have to be amended to explicitly include ‘national trade secrets’.

## The ultimate solution is the creation of EU – wide trade secrets

While the steps set out above are urgently required, given that not all Member States recognise and protect trade secrets, and even then such Member States define the notion of trade secrets in different ways<sup>10</sup> the only solution to ensure full implementation of TRIPS and remove the impairment to the internal market is to create a Union-wide definition of trade secrets using, at the very least, the TRIPS definition as a minimum standard.

In this respect it is important to note that Article 41 (1) TRIPS provides that “[m]embers shall ensure that enforcement procedures ...are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements”.

Union-wide trade secrets would qualify for protection under the Enforcement Directive without the need for amendment of the directive. It is also essential that the Union-wide trade secrets come within the ambit of the Customs Regulation<sup>11</sup> so that products resulting from trade secret theft can be blocked at the Union borders, which will require amendment of the Customs Regulation. This can be achieved with the instrument creating Union-wide trade secrets.

<sup>9</sup> Customs Regulation, Article 2.

<sup>10</sup> As recognised in Commissioner McCreevy’s response to the question from Mr Manders (MEP) – “the law on undisclosed information is not harmonised at Community level.” (P-3721/09EN)

<sup>11</sup> Regulation 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

<sup>7</sup> Cases C-300/98 and 392/98 *Dior and others* [2000] ECR I-11307, at paras 42-47; Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989 at paras 54-57

<sup>8</sup> Enforcement Directive, Article 2(1).





Although the formal recognition of trade secrets as intellectual property rights may increase the burden on customs authorities, the Enforcement Directive would ensure that the responsibility for preventing the circulation of goods on the market would not lie solely with those authorities. Articles 9<sup>12</sup> and 10<sup>13</sup> thereof provide specific precautionary and corrective measures to enable parties to apply for the removal, seizure or destruction of infringing goods. As such, parties whose trade secrets have been breached could have recourse against not only the infringer, but also the importer, wholesaler and/or transporter of the infringing goods, thereby ensuring that any increase in the customs authorities' workload would not be substantial.

The creation of EU – wide trade secrets can be achieved through the legislative provisions in the Treaty on the Functioning of the European Union on internal market making - Article 114 TFEU, or under the internal market intellectual property creation provision - Article 118 TFEU.

Under Article 114 TFEU, which replaces Article 95 of the Treaty Establishing the European Community (TEC), it must be shown that the harmonisation of trade secrets at Union level will remove obstacles to free movement and / or appreciable distortions of competition in the Union, and will also promote

free movement,<sup>14</sup> the standard applicable under Article 95 TEC<sup>15</sup>. In this connection as we note above, in Member States with low levels of protection, enterprises may have to face unfair competition from producers who have wrongfully appropriated and exploited their trade secrets. Such unfair competition constitutes an obstacle to free movement and appreciable distortions of competition. Leveling the playing field by harmonising the notion of trade secrets and their protection will remove these encumbrances and will greatly facilitate the free movement of trade secret-orientated goods in the Union.

It is unlikely that as stringent requirements will apply to legislation passed under Article 118 TFEU; 114 TFEU refers to measures which *"have as their objective the establishment and functioning of the internal market"*,<sup>16</sup> while Article 118 TFEU however refers to measures *"in the context of the establishment and functioning of the internal market"*,<sup>17</sup> implying that a lower threshold may be appropriate.

<sup>12</sup> Article 9(1)(b) provides that *"Member States shall ensure that the judicial authorities may, at the request of the applicant:*

*[...] (b) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce."*

<sup>13</sup> Article 10(1) provides that: *"[...] Member States shall ensure that the competent judicial authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual property right [...]. Such measures shall include:*

- (a) recall from the channels of commerce,*
- (b) definitive removal from the channels of commerce, or*
- (c) destruction."*

<sup>14</sup> Case C-376/98, *Germany v European Parliament and Council (Tobacco Advertising)*, [2000] ECR I-2247

<sup>15</sup> It is assumed that the same standard will apply under Article 114 TFEU as the article uses an equivalent formula, *"measures[...] which have as their object the establishment and functioning of the internal market"*.

<sup>16</sup> Hence the requirements laid down in *Tobacco Advertising*.

<sup>17</sup> This distinction appears to make sense as some of the previous intellectual property instruments have been passed under Article 308 TEC – the residual legal basis to be used where the necessary power is not already elsewhere in the Treaty, e.g. Regulation 40/94 of 20 December 1993 on the Community Trademark.





### CASE STUDIES

#### *Alstom*

Alstom are currently involved in a dispute with a Chinese company regarding the sale of air quality equipment. The Chinese company in question is a previous licensee of Alstom for Mainland PR of China, which is now selling products in the EU using Alstom technology and know-how obtained illegally. Alstom had initially signed a licensing agreement with this company, but after a couple of years it became apparent that the Chinese company no longer recognized the agreement, and refused to pay for the technology. Alstom has approached national courts and European institutions regarding the public procurement aspects, since the Chinese company is selling these products to projects that benefit from EU funding. So not only is the Chinese company able to sell its tainted equipment / products in the EU, but it is in fact supplying projects that are partly financed by the EU.

The dispute itself does not relate solely to hard IPRs. The air quality systems in dispute here contain a number of components that benefit from IPR protection, but the majority of the valuable information is know-how (i.e. the "system" part or how the components work together to form an efficient desulfurisation system). The core of the technology therefore cannot be protected through traditional IPRs. Alstom had been developing these systems for a decade when it started to license them abroad. Shortly after they licensed them to the Chinese company it started producing its own version.

#### *Michelin*

In May 2005 Michelin had one of its prototype tyres stolen during a rally in Japan. The tyre in question was the Michelin Z BTO, nicknamed the "magic tyre" after it enabled the relevant rally team to win six races in a row between 2004 and 2005. Michelin relies on trade secret in order to avoid the disclosure of its manufacturing methods. Therefore, the theft of these secrets would have enabled a competitor to gain an insight into Michelin's manufacturing processes.

More recently, Michelin was involved in a trade secret theft involving one of its ex-employees. The case was due to be heard before a French court in January 2010, but was reported to May 2010. The ex-employee resigned in March 2007 after having spent seven years at Michelin. He is alleged to have sent an email to one of Michelin's competitors, offering certain Michelin trade secrets in exchange for money. The employee was arrested in January 2008 and charged with divulging sensitive information relating to national interests to a foreign company, as well as trade secret violation and breach of confidence.

#### *DuPont*

DuPont has been involved in a number of instances of trade secret theft relating to some of its key products. In DuPont's experience, the incidences of trade secret theft have been on the rise over the past few years, not least due to the effects of the global economic crisis. The typical scenarios involving DuPont include existing or past employees offering trade secrets to competitors or competitors seemingly attempting to obtain DuPont confidential information from such employees. In most instances where competitors are directly involved, they are relative new-comers to the relevant markets wishing to improve their products and manufacturing processes in order to be able to

\* The Coalition is represented by Ian Forrester Q.C. at White & Case LLP.

compete with DuPont's products. In some fields, DuPont has been fine tuning its manufacturing processes over significant periods of time (decades in some cases) and thus has been able to reach high levels of productivity rates whilst still being able to produce products with high technical characteristics. Such advances are only possible by investing considerable time and resources in R&D. Clearly a new entrant would save significant time and money by acquiring this manufacturing and process know-how – in fact it may be that the competitors in question may not have the capability to make such advances independently.

16



(GROW)

16

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 06 March 2012 19:26  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

As anticipated by Francesca we share your view that liaising with the Coalition would be beneficial for our project, particularly for the conference and the survey. We are happy to meet them and share ideas. Regarding the date, the 22th is fine. However, also in order to optimize on costs, we would like to leverage on the fact that Francesca will be in Paris in the morning of the 22th to see a client. Following that she can be in Brussels and available for the meetings from 2.30-3pm. We really hope that it is possible to organize project review and meeting with the Coalition in a row.

Regarding the deadline to submit the first interim report, for the sake of clarity we wanted to confirm the understanding shared at the kick-off meeting: in consideration of the complexity of the tasks we agreed on the opportunity to allocate more time to the structuring of the project work and the definition of the regulatory/economic framework. Thus the dates for the delivery of the first interim report and the conference were rescheduled on the first week of May and third week of June, respectively. We agreed to make all efforts to recover as much time as possible over the other phases.

We look forward to your thoughts.

Kindest regards,

Francesca and Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Tuesday, March 06, 2012 12:54 PM  
**To:** Gaudino, Francesca  
**Cc:** de Martinis, Lorenzo; @ec.europa.eu  
**Subject:** 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca

According to the schedule we should have done our second progress meeting last week. I would suggest that we do it during this month.

In the meantime, the Trade Secret & Innovation Coalition would like to meet you and has suggested to put up a meeting with you and us.

I think it could only help, I am particularly keen in sharing ideas on the conference of June.

Such a meeting is not foreseen in our contract and therefore it is up to you to decide on whether you would like to attend and bear the respective costs.

However, I am happy to make that meeting coincide with our progress meeting, so that you do not have to fly to Brussels twice.

(from Hill+Knowlton) has proposed the following possible dates the 22<sup>th</sup> or the 28<sup>th</sup> of March.

28/03 is the deadline for you to deliver the first interim report, so perhaps 22/03 is more appropriate.

In such a case we would meet here in the morning for the progress meeting and then go to see the Coalition after lunch.

Let me know how you find it.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22 9

mailto: [ec.europa.eu](mailto:ec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



17



**From:** (MARKT)  
**Sent:** 09 March 2012 13:13  
**To:** 'de Martinis, Lorenzo'  
**Cc:** .. (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca, dear Lorenzo

On the deadline to submit the first interim report: I think that at this stage we can be flexible and move it to the beginning of May (02/05/2012). I will probably have to ask you to send me an email with a request for the extension and some justification. I will come back to you on this.

On the meeting: for us your suggestion is fine. We will have our progress meeting starting at 14:30 or 15:00 and then we go to see the Coalition. In order to be sure that we are not forced to hurry up I propose that we set the meeting with the Coalition for 16:30. The Coalition is happy with this arrangement, even if it is not ideal as they would prefer to start earlier. On the other hand, will you be able to attend this second meeting for a good hour or 90 mns, or will have to hurry back to the airport?

Best regards

EUROPEAN COMMISSION  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 9  
mailto: [ec.europa.eu](mailto:ec.europa.eu)

---

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Tuesday, March 06, 2012 7:26 PM  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

As anticipated by Francesca we share your view that liaising with the Coalition would be beneficial for our project, particularly for the conference and the survey. We are happy to meet them and share ideas. Regarding the date, the 22th is fine. However, also in order to optimize on costs, we would like to leverage on the fact that Francesca will be in Paris in the morning of the 22th to see a client. Following that she can be in Brussels and available for the meetings from 2.30-3pm. We really hope that it is possible to organize project review and meeting with the Coalition in a row.

Regarding the deadline to submit the first interim report, for the sake of clarity we wanted to confirm the understanding shared at the kick-off meeting: in consideration of the complexity of the tasks we agreed on the opportunity to allocate more time to the structuring of the project work and the definition of the regulatory/economic framework. Thus the dates for the delivery of the first interim report and the conference were rescheduled on the first week of May and third week of June, respectively. We agreed to make all efforts to recover as much time as possible over the other phases.

We look forward to your thoughts.

Kindest regards,

Francesca and Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** \_\_\_\_\_@ec.europa.eu [mailto:\_\_\_\_\_@ec.europa.eu]  
**Sent:** Tuesday, March 06, 2012 12:54 PM  
**To:** Gaudino, Francesca  
**Cc:** de Martinis, Lorenzo; \_\_\_\_\_@ec.europa.eu  
**Subject:** 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca

According to the schedule we should have done our second progress meeting last week. I would suggest that we do it during this month.

In the meantime, the Trade Secret & Innovation Coalition would like to meet you and has suggested to put up a meeting with you and us.

I think it could only help, I am particularly keen in sharing ideas on the conference of June.

Such a meeting is not foreseen in our contract and therefore it is up to you to decide on whether you would like to attend and bear the respective costs.

However, I am happy to make that meeting coincide with our progress meeting, so that you do not have to fly to Brussels twice.

\_\_\_\_\_ (from Hill+Knowlton) has proposed the following possible dates the 22<sup>th</sup> or the 28<sup>th</sup> of March.

28/03 is the deadline for you to deliver the first interim report, so perhaps 22/03 is more appropriate.

In such a case we would meet here in the morning for the progress meeting and then go to see the Coalition after lunch.

Let me know how you find it.

Kind regards

EUROPEAN COMMISSION

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22 9

mailto: @ec.europa.eu

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.



18





(GROW)

18

**From:** de Martinis, Lorenzo <Lorenzo.de.Martinis@bakermckenzie.com>  
**Sent:** 10 March 2012 19:26  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

I think Francesca can arrange her travel schedule to accommodate all the meetings as you indicate, but will confirm early next week upon her return from a business trip.

Regarding the deadlines, we have no problems to provide a sound and reasonable motivation for the rescheduling as discussed in the kick-off meeting. We look forward to your instructions on possible formal or other requirements of an official request for extension.

Kindest regards,

Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI – Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** @ec.europa.eu [mailto: @ec.europa.eu]  
**Sent:** Friday, March 09, 2012 01:13 PM  
**To:** de Martinis, Lorenzo  
**Cc:** @ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca, dear Lorenzo

On the deadline to submit the first interim report: I think that at this stage we can be flexible and move it to the beginning of May (02/05/2012). I will probably have to ask you to send me an email with a request for the extension and some justification. I will come back to you on this.

On the meeting: for us your suggestion is fine. We will have our progress meeting starting at 14:30 or 15:00 and then we go to see the Coalition. In order to be sure that we are not forced to hurry up I propose that we set the meeting with the Coalition for 16:30. The Coalition is happy with this arrangement, even if it is not ideal as they would prefer to start earlier. On the other hand, will you be able to attend this second meeting for a good hour or 90 mns, or will have to hurry back to the airport?

Best regards

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Tuesday, March 06, 2012 7:26 PM  
**To:** (MARKT)  
**Cc:** (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

As anticipated by Francesca we share your view that liaising with the Coalition would be beneficial for our project, particularly for the conference and the survey. We are happy to meet them and share ideas. Regarding the date, the 22th is fine. However, also in order to optimize on costs, we would like to leverage on the fact that Francesca will be in Paris in the morning of the 22th to see a client. Following that she can be in Brussels and available for the meetings from 2.30-3pm. We really hope that it is possible to organize project review and meeting with the Coalition in a row.

Regarding the deadline to submit the first interim report, for the sake of clarity we wanted to confirm the understanding shared at the kick-off meeting: in consideration of the complexity of the tasks we agreed on the opportunity to allocate more time to the structuring of the project work and the definition of the regulatory/economic framework. Thus the dates for the delivery of the first interim report and the conference were rescheduled on the first week of May and third week of June, respectively. We agreed to make all efforts to recover as much time as possible over the other phases.

We look forward to your thoughts.

Kindest regards,

Francesca and Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** [dec.europa.eu](mailto:dec.europa.eu) [mailto: [dec.europa.eu](mailto:dec.europa.eu)]  
**Sent:** Tuesday, March 06, 2012 12:54 PM  
**To:** Gaudino, Francesca  
**Cc:** de Martinis, Lorenzo; [dec.europa.eu](mailto:dec.europa.eu)  
**Subject:** 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca

According to the schedule we should have done our second progress meeting last week. I would suggest that we do it during this month.

In the meantime, the Trade Secret & Innovation Coalition would like to meet you and has suggested to put up a meeting with you and us.

I think it could only help, I am particularly keen in sharing ideas on the conference of June.

Such a meeting is not foreseen in our contract and therefore it is up to you to decide on whether you would like to attend and bear the respective costs.

However, I am happy to make that meeting coincide with our progress meeting, so that you do not have to fly to Brussels twice.

(from Hill+Knowlton) has proposed the following possible dates the 22<sup>th</sup> or the 28<sup>th</sup> of March.

28/03 is the deadline for you to deliver the first interim report, so perhaps 22/03 is more appropriate.

In such a case we would meet here in the morning for the progress meeting and then go to see the Coalition after lunch.

Let me know how you find it.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22 9

<mailto:> [ec.europa.eu](mailto:ec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.

97



# 19



**From:** Gaudino, Francesca <Francesca.Gaudino@bakermckenzie.com>  
**Sent:** 14 March 2012 14:57  
**To:** 'MARKT'  
**Cc:** . (MARKT); de Martinis, Lorenzo  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

This is to confirm that your proposed timetable is fine. I'll take a late flight so no problem about finishing the second meeting at 18.00 or even later.

Looking forward to meeting you.  
best regards,

Francesca

Francesca Gaudino  
Counsel

Studio Professionale Associato a  
Baker & McKenzie  
3, Piazza Filippo Meda  
20121 Milan, Italy  
Tel: +39 02.76.231.1  
Fax: + 39 02.76.231.501



Do you really need to print this e-mail?  
Think twice and protect the environment, now.

---

**From:** de Martinis, Lorenzo  
**Sent:** Saturday, March 10, 2012 07:26 PM  
**To:** . @ec.europa.eu  
**Cc:** @ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

I think Francesca can arrange her travel schedule to accommodate all the meetings as you indicate, but will confirm early next week upon her return from a business trip.

Regarding the deadlines, we have no problems to provide a sound and reasonable motivation for the rescheduling as discussed in the kick-off meeting. We look forward to your instructions on possible formal or other requirements of an official request for extension.

Kindest regards,

Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** ...@ec.europa.eu [mailto: ...@ec.europa.eu]  
**Sent:** Friday, March 09, 2012 01:13 PM  
**To:** de Martinis, Lorenzo  
**Cc:** ...@ec.europa.eu; Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca, dear Lorenzo

On the deadline to submit the first interim report: I think that at this stage we can be flexible and move it to the beginning of May (02/05/2012). I will probably have to ask you to send me an email with a request for the extension and some justification. I will come back to you on this.

On the meeting: for us your suggestion is fine. We will have our progress meeting starting at 14:30 or 15:00 and then we go to see the Coalition. In order to be sure that we are not forced to hurry up I propose that we set the meeting with the Coalition for 16:30. The Coalition is happy with this arrangement, even if it is not ideal as they would prefer to start earlier. On the other hand, will you be able to attend this second meeting for a good hour or 90 mns, or will have to hurry back to the airport?

Best regards

...S  
**EUROPEAN COMMISSION**  
Internal Market and Services DG  
D3 - Fight against counterfeiting and piracy  
Rue de Spa 2, B-1049 Brussels  
Tel. (+32) 22 9  
mailto: ...@ec.europa.eu

---

**From:** de Martinis, Lorenzo [mailto:Lorenzo.de.Martinis@bakermckenzie.com]  
**Sent:** Tuesday, March 06, 2012 7:26 PM  
**To:** ... (MARKT)  
**Cc:** ... (MARKT); Gaudino, Francesca  
**Subject:** RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear

As anticipated by Francesca we share your view that liaising with the Coalition would be beneficial for our project, particularly for the conference and the survey. We are happy to meet them and share ideas. Regarding the date, the 22th is fine. However, also in order to optimize on costs, we would like to leverage on the fact that Francesca will be in Paris in the morning of the 22th to see a client. Following that she can be in Brussels and available for the meetings from 2.30-3pm. We really hope that it is possible to organize project review and meeting with the Coalition in a row.

Regarding the deadline to submit the first interim report, for the sake of clarity we wanted to confirm the understanding shared at the kick-off meeting: in consideration of the complexity of the tasks we agreed on the opportunity to allocate more time to the structuring of the project work and the definition of the regulatory/economic framework. Thus the dates for the delivery of the first interim report and the conference were rescheduled on the first week of May and third week of June, respectively. We agreed to make all efforts to recover as much time as possible over the other phases.

We look forward to your thoughts.

Kindest regards,



Francesca and Lorenzo

Lorenzo de Martinis  
Partner  
Studio Professionale Associato a  
Baker & McKenzie  
Piazza Filippo Meda, 3  
20121 Milano MI - Italy  
Tel: +39 02 76231 334  
Fax: +39 02 76231 501



Protect the environment: do you really need to print this e-mail ?

---

**From:** .....@ec.europa.eu [mailto:.....@ec.europa.eu]  
**Sent:** Tuesday, March 06, 2012 12:54 PM  
**To:** Gaudino, Francesca  
**Cc:** de Martinis, Lorenzo; .....@ec.europa.eu  
**Subject:** 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear Francesca

According to the schedule we should have done our second progress meeting last week. I would suggest that we do it during this month.

In the meantime, the Trade Secret & Innovation Coalition would like to meet you and has suggested to put up a meeting with you and us.

I think it could only help, I am particularly keen in sharing ideas on the conference of June.

Such a meeting is not foreseen in our contract and therefore it is up to you to decide on whether you would like to attend and bear the respective costs.

However, I am happy to make that meeting coincide with our progress meeting, so that you do not have to fly to Brussels twice.

(from Hill+Knowlton) has proposed the following possible dates the 22<sup>th</sup> or the 28<sup>th</sup> of March.

28/03 is the deadline for you to deliver the first interim report, so perhaps 22/03 is more appropriate.

In such a case we would meet here in the morning for the progress meeting and then go to see the Coalition after lunch.

Let me know how you find it.

Kind regards

**EUROPEAN COMMISSION**

Internal Market and Services DG

D3 - Fight against counterfeiting and piracy

Rue de Spa 2, B-1049 Brussels

Tel. (+32) 22

[mailto:\\_\\_\\_\\_\\_@ec.europa.eu](mailto:_____@ec.europa.eu)

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio.

20



(GROW)

20

**From:** Gaudino, Francesca <Francesca.Gaudino@bakermckenzie.com>  
**Sent:** 22 March 2012 14:31  
**To:** (MARKT)  
**Subject:** R: RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Dear this is to inform you that the TGV from Paris has been slightly delayed so I should be there at around 4 pm. In any case my flight back is at 9pm tonight so we should have enough time for the PM and the Coalition.

See you soon.  
Best regards,

Francesca

-----Messaggio originale-----

Da: @ec.europa.eu

A: Gaudino, Francesca

Oggetto: RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition

Inviato: 21 mar 2012 11:21

Dear Francesca,

I am waiting for the reaction of the Coalition; I left it open to them – given that some of the members of the Coalition might have done travel arrangements expressly for this occasion.

We could do a lighter meeting – basically a meet and greet, exchange some views on the conference, listen to whatever they want to say; but not making any presentation on the study itself. In that scenario we could meet a second time at a later stage, now with to consolidate the conference plans and perhaps to provide some insight on the work, if deemed appropriate.

Could that work for you?

Regards

EUROPEAN COMMISSION Internal Market and Services DG D3 - Fight against counterfeiting and piracy Rue de Spa 2, B-1049 Brussels Tel. (+32) 22 9: [mailto: @ec.europa.eu](mailto:@ec.europa.eu)

From: Gaudino, Francesca [<mailto:Francesca.Gaudino@bakermckenzie.com>] Sent: Wednesday, March 21, 2012 10:49 AM To: (MARKT) Cc: (MARKT); de Martinis, Lorenzo Subject: RE: 2nd Progress meeting + Trade Secrets & Innovation Coalition Importance: High

Dear

We think that we should do the PM tomorrow afternoon as scheduled, and postpone the meeting with the Coalition to the next month (in April) when we'll have the third PM, so that we'll have solid arguments for discussion with the Coalition as our work will be at a more mature stage.

Please let us have your agreement with this proposal by return email so we can arrange travel details.

Best

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message. Please visit [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) for other important information concerning this message.

Questo messaggio può contenere informazioni confidenziali tutelate da segreto professionale. Se avete ricevuto questo messaggio per errore, vogliate per cortesia informare il mittente immediatamente rispondendo a questo messaggio e provvedendo quindi a cancellarlo dal vostro computer. Visitate [www.bakermckenzie.com/disclaimer\\_italy](http://www.bakermckenzie.com/disclaimer_italy) per ulteriori importanti informazioni riguardanti questo messaggio

