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Trade secrets and Data protection in Latin America: A comparative study

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Abstract: *Undisclosed information, or trade secrets, constitutes a category of intellectual property encompassing confidential commercial or industrial information conferring a competitive advantage to a company. More specifically, any undisclosed information that a natural person or a legal entity legitimately holds, which may be used in any productive, industrial, or commercial activity and is capable of being passed on to a third party could be considered a business secret. This protection mechanism is advantageous to protect those inventions which are not patentable (i.e. it does not meet the minimum requirements, or the subject matter is not eligible for protection). Special consideration is required for the test data for pharmaceutical products, which are also protected by undisclosed information regulations.*

Unlike patents or other intellectual property rights, trade secrets are distinct in that they protect technical or valuable information from being disclosed to third parties. Therefore, the protection mechanism lies with the owner of the information. It should also be noted that it does not have a time limit so that the secret can be protected indefinitely, which will depend on the possibility of reverse engineering or copying of the technology. Such regulation protects this secrecy by punishing anyone who obtains such information illegally.

In Latin America, free trade agreements have influenced the regulations governing trade secrecy and test data protection. It is, therefore, possible that there is a regulatory discrepancy concerning the nature of the protection conferred on undisclosed information and test data. This variety may mainly affect what is understood as undisclosed information and whether the regime of protection against unfair competition applies or is based on specific provisions or case law relating to protecting confidential information.

Concerning current regulations, the protection of undisclosed information was recognised by the TRIPS Agreement in article 39. This article obliges member states to protect this information through rules against unfair competition, as provided in article 10bis of the Paris Convention for the Protection of Industrial Property. TRIPS establishes the protection of trade secrets in the second paragraph, while it refers to test data for the commercial approval of products that require it in paragraph 3. Although TRIPS only involves the protection of undisclosed information through the unfair competition regime, the last

decades have seen the normative development of trade secrets protection – in Europe and the US – as an intellectual property right with specific characteristics for its enforcement, different is the case of test data that through various regulations have slowly been converted into exclusive rights.

Keywords: *trade secrets, business secrets, unfair competition, undisclosed information, Article 39, test data protection, test data for pharmaceuticals, Latin America, SIPLA, TRIPS,*

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I. The Smart IP for Latin America Initiative

The Smart IP for Latin America is an initiative of the Max Planck Institute for Innovation and Competition, a research institute of the Max Planck Society for the Advancement of Science located in Munich, Germany. The initiative was launched with the aim of establishing a neutral forum for academic and political dialogue on intellectual property and competition law in Latin America. Through its Observatories, it provides evidence-based and impartial policy advice to decision-makers. Smart IP for Latin America is conceived as an independent think tank that serves as a bridge between basic research and public policy.

The Initiative focuses on examining processes of innovation and competition to provide evidence-based and impartial advice on how to regulate these processes. Its main objective is to analyse the legal and regulatory framework for the protection of intellectual property and competition in Latin America and to produce research that can serve as guidance for countries in the region to identify and implement laws and policies that best suit their own creative and technological capabilities as well as their particular social, cultural and economic needs and priorities. While intellectual property is the focus of the Initiative, it draws knowledge from multiple fields of law and disciplines.

It intends to raise awareness of the importance of effective and balanced intellectual property protection. It promotes academic and institutional cooperation within Latin America and provides support in the implementation of intellectual property and competition law as instruments for sustainable development and economic growth. Collaboration between academia and the legislature, the judiciary, intellectual property offices, competition authorities, the private sector and other stakeholders is essential to ensure that Latin America can realise its full social, cultural and economic potential.

II. The project on trade secrets and data protection

The aim of the project is, in the first instance, to conduct a comparative study of the legal and jurisprudential situation of trade secrets and test data protection in Latin America. To this end, it proposes a questionnaire covering the main aspects of trade secrets and how case law has interpreted the scope of these rights. The study also looks into how know-how is treated in the selected legislations. Regarding the analysed countries, the criteria for the selection were the Key countries of the Initiative Smart IP for Latin America.

Therefore, the study focuses on a comparative analysis of the regulation of trade secrets and test data in seven Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico and Uruguay), and it intends to identify differences and similarities in the management, maintenance and enforcement of trade secrets and test data.

The questionnaire consists of several parts designed to shed light on how trade secrets and test data operate in the selected countries. In particular, the questionnaire addresses:

- *National legislation on trade secrets*
- *Definitions of trade secrets*
- *Scope of protection*
- *Enforcement*
- *Procedural aspects*
- *Contractual provisions*
- *Protection of test data.*
- *Data exclusivity and competition law.*

Each section of the survey covers legislation and case law, where available. It also queries the impact of FTAs and BITs on the introduction of provisions amending national trade secret law, which significantly impact the introduction of data exclusivity for the marketing authorisation of chemical or pharmaceutical products.

National experts from the selected countries participated in the study. Special acknowledgement is given to Guillermo Cabanellas and Pablo Wegbrait from Argentina, Elisabeth Kaszner Fekete from Brazil, Jose Manuel Alvarez Zarate from Colombia,¹ Karla Fiorella Minutti from Mexico, Andrea Barrios from Uruguay.

¹ Prof. Alvarez thanks researcher Diana M. Beltran for initial support in compiling some of the information.

III. Executive Summary

The study examines the principal characteristics of trade secrets and the empirical data in six selected countries: Argentina, Brazil, Colombia, Chile, Mexico, and Uruguay.

The initial section of the study, entitled "Introduction," provides a concise overview of the current state of knowledge regarding the key aspects of trade secrets. In particular, it examines the legal nature of trade secrets, their relationship with unfair competition and intellectual property rights, and their historical development and subsequent integration into international frameworks. This initial section serves as a concise overview of the core elements of the study.

The second part of the study delves into a comparative analysis of the legislation and other characteristics of commercial secrets in the countries under examination. It is noteworthy that, apart from Uruguay, which lacks any form of legislation, the countries in question have either adopted some degree of regulatory framework or have resolved other issues through judicial means. Notably, there is a significant discrepancy in the degree of legal formalisation and scope of legislation across countries. To illustrate, the Argentine Confidentiality Act is considerably more comprehensive in its scope than the Brazilian Act. Conversely, the provisions of Mexico, the Andean Community (CAN), and Chile exhibit a degree of similarity. This is likely due to their history of concluding Free Trade Agreements (FTAs), particularly with the EU and the US.

This section also examines how the countries included in the study define and conceptualize trade secrets, as well as how they perceive and address this right within their respective legal frameworks. This point reflects that several legislations incorporate the stipulation that the undisclosed information must pertain to that which is secret and may be utilized in commercial, productive, or industrial activities. This establishes a certain degree of technicality regarding the undisclosed information, in addition to referencing the information as a collective entity and the lack of protection afforded to the public domain.

Furthermore, the requirements for the protection of secrets are examined. In general, all countries comply with the provisions set forth in the TRIPS Agreement (Article 39) regarding undisclosed information. Furthermore, it incorporates the following requirements: confidentiality, commercial value due to confidentiality, and the necessity of reasonable measures to maintain confidentiality. Nevertheless, there are some discrepancies regarding the scope of the definition and the elements it encompasses.

About the observance of trade secrets, it can be stated that Argentina, Brazil, Chile, and Mexico have well-defined legal frameworks for enforcing trade secrets, whereas Uruguay lacks specific

legislation in this regard. Chile has established specialized courts for intellectual property cases, thereby facilitating the enforcement process and Mexico's IMPI has a strong administrative jurisdiction on trade secrets. The majority of countries permit both civil and criminal actions. However, Uruguay's enforcement mechanisms are exclusively based on civil liability, due to the absence of specific legislation. The parameters of actions for unfair competition are not universally delineated. It is possible that defendants in all countries may argue that the information was obtained lawfully. However, the specific defences and the burden of proof may vary, which could impact case outcomes.

Regarding the procedural and contractual aspects, there are notable discrepancies in the duration of case resolution, with Argentina and Uruguay exhibiting longer periods than Colombia and Mexico. Although all countries acknowledge the significance of confidentiality agreements, the enforceability and scope of non-compete clauses exhibit considerable variation. Argentina, Chile, Brazil, Colombia, and Mexico have labour laws that are clearly defined and well-established, whereas Uruguay lacks specific protections in this regard.

Section 7 examines the interplay between trade secret protections and competition law across the six Latin American countries studied: Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay. It is important to note that while trade secret legislation is designed to safeguard proprietary information, it must be balanced against the principles of fair competition in order to prevent anti-competitive practices. The section underscores the necessity of guaranteeing that the safeguarding of trade secrets does not result in the manipulation of markets or the establishment of unjust barriers to competition. Argentina, Brazil, and Chile adopt a more integrated approach, explicitly linking trade secret protections with competition law. In contrast, the legal frameworks of Colombia and Uruguay provide less clarity on this matter, while the Mexican framework lacks sufficient definition regarding the relationship between trade secret protections and competition law.

Part III addresses the issue of the protection of test data in the countries under consideration. The initial section offers a succinct overview of the current state of knowledge regarding the pivotal elements of test data protection. In particular, it examines the legal nature of these concepts, their relationship with unfair competition and intellectual property rights, and their historical development and subsequent integration into international frameworks.

Part IV in the comparative study. The initial section provides an in-depth examination of the national legislation on test data protection across Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay, elucidating the pivotal distinctions between these countries. It can be concluded that Argentina and Uruguay primarily safeguard test data by implementing unfair competition legislation, whereas Brazil, Chile,

Colombia, and Mexico have established specific provisions for the exclusivity of test data. Furthermore, it should be noted that Brazil, Chile, Colombia, and Mexico have established periods of exclusivity, ranging from five to ten years. In contrast, Argentina does not confer exclusive rights but instead protects against unfair competition. Uruguay lacks specific legislation on test data, similar to that observed in Brazil, where exclusivity is granted based on the degree of innovation.

Section 2 of Part IV defines the core issues regarding the data to be tested considering Article 39.3 of the TRIPS Agreement. In particular, the temporality of protection, the scope of protection, the prerequisites for obtaining protection, and the exceptions and limitations are examined. Concerning exceptions and limitations, it should be noted that several countries have established exceptions to the protection of this type of information. In the case of Chile, a comprehensive list of exceptions is provided. A similar situation arises regarding the definition of new chemical entities. Although they are defined similarly, they are situated within distinct normative frameworks. Colombia has a precise definition, and as well as Chile, which allows for the limitation of data protection, whereas Mexico presents a more expansive definition.

In the final section of the study, Part V, the conclusions are presented.

PART I. INTRODUCTION

1. Trade Secrets. Introductory remarks

a. The Historical Foundations of Trade Secrets

Trade secrets can be roughly and broadly defined as information that has commercial value to a party due to its secrecy and continuing secrecy through reasonable protection measures. In certain industries, such as pharmaceuticals or advanced manufacturing, trade secrets often assume a more pivotal role than formal intellectual property rights (IPRs). Moreover, in many sectors, both trade secrets and first-mover advantages constitute critical mechanisms for securing competitive returns and sustaining market leadership. Therefore, the appropriate mechanism may be primarily dictated by the nature of technology, with some industries relying on trade secrets, lead times, and the sheer complexity of products, rather than IPR².

Trade secret protection might have origins that precede modern intellectual property systems; some scholars trace its roots back to Roman law—some authors suggest that trade secret protection dates to Roman law³— Nevertheless, explicit legal rules governing trade secrets only began to appear in national legal systems during the late 19th and early 20th centuries.⁴

In the eighteenth and early nineteenth centuries, secrecy was highly relevant for the industry, although the capacity to rely on confidentiality was greater in specific fields than in others. In the eighteenth century, the protection of medicines was particularly secure because there was no periodic table and only limited ability to ‘reverse engineer’ marketed medicines to deduce their constituents. As a result, commercial agreements relating to secrets became common, many for astonishing sums and lasting for many decades. However, while

² For the purposes of the analysis proposed in this study. The terminology "trade secrets" is considered synonymous with undisclosed information, industrial secrets or business secrets.

³ Mario Cimoli and others (eds), *Intellectual Property Rights: Legal and Economic Challenges for Development* (First edition, Oxford University Press 2014). Pp. 8-9.

⁴ Arthur Schiller, 'Trade Secrets and the Roman Law; The Actio Servi Corrupti' (1930) 30 *Columbia Law Review* 837; On the contrary opinion: Alan Watson, 'Trade Secrets and Roman Law: The Myth Exploded' (1996) 11 *Tulane European and Civil Law Forum* 19.

⁴ Michael Risch, 'Why Do We Have Trade Secrets?' (2007) 11 *Marquette Intellectual Property Law Review* <<https://scholarship.law.marquette.edu/iplr/vol11/iss1/1>>.

secrecy was common practice in the eighteenth century, the legal underpinnings of such protection remained unarticulated⁵.

Trade secrets can be traced back to the first industrial revolution when innovation and technology arose. The change in social and economic structure also led to the proclamation of freedom of industry and trade, clearly reflected in the French Revolution. The transformation in production systems and technological development also led to the protection of these developments. A first glimpse of the development of trade secrets can be seen in the first French penal code, which enshrined the protection of trade secrets⁶.

Similarly, in the United Kingdom and the United States in the early 19th century, the first cases dealt with protecting trade secrets⁷. In the UK, *Newbery v James*, in 1817⁸, ratified the importance of trade secrets in protecting medical remedies at a time when these constituted one of the most valuable consumer goods. More importantly, this took place at a time when scientific views on disease and chemistry were quite different from those we hold today, which influenced how such knowledge was treated under trade secret law. The United States began protecting trade secrets in the mid-nineteenth century as a matter of common law, beginning with the Supreme Judicial Court of Massachusetts's upholding in 1837 of a contract to maintain the secrecy of a chocolate-making process against a claim that it was void for restraining trade⁹.

Countries in Latin America were also influenced by regulation in Europe and US. The Criminal Code of the Brazilian Empire of 16 December 1830, *dos crimes e das penas*, made it a crime to "*reveal algum segredo, em que esteja instruido e razão de officio*" (art. 164). Similarly, the Chilean Penal Code of 1875 established a penalty of "*reclusion menor en sus grados mínimo a medio o maijor o multa de once a veinte sueldos vitales*", for cases in which "industrial secrets" were revealed (art. 284)¹⁰.

⁵ Lionel Bently, 'Patents and Trade Secrets in England: The case of *Newbery v James* (1817)' in Rochelle Cooper Dreyfuss and Jane C Ginsburg (eds), *Intellectual Property at the Edge* (1st edn, Cambridge University Press 2014) <https://www.cambridge.org/core/product/identifier/9781139524070%23c03400-14-1/type/book_part> accessed 5 August 2024.

⁶ Varela Pezzano Eduardo, 'SOBRE ESCLAVOS, GUILDAS Y LOS ORÍGENES DEL SECRETO COMERCIAL' [2010] *Vniversitas* 217. Pp. 224.

⁷ Michael Risch (n 3).

⁸ Bently (n 4).

⁹ Jeanne C Fromer, 'A Legal Tangle of Secrets and Disclosures in Trade: *Tabor v. Hoffman and Beyond*' in Rochelle Cooper Dreyfuss and Jane C Ginsburg (eds), *Intellectual Property at the Edge* (1st edn, Cambridge University Press 2014) <https://www.cambridge.org/core/product/identifier/9781139524070%23c03400-13-2/type/book_part> accessed 5 August 2024.

¹⁰ Varela Pezzano Eduardo (n 5).

In the last century, the doctrine of trade secrets evolved out of a series of related common-law torts: breach of confidence, breach of confidential relationship, common-law misappropriation, unfair competition, unjust enrichment, and torts related to trespass or unauthorised access to a plaintiff's property. It also evolved from a series of contract and common law rules governing the employment relationship. The standards for trade secret law were collected in the Restatement of Torts in 1939. Therefore, trade secrets were not treated as property rights but as torts based on bad faith competitive conduct¹¹.

In conclusion, during the 19th and early 20th centuries, trade secrets were protected through jurisprudence and different rules worldwide. However, there was and still needs to be more clarity as to whether trade secrets should be considered a property right or not, and on the contrary, whether they should only exist as a legal good. Only with the introduction of the Trade-Related Aspects of Intellectual Property Rights (TRIPS)¹² Agreement has the notion of trade secrets as undisclosed information been included in the international arena.

b. Brief discussion regarding the legal nature of trade secrets

The literature on trade secrets has devoted extensive chapters to discuss the legal nature of trade secrets. Most authors refer mainly to two dominant theories that legally justify trade secrets: the theory of subjective rights or property and the theory of unfair competition. In the former, rights are created towards the right holder, while the latter mainly refers to prohibited conduct¹³. While these may be the dominant theories, other justifications can be found as to whether trade secret law is based on relational obligations (for example, contract, employment status, or fiduciary duty) or fairness and equity; other authors refer that trade secret law lacks any unified theory but is instead a collection of approaches and norms regarding the protection of business information¹⁴.

¹¹ Mark A Lemley, 'The Surprising Virtues of Treating Trade Secrets as IP Rights' [2008] PRN: Legal Theories <<https://api.semanticscholar.org/CorpusID:154385877>>.

¹² Marrakesh Agreement Establishing the World Trade Organization, annex 1C (Agreement on Trade-Related Aspects of Intellectual Property Rights) (adopted 15 April 1994, entered into force 1 January 1995) 1869 UNTS 299, https://www.wto.org/english/docs_e/legal_e/27-trips.pdf accessed 9 March 2025.

¹³ Luc Desaunettes-Barbero, 'Premise—Intellectual Property and Unfair Competition: Two Regulatory Paradigms with Different Purposes and Apparatus' in Luc Desaunettes-Barbero, *Trade Secrets Legal Protection*, vol 19 (Springer Nature Switzerland 2023) <https://link.springer.com/10.1007/978-3-031-26786-4_3> accessed 5 August 2024.

¹⁴ Eric Claeys, 'Private Law Theory and Corrective Justice in Trade Secrecy' (2011) 4 Journal of Tort Law <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1799554>.

The dominant theories can be summarised as follows:

The property theory frames trade secrets as intellectual property analogous to patents, trademarks, and copyright. This understanding emphasises the ownership aspect, where a trade secret holder has the exclusive right to use and protect the information from unauthorised disclosure or use. The economic rationale partially supports the theory that treating trade secrets as property incentivises innovation and investment in developing valuable proprietary information. Since it aligns with the economic function of other IP rights, which is to provide a return on investment for creators and innovators, defenders of this theory argue the similarity with IP rights. On the other hand, critics argue that trade secrets differ fundamentally from traditional property because they are intangible and derive value from secrecy rather than public registration or disclosure. Additionally, once a trade secret is publicly disclosed, its value is lost, unlike other IP rights, which remain valuable even when they are known. In other words, unlike other intellectual property rights, where the exclusive right lies in preventing third parties from making use of the intangible asset, if the secret information were lawfully obtained, there would not be an impediment for a third party to use it.

The general theory that supported common law property rights in secret information began to lose its grip in the early twentieth century. This change undermined the logic of the common law property theory, thus affecting trade secrets' justification as a different regulation from contractual and tort law¹⁵. Therefore, in the 20th century, case law changed course and prioritised the representation of unfair competition as the main factor for protecting secrecy. The protection of the secret depended on whether the defendant had acquired or disclosed *contrary to honest commercial practices*, as well as on the breach of a confidentiality agreement. The United States Supreme Court, in *E.I. Du Pont de Nemours Powder Co. v. Masland*¹⁶ rejected the idea that trade secret protection rules could be derived from an abstract concept of property. Likewise, in *International News Service v. Associated Press*¹⁷, the dissenting opinion pointed out that before 1918, the Supreme Court's decisions on trade secrets relied on how the defendant had acquired the trade secret.

The legal doctrine of unfair competition safeguards businesses against unfair or deceptive business practices perpetrated by competitors. Following this doctrine, the misappropriation of trade secrets is regarded as a form of unfair competition. The courts have acknowledged that misappropriating a competitor's confidential

¹⁵ Robert G Bone, 'A New Look at Trade Secret Law: Doctrine in Search of Justification' (1998) 86 California Law Review 241.

¹⁶ 431 F.2d 1012, 5th Cir. 1970

¹⁷ *International News Service v. Associated Press*, 248 U.S. 215 (1918)

information, whether by theft or otherwise, is inherently unfair and detrimental to business integrity.

The Restatement (Third) of Unfair Competition¹⁸ defines a trade secret as "*any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.*" This definition elucidates the competitive advantage that trade secrets confer, thereby underscoring the crucial importance of their protection for businesses.

These opinions profoundly impacted the American legislative body during the period of the Uniform Trade Secrets Act (UTSA) of 1954. In accordance with the UTSA, the safeguarding of trade secrets is applicable in the following instances: (i) the acquisition of a trade secret from another by a person who knows or has reason to know that the trade secret was acquired by improper means, or (ii) the disclosure or use of a trade secret of another without the express or implied consent of the other.

The contract theory postulates trade secrets protection primarily arises from contractual agreements, such as non-disclosure agreements (NDAs) and confidentiality clauses. These contracts impose obligations on parties to maintain secrecy and not to misuse proprietary information. This practical theory reflects the reality that trade secret protection often involves contractual relationships. It provides a clear framework for parties to outline their rights and responsibilities regarding confidential information. This theory only partially offers adequate comprehension of trade secrets since it does not grant protection, especially against third parties without contractual obligation to the secret holder. Furthermore, contract law does not address public policy issues, such as the balance between protecting trade secrets and encouraging competition¹⁹.

The incentive theory is grounded in economic analysis and argues that trade secret protection incentivises innovation and investment. By safeguarding confidential information, the law encourages businesses to develop valuable proprietary knowledge without the fear of losing their competitive edge. This theory aligns with the broader goals of intellectual property law, which are to promote innovation and economic growth. It recognises the role of trade secrets in fostering a competitive business environment and encouraging research and

¹⁸ *Restatement (Third) of Unfair Competition* (American Law Institute 1995)

<https://www.ali.org/publications/show/unfair-competition/> accessed 9 March 2025.

¹⁹ James Pooley, 'Trade Secrets: The Other IP Right.' [2013] *WIPO Magazine* <https://www.wipo.int/wipo_magazine/en/2013/03/article_0001.html>; Richard A Epstein, 'Trade Secrets as Private Property: Their Constitutional Protection' (2003) *SSRN Electronic Journal* <<http://www.ssrn.com/abstract=421340>> accessed 8 August 2024. Lemley (n 10).

development. Critics suggest that excessive protection of trade secrets might stifle competition and hinder the free flow of information, essential for innovation. There is also concern that overly broad trade secret laws could limit employee mobility and knowledge sharing²⁰.

The legal nature of trade secrets encompasses a complex interplay of property, contract, tort, relational, and incentive theories. Each theory provides unique insights into the protection and enforcement of trade secrets, reflecting different aspects of their economic and legal significance. The ongoing debate among scholars and practitioners highlights the need for a nuanced approach that balances innovation, competition, and ethical business practices. Understanding these theories helps shape the development of trade secret law, ensuring it adapts to the evolving landscape of modern commerce and technology.

One of the core issues in trade secrets law is the failure of the legislators to make a choice between these two models. Generally, trade secrets law is understood as part of unfair competition law as it is ensured through prohibiting some competition behaviours. Nevertheless, because trade secrets present a lot of similarities to ‘classical’ intellectual property rights, since they are also market players’ immaterial assets, the lawmaker is often tempted to offer to the legal framework some characteristics issued from the subjective rights approach. However, this mixed logic presents an inner incoherency since the distinction between the two approaches is not merely formal but, rather, based on the type of market failure they are supposed to solve²¹.

Trade secrets are protected under diverse legal regimes in different countries, such as unfair competition, industrial property, criminal, labour, and tort laws. The TRIPS Agreement does not require undisclosed information to be treated as a form of property. Still, it does require that a person lawfully in control of such information must have the possibility of preventing it from being disclosed to, acquired by, or used by others without his or her consent in a manner contrary to honest commercial practices. The expression “manner contrary to honest commercial practices” includes breach of contract, breach of confidence and inducement to breach, as well as the acquisition of undisclosed information by third parties through illegal means.

In the case of the countries under analysis for this study, it is possible to identify that before the TRIPS Agreement, trade secret

²⁰ David D Friedman, William M Landes and Richard A Posner, ‘Some Economics of Trade Secret Law’ (1991) 5 *Journal of Economic Perspectives* 61; Michael Risch (n 3). Robert Merges, ‘Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations’ (1996) 84 *California Law Review* <<https://ssrn.com/abstract=11497>>.

²¹ See for example: Bone (n 13); Friedman, Landes and Posner (n 17); Lemley (n 10); William M Landes and Richard A Posner, *The Economic Structure of Intellectual Property Law* (Harvard University Press 2003).

protection was vague, found mainly in the countries' criminal codes. This is modified by the TRIPS Agreement and the first trade secret laws, which introduce the concept of protection of secrets through unfair competition.

c. Key elements of trade secrets

While there is no agreement on the legal nature of trade secrets, it is possible to gather from both literature and caselaw several categories of information – that can be divided into technical or commercial information– which can be considered trade secrets. In the field of technical information, drawings and designs; prototypes; manufacturing processes; patentable or not patented inventions; know-how, formulae or recipes; genetic materials and fragrances; research and test data; source code for computer software; manufacturing technology; negative R&D information (information about technical processes that do not work). Commercial information, customer and supplier lists, business methods and strategies, cost and price information, budgets, marketing plans, and business concepts²².

While the types mentioned above of information may be considered trade secrets, other conditions must be met for this to occur. While each jurisdiction can establish the governance of trade secrets, the TRIPS Agreement established in Article 39²³ the protection of

²² Pranvera Këllezi, Bruce Kilpatrick and Pierre Kobel (eds), *Abuse of Dominant Position and Globalization & Protection and Disclosure of Trade Secrets and Know-How* (Springer International Publishing 2017) <<http://link.springer.com/10.1007/978-3-319-46891-4>> accessed 8 August 2024; WIPO, 'Frequently Asked Questions: Trade Secrets' (*World Intellectual Property Organization*) <<https://www.wipo.int/tradesecrets/en/>>. European Union, 'Trade Secrets' (*Your Europe*, 26 January 2024) <https://europa.eu/youreurope/business/running-business/intellectual-property/trade-secrets/index_en.htm>.

²³ Article 39. 1. In the course of ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention (1967), Members shall protect undisclosed information in accordance with paragraph 2 and data submitted to governments or governmental agencies in accordance with paragraph 3.

2. Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices¹⁰ so long as such information:

(a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;

(b) has commercial value because it is secret; and

(c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

3. Members, when requiring, as a condition of approving the marketing of pharmaceutical or of

undisclosed information through unfair competition, and in Article 39.2, the minimum requirements that WTO member countries must include in their legislation. Therefore, from an international perspective, trade secrets and know-how are governed by Article 10bis of the Paris Convention and Article 39.2 of the TRIPs Agreement. Under Article 10bis of the Paris Convention, the union's countries shall assure protection against unfair competition and specifically against any act of competition contrary to honest practices in industrial or commercial matters that constitute an act of unfair competition.

Under Article 39.2, the protection shall apply to secret information with commercial value because it is secret and has been subject to reasonable steps to keep it that way. Secrecy should not be understood in an absolute sense, as it may be shared with employees and business partners; the condition requires that such information is not available to the public and, when disclosed to a number of persons, if not generally disclosed, it maintains the secrecy condition— additionally, the secret character may be retained if the information is known ‘as a body’ but not ‘in the precise configuration and assembly of its components’²⁴.

The second condition concerns the commercial value of the information, which must have economic value due to being secret. Trade secret law most typically protects commercial information; that information must derive some utility from being kept secret.

Finally, and third, the information must be the subject of reasonable efforts from the holder to maintain its secrecy. By its nature, a trade secret claim arises when measures to protect the secret have failed. Thus, the law does not require the “lawfully in control” of the secret to be entirely successful at protecting it. However, the law requires the person “lawfully in control” to make efforts to maintain secrecy. Some countries impose more specific, additional obligations, which might be characterised as a particular implementation of the broad reasonableness requirement. For example, some common law countries require that the defendant have a contractual or implied obligation to keep the information secret²⁵. Other countries require written agreements with recipients and confidentiality notices.

agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, Members shall protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use.

²⁴ Carlos M Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary* (2e edn, Oxford University Press 2020).

²⁵ Kellezi, Kilpatrick and Kobel (n 19).

Therefore, the 'reasonableness' should be judged per the ordinary understanding of national practices²⁶.

This study also analyses how the trade secret conditions of the TRIPS Agreement were implemented in the countries under analysis and whether FTAs, and particularly those negotiated with the United States and the European Union, introduce modifications to national trade secret legislation.

PART II. COMPARATIVE STUDY ON TRADE SECRETS

1. National legislation on trade secrets

Trade secrets were introduced into the legislation differently in the countries under study. At first, as criminal or civil sanctions for the misappropriation of secrets, and then, with the introduction of the TRIPS Agreement, specific rules for protecting trade secrets were developed.

It should be noted that in all the countries examined, a trade secret is not an intellectual property right but, on the contrary, a way of protecting a factual situation by preventing third parties from unfairly taking advantage.

This is without prejudice to the provisions of the TRIPS Agreement in Part II section 7 on undisclosed information, where it states that the protection of trade secrets shall be "In the course of ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention (1967)".

The following are the main bodies of law in the countries surveyed, including trade secrets.

a. Argentina

Argentina adopted a Confidentiality Act in 1996²⁷, based mainly on Part II, Section 7 of the TRIPS Agreement, which protects undisclosed information. In addition, the Employment Contract Act²⁸ and the Patent Act²⁹ include provisions about trade secrets and confidential

²⁶ Correa (n 21).

²⁷ LEY DE CONFIDENCIALIDAD SOBRE INFORMACION Y PRODUCTOS QUE ESTEN LEGITIMAMENTE BAJO CONTROL DE UNA PERSONA Y SE DIVULGUE INDEBIDAMENTE DE MANERA CONTRARIA A LOS USOS COMERCIALES HONESTOS. 1996.

²⁸ Régimen de Contrato de Trabajo. Texto ordenado por Decreto 390/1976 1974 (Laboral).

²⁹ Ley de Patentes y Modelos de Utilidad. Ley. 24.481. TEXTO ORDENADO DE LA LEY DE PATENTES DE INVENCION Y MODELOS DE UTILIDAD N° 24.481 (Decreto 260/96).

information. The Argentine Criminal Code³⁰ also includes relevant provisions concerning confidential information. Moreover, the Argentine Civil and Commercial Code³¹, passed in 2015, includes a reference to confidential information. Finally, in 2019, Argentina adopted Executive Order 274/2019³², regulating unfair competition, which also mentions trade secrets.

The Confidentiality Law regulates undisclosed information in Argentina and establishes sanctions in case of violation of trade secrets³³.

The Employment Contract Act in Argentina establishes specific conditions for employees concerning secrecy. Articles 83 and 85 state that:

Article 83. -Preference of the Employer - Prohibition - Secrecy. - ARTICLE 83.- The employer shall be preferred on equal terms to third parties, if the worker decides to transfer the rights to the invention or discovery, in the case of the first paragraph of Article 82 of this Act.

The parties are obliged to keep secret any inventions or discoveries achieved in any of these ways³⁴.

Art. 85. -Duty of fidelity. The employee must observe all those duties of loyalty deriving from the nature of the tasks assigned to him/her, keeping in reserve or secret the information to which he/she has access, and which requires such behaviour on his/her part.

Patent law in Argentina also includes dispositions regarding trade secrets, particularly regarding the judicial civil procedures for the infraction of a patented process or product. Article 88 of the Law indicates:

³⁰ Código Penal de la Nación Argentina. Texto Ordenado y actualizado (Código Penal).

³¹ *Código Civil y Comercial de la Nación* (Ministerio de Justicia y Derechos Humanos de la Nación 2015).

³² Decreto de Necesidad y Urgencia 274/19. Lealtad Comercial 2019.

³³ Since this law is addressed throughout this document, this section will not discuss it further.

³⁴ Translated by the author: **Art. 83. —Preferencia del Empleador - Prohibición - Secreto.** —ARTICULO 83.- El empleador deberá ser preferido en igualdad de condiciones a los terceros, si el trabajador decidiese la cesión de los derechos a la invención o descubrimiento, en el caso del primer párrafo del artículo 82 de esta ley.

Las partes están obligadas a guardar secreto sobre las invenciones o descubrimientos logrados en cualquiera de aquellas formas.

Art. 85. —Deber de fidelidad. El trabajador debe observar todos aquellos deberes de fidelidad que deriven de la índole de las tareas que tenga asignadas, guardando reserva o secreto de las informaciones a que tenga acceso y que exijan tal comportamiento de su parte.

ARTICLE 88.- For the purposes of civil procedures, where the subject matter of a patent is a process for obtaining a product, the Judges shall order the defendant to prove that the process for obtaining the product is different from the patented process.

Nevertheless, the Judges shall be empowered to order the plaintiff to prove that the process used by the defendant infringes the patented process if the product obtained from the patented process is not new. Unless proven otherwise, it shall be presumed that the product obtained by the patented process is not new if the defendant, or an expert designed by the Judge upon his/her request, can prove the existence in the market of a product identical to the product obtained as a result of the patented process, but without infringement, and having been originated from a source different from that of the patent holder or of the defendant.

When providing the evidence under this article, it must be considered the legitimate interests of the defendants as to the protection of their trade and industrial secrets³⁵.

The Argentinean Criminal Code introduces in articles 153 to 157bis the protection of secrecy and privacy, in particular, article 153bis establishes:

ARTICLE 153 BIS. - Whoever knowingly accesses by any means, without due authorisation or exceeding the authorisation he/she possesses, a computer system or data with restricted access, shall be punished with imprisonment of fifteen (15) days to six (6) months, unless a more severe offence results.

The penalty shall be one (1) month to one (1) year imprisonment when the access is to the detriment of a computer system or data of a state public body or of a provider of public services or financial services³⁶.

The Civil and Commercial Code introduces several trade secrets and confidential information considerations. It addresses secret or

³⁵ Translation found online: MIRANDA API SRL, 'PATENT AND UTILITY MODELS LAW No. 24.481 ARGENTINA PATENT LAW, ARGENTINEAN PATENT LAW, ARGENTINE PATENT LAW AMENDED BY LAW 24.572 (T. O. 1996) AND LAW 25.859' < <https://www.miranda-argentina.com/wp-content/uploads/2016/12/ARGENTINA-PATENT-AND-UTILITY-MODEL-LAW-1.pdf>>

³⁶ Traducido por el autor: **ARTICULO 153 BIS.** - Será reprimido con prisión de quince (15) días a seis (6) meses, si no resultare un delito más severamente penado, el que a sabiendas accediere por cualquier medio, sin la debida autorización o excediendo la que posea, a un sistema o dato informático de acceso restringido.

La pena será de un (1) mes a un (1) año de prisión cuando el acceso fuese en perjuicio de un sistema o dato informático de un organismo público estatal o de un proveedor de servicios públicos o de servicios financieros.

confidential information regarding the obligations in the franchise contracts.

Article 1515. Obligations of the franchisee. The franchisee shall have the following minimum obligations

(a) [...]

(b) [...]

(c) [...]

(d) *maintain the confidentiality of the reserved information forming part of the know-how transmitted and ensure such confidentiality regarding the persons, whether or not they are employees, to whom it must be communicated for the performance of the activities. This obligation remains in force after the expiry of the contract;*

(e) [...]³⁷.

Finally, the recent regulation on unfair competition introduces the concept of violation of secrecy as a specific case of unfair competition. Article 10 of the Decree states:

ARTICLE 10. Particular cases. The following are considered acts of unfair competition:

(a) [...]

(j) *Breach of secrets: Disclosing or exploiting, without the authorisation of the owner, business secrets of others to which access has been gained, legitimately, but with a duty of confidentiality, or illegitimately. For these purposes, the acquisition of secrets by means of espionage or similar procedures shall be considered unfair, without prejudice to the penalties established by other regulations.*

It shall be necessary for the violation to have been carried out with the intention of obtaining an advantage, either for oneself or for a third party, or of harming the owner of the secret.

For the purposes of this assumption, the approval of the registration or marketing authorisation established under the approval procedures for

³⁷ Translated by the author: Artículo 1515. Obligaciones del franquiciado. Son obligaciones mínimas del franquiciado:

(a) [...]

(b) [...]

(c) [...]

(d) *mantener la confidencialidad de la información reservada que integra el conjunto de conocimientos técnicos transmitidos y asegurar esa confidencialidad respecto de las personas, dependientes o no, a las que deban comunicarse para el desarrollo de las actividades. Esta obligación subsiste después de la expiración del contrato;*

(e) [...]

similar products established in Article 5 of Law No. 24.766, by the local administrative authority, shall not be considered an act of unfair competition

(k) [...]

b. Brazil

In Brazil, trade secrets are also regulated through different bodies of law. The Brazilian Industrial Property Statute³⁸, referred to as BIPS, introduces the prohibited behaviour of misappropriation of trade secrets. The Criminal Code³⁹ and Labour Law also introduce sanctions against the undue appropriation of secrets. More recently, the protection of trade secrets has been also referred to in new pieces of legislation, such as Internet Law⁴⁰. Because trade secrets infringements are considered, as seen above, as unlawful acts both by civil and criminal law, the general principles and rules existing within these fields (in the case of civil law, non-contractual liability law, tort law, etc.) also apply.

The Chapter on Unfair Competition Article 195, paragraphs XI and XII of BIPS introduces protection against violation of trade secrets:

“Article 195 –Is a criminal offence of unfair competition:

I [...]

XI – discloses, exploits or uses, without authorisation, confidential knowledge, information or data, usable in industry, commerce or the providing of services, excepting that which is of public knowledge or which is obvious to a person skilled in the art, to which he has had access by means of a contractual or employment relationship, even after the termination of the contract;

XII – discloses, exploits or uses, without authorisation, knowledge or information as mentioned in the previous item, when obtained directly or indirectly by illicit means or to which he has had access by fraud.”

*XIII [...]*⁴¹

³⁸ Ley 9279 Regula derechos e obligaciones relativos à propriedade industrial. (y modifs). 1996.

³⁹ Código Penal 1940 (Criminal Code).

⁴⁰ *Marco civil da internet* (Câmara dos Deputados - Coordenação Edições Câmara 2021).

⁴¹ Translated from the original: Art. 195. Comete crime de concorrência desleal quem:

XI - divulga, explora ou utiliza-se, sem autorização, de conhecimentos, informações ou dados confidenciais, utilizáveis na indústria, comércio ou prestação de serviços, excluídos aqueles que sejam de conhecimento público ou que sejam evidentes para um técnico no assunto, a que teve acesso mediante relação contratual ou empregatícia, mesmo após o término do contrato;

XII - divulga, explora ou utiliza-se, sem autorização, de conhecimentos ou informações a que se refere o inciso anterior, obtidos por meios ilícitos ou a que teve acesso mediante fraude; ou

Also, Article 482 of the 1945 Labor Act (“Consolidação das Leis de Trabalho”)⁴² establishes that an employee's breach of a trade secret is considered a justified reason for his/her dismissal.

Art. 223-A. Only the provisions of this Title apply to compensation for damage arising out of a labour relationship.

Art. 223-D. The image, trademark, name, business secret and secrecy of correspondence are legally protected assets inherent to the legal person.

Art. 482 - The following constitute just cause for termination of the employment contract by the employer: [...]

*g) violation of company secrets; [...]*⁴³

The Brazilian Criminal Code introduces in articles 153 to 154b the protection of secrecy and privacy; in particular, article 154A introduces the criminal sanctions for violation of trade secrets when it occurs through the invasion of an informatic device.

Art. 154-A. Breaking into someone else's computer device, whether or not it is connected to a computer network, in order to obtain, tamper with or destroy data or information without the express or tacit authorisation of the user of the device or to install vulnerabilities in order to obtain an illicit advantage: [...]

(3) If the invasion results in obtaining the content of private electronic communications, commercial or industrial secrets, confidential information, as defined by law, or unauthorised remote control of the invaded device:(Included by Law no. 12. Penalty - imprisonment, from 2 (two) to 5 (five) years, and a fine. (Edited by Law 14.155, of 2021)

*(4) In the event of paragraph 3, the penalty is increased by one to two thirds if there is disclosure, commercialisation or transmission to a third party, in any capacity, of the data or information obtained. [...]*⁴⁴

⁴² Consolidação das Leis do Trabalho, 1943 (Decreto-Lei).

⁴³ Translated by the author: Art. 223-A. Aplicam-se à reparação de danos de natureza extrapatrimonial decorrentes da relação de trabalho apenas os dispositivos deste Título.

Art. 223-D. A imagem, a marca, o nome, o segredo empresarial e o sigilo da correspondência são bens juridicamente tutelados inerentes à pessoa jurídica.

Art. 482 - Constituem justa causa para rescisão do contrato de trabalho pelo empregador:

g) violação de segredo da empresa;

⁴⁴ Translated by the author: Art. 154-A. Invadir dispositivo informático de uso alheio, conectado ou não à rede de computadores, com o fim de obter, adulterar

Finally, the Civil Internet Framework also introduces the protection of trade secrets when storage by internet service providers:

Article 10. The storage and the availability of connection and access logs to Internet applications mentioned in this law, as well as personal data and the content of private communications, must take into account the preservation of intimacy, privacy, honour and image of the parties directly or indirectly involved. [...]

§ 4. The measures and the security and confidentiality procedures shall be informed by the party responsible for the provision of services in a clear way and meet the standards set by regulation, respecting the right to confidentiality regarding trade secrets.

c. Chile

In the case of Chile, trade secrets are governed by various laws and regulations. The main body of law is Title VIII of Law No. 19,039 of March 6, 2006⁴⁵, on Industrial Property, which establishes the scope of protection of trade secrets and test data. The Criminal and Civil Codes also introduce provisions regarding trade secrets alongside other regulations.

Articles 86 to 91 of the Industrial Property Law lay down the general provisions on trade secrets and test data, from their definition to the sanctions and remedies for infringement.

Article 54 of the Chilean Criminal Procedure Code⁴⁶ establishes the offences of prior public action. This indicates that the action of the injured party must be present in this type of crime. Among the offences mentioned in this article are trade secrets:

Article 54.-Previous Public Action Offences. Particular instance. The public prosecution offences shall not, at least, be conducted informally without, at the very least, having committed the offence to justice, to the Public Prosecutor's Office or to the police. Such offences are: [...]

ou destruir dados ou informações sem autorização expressa ou tácita do usuário do dispositivo ou de instalar vulnerabilidades para obter vantagem ilícita:

§ 3o Se da invasão resultar a obtenção de conteúdo de comunicações eletrônicas privadas, segredos comerciais ou industriais, informações sigilosas, assim definidas em lei, ou o controle remoto não autorizado do dispositivo invadido: (Incluído pela Lei nº 12.737, de 2012) Vigência Pena – reclusão, de 2 (dois) a 5 (cinco) anos, e multa. (Redação dada pela Lei nº 14.155, de 2021)

§ 4o Na hipótese do § 3o, aumenta-se a pena de um a dois terços se houver divulgação, comercialização ou transmissão a terceiro, a qualquer título, dos dados ou informações obtidas.

⁴⁵ LEY 19039. ESTABLECE NORMAS APLICABLES A LOS PRIVILEGIOS INDUSTRIALES Y PROTECCION DE LOS DERECHOS DE PROPIEDAD INDUSTRIAL (y modificatorias) 1991.

⁴⁶ Código de Procedimiento Penal promulgado por la Ley N° 19696, del 29 de septiembre de 2000 (modificado por la Ley N° 21073 del 22 de febrero de 2018) 2000.

(c) *Violation of secrecy provided for in Articles 231 and 247, second paragraph, of the Criminal Code;*

(d) *[...]*

(e) *Those provided for in Law No. 19.039, which establishes rules applicable to industrial privileges and industrial property rights protection;*

(f) *The fraudulent communication of a piece of secrecy in which the accused has been, or was, a State, and [...]*

Article 284 of the new Criminal Code⁴⁷ established a whole system of criminal protection for trade secrets. Thus, there are several new offences associated with Trade Secrets, in articles 284 to 284 sixth, which can be classified into 3 types of typical conducts.

ART. 284. Any person who, without the consent of its legitimate owner, gains access to a trade secret by means of undue interference with a view to disclosing it or taking economic advantage of it shall be punished by imprisonment or medium-term imprisonment.

For the purposes of the provisions of the foregoing subsection, interference shall be understood to mean:

1. The entry into company premises or the visual or sound recording by means of technical devices of what takes place inside company premises, provided that this is not perceptible from the outside without the use of technical devices such as those used in the recording or without resorting to climbing or any other means of overcoming an obstacle to perception.

2. The visual or sound recording by means of technical devices of the content of the communication between two or more persons of the execution of an action or the development of a situation by a person when the persons involved have a legitimate expectation that they are not being seen, heard, filmed or recorded, as manifested in the circumstances of the communication, action or situation and that it concerns the company.

3. Accessing a computer system without authorisation or exceeding the authorisation held and overcoming technical barriers or technological security measures.

The penalty referred to in the first subsection shall also be imposed on anyone who, without the consent of its legitimate owner,

⁴⁷ Código Penal 2018.

reproduces the fixation in any format of information constituting a trade secret for the purpose of disclosing it or taking economic advantage of it.

Whoever, having perpetrated any of the acts provided for in the preceding subsections, without the consent of the lawful possessor, discloses or consents to another person gaining access to the trade secret shall be punished by imprisonment or rigorous imprisonment to the maximum extent⁴⁸.

Chilean legislation that safeguards confidential information and trade secrets is also codified in Law No. 19.628, also known as the Law on the Protection of Privacy⁴⁹. While the primary focus of this legislation is on the protection of individual privacy, it also extends to the safeguarding of confidential information and trade secrets. The Privacy Act establishes the right of all individuals to the protection of their privacy and the safeguarding of their personal information. This implies that a person's confidential information, including information related to their business or professional activity, must be safeguarded and protected.

⁴⁸ Translated by the author: Artículo 284. El que sin el consentimiento de su legítimo poseedor accediere a un secreto comercial mediante intromisión indebida con el propósito de revelarlo o aprovecharse económicamente de él será castigado con presidio o reclusión menor en su grado medio.

Para efectos de lo dispuesto en el inciso anterior, se entenderá por intromisión:

1. El ingreso a dependencias de la empresa o la captación visual o sonora mediante dispositivos técnicos de lo que tuviere lugar al interior de dependencias de la empresa, siempre que ello no fuere perceptible desde su exterior sin la utilización de dispositivos técnicos como los empleados en la captación o sin recurrir a escalamiento o a algún otro modo de vencimiento de un obstáculo a la percepción.

2. La captación visual o sonora mediante dispositivos técnicos del contenido de la comunicación que dos o más personas mantuvieren de la ejecución de una acción o del desarrollo de una situación por parte de una persona cuando los involucrados tuvieren una expectativa legítima de no estar siendo vistos, escuchados, filmados o grabados, manifestada en las circunstancias de la comunicación, la acción o la situación y que ésta concerniere a la empresa.

3. El acceso a un sistema informático sin autorización o excediendo la autorización que se posea y superando barreras técnicas o medidas tecnológicas de seguridad.

La pena señalada en el inciso primero se impondrá también al que sin el consentimiento de su legítimo poseedor reprodujere la fijación en cualquier formato de información constitutiva de un secreto comercial con el propósito de revelarlo o aprovecharse económicamente de él.

El que, habiendo perpetrado cualquiera de los hechos previstos en los incisos anteriores, sin el consentimiento de su legítimo poseedor revelare o consintiere en que otro accediere al secreto comercial será sancionado con la pena de presidio o reclusión menor en su grado máximo.

⁴⁹ Ley sobre la protección de la vida privada 1999 (SOBRE PROTECCION DE LA VIDA PRIVADA).

d. Colombia

Colombia has general rules on trade secrets under the scope of commercial regulation. On the one hand, Law 256/1996⁵⁰, which contains the rules on unfair competition, establishes when there is a violation of any trade secrets (art. 16).

ARTICLE 16. VIOLATION OF SECRETS. The disclosure or exploitation, without the authorisation of the owner, of industrial secrets or any other type of business secrets to which access has been obtained legitimately but with a duty of confidentiality, or illegitimately, as a result of any of the conducts provided for in the following subsection or in Article 18 of this Act, shall be considered unfair⁵¹.

The acquisition of secrets through espionage or similar procedures shall also be considered unfair, without prejudice to the penalties established by other regulations. Actions relating to the violation of secrets shall proceed without the requirements referred to in Article 2 of this Act having to be met.

Under the same scope, the Superintendence of Industry and Commerce (SIC), in its “Circular Única”⁵², establishes that when there are corporative integrations, the parties under procedure shall request expressly and motivated that all the information related with trade secrets or that is confidential, it is under reserve (numeral 2.2.3, Chapter 2, Title VII).

2.2.3. Confidentiality of documents or information

In order to safeguard the confidentiality of the documents or information provided in the pre-assessment application process, the intervening companies and third parties must explicitly request, with reasons, that the information relating to business secrets or other

⁵⁰ Por la cual se dictan normas sobre competencia desleal 1996.

⁵¹ Translated by the author: **ARTÍCULO 16. VIOLACIÓN DE SECRETOS.** Se considera desleal la divulgación o explotación, sin autorización de su titular, de secretos industriales o de cualquiera otra clase de secretos empresariales a los que se haya tenido acceso legítimamente pero con deber de reserva, o ilegítimamente, a consecuencia de algunas de las conductas previstas en el inciso siguiente o en el artículo 18 de esta ley.

Tendrá así mismo la consideración de desleal, la adquisición de secretos por medio de espionaje o procedimientos análogos, sin perjuicio de las sanciones que otras normas establezcan.

Las acciones referentes a la violación de secretos procederán sin que para ello sea preciso que concurran los requisitos a que hace referencia el artículo 2o. de este ley.

⁵² Superintendencia de Industria y Comercio, Delegatura para la Propiedad industrial, ‘Circular Única de La Superintendencia de Industria y Comercio’ <<https://www.sic.gov.co/circular-unica>>.

*elements for which there is a legal rule of confidentiality or secrecy, and which they must provide in the process, be kept confidential. To this end, they must submit, together with the document containing the information on which they are requesting confidentiality, a non-confidential summary of the same. [...]*⁵³

Furthermore, the Andean Decision 486⁵⁴ (AD 486), which establishes the general regime on Intellectual property, develops the rules on trade secrets within Title XVI regarding unfair competition, specifically Chapter 2 (arts. 260-266) regarding Business secrets.

Aside from those above, there are other areas of law in which the violation of trade secrets implies a punishment for the transgressor. Firstly, the criminal code⁵⁵ provides in Art. 308 that it is a crime to any commercial or industrial reservation, making it part of the crimes against the economic order (Title X).

Article 308. Violation of industrial or commercial confidentiality. Anyone who uses, discloses or divulges a discovery, scientific invention, process or industrial or commercial application, which has come to his knowledge by reason of his position, trade or profession and which must remain confidential, shall be liable to imprisonment of two (2) to five (5) years and a fine of twenty to two thousand (2,000) times the current monthly minimum wage.

The same penalty shall be incurred by anyone who unduly knows, copies or obtains a secret related to a discovery, scientific invention, process or industrial or commercial application.

*The penalty shall be three (3) to seven (7) years' imprisonment and a fine of one hundred (100) to three thousand (3,000) times the current legal monthly minimum wage, if personal gain or that of a third party is obtained*⁵⁶.

⁵³ Translated by the author: 2.2.3. Reserva de los documentos o la información. Con el objetivo de salvaguardar la reserva que se pueda predicar sobre los documentos o la información aportada al trámite de solicitud de pre-evaluación, las empresas intervinientes y los terceros deberán solicitar de forma explícita y motivada, que la información relativa a secretos empresariales u otros elementos sobre los cuales exista norma legal de reserva o confidencialidad, y que deban suministrar dentro del trámite, tenga carácter reservado. Para ello deberán presentar, junto con el documento contentivo de la información sobre la que solicitan la reserva, un resumen no confidencial del mismo.

⁵⁴ Decisión 486. Regimen Común de la Propiedad Industrial 2000.

⁵⁵ Código Penal Colombiano 2000 (Código Penal).

⁵⁶ Translated by the author: Artículo 308. Violación de reserva industrial o comercial. El que emplee, revele o divulgue descubrimiento, invención científica, proceso o aplicación industrial o comercial, llegados a su conocimiento por razón de su cargo, oficio o profesión y que deban permanecer en reserva, incurrirá en prisión de dos (2) a cinco (5) años y multa de veinte a dos mil (2.000) salarios mínimos legales mensuales vigentes.

Finally, within the Labour Code⁵⁷, the revelation of trade secrets by the employee is causative of the unilateral termination of the work contract (Art. 62. A. 8).

ARTICLE 62. TERMINATION OF THE CONTRACT FOR JUST CAUSE. There are just causes for unilaterally terminating the employment contract: [...]

*A.8. If the employee reveals technical or commercial secrets or discloses matters of a reserved nature to the company's detriment. [...]*⁵⁸

e. Mexico

In Mexico, trade secret⁵⁹ regulations are set in the following areas of law: Intellectual Property: Federal Law for the Protection of Industrial Property (FLPIP)⁶⁰; Labour Law: Federal Labor Law⁶¹; Criminal Law: Federal Criminal Code⁶²; Unfair Competition: Commercial Code⁶³, under the Federal Law for the Protection of Industrial Property.

The core of trade secret protection under Mexican law is found in the Federal Law for the Protection of Industrial Property (TITLE THIRD), articles 163 to 169. These articles set out the definition of trade secrets and the scope of protection, sanctions and prosecution.

The Labour law introduces trade secrets in two circumstances, first, the revelation of trade secrets by the employee is causative of the unilateral termination of the work contract (art. 47); second, the protection of trade secrets is an obligation of workers (art. 134).

En la misma pena incurrirá el que indebidamente conozca, copie u obtenga secreto relacionado con descubrimiento, invención científica, proceso o aplicación industrial o comercial.

La pena será de tres (3) a siete (7) años de prisión y multa de cien (100) a tres mil (3.000) salarios mínimos legales mensuales vigentes, si se obtiene provecho propio o de tercero.

⁵⁷ Código Sustantivo del Trabajo 1950.

⁵⁸ Translated by the author: ARTICULO 62. TERMINACION DEL CONTRATO POR JUSTA CAUSA. Son justas causas para dar por terminado unilateralmente el contrato de trabajo:

[...]

8. El que el trabajador revele los secretos técnicos o comerciales o dé a conocer asuntos de carácter reservado, con perjuicio de la empresa.

[...]

⁵⁹ The Federal Law for the Protection of Industrial Property uses the term "industrial secret", which is replicated in several agreements and treaties signed by Mexico. However, according to the Law, it refers to information of industrial or commercial application.

⁶⁰ Ley Federal de Protección a la Propiedad Industrial (Nueva Ley publicada en el Diario Oficial de la Federación el 1 de julio de 2020) 2020.

⁶¹ Ley Federal del Trabajo 2015.

⁶² Código Penal Federal 2024.

⁶³ Código de Comercio 2018.

Article 47.- The employer is not liable for the termination of the employment relationship: [...]

*IX. Revealing trade secrets or disclosing matters of a reserved nature, to the detriment of the company; [...]*⁶⁴

Article 134.- Workers have the following obligations: [...]

*XIII. Scrupulously keep the technical, commercial and manufacturing secrets of the products in the production of which they are directly or indirectly involved, or of which they have knowledge by reason of the work they perform, as well as confidential administrative matters, the disclosure of which could cause damage to the company. [...]*⁶⁵

The Criminal Code, in its Ninth Title, Chapter I, establishes the crime of disclosure of secrets and illicit access to computer systems and equipment.

*Article 210.- Thirty to two hundred days' community service shall be imposed on anyone who, without just cause to the detriment of anyone and without the consent of the person who may be harmed, reveals any secret or confidential communication that they know or have received by reason of their employment, office or position*⁶⁶.

In the end, the Federal Commercial Code mandates that trading practices comply with honest practices and prohibits acts of unfair competition. Article 6a establishes the acts of unfair competition and allows other acts of unfair competition to be considered as those provided for in special laws.

⁶⁴ Translated by the author: Artículo 47.- Son causas de rescisión de la relación de trabajo, sin responsabilidad para el patrón:

[...]

IX. Revelar el trabajador los secretos de fabricación o dar a conocer asuntos de carácter reservado, con perjuicio de la empresa;

[...]

⁶⁵ Translated by the author: Artículo 134.- Son obligaciones de los trabajadores:

[...]

XIII. Guardar escrupulosamente los secretos técnicos, comerciales y de fabricación de los productos a cuya elaboración concurren directa o indirectamente, o de los cuales tengan conocimiento por razón del trabajo que desempeñen, así como de los asuntos administrativos reservados, cuya divulgación pueda causar perjuicios a la empresa.

[...]

⁶⁶ Translated by the author: Artículo 210.- Se impondrán de treinta a doscientas jornadas de trabajo en favor de la comunidad, al que sin justa causa, con perjuicio de alguien y sin consentimiento del que pueda resultar perjudicado, revele algún secreto o comunicación reservada que conoce o ha recibido con motivo de su empleo, cargo o puesto.

Article 6a. Traders shall carry out their activity in accordance with honest industrial or commercial practices, and shall therefore refrain from engaging in acts of unfair competition which:

I.- [...]

IV.- Are provided for in other laws.

Civil actions arising from acts of unfair competition may only be initiated when a final administrative ruling has been obtained, if applicable⁶⁷.

f. Uruguay

In Uruguay, there are no national rules on trade secrets. Its protection has been indirect, as the law is integrated with international regulations.

There are several of references to trade secrets in Uruguayan legislation. For example, in the provisions of the Patent Law⁶⁸ on compulsory licensing, there is an express mention of trade secrets. In this regard, the obligation of the patent holder to transfer knowledge necessary to exploit the subject matter of the patent is established, the details of which should form part of the resolution imposing the licence, and sanctions are established for non-compliance.

Article 68: "The patent shall lapse if, two years after the grant of the first compulsory licence or other uses without the authorisation of the proprietor, the subject matter of the licence cannot be exploited by the compulsory licensee for reasons attributable to the proprietor or his contractual licensee".

of the patent or his contractual licensee.

Causes attributable to the patent owner shall be understood to include, inter alia, refusal to provide the information or authorisation referred to in the preceding article⁶⁹.

⁶⁷ Translated by the author: Artículo 6a. Los comerciantes deberán realizar su actividad de acuerdo a los usos honestos en materia industrial o comercial, por lo que se abstendrán de realizar actos de competencia desleal que:

I.- [...]

IV.- Se encuentren previstos en otras leyes.

Las acciones civiles producto de actos de competencia desleal, sólo podrán iniciarse cuando se haya obtenido un pronunciamiento firme en la vía administrativa, si ésta es aplicable

⁶⁸ Ley N° 17164. Ley de la propiedad industrial. Ley de Patentes (y mods). 1999 17.

⁶⁹ Translated by the Author: Artículo 68: La patente caducará cuando habiendo transcurrido dos años desde la concesión de la primera licencia obligatoria u otros usos sin autorización del titular, no se pudiere explotar el objeto de la licencia por parte del licenciatarío obligatorio por causas imputables al titular

Another noteworthy reference is articles 8 and 9 subparagraph. 1° literals E, F and G of the Law on Access to Public Information Law 18.381⁷⁰, insofar as they establish as grounds for denying access to information, when there are transcendent reasons like industrial reserve and trade secret or confidentiality.

Article 8 (Exceptions to public information): Exceptions to public information shall be of strict interpretation and shall include those defined as secret by law and those defined below as reserved and confidential.

Article 9 (Reserved information): Reserved information may be classified as that the disclosure of which could:

A) [...]

*F) Disprotect scientific, technological or cultural discoveries developed or held by the regulated entities. [...]*⁷¹

Civil law is integrated with the provisions of international rules to condemn this type of infringement as a case of non-contractual liability arising from unfair competition.

There are also indirect references in national legislation. Thus, in intellectual property law, Article 111 of Law 17.164 and in criminal law⁷², Article 302.

*Article 111: "The register of contracts for the transfer of technology, research and development, franchising and similar contracts shall be created, which shall produce effects before third parties from the moment of their registration"*⁷³.

de la patente o a su licenciatario contractual.

Se entenderán causas imputables al titular de la patente, entre otras, la negativa a proporcionar la información o la autorización a que refiere el artículo precedente."

⁷⁰ Ley sobre el derecho de acceso a la información pública 2008.

⁷¹ Translated by Author: Artículo 8 (Excepciones a la información pública).- Las excepciones a la información pública serán de interpretación estricta y comprenderán aquellas definidas como secretas por la ley y las que se definan seguidamente como de carácter reservado y confidencial.

Artículo 9 (Información reservada).- Como información reservada podrá clasificarse aquella cuya difusión pueda:

A) [...]

F) Desproteger descubrimientos científicos, tecnológicos o culturales desarrollados o en poder de los sujetos obligados.

[...]

⁷² Código Penal de Uruguay 1933.

⁷³ Translated by Author: Artículo 111: "Créase el registro de los contratos que tengan por objeto la transferencia de tecnología, investigación y desarrollo, contratos de franquicia y similares, los cuales producirán efectos ante terceros a partir de su inscripción."

Article 111 of the Patent Act refers to trade secrets in the chapter on technology transfer. However, it does not define but merely establishes the possibility of registering these contracts. The doctrine has understood that contracts for the transfer of know-how would be covered by this rule precisely based on the reference in this article.

Finally, there is a general criminal protection of secrecy, in which the national doctrine has understood that any undisclosed information is included, provided that the requirements established in the criminal offence are met.

*Article 302: (Disclosure of professional secret) Whoever, without just cause, discloses secrets that have come to his knowledge, by virtue of his profession, employment or commission, shall be punished, when the act causes damage, with a fine of one hundred to two thousand pesos*⁷⁴.

2. International framework for trade secrets

a. Argentina

In Argentina, the protection of trade secrets is complemented by Article 39 of the TRIPS Agreement. Argentina ratified this through Law 24.425, which approves the final negotiations of the Uruguay Round and the Marrakech Agreement establishing the World Trade Organisation, which includes the TRIPS Agreement in its Annexes. Argentina has a series of FTAs concluded⁷⁵, under negotiation and others that, although concluded, have not yet entered into force. Among the concluded agreements are: Latin American Integration Association (ALADI); Bolivia; Brazil; Chile; Colombia; Colombia, Ecuador and Venezuela; Cuba; Egypt; India; Israel; Southern Common Market (MERCOSUR); Mexico; Paraguay; Peru; Latin American Economic System (SELA); Southern African Customs Union (SACU); Uruguay. Agreements concluded but not yet in force: European Union, EFTA - European Free Trade Association- (Iceland, Liechtenstein, Norway and Switzerland); Paraguay and Brazil. Finally, negotiations are underway with Canada, Korea, India, Mexico, Paraguay, Peru and Singapore.

Though there are no rules on trade secrets in the agreements in force, it is possible to find rules on undisclosed information in the

⁷⁴ Translated by Author: Artículo 302: (Revelación de secreto profesional) El que, sin justa causa, revelare secretos que hubieran llegado a su conocimiento, en virtud de su profesión, empleo o comisión, será castigado, cuando el hecho causare perjuicio, con multa de cien a dos mil pesos."

⁷⁵ Ministerio de Economía de la Nación Argentina, 'Acuerdos Preferenciales y de Libre Comercio' (*Acuerdos Internacionales*, 4 February 2024) <<https://www.argentina.gob.ar/produccion/acuerdos-internacionales/conoce/tlc>>.

Agreements signed with the European Union and EFTA⁷⁶. It should be noted that the content of the text proposed in the Agreement has as its antecedent the European Directive on the Protection of Trade Secrets dated 14 April 2016.

Within the Tentative Agreement with the EU, Article 42.1 limits the scope of protection of trade secret information to paragraphs 1 and 2 of Article 39 of the TRIPS Agreement, i.e. the framework shall be "... to ensure effective protection against unfair competition in accordance with Article 10bis of the Paris Convention [...]" to prevent its use or disclosure without consent "... in a manner contrary to honest commercial practices". Article X.42.2 transcribes almost verbatim the provisions of Article 39 (2) of the TRIPS Agreement, defining trade secrets descriptively, and (3) sets out the conditions for determining what conduct is considered contrary to honest commercial practices. Article 43 regulates civil judicial proceedings and remedies. Again, it is emphasised that these are judicial proceedings, not administrative proceedings.⁷⁷

b. Brazil

Brazil ratified TRIPS Agreement through legislative Decree N. 30, of December 15, 1994, by the Congress, approving the Final Minutes of the Results of the Uruguay Round of the GATT Negotiations which created the WTO.

As mentioned in 2.a related to Argentina, Brazil, as a Mercosur member country, has also signed the Agreements with the European Union and EFTA. It should be noted that the content of the text proposed in the Agreement has as its antecedent the European Directive on the Protection of Trade Secrets dated 14 April 2016.

c. Chile

Chile is a member of the WTO and ratified the TRIPS Agreement. The country has also signed 33 FTAs, some of which have introduced protection for trade secrets and test data for pharmaceuticals and agrochemicals.

The Chile-U.S. Free Trade Agreement, in its Chapter 17: Intellectual Property Rights, introduces Article 17.10, "Measures Related to Certain Regulated Products" in this article. The First paragraph Addresses the protection of pharmaceutical test data. It requires that if a party requires the submission of undisclosed data or

⁷⁶ Ministerio de Economía de la Nación Argentina, 'MERCOSUR_EFTA' (*Acuerdos Preferenciales y de Libre Comercio*, 23 August 2019) <<https://www.argentina.gob.ar/conoce-los-acuerdos-internacionales/efta>>.

⁷⁷ MINISTERIO DE RELACIONES EXTERIORES, 'Propiedad Intelectual' (*Acuerdo de Asociación Mercosur - Unión Europea*, 28 June 2019) <<https://cancilleria.gob.ar/es/acuerdo-mercosur-ue/propiedad-intelectual>>.

other data for marketing approval of pharmaceutical products. It also prohibits the disclosure of such data, except where necessary to protect the public or unless steps are taken to ensure the data is protected against unfair commercial use. Finally, it provides for five years of data exclusivity from the approval date for new pharmaceutical products, during which no other company can market a similar product using the original data.

The recently signed FTA with the EU provides a more comprehensive scenario regarding protecting trade secrets and test data since it includes regulations for both. Article 25.44 limits the scope of protection of trade secret information to paragraphs 1 and 2 of Article 39 of the TRIPS Agreement, i.e. the framework shall be "... to ensure effective protection against unfair competition by Article 10bis of the Paris Convention [...]" to prevent its use or disclosure without consent "... in a manner contrary to honest commercial practices". Article X.42.2 transcribes almost verbatim the provisions of Article 39 (2) of the TRIPS Agreement, defining trade secrets descriptively, and (3) sets out the conditions for determining what conduct is considered contrary to honest commercial practices. Article 25.45 regulates civil judicial proceedings and remedies. Again, it is emphasised that these are judicial proceedings, not administrative proceedings.

Article 25.46 introduces test data protection for new chemical entities, establishing data exclusivity for at least 5 years from the date of a first marketing approval or sanitary permit in the Party concerned.

Article 25.47 introduces test data protection for agricultural products. This article grants data exclusivity for at least ten years from the date of the marketing authorisation of the agrochemical product.

d. Colombia

Colombia has chapters on Intellectual Property in several of its FTAs. However, they do not necessarily include a specific provision related to trade secrets beyond recognising the TRIPS Agreement or a referral to Article 39 of the latter. Still, in other chapters of those agreements, there is a reference to *Trade Secrets* as an element to consider. The following charter shows those relevant provisions within the FTAs

Agreement (FTA/BIT)	Provision	Entry into force
Asociación Europea de Libre Comercio (AELC) (EFTA)	Chapter 6. Protection of Intellectual Property. - Art. 6.11. Undisclosed Information/Measures Relating to Certain	1 July, 2011

	<p>Regulated Products. Refers to Art. 39 TRIPS Agreement</p>	
Costa Rica	<p>Chapter 5. Technical cooperation and mutual assistance on customs matters</p> <p>- Art. 5.8.1.c: Denied any mutual assistance if it is considered to violate a trade secret.</p> <p>Chapter 9. Protection of Intellectual Property.</p> <p>- Art. 9.2.2 Parties agree to comply with the TRIPS Agreement.</p> <p>Chapter 11. Competition and Consumer Protection Policy</p> <p>- Art. 11.2.1 To count on legislation that effectively addresses anti-competitive practices.</p>	1 August, 2016
EU ⁷⁸	<p>Title VII. Intellectual Property</p> <p>- Art. 196. Reaffirmed the rights and obligations of the TRIPS Agreement</p> <p>- Art.231. Refers to Art. 39 TRIPS Agreement</p> <p>Annex V. Administrative and mutual assistance on customs matters</p> <p>- Art.9. c: Deny any mutual assistance if it is considered it violates a trade secret</p>	1 August, 2013

⁷⁸ The FTA with the UK essentially keeps the same obligations set in the one with the EU, entering into force in Colombia through approving Law 2067/2020.

Israel	<p>Chapter 10. Investment</p> <p>- Art. 10.1. Definitions. Regarding the definition of <i>Investment</i>, the treaty recognises on ordinal (d) that Commercial Secrets is an asset considered as Investment.</p>	11 August, 2020
Korea	<p>Chapter 4. Customs Administration and Trade Facilitation</p> <p>- Art. 4.15. Denied any assistance if it is considered to violate a trade secret.</p> <p>Chapter 13. Competition and Consumer Protection Policy</p> <p>- Art. 13.2.1: To prescribe anti-competitive practices.</p> <p>Chapter 15. Protection of Intellectual Property.</p> <p>- Art. 15.2. Parties agree to comply with the TRIPS Agreement</p>	15 July, 2016
Pacific Alliance (Additional Protocol)	<p>Chapter 5. Trade facilitation and customs cooperation</p> <p>- Art.5.20.1.c: Deny any mutual assistance if it is considered it violates a trade secret</p>	1 May, 2016
USA	<p>Chapter 16. Protection of Intellectual Property.</p> <p>- Art. 16.1.5 To adopt necessary measures that prevent anti-competitive practices that result in an abuse of the</p>	15 May, 2012

	<p>Intellectual Property rights.</p> <p>- Art. 16.1.6: Parties agree to comply with the TRIPS Agreement</p>	
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e. Mexico

In Mexico, currently, there are 30 Agreements for the Promotion and Reciprocal Protection of Investments in force with Argentina, Austria, Bahrain, Belarus, Belgium, Luxembourg, China, Cuba, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Italy, Korea, Kuwait, Netherlands, Portugal, Singapore, Slovakia, Spain, Sweden, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, United Kingdom and Uruguay. Except for the treaties with Bahrain, China, Hong Kong, Slovakia, and Trinidad and Tobago, the others include intellectual property rights as a protected investment under Treaty⁷⁹.

In 2018, the Trans-Pacific Partnership Agreement entered into force for Mexico, which includes provisions intended to ensure that individuals have the legal means to prevent trade secrets that are legally under their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices⁸⁰. In addition, this Agreement includes provisions to protect undisclosed test data and other data relating to the safety and efficacy of pharmaceutical and biological products. However, among others,

⁷⁹ Based on the definitions provided in each Treaty, those that incorporate trade secret language are Argentina: includes know-how; Austria: considers know-how and trade secrets; Belgium and Luxembourg: includes technological processes; Cuba: considers know-how; Czech Republic: considers technical procedures and know-how associated with an investment; Denmark: includes technology, know-how and other similar rights; Finland: includes technological processes, know-how; France: considers technical procedures; Germany: expressly includes trade and business secrets, technological processes and know-how; Iceland: includes know-how; Italy: includes know-how and trade secrets; Korea: includes trade secrets and know-how; Netherlands: considers technological procedures and know-how; Portugal: includes trade and business secrets, technological procedures and know-how; Sweden: includes technological procedures and know-how; Switzerland: considers know-how; Turkey: considers know-how; United Arab Emirates: considers trade and business secrets and know-how; and Uruguay: considers trade secrets, know-how associated with an investment.

⁸⁰ According to the Agreement, a manner contrary to honest commercial practices means, at least, practices such as breach of contract, breach of confidentiality and inducement to breach, and includes acquiring undisclosed information by third parties who knew or were grossly negligent in not knowing that such practices were involved in the acquisition.

provisions related to protect undisclosed test and other data are suspended until the parties agree to terminate the suspension. Finally, the provisions are in force regarding the protection of test data and other undisclosed data relating to the safety and efficacy of agricultural chemicals.

Recently, the most relevant trade agreement signed by Mexico is the United States Mexico and Canada Agreement, which entered into force in July 2020. The provisions of this agreement are considered in the new Federal Law for the Protection of Industrial Property.

f. Uruguay

The case of Uruguay, being a Mercosur country, is similar to that of Argentina. It is a full member of the WTO and, therefore, applies to the TRIPS Agreement. For questions on FTAs, see point 2.a regarding Argentina.

3. Definition and Requirements of Trade Secrets

The term "trade secret" is defined as valuable information due to its confidentiality. In order to maintain the confidentiality of the information in question, the holder must implement reasonable measures to ensure that the information remains undisclosed. The scope of information that may be protected is extensive and may encompass technical or commercial data.

While each country may establish its definition of trade secrets, it is important to note that the TRIPS Agreement already establishes conditions that must be considered when introducing national rules. Article 39 of the Agreement refers to undisclosed information, which may be deemed to fall within the same category as trade secrets, as previously mentioned.

The article's body, particularly paragraph 2, suggests that for unfair competition protection to exist—under Article 10bis of the Paris Convention—the information in question must be secret in its entirety or in the precise configuration or assembly of its components, as perceived by any individual who typically handles such information. Secondly, this information is deemed valuable due to its secrecy. Thirdly, the individual in control of the information must have taken the necessary steps for its protection.

Whether trade secrets constitute intellectual property rights is also a matter of debate. Despite the TRIPS Agreement's categorisation of "undisclosed information," Article 39 asserts that the secret itself is not an intellectual property right; instead, the article emphasises the need to protect the secret from dishonest business practices. According

to Desautnettes-Barbero, *“the study of the existing legal frameworks shows that they rely on blurred protection, formally anchored in unfair competition, the strength of which however, on the contrary, comes closer to that offered by intellectual property law. Relying on an intellectual property arsenal for a broad and fuzzy legal system requires the courts to play a decisive role at the enforcement stage in order to avoid a dysfunctional overprotection of trade secrets.”*⁸¹

This section examines how the countries included in the study define and conceptualise trade secrets and how they perceive and address this right within their respective legal frameworks.

a. Argentina

In its final paragraph of Article 1, the Confidentiality Act establishes that the failure to comply with agreements, the abuse of trust, and the instigation of infringement shall be considered contrary to fair business practices. This includes acquiring information not disclosed to third parties, regardless of whether they were aware, or should have been aware, that such acquisition implied such practices. It follows that information is considered lawful when obtained through honest commercial practices. Conversely, it is deemed to have been obtained unlawfully when it has not been secured through such practices.

Article one of the Confidentiality Act states that *“Natural or legal persons may prevent information lawfully under their control from being disclosed to third parties or acquired or used by third parties without their consent in a manner contrary to honest commercial practices...”*⁸²

The illicit actions encompass the disclosure, acquisition, and utilisation of information subject to control. The initial action is for the individual who appropriates and transmits the information unlawfully. The second action pertains to the individual receiving information from another party. The third action encompasses both the individual who appropriates the information and the individual who receives it. The unlawful action necessitates the absence of consent on the part of the proprietor and the involvement of third parties who have acted in contravention of the standards of fair commercial practice as outlined in Article 10 bis 2 of the Paris Convention.

⁸¹ Desautnettes-Barbero (n 11). P. 450.

⁸² LEY DE CONFIDENCIALIDAD SOBRE INFORMACION Y PRODUCTOS QUE ESTEN LEGITIMAMENTE BAJO CONTROL DE UNA PERSONA Y SE DIVULGUE INDEBIDAMENTE DE MANERA CONTRARIA A LOS USOS COMERCIALES HONESTOS. Translated by the author: *“Las personas físicas o jurídicas podrán impedir que la información que esté legítimamente bajo su control se divulgue a terceros o sea adquirida o utilizada por terceros sin su consentimiento de manera contraria a los usos comerciales honestos...”*

Following this principle, only information conveyed through a tangible medium is encompassed. Consequently, any secret knowledge lacking such a medium would be excluded from legal protection. This includes any form of personal expertise, whether oral or experiential that cannot be conveyed through written or other fixed forms of expression.

Therefore, the law can be considered to have the following requirements.

- i. Definition of protectable information: As defined in Article 1 of the law⁸³:
 - Secret.
 - Commercial value due to its secrecy.
 - Reasonable measures to maintain its secrecy.
- ii. Material fixation: Article 2 of the Confidentiality Act expresses that it will apply to information contained in documents, electronic or magnetic media, optical discs, microfilms, films or other similar elements. Based on the foregoing, Argentine law requires material fixation to protect a trade secret.
- iii. Economic importance: Article 1.b of the Confidentiality Act provides that natural and legal persons shall have the possibility of preventing the disclosure of confidential information in a manner contrary to honest commercial practices, so long as such information has commercial value because it is secret.

Finally, regarding the question whether trade secrets are an intellectual property right. The Article 1 of the Confidentiality Act considers that violation of trade secrets is contrary to honest commercial practices; in other words, it does not contemplate them as an exclusive right.

b. Brazil

In the case of Brazil, the law does not establish definitions or requirements for undisclosed information. In principle, Article 195, paragraph XI of BIPS considers information as lawfully obtained when it was accessed “by means of a contractual or employment relationship”.

“Article 195 – A crime of unfair competition is committed by

who:

XI – discloses, exploits or uses, without authorisation, confidential knowledge, information or data, usable in industry, commerce or the providing of services, excepting that which is of public knowledge or which is obvious to a person skilled in the art, to which

⁸³ Ibid.

he has had access by means of a contractual or employment relationship, even after the termination of the contract;

XII – discloses, exploits or uses, without authorisation, knowledge or information as mentioned in the previous item, when obtained directly or indirectly by illicit means or to which he has had access by fraud.”

Therefore, it possible to introduce three requirements for the existence of a protectable trade secret are the following, according to paragraph XI quoted in the previous response: information must:

- Be usable in industry, commerce or the providing of services,
- Not be of public knowledge and
- Not be obvious to a person skilled in the art.

Regarding fixation, Brazilian law does not introduce a clear requirement for material or physical allocation of information that can be protected.

While the Law does not explicitly mention economic importance, Brazil is a WTO member and has also ratified the TRIPS Agreement, which introduces this requirement in Article 39.

Finally, BIPS contains no express rule considering trade secrets as intellectual property rights (IPRs). However, it can be concluded that they are indeed considered IPRs

c. Chile

The Industrial Property Law 19.039⁸⁴ As amended by Law 21.355, Title VIII of the amended law establishes the protection of trade secrets. Article 86 of the legislation introduces the following definition of a trade secret:

Article 86.- A trade secret shall be understood to be any undisclosed information that a person possesses under his control and that may be used in any productive, industrial or commercial activity, provided that such information meets the following copulative requirements:

(a) It is secret in the sense that it is not, as a whole or in the precise configuration and assembly of its components, generally known or readily accessible to persons within the circles in which such information is normally used.

(b) is of commercial value because it is secret.

⁸⁴ LEY 19039. ESTABLECE NORMAS APLICABLES A LOS PRIVILEGIOS INDUSTRIALES Y PROTECCION DE LOS DERECHOS DE PROPIEDAD INDUSTRIAL (y modificatorias).

(c) *Has been the subject of reasonable measures taken by its lawful holder to keep it secret*⁸⁵.

In addition, Article 87 establishes when the unlawful acquisition constitutes a trade secret violation.

*Article 87.- The misappropriation of trade secrets, their disclosure or exploitation without the authorisation of their legitimate owner, and the disclosure or exploitation of trade secrets to which access has been legitimately obtained but which are subject to a duty of confidentiality, shall constitute a violation of trade secrets, provided that the violation of the secret has been carried out with the intention of obtaining personal gain or that of a third party, or of harming the legitimate owner of the trade secret*⁸⁶.

The legislation delineates the categories of information that are deemed to be trade secrets. In particular, the legislation refers to any productive, industrial, or commercial activity. Furthermore, the Chilean legislation on the protection of trade secrets sets forth the following requirements:

- Is a secret as a whole or in the precise configuration and assembly of its components
- It is not known within the circles in which such information is normally used.
- Has commercial value due its secrecy
- Has been subject to reasonable measures for its protection.

In addition, and regarding fixation, the Chilean legislation does not include the requirement of fixation for the trade secrets protection.

In conclusion, concerning the question of whether trade secrets constitute an industrial property right, it is essential to note that the legislation in question does not confer exclusive rights. Nevertheless, the Industrial Property Law does extend coverage to trade secrets. Furthermore, Article 88 of the legislation stipulates that *“Without prejudice to the corresponding criminal liability, the provisions of Title X on the enforcement of industrial property rights shall be applicable to the violation of trade secrets”*⁸⁷.

d. Colombia

Andean Decision (AD) 486 defines trade secrecy in Art. 260⁸⁸ and imposes some conditions to consider it as a trade secret as follows:

⁸⁵ *ibid* 19039. Translated by the author.

⁸⁶ LEY 19039. ESTABLECE NORMAS APLICABLES A LOS PRIVILEGIOS INDUSTRIALES Y PROTECCION DE LOS DERECHOS DE PROPIEDAD INDUSTRIAL (y modificatorias). Translated by the author.

⁸⁷ *ibid*. Translated by the author.

⁸⁸ Decisión 486. Regimen Común de la Propiedad Industrial.

“Article 260.- Any undisclosed information that a natural or legal person legitimately possesses, which may be used in any productive, industrial or commercial activity, and which is susceptible to being transmitted to a third party, shall be considered a trade secret, to the extent that such information is:

(a) secret, in the sense that as a whole or in the precise configuration and assembly of its components, it is not generally known or readily accessible to those in the circles which normally handle the respective information;

(b) has a commercial value because it is secret; and

(c) has been the subject of reasonable measures taken by its lawful keeper to keep it secret.

The information contained in a trade secret may relate to the nature, characteristics or purposes of the goods or products; the methods or processes of production; or the means or manner of distribution or marketing of products or the provision of services.”

Additionally, Art. 261 establishes under which circumstances there are no trade secrets:

“Article 261.- For the purposes of this Decision, the following shall not be considered business secrets: information that must be disclosed by law or by court order shall not be considered a trade secret.

Information that is provided to any authority by a person who possesses it shall not be considered to be in the public domain or to be disclosed by law, when it is provided for the purpose of obtaining licenses, permits, authorisations, or any other acts of authority.”

Furthermore, Art. 16 of Law 256/1996 establishes that there is a secrecy violation when there is a disclosure of classified information that has been obtained legally but subject to reservation or that has been obtained illegally.

Regarding the prohibited conduct concerning Trade Secrets, Andean Decision 486 art. 260, art. 262 provides that the person who holds control over the trade secret is protected against unfair competition practices. It also establishes a list of conducts considered unfair competition practices.

Similarly, art. 16 of Law 256/1996 distinguishes between two situations in which there can be a violation of trade secrets: first, when the information that is under reserve has been legally obtained but disclosed or used despite the latter; secondly, when the secret information has been illegally obtained (i.e., espionage or violating any other legal provision) and then disclosed or used.

The Law introduces several requirements to define trade secrets:

- The secret may consist of a whole or of the precise configuration and assembly of its component parts,
- Is not generally known or accessible to the circles which normally manage that kind of information,
- Has commercial value for its secrecy, according to the law, trade secret can be subject to "*any productive, industrial or commercial activity*" and "*has a commercial value because it is secret*".
- Subject to reasonable measures of protection.

While there is no fixation requirement, Colombian law establishes that trade secrets may relate to the nature, characteristics or purposes of the goods, products, the methods or processes of production, or the means or manner of distribution or marketing of products or the provision of services.

Finally, regarding whether it is an intellectual property right, while the Law does not generate exclusive rights, trade secrets are included within the AD 486 "Common Regime on Intellectual Property" in its Title XVI about anti-competitive practices related to industrial property, in Chapter 2 about trade secrets.

e. Mexico

Article 163 of the Mexican Federal Law for the Protection of Industrial Property defines industrial secret as any information of industrial or commercial application kept confidential by the person exercising its legal control, provided that it means obtaining or maintaining a competitive or economic advantage over third parties in the performance of economic activities and for which sufficient means or systems have been adopted to preserve its confidentiality and restricted access to it.

Article 163.-For the purposes of this Title:

I-Industrial secret, to any information of industrial or commercial application kept by the person exercising his or her legal control on a confidential basis, which means obtaining or maintaining a competitive advantage or economic activity against third parties in the performance of economic activities and for which it has adopted the sufficient means or systems to preserve its confidentiality and restricted access. Information of an industrial secret may consist of documents, electronic or magnetic media, discs optical, microfilms, films or any other known or unknown means.

Information that is in the public domain shall not be regarded as secret; that information is generally easily accessible to persons within

the circles that normally deal with such information, or which must be disclosed by law or by court order.

It shall not be deemed to be in the public domain or disclosed by law, which information be furnished to any authority by a person who exercises legal control over the industrial secret, when it is provided for the purpose of obtaining licenses, permits, authorisations, registrations, or any other acts of authority, and

II-Misappropriation, acquisition, use or disclosure of an industrial secret in a manner contrary to the good practices and customs in the industry, trade and services that involve unfair competition, including the acquisition, use or disclosure of an industrial secret by a third party who knew or had reasonable grounds to know namely, that the industrial secret was acquired in a manner contrary to such customs and practices⁸⁹.

Therefore, and according to the Law, an industrial secret must:

- i. Result in obtaining or maintaining a competitive or economic advantage over third parties;
- ii. Not be information in public domain
- iii. Have restricted access by sufficient measures or systems to preserve its confidentiality; and
- iv. It must be contained in documents, electronic or magnetic media, optical discs, microfilms, magnetic media, optical discs, microfilms, films, or any other medium known or to be known (fixation).

Furthermore, the legislation defines misappropriation or bad faith appropriation of a trade secret as a violation of the law. Section II of Article 163 stipulates that the utilisation, acquisition or disclosure of a trade secret is contrary to established practices and customs.

Regarding commercial value, the Federal Law for the Protection of Industrial Property establishes that an industrial secret must involve the obtaining or maintaining of a competitive or economic advantage. For its part, the United States, Mexico and Canada Agreement establishes that the information of a trade secret must have an actual or potential commercial value.

The Federal Law on Industrial Protection does not address the question of whether trade secrets constitute an intellectual property right. Rather, the law provides for protection in the event of unfair competition resulting from the unlawful acquisition of trade secrets.

⁸⁹ Ley Federal de Protección a la Propiedad Industrial (Nueva Ley publicada en el Diario Oficial de la Federación el 1 de julio de 2020). Translated by the author.

f. Uruguay

The regulations in Uruguay do not define trade or industrial secrets. However, it was possible to retrieve judgments related to this issue from the national public base, in which the jurisprudence of the Courts of Civil Appeals rehearses definitions based on national and international doctrinal positions.

Although doctrine and case law are not sources of law in Uruguay, it should be borne in mind that, by integrating the law to protect claims for tort liability arising from unfair competition, they have indirectly generated a definition of specific determining parameters for information to be protectable.

Thus, for example, Judgment No. 60/2016 of the TAC 4° states in its recital "XV) *Trade secrets consist of all confidential business information that gives a company a competitive advantage over other companies. Within the category of trade secrets are included sales methods, consumer profiles, lists of suppliers, manufacturing procedures, marketing plans, a great idea for an advertising or promotional campaign, etc. Trade secrets may be protected by intellectual property, confidential information or unfair competition laws, as the case may be. When the trade secret has been disclosed, even accidentally, it is no longer possible to protect it (Cade, consultant commentary, 339).*

It has also been held: "There are matters that undeniably make up the list of information that must be protected. For example, industrial secrets, consisting of information that is not available even to persons with expertise in the area of that information. The same applies to trade secrets, such as lists of customers, suppliers, prices" (Cfr. A. Ferrer, "Derecho a la información de accionistas y secreto de los negocios", in "Protección de la Información en los Negocios" p. 25, Ed. Amalio Fernández).

Included in the category of confidential information is that which is identified as corresponding to the productive sphere of the company and which covers the knowledge related to the development of the business activity, i.e. fundamentally that relating to the process used to produce goods or offer services (Rodríguez Teresita, quoted by M. Carrau in "Acuerdos de no revelación de información..." in ob. cit., pp. 46-47)."

4. Scope of protection of Trade Secrets

The term "scope of protection" is used to describe the breadth and extent of legal safeguards provided to a right-holder under a specific legal regime. This can include areas such as intellectual property, human rights, or contractual law. In the context of this discussion, the focus is on the protection of trade secrets. It defines the scope of protection, the

extent of protection, and the limits within which rights can be defended. The scope of protection typically includes the type of rights covered, limitations or exceptions, territorial scope and duration.

Trade secrets are markedly distinct from other forms of intellectual property rights; thus, the scope of protection they are afforded may differ. Trade secrets differ fundamentally from intellectual property rights like patents in that the protection of a trade secret does not depend on formal registration but rather on maintaining secrecy.⁹⁰ Accordingly, such information is not subject to disclosure to any public or governmental authority. The value of this approach is the confidentiality it confers. Secondly, the protection of trade secrets is not subject to a temporal scope, provided that the information in question remains confidential. In contrast, intellectual property rights are granted a limited term of protection.⁹¹ Thirdly, regarding the enforcement of trade secrets, contractual agreements are often utilised, while intellectual property rights are enforced via statutory provisions at the national or international level.⁹²

Conversely, there are parallels between trade secrets and intellectual property rights. Primarily, both types of assets afford their respective holders' exclusive control, enabling them to maintain a competitive advantage in their respective industries by preventing others from legally using or profiting from their protected innovations.⁹³ Moreover, trade secrets and various types of intellectual property offer legal protection against misappropriation, allowing holders to assert their rights in court. Additionally, trade secrets, like intellectual property, serve as valuable assets for companies, granting them a competitive edge and enhancing their financial performance returns.⁹⁴

Finally, regarding the territoriality of trade secrets, they differ from intellectual property, which necessitates registration in particular jurisdictions. Trade secrets remain protected as long as the owner implements reasonable measures to safeguard their confidentiality⁹⁵.

⁹⁰ Rochelle C Dreyfuss and Katherine J Strandburg (eds), *The Law and Theory of Trade Secrecy: A Handbook of Contemporary Research* (Edward Elgar Publishing 2011)

<<https://china.elgaronline.com/view/edcoll/9781847208996/9781847208996.xml>> accessed 24 September 2024.

⁹¹ David Llewelyn and Tanya Aplin, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (Ninth edition, Sweet & Maxwell, Thomson Reuters 2019).

⁹² WIPO (n 19).

⁹³ Joanna H Kim-Brunetti and Jeffrey K Riffer, *Guide to Protecting and Litigating Trade Secrets* (Second edition, American Bar Association, Litigation Section 2020).

⁹⁴ Ruth Towse and RW Holzhauser (eds), *The Economics of Intellectual Property* (Edward Elgar Pub 2002).

⁹⁵ World Intellectual Property Organization (WIPO) (2024). *WIPO Guide on Trade Secrets and Innovation*. Geneva: WIPO. DOI: 10.34667/tind.4973

Nevertheless, their protection and enforcement rely on the laws of individual jurisdictions, which vary across countries⁹⁶. Therefore, Trade secret protection is global in scope but territorial in enforcement; the remedies available for trade secret theft depend on the jurisdiction's local laws where the misappropriation occurs⁹⁷.

a. Argentina

i. Information lawfully obtained

Article 1 of the Confidentiality Act provides that natural and legal persons shall have the possibility of preventing the disclosure of confidential information in a manner *contrary to honest commercial practices*. In other words, it shall be considered that information has been lawfully obtained when it took place following honest commercial practices.

ii. Information with no technical value

Legislation specifies only the information deemed to have technical value. Article 9 of the Confidentiality Act indicates that confidential information is protected only if it complies with Article 1. Consequently, information that has entered the public domain in any nation will not be protected after the release of any safeguarded data, its presentation in scientific or academic formats, or through other means disclosure.

iii. Enforcement of trade secrets. Requirements

Article 11 of the Confidentiality Act provides that the protection conferred does not create exclusive rights in favour of whoever possesses or has developed the information.

Access by third parties to the information in a manner contrary to honest commercial practices will give the right to whoever possesses it to exercise the following actions:

- Request an injunction aimed at stopping the illegal conduct.
- Exercise civil actions aimed at prohibiting the use of undisclosed information and obtaining financial compensation for the damage suffered.

iv. Action for unfair competition

Article 9 of Decree 274/2019 (the “Executive Order” or EO) defines unfair competition as any action or inaction that can illegitimately harm

⁹⁶ Dreyfuss and Strandburg (n 86).

⁹⁷ Nuno Pires de Carvalho, *The TRIPS Regime of Antitrust and Undisclosed Information* (Kluwer Law International 2008).

someone's competitive position or disrupt the competitive process. Additionally, Article 10.J of the EO states that a breach of secrecy occurs when someone shares or uses business secrets from third parties without the owner's authorisation, regardless of whether this information was accessed legitimately with a confidentiality obligation or through illegitimate means. Consequently, obtaining secrets via espionage or similar tactics is deemed unfair, without disregarding the penalties outlined in other regulations.

Under Article 10.J of EO, the claiming party should be able to prove that the alleged infringer has disclosed or exploited, without the authorisation of the holder, the trade secrets of others to which access has been obtained legitimately, but with a duty of confidentiality, or illegitimately.

v. Exceptions and limitations

Article 8 of the Confidentiality Act establishes that, in the case of a product or process protected by a patent, any third party may use the invention, before expiration of the patent, for experimental purposes and to gather information required for approval of the product or process by the competent authorities for sale after expiration of the patent. As we see, Argentine law does not allow “patent linkage”.

In addition, Article 9 establishes that confidential information will be protected if it meets the requirements of Article 1; therefore, information that has fallen into the public domain in any country will not be protected after the publication of any of the protected data, the presentation of all or parts of it in scientific or academic media, or by any other manner of disclosure.

b. Brazil

i. Information lawfully obtained

The trade secret's owner (or ‘person in control’, as described in the TRIPS Agreement) is the party with the authority to assert its misuse. Nonetheless, a licensee has the right to defend the trade secret against third parties if expressly agreed upon by the licensor. For the licensee to have standing to sue under the Brazilian legal system, it is recommended that the license agreement be registered with the BPTO.

ii. Information with no technical value

Under Brazilian law, any available information that would be obvious to the person skilled in the art would not be subject to trade secrecy.

iii. Enforcement of trade secrets. Requirements

Though rarely used in trade secret disputes, parties may seek a mutually agreeable resolution by sending a warning cease-and-desist letter to the infringer. If a resolution cannot be reached amicably, the only remaining choice is to file a lawsuit against the offender. This can also be managed through alternative litigation methods like arbitration or mediation. A plaintiff may file a criminal complaint or a tort civil action. The latter is the more common alternative, as the standard of proof is not as high as in criminal actions and financial compensation cannot be obtained before penal courts. A criminal complaint may be filed within six months after the victim acknowledges the crime. A civil complaint may be filed within five years of the victim's acknowledgement of the violation.

iv. Action for unfair competition

According to the Industrial Property Law, the following activities of unfair competition are considered trade secret breaches: the disclosure, the exploitation or the use, without authorisation, of confidential knowledge, information or data, usable in industry, commerce or the providing of services, whenever unlawfully obtained. Thus, the mere disclosure – even if it does not cause damage – constitutes a crime and is actionable both civilly and criminally. If it is proved that an imported good was manufactured thanks to the breach of a trade secret, importing this good can be considered an act of exploitation of the infringed trade secret under the Industrial Property Law, consequently allowing its owner to seek damages against the offender.

v. Exceptions and limitations

The legislation does not contemplate exceptions and limitations to trade secrets.

c. Chile

i. Information lawfully obtained

The confidentiality of business information does not confer upon its owners the right to prevent individuals from acquiring or utilising information legitimately without resorting to illicit means or contravening agreements or the laws of the state. For instance, it is typically not considered a violation⁹⁸:

- The act of independently inventing or discovering a secret.
- The secret is to be uncovered through the process of reverse

⁹⁸ INAPI, 'Derechos Que Tiene El Titular de Un Secreto Empresarial' (*INAPI*) <<https://www.inapi.cl/portal/institucional/600/w3-article-835.html>>.

engineering.

- The information available in the public domain.
- To obtain information from published bibliography.

According to Article 87, a trade secret infringement may be established if it is shown that the infringer intended to gain personal advantage, harm the rightful owner of the trade secret, or benefit a third party⁹⁹.

ii. Information with no technical value

Although the legislation does not specify how to handle information that lacks technical value, Article 86 assumes that only technical information will be protected, as the protection applies only to information that may be used in any productive, industrial, or commercial activity.

iii. Enforcement of trade secrets. Requirements

As per Articles 86 and 87, individuals or entities adversely impacted by the misappropriation and improper use of a trade secret, aimed at securing a benefit or causing damage to the rightful owner, may pursue legal action. The available courses of action include civil and criminal proceedings, as outlined in Article 88. This article clarifies that "Aside from potential criminal liability, the rules in Title X regarding the enforcement of industrial property rights apply to trade secret violations."¹⁰⁰.

iv. Action for unfair competition

Article 2 of Law 20.169 on unfair competition defines the following:¹⁰¹:

"Article 2: A conduct may be deemed an act of unfair competition in accordance with the provisions of this legislation, even if it is deemed permissible with respect to that same conduct, and before the competent courts, to take one or more of the following actions:

c) Those regulated by Law No. 17,336 on intellectual property and Law No. 19,039 on industrial property".

Article 5 of the legislation delineates the available courses of action in unfair competition cases.

Article 5: In the event of unfair competition, the following actions may be taken in conjunction or separately:

⁹⁹ LEY 19039. ESTABLECE NORMAS APLICABLES A LOS PRIVILEGIOS INDUSTRIALES Y PROTECCION DE LOS DERECHOS DE PROPIEDAD INDUSTRIAL (y modificatorias). Translated by the author.

¹⁰⁰ *ibid.* Translated by the author.

¹⁰¹ LEY 20.169 REGULA LA COMPETENCIA DESLEAL.

a) Injunction to halt the act or prohibit its future implementation, if it has not yet been initiated.

b. Declaratory action for unfair competition, should the disturbance caused by the act still persist.

c. Action for the removal of the effects produced by the act, through the publication of the judgment or a rectification at the expense of the perpetrator of the illicit act, or through another suitable means.

d) Action for indemnification of damages resulting from the act, subject to the provisions of Title XXXV of Book IV of the Civil Code.

v. Exceptions and limitations

The legislation does not contemplate exceptions and limitations to trade secrets.

d. Colombia

i. Information lawfully obtained

Colombia's regulation does not define the legality of the obtention but its illegality. The AD 486 provides a non-exhaustive list of examples of unfair commercial practices when the information is obtained unlawfully in Art. 262. Additionally, the last paragraph of Art. 262 provides that such obtention is through conducts such as “industrial espionage, breach of contract or other obligation, breach of confidence, breach of trust, breach of confidence, breach of a duty of loyalty, or instigation to do any of these acts.”

Similarly, arts. 16 and 18 of Law 256/1996 refer to 'information illegally obtained' when it is obtained through espionage or the violation of any norm.

ii. Information with no technical value

Neither AD 486 nor Law 256/1996 have a provision regarding definition with no technical value. Nevertheless, and according to Article 260, the protectable information should be used in any productive, industrial or commercial activity.

iii. Enforcement of trade secrets. Requirements

The AD 486 and Law 256/1996 are not specific regarding the elements that constitute a trade secret infringement, but they describe the conduct that constitutes an infringement. On the former, Art. 262 provides a list of conducts under which it is considered an unfair competition practice derived from a trade secret. Ordinals a and b establish situations where the infringement is done without the authorisation of the trade secret's owner; ordinal a refers to the ‘exploitation’ of the trade secret obtained legally but without complying with the reserve. Similarly, ordinal b

establishes disseminating such information to have any advantage or harm the owner.

In contrast, ordinals *c* to *f* refer to situations in which the trade secret has been obtained illegally, and it is exploited or disseminated to get some advantage from it or to harm the owner. Notably, ordinal *e* and *f* considered the situation when a third party obtained the information, and the recipient is aware that it is a trade secret that is under reserve.

Regarding Law 256/1996, it refers in general terms to the dissemination or use of information without the owner's authorisation. For a procedural purpose, art. 21 establishes that if the holders' interests are damaged or threaten to be damaged by an act of unfair commercial practice (i.e. the violation of a trade secret) is entitled to get the remedies established by law; conversely, art. 22 establishes that any person who has contributed to such behaviour can be subject of claims.

iv. Action for unfair competition

Law 256/1996 regulates unfair competition conduct, including trade secrets. Art. 16 establishes that it is considered unfair competition to disclose or use information that has been legally obtained without the authorisation of the owner. Also, it is regarded as an unfair practice, the acquisition of reserved information obtained through espionage or similar means.

Furthermore, arts. 21 and 22 establish the personal elements: the former establishes that the person who has been affected by the conduct is entitled to get the remedies established by law, while the latter, Art. 22, provides that any person who has contributed to such behaviour is going to be subject of remedies.

Law 256/1996, on art. 20, provides that any unfair competition behaviour is subject to two types of remedies: on the one hand, a Declaratory and condemnatory action, in which the judge will adjudge and declare the illegality of the behaviour, the order to the respondent to remove the effects and an indemnification.

On the other hand, Preventive or prohibit action under which a person suspects they can be a victim of unfair competition, but the conduct has not been concluded. They can request the judge to prevent the realisation of the action.

v. Exceptions and limitations

The AD 486, in its Art. 261, states that there is no secrecy over the information that must be revealed under legal or judicial order. Furthermore, Art. 263 establishes that protection is granted if the features of Art 260 exist.

e. México

i. Information lawfully obtained

The Federal Law for the Protection of Industrial Property states that there is not misappropriation (article 164 of the Law) when:

- A. It is an independent discovery or creation;
- B. It is a reverse engineering process carried out by a person who has no obligation of confidentiality over the industrial secret; or
- C. The acquisition of the information from another person in a legitimate manner without obligation of confidentiality or without knowledge that the information was an industrial secret

ii. Information with no technical value

Although the legislation does not specify how to handle information that lacks technical value, the law establishes which information is protected “any information of industrial or commercial application”.

iii. Enforcement of trade secrets. Requirements

According to legal provisions, the person who legally controls the secret may initiate legal action, if he proves that he took sufficient measures to preserve confidentiality and that access to the secret was restricted.

iv. Action for unfair competition

The Federal Law for the Protection of Industrial Property establishes that the acquisition, use or disclosure of an industrial secret in a manner contrary to good customs and practices in industry, commerce and services that imply unfair competition, including the acquisition, use or disclosure of a trade secret by a third party who knew or had reasonable grounds to know, that the trade secret was acquired in a manner contrary to such customs and practices, is considered misappropriation.

The Federal Law for the Protection of Industrial Property establishes as administrative offenses related to industrial or commercial secrets:

- a) Carry out acts contrary to good uses and customs in industry, commerce and services that imply unfair competition;
- b) Unduly appropriating information that is considered a trade secret, without the consent of the person exercising legal control thereof or its authorized user, to obtain a competitive market advantage, or performing acts contrary to good customs and practices in industry, commerce and services that imply unfair competition;

c) To produce, offer for sale, sell, import, export or store products or services using a trade secret, when the person carrying out such activities knew or had reasonable grounds to know that the trade secret was used without the consent of the person exercising its legal control or its authorized user and in a manner contrary to good customs and practices in industry, commerce and services involving unfair competition.

Article 6 bis of the Commercial Code, following the guideline of Article 10 bis of the Paris Convention, establishes that merchants shall carry out their activity according to the honest practices in industrial or commercial matters, and they shall avoid performing acts of unfair competition that:

- Create confusion regarding the establishment, products, or commercial activities of other merchants;
- discredit the establishment, products, or activities of any another merchant through false claims;
- mislead the public about the nature, manufacturing method, characteristics, usability, or quantity of products; or are covered under other laws (including the Federal Law for the Protection of Industrial Property).

v. Exceptions and limitations

The Mexican legislation does not introduce exceptions and limitations to trade secrets.

f. Uruguay

i. Information lawfully obtained

The legislation of Uruguay does not specify the circumstances under which information may be deemed to have been lawfully obtained. Nevertheless, there are instances in which the jurisprudence has determined that information has been deemed to have been lawfully obtained when it was received through a contractual relationship, including those pertaining to confidentiality agreements, employment, the leasing of services, and so forth.

ii. Information with no technical value

Neither the legislation nor the jurisprudence offers a definition of the information that is not of a technical nature.

iii. Enforcement of trade secrets. Requirements

There are no established standards or guidelines that specify the elements that must be proven to initiate legal proceedings for

misappropriation, unauthorized disclosure, or any form of commercial confidentiality infringement.

iv. Action for unfair competition

There are no specific elements established in Uruguay's legislation. Nevertheless, case law has integrated the law by applying not only the rules on extracontractual liability set forth in the Civil Code, but also article 10 of the Paris Convention.¹⁰² Furthermore, in accordance with the doctrine, it has defined certain specific elements that are necessary for the establishment of a case of unfair competition.

To illustrate, the Sixth Civil Appeals Court, in its Judgment No. 72/2021 of May 12, 2021, stated: "The term 'unfair competition' was defined in Article 10 of the Paris Convention as 'any unfair practice contrary to honest commercial or industrial practices'."

Rippe and Germán state that the situation occurs when "...one or more individuals use illegal means to attract or divert customers from another or others. This activity is aimed at attracting and acquiring customers, as well as fostering, consolidating, or expanding customer bases. However, it employs methods that are considered unethical and contrary to honest business practices (see references cited in the Commercial Law Annual, Volume 8).

For the configuration to be valid, three conditions must be met: (a) a meeting of competitors; (b) an act contrary to commercial loyalty rules (such as disparagement or internal dissolution of the rival company); and (c) that the act be capable of causing harm to the competitor.

Although, in principle, the use of appropriate means to gain an advantage over competitors in the same industry is permitted under a free market system, the procedures or means employed to achieve this must adhere to the standards of fair competition.

A second example is provided by Sentence No. 111/2018 of June 13, 2018, issued by the Court of Appeals in Civil Matters of the 3rd Turnaround. This sentence provides a more detailed definition of the topic.

Regarding the issue of unfair competition, in the absence of specific legislation, the pertinent provisions of the Civil Code, namely articles 1319 and 1321, are applicable. It is therefore necessary to establish that all the elements of Aquilian liability are present, namely, an illicit act, fault, damage and a causal link. This is in accordance with the legal framework that was negotiated by the litigants and applied by

¹⁰² Ratificado por Uruguay por Ley N° 14.910 del 23/07/1979.

the arbitration tribunal. Furthermore, the Paris Convention for the Protection of Industrial Property, which constitutes current international law in our country, is also applicable. It should be noted that this does not preclude the application of the Competition Act, No. 18.159, of 20 July 2007, and its implementing regulations, No. 404/07, of 29 October 2007.

As articulated by the T.A.C. of the Second Turn in Sentence N°117/2016 of 7 September 2016, and endorsed by the majority of the Court:

"It is the doctrine of commercial law that indicates the notion and the applicable rights in cases of unfair competition." The concept of unfair competition, or "concurrence," as it is referred to in Uruguay, is comprised of three elements, as defined by the doctrine of that country. The first element is an act of unfair competition between competitors. The second element is an unfair practice, which includes any action that is contrary to the rules of fair commercial conduct. This can include the use of misleading, denigrating, or internally destructive tactics against a competitor or rival company. The third element is an act that is likely to cause harm to a competitor by attracting or diverting their customer base.

Article 10 bis, paragraph 2 of the Paris Agreement, which is applicable in this case, defines unfair competition as any act of competition contrary to honest practices in industrial or commercial matters, without prejudice to subsequent exemplification.

More specifically, unfair competition is defined as any form of competitive practice that is carried out in an improper manner, with the intention of causing harm, selecting the most detrimental approach, and acting in a manner that is unreasonable and contrary to the mutual trust and freedom that should be observed in business relationships (Kejelmajer de Carlucci, 1998, cited in ADCU XXXVI c. 157, p. 95).

In other words, unfair competition acts are those that are committed against competitors (violation of secrets, imitation, exploitation of another's reputation, defamation, etc.), consumers (confusion, deception), or the market as a result of behaviours contrary to honest practices, causing unjustified harm (MERLINSKI – CARRIÓN in Anuario de Derecho comercial, tomo X, pág. 412/413).

In his work, "Tratado de Derecho Civil y Comercial" (EJE, 1979, vol. VI, p. 573), Messineo states that competition is unfair when it employs means that exceed the objective of competing with other businesses, whether through superior technical expertise or low production costs, and cause harm to competitors.

In other words, unfair competition is an illicit act. It refers to the means used to compete and is established when there is an abuse of the right to compete freely. This excess is qualified as illicit when the means

used are contrary to honest commercial or industrial practices (ADCU XIII c.). 170. This concept, as outlined by the Court of Appeals in its Fifth Division, draws upon the Paris Convention for the Protection of Industrial Property, which was revised in Lisbon on October 3, 1958, and was subsequently declared applicable in our country by Decree No. 588/967 on September 7, 1967. 10 bis, paragraph 2: In addition, this international standard establishes that the following practices shall be prohibited: (a) any act that creates confusion, through any means, with the establishment, products, or commercial or industrial activity of a competitor; (b) false claims in commercial practice that are intended to discredit the competitor's establishment, products, or activity; and (c) indications whose use, in commercial practice, is likely to mislead the public about the nature, method of manufacture, characteristics, suitability for use, or quantity of the goods.

In conclusion, not all competitive actions are prohibited, even when they cause harm to competitors. The practice of competitive business is recognized as valid within the limits of economic law. This states that in the competition between businesses producing the same product, the winner is the one that offers the best product at the same price, or the one that offers the same product at a lower price or in more favorable conditions for the consumer (MESSINEO, cited work, page 572, citing a precedent in jurisprudence).

*No existe una enumeración de actos expresos en la legislación. Nevertheless, case law, drawing on doctrine, has interpreted that acts constituting grounds for unfair competition include those directed at competitors, such as trade secret violations, imitation, exploitation of another's reputation, defamation, and so forth. Such actions may also affect consumers (through confusion or deception) or the market as a whole, causing unjustified harm (as discussed by Merlinski and Carrión in *Anuario de Derecho Comercial*, volume X, pages 412–413).¹⁰³*

v. Exceptions and limitations

There is no precedent in case law for the invocation of exceptions or limitations in relation to trade secrets. Nevertheless, exceptions or limitations to this type of right should be established by law, taking into account the constitutional rights involved.

5. Enforcement of Trade Secrets

Enforcing trade secret protections can be challenging, particularly in digital espionage or cross-border misappropriation cases. Legal actions are often costly and time-consuming, requiring businesses to prove that the information qualifies as a trade secret and that reasonable steps were taken to maintain its confidentiality. Courts also emphasise that not all

¹⁰³ Sentencia No. 111/2018 del 13/06/2018 dictada por el Tribunal de Apelaciones en lo Civil de 3er turno.

confidential information qualifies as a trade secret, focusing on its economic value and the efforts to keep it undisclosed.

The misappropriation of trade secrets may occur because of espionage or a cyberattack, but it is most commonly perpetrated through the actions of individuals within a business daily. Misappropriation is most frequently perpetrated by current or former employees but also occurs in business relationships such as potential acquisitions or licenses, or through supply chains. In the event of misappropriation, it is inherently challenging for trade secret holders to ascertain the complete set of pertinent facts, given that misappropriation is often conducted in secrecy and may not manifest any indication of loss. Identifying an appropriate course of action to address the misappropriation is inherently challenging¹⁰⁴.

In most instances, the legal remedies for handling trade secret infringements depend on the relevant jurisdiction. Generally, these remedies include civil lawsuits, injunctions, and, in some cases, criminal charges proceedings.

The variation in national trade secret laws, as well as procedural rules, makes navigating trade secret litigation challenging. In the context of trade secret misappropriation, civil lawsuits for damages represent the most prevalent legal recourse. These lawsuits seek monetary compensation for the harm caused by the unauthorised use or disclosure of a trade secret. Those possessing trade secrets may seek compensation for the economic harm caused by the unauthorised use or disclosure of said secrets. This encompasses both actual damages, such as lost profits, and, in certain instances, punitive damages, which may be awarded in cases of wilful infringement¹⁰⁵.

Furthermore, for a trade secret to be protectable, it must be kept relatively secret. However, court proceedings are generally open to the public. Consequently, there is a risk that the trade secrets will be lost in the process if a trade secret owner initiates a trade secret misappropriation claim. Considering these considerations, an analysis of the way courts has treated such proceedings becomes pertinent¹⁰⁶.

This section provides an overview of the leading legal processes for protecting trade secrets in the countries under examination.

¹⁰⁴ Ibid (n 92)

¹⁰⁵ Ibid

¹⁰⁶ Sandeen, Sharon, "The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act" (2010). *Faculty Scholarship*. 314.

<https://open.mitchellhamline.edu/facsch/314>

a. Argentina

i. Legal standing

In principle, the proprietor of the information would be entitled to initiate legal proceedings. The Confidentiality Act and the Unfair Competition Decree both establish differing criteria for determining legal standing.

Article 11 of the Confidentiality Act says that access by third parties to the information in a manner contrary to honest commercial practices will give the right to whoever possesses it to a) request an injunction aimed at stopping the illegal conduct; and b) exercise civil actions aimed at prohibiting the use of undisclosed information and obtaining financial compensation for the damage suffered.

Article 62.1 of the Unfair competition Decree sets forth that any person participating in the market, whose economic interests are directly harmed or threatened by acts of unfair competition or prohibited advertising¹⁰⁷, is entitled to exercise the actions provided for in Article 61¹⁰⁸.

ii. Cumulative processes

Article 1774 of the Argentine Civil and Commercial Code sets forth that the civil action and the criminal action resulting from the same fact can be exercised independently. In cases where the harmful event constitutes at the same time a crime under criminal law, the civil action may be instituted with a criminal court, in accordance with the provisions of procedural codes or special laws.

Article 1775 expresses that if the criminal action precedes the civil action, or is attempted during its course, the issuance of the final judgment must be suspended in the civil proceedings until the conclusion of the criminal proceedings, except for the following cases:

- a) if there are causes for termination of the criminal action.
- b) if the delay of the criminal procedure causes, in fact, an

¹⁰⁷ Article 10.M of the EO prohibits misleading comparative advertising. Article 11 prohibits advertisements that may deceive or lead to confusion with respect to the properties or nature of goods and services. Article 15 allows comparative advertising if it does not lead to confusion, if it compares goods or services satisfying the same needs or with the same purpose and if it does not discredit competitors' intellectual property rights, among other aspects.

¹⁰⁸ ARTICLE 61. Actions. Against the act of unfair competition and prohibited advertising, the affected party may exercise the following actions:

- 1) Action to cease the act, or to prohibit it.
- 2) Action for compensation for the damages caused by the act of unfair competition. Compensation may include the publication of the judgment.
- 3) Injunctive relief.

effective frustration of the right to be compensated.

c) if the civil action for reparation of damage is based on an objective factor of responsibility.

iii. Civil actions

The commencement of civil proceedings may be initiated by submitting a formal complaint, which includes a preliminary *ex parte* injunction request. This may be directed towards the production or safeguarding of evidence, or the protection of a trade secret.

iv. Injunction reliefs

Article 11.A of the Confidentiality Act contemplates that affected parties may request interim relief for the protection of trade secrets. Moreover, Article 232 of the Argentine Code of Civil and Commercial Proceedings contemplates a “generic” injunction expressing that anyone who legitimately fears that during the time prior to judicial recognition of their right, they may suffer imminent or irreparable harm, may request the urgent measures that –according to the circumstances – are most suitable to ensure compliance with the judgment provisionally.

As in most legal systems, injunctions under Argentine law are, in principle, temporary. Article 202 of the Argentine Code of Civil and Commercial Proceedings states that injunctions will remain in place as the circumstances that warranted them continue. At any time, those circumstances cease, they may be terminated.

Argentine law has no provisions that would prevent an *injunction* against a *bona fide* recipient. A trade secret holder should be able to request an *injunction* against any recipients of confidential information, good or bad faith because disclosure implies that the information falls in the public domain. Unlike a bad faith recipient, a *bona fide* recipient would likely be exempted from paying damages. However, we believe action on the merits would only be possible against a bad-faith recipient because once the information has become public, it falls in the public domain, and good-faith recipients should be able to use it freely.

v. Damages

There is no specific regulation. Judges would apply general principles for calculating damages in civil and commercial proceedings.

Article 61.B of Executive Order 274/2019 (the “EO”) sets forth that affected parties may institute actions for compensation for damages caused by the act of unfair competition. Compensation may include the publication of the judgment.

There are no specific mechanisms for calculating damages in trade secret disputes. General principles of civil law would apply.

Article 65 of the EO expresses that individuals or entities affected by the acts mentioned therein may exercise an action for compensation for damages with a competent judge, in accordance with civil law rules.

vi. Criminal actions

Criminal actions are regulated in Articles 156, 157 and 157bis of the Criminal Code, and introduced in the Confidentiality Act in article 12¹⁰⁹. The common element in those provisions is that there must exist a violation to an obligation to keep secrecy pursuant to the law. The Criminal Code establishes:

ARTICLE 156. - A fine of between one thousand five hundred and ninety thousand pesos and special disqualification for between six months and three years, shall be imposed on anyone who, having knowledge, by reason of their status, office, employment, profession or art, of a secret whose disclosure may cause harm, discloses it without just cause.

ARTICLE 157. - Any public official who discloses facts, proceedings, documents or data, which by law must be secret, shall be punished with imprisonment from one (1) month to two (2) years and special disqualification from one (1) to four (4) years.

ARTICLE 157 bis. -Whoever shall be punished with imprisonment for a term of one (1) month to two (2) years:

- 1. knowingly and illegitimately, or violating confidentiality and data security systems, accesses, in any way, a personal data bank;*
- 2. unlawfully provides or discloses to another person information recorded in a file or in a personal data bank, the secrecy of which he is obliged to preserve by law.*
- 3. Illegitimately inserts or causes to be inserted data in a persona data file.*

Where the perpetrator is a public official, he shall also be liable to special disqualification for a term of one (1) to four (4) years.

¹⁰⁹ ARTICLE 12 - Anyone who infringes the provisions of this law on confidentiality shall be subject to the corresponding liability in accordance with the Criminal Code and other concordant criminal regulations for the violation of secrets, without prejudice to the criminal liability incurred due to the nature of the offence.

vii. Defences

There are no specific defences for the party accused to prove an information is not a trade secret. Nevertheless, it would have all measures available under Argentine law to prove that the information was not confidential.

In particular, the defendant can utilize the same defences available in any other type of proceeding: denial of the facts, statute of limitations, lack of standing, existence or pending proceedings and *res judicata*, among others. The defendant may deny the facts and provide an alternative version, and it will be up to the claimant to prove that the defendant has violated the trade secret.

viii. Caselaw

In *Conferencias S.R.L. c. Durruty et al.* (damages), handed down on June 19, 2014, the Civil Court of Appeals of the City of Buenos Aires, division D, confirmed the first instance judgment, which had found that the defendants had used the plaintiff's database without authorisation in competing activities.

Conferencias S.R.L., which also operated as Forum Executive Information, provided training courses for executives.

One of the defendants started to work in Forum in March 2008 and she resigned in July 2009 to focus on her studies. After her resignation, the plaintiff had no more contact with the defendant until receiving, in February 2010, an e-mail sent by a company called *Capacitalia S.R.L.* (also known as *Questio*), promoting an event with the same structure than the ones Forum had organized in 2008 and 2009.

The court rejected the defendant's argument that the plaintiff's database was in the public domain, because it had not been registered with the Copyright Office and added that data are raw matter with which information is organized creatively depending on the market sector. The work resulting from that organisation is the subject matter of intellectual property.

The Court indicated that Article 10, paragraph 2 of the TRIPS Agreement stipulates those compilations of data or other materials, regardless of format, are protected as intellectual creations when the selection or arrangement of their contents qualifies them as such. Additionally, Law 25,036 has integrated "compilations of data and other materials" into Article 1 of the Copyright Act, aligning with the TRIPS Agreement.

Based on the above, the court considered that databases are protected even if they are not registered, and failure to register does not

authorize for third parties to use them without authorisation, because works are protected since the moment of their creation, also comprising moral rights and, in the case at bar, the defendant had accessed the database as a result of her employment relationship.

For its decision, the Court relied on the Confidentiality Act, Law 24,766. Article 1 sets forth that natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information is secret, in the sense that it is not generally accessible, has commercial value because it is secret and has been subject to reasonable measures to keep it secret.

The Court stressed that, on the other hand, Article 3 sets forth that any person who, by virtue of employment, position or performance, profession or business relationship has access to information meeting the conditions enumerated in Article 1 and has been notified about confidentiality, should be warned about using it without justified cause or consent of the person maintaining that information or its authorized user.

The court also pointed out that the defendant had executed a confidentiality agreement that included the database. The great amount of information belonging to the plaintiff that the defendant had obtained without authorisation and installed in Capacitalia's computer represented an unlawful use of third-party resources, which fell under the scope of the Confidentiality Act.

In this sense, the court expressed that the information at stake had commercial value, it was confidential, in the sense that it was not easily accessible, and the plaintiff had adopted reasonable measures for the information not to be disclosed or used by third parties (the company had even forbidden remote access to the database, except express authorisation).

In Argentina, the Court said, unfair competition only appears in separate legal provisions, and it is the result of unfair conduct seeking unauthorized solicitation of third-party clients. In other words, it is contrary to professional ethics, because it is not good faith competition.¹¹⁰

The "secret" character of the information, said the court, must not be construed literally only including commercial or industrial secrets, such as secret formulae or blueprints of industrial processes, but it should also comprise any information that may be considered

¹¹⁰ The case was handed down before the adoption of Executive Order 274/2019.

confidential, that is, not easily accessible or not being part of the public domain.

Considering the above, the Court considered that the defendants had to compensate the plaintiff for their unauthorized use of the database.

Palazzi considers that this decision is very important because it applied Law 11,723, the Copyright Act, when expressing that databases are protected under copyright, even if the work is not registered, thus overcoming Article 63 of the Copyright Act, which obliges nationals to register intellectual works, a requirement not present in the Berne Convention and in most national legislations. Moreover, it was the first judgment in Argentina to apply the Confidentiality Act, which dealt with a client list, a typical case of misappropriation of company trade secrets.¹¹¹

Palazzi also points out that, unlike copyright, trade secret law offers a lesser protection: copyright is based on immaterial property while the rules of civil liability govern trade secrets. Considering that is a *de facto* monopoly, the owner of the trade secret will not be entitled to exclusive rights against third parties. Therefore, the owner of the trade secret may not oppose use by a third party when the secret was acquired lawfully. The law only protects the owner of the secret when it was obtained unlawfully or contrary to fair business practices. This is what happened in this case, because the defendant breached the duty of loyalty towards her employer, a situation that the first instance judgment highlighted when referring to unfair competition under Argentine law.¹¹²

b. Brazil

i. Legal standing

The trade secret's owner (or 'person in control', as described in the TRIPS Agreement) is the party with the authority to assert its misuse. Nonetheless, a licensee has the right to defend the trade secret against third parties if expressly agreed upon by the licensor. For the licensee to have standing to sue under the Brazilian legal system, it is recommended that the license agreement be registered with the BPTO.

ii. Cumulative processes

Once a final decision has criminally convicted an infringer, the victim is entitled to file a civil enforcement procedure before the civil courts

¹¹¹ Palazzi, Pablo A.; "*Sustracción de una base de datos por un empleado infiel: violación de secretos comerciales, competencia desleal e infracción a la propiedad intelectual*"; *El Derecho*, August 27, 2014.

¹¹² *Ibid.*

to collect damages. In other words, the offended party is not obliged to file a criminal lawsuit; but if it does, it can later enforce the final criminal decision before the civil courts to collect damages.”¹¹³

All species of evidence listed in the Codes of Civil and Criminal Procedure are admissible: documents, witnesses, expert’s technical analysis, samples of products, etc. Also, the parties can present IT devices, photographs, plants, designs, etc.

“A detailed chronology of the facts is usually included in the complaint since one of the criteria that courts can follow to assert the breach is based on an analysis of the period that the defendant used to create a product or service identical to the plaintiff’s, comparing it to the complexity of the knowledge involved and the time necessary to develop an original product or services”¹¹⁴.

iii. Civil actions

Civil proceedings may begin with filing a complaint containing a preliminary *ex parte* injunction request, either to produce or secure evidence or to protect the trade secret.

Typically, a final favourable decision on the merits of a case will grant damages to the plaintiff. The court can also order the destruction of infringing goods upon request at the beginning of the complaint. If convicted, the defendant may also be prevented from using the trade secret thereafter – although this decision, to be enforced against third parties, must have been preceded by procedures held in camera to protect the information’s qualification as a trade secret as a result of the breach perpetrated by the defendant. Decisions are published in the official court diary and posted on the court’s website. It can only be requested that publication in other media be made in specific situations.

Actions may be brought against bona fide recipients of trade secrets on the grounds that the recipient or other third parties acted with negligence. This follows the stipulations in footnote 10 of Article 39 of TRIPS.

iv. Injunction reliefs

Preliminary reliefs can cover requests such as restraining the defendant from infringing the trade secret or ordering the defendant to cease the use (sale, purchase, importation, manufacture, exportation, disclosure, etc) of the trade secret, under a daily fine in case of non-compliance; or a search-and-seizure warrant to collect all the infringing goods in the possession of the infringer and the payment of a bond to assure the

¹¹³ Elisabeth Kasznar Fekete, *Trade Secret Protection – Brazil chapter*. In: Trade Secret Protection: A Global Guide. London: Globe Law and Business Ltd., 2nd edition, 2022, p. 125.

¹¹⁴ Ibid.

payment of probable compensation at the end of the action. An order to withdraw all infringing merchandise from the market is also an option.¹¹⁵

While they may be constrained by time, it is generally observed that they are not, and they continue until a conclusive decision regarding the substantive issues is reached. The whole procedure can last from one to three years (or sometimes more, even five years or more), depending on the complexity of the subject matter, the necessity of expert analysis and the state where the case is being brought.”¹¹⁶ It also depends on the quantity of appeals brought.

v. Damages

To calculate the value of the monetary remedy, the general criteria established by BIPS regarding financial compensation are applied to cases involving the breach of a trade secret:

- the benefits that the injured party would have gained had the violation not occurred;
- the benefits earned by the infringer; or
- the remuneration that the author of the violation would have paid to the proprietor of the violated rights for a licence that would have legally permitted him to exploit the subject of the rights.

Appointing the most favourable criterion is allowed to the claimant. During the enforcement phase of the lawsuit, an expert may be required and appointed by the court to define the values¹¹⁷.

vi. Criminal actions

It must be highlighted that unfair competition crimes do not fall within the competence of the public prosecutors, which means it is up to the offended party to seek criminal remedies¹¹⁸.

To initiate criminal prosecution, the aggrieved party must, as a preliminary step, compile substantial evidence of the transgression (“*corpus delicti*”).

The Brazilian criminal law outlines the following sanctions, which apply generally to all acts of unfair competition: imprisonment

¹¹⁵ Ibid, p. 128.

¹¹⁶ Ibid, p. 127.

¹¹⁷ Idem, p. 123. As to case law, see the award of monetary damages, for instance, *in re Xerox v Benefix* (cited in the chapter on case law).

¹¹⁸ Idem, p. 125.

for a duration of three months to one year or the imposition of a monetary fine. This relatively lenient penalty designates the misdemeanour Courts as competent to adjudicate matters related to industrial property crimes and permits the substitution of the custodial sentence with alternatives, such as a charitable donation to a local organisation. Notably, instances of imprisonment related to trade secret violations are not documented. The amount of the fine is calculated based on the minimum wage in Brazil, with the precise penalty determined by the presiding judge in accordance with the particular circumstances of the case. The monetary penalty is allocated to a public fund.¹¹⁹

vii. Defences

The defendant may raise several procedural defence issues, including contesting jurisdiction and/or challenging the injunction subsequent to its issuance to the opposing party. Also, there are several possible defences on the merits.

“As a matter of legal defence, the same criteria foreseen in the Industrial Property Statute Law are available to the defending party, combining them with such act’s rules on employees’ inventions, stated in Articles 88–93. This allows a former employee to allege and prove (for instance) that he/she created the information forming the trade secret by him/herself outside the work environment and without the use of employer’s resources but later applied it within the company. This defence does not apply if differently agreed in the labour contract, nor if, for instance, the employee was specifically hired to develop the trade secret, which makes it a ‘service invention’ belonging entirely to the employing company and enforceable against unfair use.

Another possible defence comes from proving non-compliance of any of the conditions required by the TRIPS Agreement or the Industrial Property Law to constitute a trade secret.”

Also, the defendant can complain about excessive measures in the injunctions granted¹²⁰.

viii. Caselaw

“Among the many decisions that analysed which kinds of undisclosed information can be protected, the following two examples can be singled out, for example, as having concluded there had been misappropriation of confidential formulas. In *José Carlos Benites v Agrocere Nutrição Animal Ltda.*, a case tried by a labour court, to the extension of its exclusive competence to consider the breach of the trade secret as a valid reason for dismissal of the employee, the expert

¹¹⁹ *Idem*, p. 125.

¹²⁰ *Ibid.*

appointed by the judge confirmed that the employee had had access to a software containing the employer's formulas and opened a company that manufactured products with identical chemical composition. The defendant employee had also misappropriated the list of clients. In *Abrafol Fertilizantes Ltda. Epp et al v Fertilizer Agrosociencias Ltda.*, a civil court annulled the trial decision, pointing out the plaintiff's right to produce evidence, that had been denied, in order to prove the use, by the defendant, of its products, chemical formulas and layout, as well as the unlawful hiring of its employees¹²¹.

With regard to the misuse of undisclosed information referring to software, a civil court tried a copyright infringement and trade secret misappropriation case, convicting the defendants, who were the plaintiff's former managers, that had transferred the system to the company they incorporated; the managers had had access to update themselves the program and offered the same service (a system for municipal authorities to control the payment of taxes) to the same clients -municipal public administration of several cities-, competing with the plaintiff.¹²²

Brazilian courts have also addressed the following protection requisites: that the information is not obvious to an expert in the subject;¹²³ that it is applicable to business, meaning that the information refers to an economic activity of some kind and not to abstract knowledge.¹²⁴

"An example of access to the information by means of a contractual relationship can be seen in the *Xerox v Benefix* case, wherein the confidential management system had been misappropriated by the plaintiff's former managers, that had transferred the system to the company they incorporated, triggering application of section XI of

¹²¹ File 0000221-70.2015.8.26.0094; Civil Business Law Court of Appeals (São Paulo, Brazil), 13 February 2017.

¹²² *in re Xerox v Benefix*

¹²³ For example, in file 990.081928.108, the Criminal Appeal Court (São Paulo, Brazil) declared that it is not sufficient to prove that the products manufactured by the plaintiff company and the infringer are identical, being it necessary to prove also that the confidential information is not of public knowledge nor obvious to a person skilled in the art, *Paulo Cesar dos Santos Silva v Transen Ind. e Com. Ltda.* (05 November 2009).

¹²⁴ In file 0189882-55.2012.8.26.0100, the Civil Business Law Court of Appeals (São Paulo, Brazil) even went a step further and denied enforcement to a plaintiff seeking trade secret protection because he was not able to prove he was indeed established in business activity, giving no weight to his argument of creation of a new commercial method, *Vanderlei das Dores v Webmotors S/A* (24 August 2016).

¹²⁴ *In re Xerox v Benefix*, see *supra*. As to access by means of a contractual relationship, I had the opportunity to highlight the difference between a non-disclosure agreement and a non-compete agreement in "O Regime...", *supra*, p. 119-120. As described in: *Elisabeth Kasznar, Trade Secret Protection – Brazil chapter*, in *Trade Secret Protection: A Global Guide*. London, United Kingdom: Globe Law and Business Ltd., 2nd edition, 2022, p. 119.

Article 195. This company was also sued in the same civil action; however, the defendant company's conduct had fallen within the scope of section XII."¹²⁵

Decisions regarding information that leaving partners can take away are relatively common.¹²⁶ "The need to compensate the plaintiff for monetary damages is presumed in trade secret breach cases."¹²⁷

c. Chile

i. Legal standing

As previously stated, in the case of Chile, the holder of the industrial property right that has been infringed may institute civil proceedings to:¹²⁸

- a) The cessation of any and all acts that violate the protected right.
- b) The provision of compensation for damages and harm.
- c) The implementation of measures to prevent the continuation of the infringement.
- d) The publication of the judgment at the expense of the convicted party, via advertisements in a newspaper selected by the complainant. This measure shall be applicable when the sentence so stipulates.

¹²⁵ *In re Xerox v Benefix*, see *supra*. As to access by means of a contractual relationship, I had the opportunity to highlight the difference between a non-disclosure agreement and a non-compete agreement in "O Regime...", *supra*, p. 119-120. As described in: *Elisabeth Kasznar, Trade Secret Protection – Brazil chapter*, in *Trade Secret Protection: A Global Guide*. London, United Kingdom: Globe Law and Business Ltd., 2nd edition, 2022, p. 119.

¹²⁶ ¹²⁶ As quoted in *Trade Secret Protection – Brazil chapter*, p. 128, note 28, this was the case, for example, of the facts analysed in file 2159804-14.2016.8.26.0000, wherein the Civil Business Law Appeal Court analysed balanced the risks and danger involved vis a vis the strong probability of the leaving partner to commit an act of unfair competition by misappropriating the formulas of the cosmetics and offering them to the competitors (São Paulo, Brazil), *Prosalon Cosméticos Ltda. et al v Fine Cosméticos Ltda. et al* (27 October 2016).

¹²⁷ Courts have routinely recognized damages *in re ipsa*, that is, the presumption of damages caused by violation of a trade secret. See, for example: *Ortholine Produtos Médicos Ltda. v Marcelo Godoi Cavalheiro et al*, file 0203343-70.2007.8.26.0100, Civil Court of Appeals (São Paulo, Brazil, 11 December 2014); *Super Clean do Brasil Ltda. v Water Line Indústria Química Ltda.*, file 978.299/PR, Superior Court of Justice (19 November 2009).

¹²⁸ Article 106 Law of Industrial Property

ii. Cumulative processes

As established by Article 107, actions may be cumulative. *Civil actions set forth in Article 106 shall be processed in accordance with the summary procedure and shall be open to any interested party, without prejudice to the possibility of criminal proceedings.*

iii. Civil actions

The commencement of civil proceedings may be initiated through the submission of a formal complaint, which includes a preliminary *ex parte* injunction request. This may be directed towards the production or safeguarding of evidence, or the protection of a trade secret.

iv. Injunction reliefs

Article 112 of the Law of Protection of Industrial Property provides for provisional measures for the protection of industrial property rights. Such measures include the immediate cessation of any infringing acts, the seizure of the product in question, the appointment of interveners, a prohibition on advertising the product, and the retention of any goods in the possession of a third party. Additionally, measures may be sought that are contained in the Code of Civil Procedure.

The Law 19.912 establishes border measures for the enforcement of industrial property rights, with the objective of preventing the import and export of infringing intellectual property products into and out of the country. In accordance with this legislation, any individual may petition the court for the imposition of the measure, and the Customs Service is additionally empowered to apply the measures of its own volition.

v. Damages

The claimant has the option to ascertain the damages in accordance with the established general rules or in accordance with one of the following stipulations rules:¹²⁹

- a) The profits that the proprietor would have forgone as a result of the infringement.
- b) The profits obtained by the infringer as a result of the infringement.
- c) The amount that the infringer would have been obliged to pay the right holder for the grant of a license, taking into account the commercial value of the infringed right and the licenses that had already been granted.

¹²⁹ Article 108 of Industrial Property Law 19.039.

vi. Criminal actions

The Economic Crimes Act (LDE) established a comprehensive system of criminal liability protection for trade secrets. Consequently, several new offenses pertaining to trade secrets have been established in articles 284 to 284 sixth of the Criminal Code.

The new article 284 of the Penal Code stipulates that any individual who gains access to a commercial secret without the consent of the rightful proprietor with the intention of disclosing it or profiting from it illegally shall be subject to a prison sentence of up to 15 years. Subsequently, the LDE delineates the parameters of intrusion, stipulating that it shall be understood to mean:

"The intrusion of any kind into the premises of the company or the visual or auditory capture of any activity occurring within the premises of the company, provided that such intrusion or capture is not perceptible from the exterior without the use of technical devices employed for the purpose of observation or without resorting to scaling or any other method of surmounting an obstacle to perception."

"The visual or auditory capture of the content of communication between two or more individuals engaged in an action or situation, when the parties involved have a reasonable expectation of privacy—whether from observation, listening, filming, or recordings—expressed through the circumstances of the communication, the action, or the situation, and when such communication concerns the company."

"Gaining unauthorised access to a computer system or exceeding the authorized access granted and overcoming technical or technological security measures" (essentially the same computer crime as illicit access to a computer system under the Computer Crimes Law, which was incorporated as an economic crime of the second category under the LDE).

It is noteworthy that the commission of any of the aforementioned types is subject to a more severe penalty in cases where, in addition to the initial perpetration of the aforementioned behaviours, the subject reveals or consents to a third party accessing the confidential commercial information without the consent of the lawful possessor.

vii. Defences

There are no specific defences for the party accused to prove an information is not a trade secret. Nevertheless, it would have all measures available under Chilean law to prove that the information was not confidential.

d. Colombia

i. Legal standing

Colombian legislation does not provide specific legal proceedings for trade secret infringement. Instead, it counts on a law related to unfair competition, the general framework for that purpose.

Under the provisions of Art. 10 of the Paris Convention, approved by Law 178 of 1994, any person who participates or demonstrates his intention to participate in the market, whose economic interests are harmed or threatened by acts of unfair competition, is entitled to exercise the actions provided for in Art. 20 of the Law 256 of 1996. The following entities may also bring the actions referred to in the provision mentioned above:

- Professional and trade associations or corporations when the interests of their members are seriously affected
- Associations which, according to their statutes, have as their purposes the protection of the consumer. In this case, standing will be subject to the fact that the act of unfair competition is pursued seriously and directly affects the interests of consumers.
- The Attorney General of the Nation, on behalf of the Nation, concerning those unfair acts that seriously affect the public interest or the preservation of an economic order of free competition.

Standing shall be presumed when the act of unfair competition affects an economic sector in its entirety or a substantial part of it.

ii. Cumulative processes

The actions described in Art. 20 of Law 256 of 1996 are not cumulative, as they have different requirements. The Declaratory and Condemnation Action requires the prior commission of an act of unfair competition that has caused harm to the plaintiff. On the other hand, the Preventive or Prohibitor Action requires the intention and not the materialisation of the act of unfair competition.

iii. Civil actions

Art. 20 of the Law 256 of 1996 established civil actions to protect trade secrets through the actions derived from unfair competition. Art. 16 of the Law 256 of 1996 states that the disclosure or exploitation, without the authorisation of the holder, of industrial secrets or any other kind of business secrets to which access has been legitimately but with a duty of reservation, or illegitimately, is considered unfair competition, and, therefore, is protected through the actions established in Art. 20.

As per Art. 20 of Law 256, the actions arising from unfair competition have two forms: the Declaratory and Condemnation action

and preventive or prohibition action. The former pursues that the acts of unfair competition are declared illegal by the court and, consequently, for the court to order the offender to remove the effects produced by those acts and to compensate the damages caused.

The latter allows the person who believes that they may be affected by acts of unfair competition to request a judge to prevent such conduct or to prohibit it even if no damages have occurred.

iv. Injunction reliefs

Art. 31 of the Law 256 of 1996 allows the person legitimated for the actions arising from unfair competition, as established in Art. 21 of the same Law, to apply for precautionary measures in two cases: (i) once the unfair competition acts have been proven and (ii) in cases where the measure is imminent.

The judge has the power to order any relevant precautionary measures to protect the interested party provisionally. The specific measures are not established in Art. 31 of the Law 256 of 1996. However, the judge may even resort to the precautions in the rules referred to in Art. 31, as to Chapter II, Arts. 245 – 249 of the Cartagena Agreement and Commission Decision 486. Art. 246 of the Cartagena Agreement and Commission Decision 486 state the measures that can be ordered.

Regardless of the good or bad faith of the recipient of the trade secret, Colombian law allows for unfair competition actions against the person who discloses such information. The only exception is if the owner of the confidential information has secured an authorisation.

v. Damages

There is no specific regulation. Judges would apply general principles for the calculation of damages in civil and commercial proceedings.

vi. Criminal actions

Article. 308 of the Criminal Code describes this crime as violating professional and trade secrecy. The Criminal Code states that anyone who uses, discloses, or disseminates a discovery, scientific, invention, process or industrial or commercial application, which comes to his knowledge because of his position, trade or profession, must remain confidential, it will be subject to prison.

The same penalty shall be incurred by anyone who unduly knows, copies or obtains secrets related to discovery, scientific invention, process or industrial or commercial application.

A complaint must be filed, with all the formalities described in Art. 69 of the Code of Criminal Procedure: The complaint or request

shall be made orally or in writing or by any technical means that allows the identification of the author, stating the day and time of its presentation and containing a detailed account of the facts known to the complainant. The latter must state if known, that the same facts have already been brought to the attention of another official. Whoever receives it will warn the whistle-blower that the false report implies criminal liability. In any case, unfounded complaints will be inadmissible.

The complaint may only be extended once at the request of the complainant or the competent official on a matter of importance to the investigation. The corresponding prosecutor will archive anonymous submissions that do not provide evidence or concrete data that would allow the investigation to be directed.

The possible remedy for violating professional and industrial secrets is the denunciation or initiation of an *ex officio* criminal prosecution by the Office of the Attorney General of the Nation. In addition, there is a regime of unfair competition with declaratory and condemnatory actions and preventive or prohibition actions described in Law 256/1996

vii. Defences

In general, the defences available to the defendant arise from a failure to meet the requirements set forth in AD 486 for information to be considered a trade secret. For example, that the configuration of the information is accessible to those in the business of handling the information; or that it has been disclosed in whole or in part.

e. Mexico

i. Legal standing

The Law considers the person who exercises legal control over the trade secret as the owner and, therefore, the person entitled to initiate legal proceedings. In addition, the owner may grant authority to the licensee to initiate legal proceedings. Infringements related to industrial secrets may be subject to:

- I. Administrative proceedings before the Mexican Institute of Industrial Property.
- II. Civil proceedings.
- III. Criminal proceedings.

In addition, the Law provides that the parties may agree to resolve the dispute in arbitration.

The new Federal Industrial Property Protection Act (LFPPI) introduces two administrative infractions that vest the IMPI with jurisdiction over industrial espionage lawsuits, aimed at penalising the theft of information and its subsequent use by a competitor. It is a recurring phenomenon that, in this field, the most common pattern of occurrence is initiated by unscrupulous employees who steal information to benefit competing businesses. These two behaviours are the primary targets of the new legislation. The respective provisions can be found in sections XIV and XV of Article 386 of the LFPPI, which state the following¹³⁰:

Article 386 delineates the types of administrative infractions¹³¹:

XIV. The appropriation of confidential industrial information without the consent of the legal controller or authorized user for the purpose of gaining a competitive advantage in the market or engaging in unfair practices that violate the norms and customs of the industry, commerce, and services, including acts of unfair competition, is prohibited.

XV. The production, offering for sale, sale, importation, exportation, or storage of products or services that utilize a trade secret is prohibited when the individual engaged in such activities knew or had reasonable grounds to know that the trade secret was used without consent of the person who exercises control over it or its authorized user, and in a manner contrary to the accepted norms of conduct in the industry, commerce, and services that involve unfair competition.

According to the Federal Law for the Protection of Industrial Property, independently of the exercise of the criminal action, the affected party may demand compensation and payment of damages suffered because of such offenses.

The compensation, in any case, may not be less than forty per cent of the legitimate value indicator presented by the affected party. The compensation may be claimed, at the choice of the affected party, before the Mexican Institute of Industrial Property (administrative authority) once the respective administrative procedure is concluded, or before the Civil Courts directly and without the need for a prior administrative declaration.

¹³⁰ Mauricio Jaliffe Daher, 'Secretos Industriales, Un Cambio de Paradigma', *EL DERECHO INTERNACIONAL PÚBLICO EN LA OBRA DE MANUEL BECERRA RAMÍREZ* (UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO INSTITUTO DE INVESTIGACIONES JURÍDICAS 2024)

<<https://archivos.juridicas.unam.mx/www/bjv/libros/15/7355/19a.pdf>>.

¹³¹ Ley Federal de Protección a la Propiedad Industrial (Nueva Ley publicada en el Diario Oficial de la Federación el 1 de julio de 2020).

ii. Cumulative processes

In accordance with Article 406 of the Federal Law for the Protection of Industrial Property, irrespective of whether criminal proceedings are initiated, the victim of any of the offenses covered by this legislation is entitled to seek compensation and damages from the perpetrator(s) following the provisions set forth in Article 396.

iii. Civil actions

In case the administrative authority resolves a breach, the affected party could claim in a Court for damages.

In accordance with the United States Mexico and Canada Agreement and the Trans-Pacific Partnership Agreement, Mexico must prevent entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an industrial secret.

In this regard, Mexican Law establishes that during the proceedings, authority could adopt inter alia the follow measures:

- I. Order removes from circulation products that infringe intellectual property rights;
- II. Prohibit use and commercialisation of products that infringe intellectual property rights;
- III. Suspend the free movement of products for import, export or transit when these products infringe intellectual property rights; and
Close the establishment when the previous measures are not enough to prevent or avoid infractions of the law

iv. Injunction reliefs

The legislation permits the procurement of a provisional injunction against the purported infringer either prior to filing an infringement claim or at any point during its adjudication. Specifically, Article 5 of the Federal Law endows the Mexican Institute of Industrial Property (IMPI) with the authority to grant a provisional injunction; it may be mandated that a bond be posted as security for potential damages incurred by the defendant as a consequence of the injunction. The request for the injunction must be submitted in writing. The defendant holds the right to post a counter-bond to temporarily suspend the effects of the provisional injunction and may present arguments contesting the provisional injunction. IMPI retains the ability to enforce the following preliminary measures against the alleged infringer injunctions:

- order the recall or block the circulation of the infringing merchandise;
- order that the following be withdrawn from circulation:

- articles that have been illegally manufactured or used;
- packing, wrapping, stationery, advertising materials and other items that infringe the plaintiff's trademark rights;
- advertisements, signs, posters, stationery and similar items that infringe the plaintiff's trademark rights; and
- equipment or instruments used to manufacture, produce or obtain any of the above items;
- prohibit, with immediate effect, the commercialisation or use of the infringing products;
- order the seizure of the infringing products;
- order the alleged infringer or third parties to suspend or cease all infringing acts; and
- order the suspension of the service or closure of the defendant's establishment, when the above measures are insufficient to prevent or avoid the infringement.

v. Damages

Once the administrative authority declares an administrative infringement and is enforceable, the affected party may present its claim for damages and the corresponding quantification thereof.

To determine the amount of the compensation, the date on which the infringement has been accredited will be taken into account and, at the choice of the affected party, any indicator of legitimate value presented by the latter, including:

- I. The value of the infringed products or services calculated by the market price, or the suggested retail price;
- II. The profits that the owner would have ceased to receive as a consequence of the infringement;
- III. The profits that the infringer has obtained consequently of the infringement, or
- IV. The price that the infringer would have had to pay to the right holder for the granting of a license, considering the commercial value of the license, taking into account the commercial value of the infringed right and the contractual licenses already granted.

Finally, the Law establishes that the proceeding for the determination of indemnities for infringements of industrial property rights may be initiated before the Mexican Industrial Property Institute ("IMPI") or directly through a civil court, provided that the amount of any indemnity is never less than 40% of the rightful and evidenced value of the Industrial Property rights affected.

vi. Criminal actions

Pursuant to the Federal Law for the Protection of Industrial Property, are crimes:

a) To disclose to a third party an industrial secret, which is known by reason of his/her work, post, position, performance of his/her profession, business relationship or by virtue of the granting of a license for its use, without consent of the person exercising legal control thereof or of its authorized user, having been warned of its confidentiality, with the purpose of obtaining an economic benefit for himself/herself or for the third party or with the purpose of causing harm to the person keeping the secret;

b) To take possession of an industrial secret without right and without consent of the person exercising its legal control or its authorized user, in order to use it or disclose it to a third party, with the purpose of obtaining an economic benefit for him/herself or for the third party or with the purpose of causing damage to the person exercising its legal control or its authorized user;

c) Using the information contained in a trade secret, which he/she knows by virtue of his/her work, position or post, exercise of his/her profession or business relationship, without having the consent of the person exercising legal control thereof or of its authorized user, or which has been disclosed to him/her by a third party, who did not have the consent of the person exercising legal control thereof or of its authorized user, for the purpose of obtaining an economic benefit or in order to cause damage to the person exercising legal control of the trade secret or its authorized user;

d) Appropriating, acquiring, using or unduly disclosing an industrial secret through any means, without the consent of the person who exercises its legal control or of its authorized user, with the purpose of causing damage to it or obtaining an economic benefit for himself or for a third party.

These crimes shall be prosecuted by complaint of the offended party and shall be punished with a penalty of two to six years of imprisonment and a fine in the amount of 1,000 to 300,000 units of measure, in force at the time the offense is committed¹³².

Additionally, the Federal Criminal Code establishes a penalty of one to five years, a fine of fifty to five hundred pesos and suspension of profession, if applicable, from two months to one year, when the punishable disclosure is made by a professional or technical service

¹³² Currently, one measure is equivalent to \$103.74 Mexican pesos; 1,000 units of measure are currently equivalent approximately to US\$6,000.

provider or by a public official or employee, or when the secret disclosed or published is of an industrial purpose.

vii. Defences

The Law does not contemplate such situation, nevertheless, an unfounded claim will most probably be dismissed, entitling the accused party to file a counter claim for such actions. Under civil procedural laws, the counterclaim is often filed by the accused party as part of its defence against the claims brought forward against it.

Additionally, there are exceptions for considering information a trade secret, exceptions to what may not be considered misappropriation and even exceptions of liability whenever a person receives information considered to be a trade secret, without the knowledge of its confidentiality or nature or when it was delivered without the obligation of maintaining it confidentiality.

f. Uruguay

i. Legal standing

There are no legal rules that establish specific legal procedures for pursuing commercial secret misappropriation. In practice, civil liability actions for unfair competition (Article 10bis of the Paris Convention) may be initiated with the objective of repairing damages resulting from unfair competition. Additionally, criminal proceedings may be initiated for violations of Article 302 of the Code of Civil Procedure (CPC) .

Furthermore, the legislation lacks any provisions pertaining to undisclosed information. As a result, there is no established legal framework that defines who possesses the authority to initiate legal proceedings for its infringement. Consequently, the plaintiff is required to substantiate their standing to pursue a civil action in accordance with the general civil and procedural regulations rules.

ii. Cumulative processes

The judicial procedures are not cumulative because they are presented before different judicial authorities.

iii. Civil actions

It is not expected that any specific civil actions will be undertaken; therefore, it is beyond the scope of the legislation to seek legal recourse against individuals who are considered to be acting in good faith concerning the safeguarding of commercial secrets. Despite the absence of anticipated civil actions, it is noteworthy that the average duration of civil proceedings in Uruguay ranges from two to seven years, contingent upon whether the case is addressed in one, two, or three instances.

iv. Injunction reliefs

In accordance with the stipulations outlined in the CPC, any party involved in a civil process may request various forms of preliminary investigation. It is noteworthy that the legislative framework does not establish specific pre-trial or preventive measures relevant to these cases. Article 306 of the CPC explicitly addresses the concept of "*diligencias preparatorias*", which includes both preliminary investigations and provisional measures.

v. Damages

The legislation does not provide a framework for calculating the damages resulting from the violation of trade secrets through unfair competition. The general criteria for comprehensive redress of damages, as set forth in the Civil Code, shall be applied.

vi. Criminal actions

Current legislation does not encompass provisions that obligate the criminal prosecution of individuals for violations pertaining to trade secrecy. Article 302 of the Penal Code delineates penalties for the unauthorized disclosure of professional secrets. Specifically, it articulates that "Any individual who, without just cause, divulges secrets acquired in the performance of their profession, employment, or commission shall incur a penalty of a fine ranging from 100 to 2,000 pesos, contingent upon whether the act results in harm."

The crime that can be prosecuted is the violation of the professional secret (Article 302 of the Uruguayan Criminal Code).

The consequence for this offense consists of a monetary fine, rendering it an inadequate deterrent against the commission of criminal activities.

vii. Defences

Specific defences or exemptions from liability are not available to the accused in civil or criminal proceedings pertaining to trade secrets.

6. Procedural and Contractual aspects of Trade Secrets

This section examines two facets of trade secret practice. Firstly, it analyses the procedural elements, specifically whether specialised courts exist for the adjudication of trade secret cases, as well as the available evidence to substantiate or refute an infringement in this domain. Furthermore, it contemplates the potentiality of requesting measures without notifying the opposing party, with the intent of safeguarding the information or preventing the tampering of evidence during proceedings.

An analysis of the judiciary's treatment of information derived from these processes is provided. This encompasses a thorough examination of the level of confidentiality and the safeguarding measures employed by the courts to protect commercial secrets that could potentially be impacted by legal proceedings.

Finally, the contractual issues are analysed, emphasizing the management of commercial secrets during the duration of a professional relationship, from its inception to its conclusion, along with the contractual provisions established by the parties to govern such matters relationship.

a. Argentina

i. Procedural aspects

Argentina has no specialised courts dealing with Trade secrets. Furthermore, the typical duration of judicial proceedings, whether criminal or civil, is two to three years. In general, the average time required to obtain a first-instance decision in civil and commercial proceedings is between two and a half and three years, depending on the evidence submitted by the parties involved. Subsequently, the appellate court issues its decision within a time frame of six months to one year.

With respect to the evidence that may be introduced in proceedings concerning breaches of trade secrecy, the same evidence that is admissible in other civil or criminal proceedings may be presented. This includes, but is not limited to, dated and signed documents, witness testimonies, accounting records, third-party reports, web pages, social media profiles, and various other forms of evidence.

In Argentina, *ex parte* warrants for the judicial search of premises and computer systems for stolen data, as well as to produce documents and files containing such data, may be obtained. For plaintiffs to obtain the requested measure, they must demonstrate that they have a reasonable claim and that the information in question would be at risk of being compromised if the measure were to be delayed. In the event that a court deems it necessary, the claimant may be required to provide a bond to cover potential damages.

Furthermore, concerning the confidentiality of information during the proceedings, judges typically require that such data be secured within the courtroom in a sealed envelope. Additionally, Argentine law does not restrict a party involved in judicial proceedings from seeking protection for digital information, for example, through appropriate legal measures such as encryption. Additionally, Article 70 of the EO stipulates that hearings shall be confidential, except in instances where the parties involved have consented otherwise.

Finally, national authorities, including a competition authority, possess the ability to mandate the disclosure of a trade secret or data shielded by exclusivity to rectify a competitive practice. The Domestic Trade Department, which is the governmental entity responsible for applying the Executive Order (EO), may, pursuant to Article 26.S, solicit injunctions from the appropriate judge, who is required to render a decision within the subsequent 24 hours. In accordance with Article 26.S, the Domestic Trade Department has the potential to seek an injunction to compel the disclosure of a trade secret to address a competitive issue practice.

ii. Contractual Aspects

Argentine legislation delineates regulations concerning the misappropriation or dissemination of trade secrets by individuals engaged in an employment relationship. Article 85 of the Employment Contract Act stipulates that employees are obligated to uphold all duties of loyalty inherent to the nature of the tasks assigned to them, which includes the obligation to maintain confidentiality regarding information to which they have access, and which necessitates such conduct part.

Additionally, Article 83 stipulates that, should an employee choose to transfer their rights to an invention or discovery, the employer must be granted equal consideration alongside third parties. Moreover, all parties are required to uphold confidentiality pertaining to any inventions or discoveries made in this context.

Consequently, while an employee is engaged in an employment relationship, Article 85 of the Employment Contract Act mandates that they must uphold all duties of loyalty stemming from the nature of their assigned tasks. This includes the obligation to maintain confidentiality regarding any information they access that necessitates such behaviour.

Upon the termination of an employee's employment, the obligations associated with that relationship undergo a transformation. In principle, the duty to uphold confidentiality is applicable during the duration of their employment. It becomes essential for the involved parties to establish a mutual understanding regarding the stipulation that mandates the employee to maintain confidentiality following the cessation of their employment. In the opinion of the study contributors, the contractual obligation to maintain confidentiality is not subject to time limitations. In the absence of a definite obligation of confidentiality, it is probable that the disclosure of information not essential for the fulfilment of the new role would constitute a breach of duty confidentiality.

In conclusion, regarding the potential for legislation or jurisprudence to prohibit a former employee from engaging in competitive activities on behalf of a former employer, it is crucial to

emphasize that such a prohibition would be deemed unconstitutional under Argentine law. This stems from the fact that it would encroach upon the employee's right to work, especially in situations where the nature of the new position and the employee's knowledge would inevitably lead to the disclosure of the former employer's trade secrets. However, the parties may enter into a non-compete agreement for a defined duration, provided that the employee is duly informed compensated.

b. Brazil

i. Procedural aspects

In the civil area, some states of the Brazilian Federation have business-specialised civil trial courts in some of their major cities. Generally, however, complaints need to be filed before the ordinary civil trial courts. In the criminal sphere, courts are not specialized. Also, trade secret issues are sometimes dealt by labour courts, that are not specialized.

Regarding the average duration of a criminal prosecution for trade secret violations. The preliminary measure for gathering evidence can take in average from 6 to 12 months. The criminal complaint initiated after that has an average duration of one to three years.

During the course of the proceedings, all forms of evidence enumerated within the Codes of Civil and Criminal Procedure are admissible; these include documents, witnesses, expert technical analyses, product samples, and others. Additionally, the parties may present information technology devices, photographs, blueprints, designs, among other items. A comprehensive chronology of the events is typically included in the complaint, as one of the criteria that courts may utilize to ascertain a breach involves an analysis of the duration that the defendant employed to create a product or service that is identical to that of the plaintiff, while also considering the complexity of the knowledge required and the time necessary to develop an original product or service”¹³³.

Additionally, In Brazil, it is possible to *ex parte* warrants for the judicial search and seizure of samples, equipment, computer devices and systems. However, judges are usually reluctant to grant measures

¹³³ As quoted in *Trade Secret Protection – Brazil chapter*, p. 119/120, the references of this judicial decision are the following: *in re Saturno Indústria de Tintas v Indutil Indústria de Tintas Ltda.*, the court examined the length of time of the facts and concluded that "the knowledge involved to produce the same paint could be acquired only along many years and by taking specialized courses in the paint manufacturing industry": file 1008624-90.2014.8.26.0564, Civil Business Law Court of Appeals (São Paulo, Brazil, 21 September 2016).

ordering the defendant to provide information on the whereabouts of documents and files containing such data.

In order to safeguard the confidentiality of information in the event of civil or criminal infringement proceedings, secrecy is mandatory whenever trade secrets are involved. Article 196 of BIPS foresees that the judge must declare judicial confidentiality of the proceedings if any party discloses confidential information. In such cases, several secrecy measures are taken; for instance, the judicial decisions and procedural steps will not be electronically published in the official court diary nor posted on the court's website. According to the expert who replied to the questionnaire, this is applicable both to civil and criminal measures, since Article 196 does not specify to which courts it refers.

Yes, the protection of secrecy is available in Brazilian proceedings. Claims arising under competition law may be submitted to the common Judiciary (State or Federal Courts) or the Administrative Council for Economic Defence (CADE). CADE serves as Brazil's national authority responsible for regulating competition and routinely supervises and adjudicates matters pertaining to antitrust and competition issues.

Regardless of whether the case is adjudicated in a court or by the CADE, specific procedural safeguards exist to ensure that confidential information remains undisclosed. In the context of Court proceedings, the appropriate course of action would be to petition for the sealing of the files under judicial secrecy. Conversely, for proceedings before the CADE, the suitable measure would be to request that the proceedings be designated as confidential in accordance with the agency's established regulations.¹³⁴

Finally, national competition authorities compel the disclosure of a trade secret or data protected by exclusivity to remedy a competitive practice. The safeguarding of confidential information is expressly stated in the Competition Defence Statute, Public Law no. 12,529/11 (CDS) and is also an obligation of the Brazilian government under art. 39 of the TRIPS Agreement – for this reason, CADE explicitly allows

¹³⁴ Notwithstanding CADE's internal regimental rules, the Statute which institutes the Agency specifically guarantees to parties the right to request that proceedings with sensitive information be marked as confidential: "Art. 49. *The Tribunal and the General Superintendency shall assure, for the procedures set forth in items II, III, IV and VI and the main provision of art. 48 of this Statute, the confidential treatment of documents, information and docket proceedings needed for the elucidation of facts or demanded by societal interest. Sole paragraph. Parties may request confidential treatment of documents or information, within the deadlines and in the manner set forth in the internal regiment*", free translation.

parties to its proceedings to request information to be classified and kept from public access when applicable¹³⁵.

Furthermore, CADE is mainly concerned *strictly* with assessing and curtailing anticompetitive actions – not often going into the merits of whether a trade secret was misappropriated unless this aspect is at the centre of the discussion at hand.

In Administrative Proceeding no. 08012.010483/2011-94 (*E-Commerce Media Group v. Google*), for example, CADE noted that the inspection and publication of Google's search algorithms may negatively affect the company's trade secrets and would, thus, not be justified.

Nevertheless, if the disclosure of a trade secret is indispensable to remedy an anticompetitive practice and to uphold the public interest, it would be highly unlikely (but not impossible) for CADE to determine such measure. In this sense, a Court may be more open to compel such disclosure if it is necessary to uphold a constitutionally guaranteed right or to safeguard the public interest if the alluded disclosure is the only way in which such goals may be met.

ii. Contractual Aspects

Statutory law is clear as to what activities constitute a breach of trade secret, as per Articles 195(XI) and 195(XII) of the Industrial Property Law, which state:

Article 195 – a crime of unfair competition is committed by [a person] who:

XI – discloses, exploits or uses, without authorisation, confidential knowledge, information or data, usable in industry, commerce or the providing of services, excepting that which is of public knowledge, or which is obvious to a person skilled in the art, to which he has had access by means of a contractual or employment relationship, even after the termination of the contract;

XII – discloses, exploits or uses, without authorisation, knowledge or information as mentioned in the previous item, when obtained directly or indirectly by illicit means or to which he has had access by fraud;

Furthermore, the protection of trade secrets has legal implications under labour law, as the violation of an employer's secrets by an employee is contemplated in Article 482 (g) of Decree-law no. 5.452/1943 ("Consolidation of Labor Laws"), which provides grounds

¹³⁵ *Ibid.*

for the termination of the employment agreement for just cause by the employer.

In the context of the employer-employee relationship, the employer possesses the right to terminate the employment contract of an employee who has violated the confidentiality of company information. This termination of employment may be categorised as a 'justified dismissal' in accordance with the applicable legislation.

Therefore, neither the applicable labour legislation nor the Brazilian Industrial Property Law requires an express written commitment to secrecy from employees to enable the characterisation of an unauthorised disclosure as a breach of trade secrets. In such instances, the employee (or former employee, as the case may be) will have committed the crime of unfair competition and an act that can justify his dismissal by the employer. This is to be understood as occurring whenever his actions fall under the descriptions and the relevant disclosed information can be considered, based on all elements of the case, as a trade secret.

A pertinent inquiry that has intermittently arisen within this context pertains to the constitutional validity of noncompetition clauses, particularly in light of the rights of workers to pursue gainful employment without excessive limitations. In addition to the unauthorised utilisation of trade secrets, general non-compete clauses may be deemed valid when delineated for a finite duration, provided that a clear territorial definition is incorporated into the agreement. Moreover, the reasonable compensation associated with this noncompetition obligation necessitates careful evaluation.

c. Chile

i. Procedural aspects

The Industrial Property Court adjudicates cases pertaining to intellectual property, including patents, trademarks, and trade secrets. The Industrial Property Court has jurisdiction over cases involving the registration, validity, and enforcement of intellectual property rights, including the protection of trade secrets. In many instances, trade secret cases brought before this court pertain to matters of industrial espionage, unfair competition, or the unauthorised use of proprietary business information. In accordance with the Industrial Property Law, the court is granted the authority to issue rulings on confidentiality measures, compensatory damages, and other related matters sanctions.

Some civil courts in Chile have specialised divisions or judges whose expertise lies in the field of intellectual property, including the protection of trade secrets. These divisions have extensive experience in the resolution of complex intellectual property disputes, which may entail the presentation of expert testimony and technical evidence.

While not exclusively dedicated to trade secrets, these judges have expertise in the broader field of intellectual property law.

Although Chile lacks a formalised system of *ex parte* warrants for trade secrets comparable to those in other jurisdictions, its legal system does permit the issuance of *ex parte* interim measures in civil cases, including those pertaining to trade secrets. These measures, such as injunctions or evidence preservation orders, may be requested without notifying the other party, particularly in instances where there is a risk that doing so would result in the destruction of evidence or further harm.

In the context of evidence, the claimant in Chile is required to demonstrate that the information in question constitutes a trade secret under the laws of that country. This entails establishing that the information in question meets the criteria outlined in the relevant legislation, namely that it has commercial value, is not generally known, and that reasonable measures were taken to protect it. In order to prove that a trade secret has been misappropriated, the claimant must demonstrate that the information in question has commercial value, is not generally known, and that reasonable measures were taken to protect it. Furthermore, the defendant must have accessed the trade secret and used or disclosed it without authorisation. The unauthorised disclosure or use must have resulted in harm to the business or provided an unfair advantage to the defendant. However, the defendant may counter by presenting evidence that the information was already in the public domain, was independently developed, or that no misappropriation occurred.

In Chile, the confidentiality of trade secrets during judicial proceedings is a significant concern, as disclosing sensitive information could negatively impact a business's competitive position. Chilean legislation provides for the protection of trade secrets during litigation, particularly in instances where proprietary or confidential business information is presented as evidence. The Code of Civil Procedure Article 1697 provides a framework for safeguarding evidence and documents containing confidential information. This enables the courts to issue protective orders, which restrict the use of certain sensitive materials to only the parties involved in the proceedings.

In the context of judicial proceedings, a party may petition the court to impose confidentiality measures on trade secrets or proprietary information. Such measures may include, for example, the following:

- Sealed Records: In particular circumstances, judicial authorities may mandate that certain documents containing proprietary information be sealed, permitting access exclusively to the involved parties, their legal representatives, and the court itself.
- Restricted Hearings: The court may convene closed-door hearings, wherein only the pertinent parties and their duly

authorised legal representatives are present to discuss matters of a confidential nature.

- Limited Disclosure: The court may permit the disclosure of only specific portions of the information while concealing other sensitive details that constitute trade secrets.

Furthermore, courts may mandate that individuals or entities involved in legal proceedings, including experts or third parties examining evidence, sign non-disclosure agreements (NDAs) to prevent the unauthorised disclosure of trade secrets beyond the confines of the courtroom. In judicial proceedings of trade secrets, the parties involved frequently present documents under strict confidentiality agreements to prevent their public dissemination. Under Chilean legislation, the courts are empowered to mandate the confidential handling of these documents, thereby limiting access to them and ensuring their continued confidentiality throughout the proceedings. In the event that a party or individual involved in the judicial proceedings unlawfully discloses trade secrets, they may be subject to civil and criminal penalties under Chilean law. This encompasses claims for damages under the Industrial Property Law, in addition to the potential imposition of fines or imprisonment, contingent upon the gravity of the infraction.

ii. Contractual aspects

It is permissible to include a confidentiality clause in a work contract, even if it extends beyond the contract's duration, provided it is necessary, proportionate, and suitable for the circumstances. At a minimum, the clause must apply to knowledge about matters that, if kept secret, could give the employer an advantage over competitors. It should also require that the information in question is not generally known or readily accessible to people connected to the field in which it is used. The clause should explicitly state that the information is confidential.

In Chile, trade secrets in an employment relationship are protected by several legal provisions, primarily governed by the Labor Code and the Chilean Industrial Property Law. Article 154 of the Labor Code establishes that employees must observe loyalty and confidentiality concerning the information to which they have access during the employment relationship, including trade secrets. Article 87 of Industrial Property Law prohibits the unauthorised use or disclosure of trade secrets to which access has been legitimately obtained but which are subject to a duty of confidentiality. Employees in Chile are legally obligated to protect their employers' confidential information, including trade secrets, both during and after employment. Failure to do so can result in civil or criminal penalties.

Employers frequently use confidentiality clauses or NDAs to protect trade secrets. These agreements explicitly define confidential information and outline the repercussions of its unauthorised use. Confidentiality obligations related to trade secrets generally remain binding after employment ends. However, non-compete agreements, which restrict employees from joining competing businesses post-employment, are only enforceable under Chilean law if they provide proper compensation.

d. Colombia

i. Procedural aspects

While in Colombia there are no specialised courts for actions regarding trade secret infringement, the Superintendence of Industry and Commerce (SIC) has been granted jurisdictional functions over cases involving unfair commercial practices cases, by Articles 143 and 144 of Law 446/1998¹³⁶. Article 144 was amended by Article 49 of Law 962 of 2005, which provided that the jurisdictional proceedings about unfair commercial practices must follow the rules of the Procedural Civil Code. In addition, Article 24 of the Colombian General Procedural Code of 2012 provides that the SIC shall exercise jurisdiction in cases of unfair competition.

Regarding the average duration of a criminal prosecution for trade secret violations, the Criminal Procedure Code (art. 175) stipulates that all procedures and hearings of a criminal proceeding cannot exceed one year. In the context of unfair competition practices, the General Procedural Code (art. 121) stipulates that, unless the proceedings are interrupted or suspended for legal reasons, a period of more than one year may not elapse before the issuance of a sentence that can be extended for a period of six months.

During the proceedings, any evidence presented shall be considered admissible for the purpose of establishing a violation of commercial secrecy. This is due to the fact that the domestic legislation does not stipulate a legal fee to substantiate said circumstance. Consequently, it is necessary to refer to the General Procedure Code (Article 165) to determine the applicable legal framework. The following forms of evidence are admissible: statements from the party, confessions, oaths, testimony from third parties, expert opinions, judicial inspections, documents, evidence, reports, and any other means that may contribute to the judge's deliberation conviction.

¹³⁶ Ley 446/1998. Por la cual se adoptan como legislación permanente algunas normas del Decreto 2651 de 1991, se modifican algunas del Código de Procedimiento Civil, se derogan otras de la Ley 23 de 1991 y del Decreto 2279 de 1989, se modifican y expiden normas del Código Contencioso Administrativo y se dictan otras disposiciones sobre descongestión, eficiencia y acceso a la justicia.

Despite the above, since this is a procedure in which the market study will be of special relevance, it must be highlighted that expert opinion will play a leading role.

The defendant is entitled to the general defences available within a judicial process and additionally has the right to submit any form of evidence

In Colombia, it is possible to obtain *ex parte* warrants for the judicial search of premises and computer systems for stolen data and to require the defendant to provide information on the whereabouts of documents and files containing such data, depending on the nature of the data in question. This may include public, private, internal, or confidential data. The term "public" is used to describe data defined as such by law or the Political Constitution, as well as any data not classified as semi-private or private. Private data is defined as personal or confidential information and is pertinent only to the individual in possession of such data. Private data may also be described as information that could potentially impact the individual's privacy or that could be misused in a way that could lead to discriminatory actions.

To safeguard the confidentiality of information in the event of civil or criminal infringement proceedings, a number of measures have been implemented. Article 209 of the General Procedural Code establishes that any person who is required by law to keep secrets is exempt from giving testimony regarding matters subject to secrecy. Also, Article 276 of the General Procedural Code provides that when the judge requires the disclosure of information from public authorities or private entities if the person required by the judge to disclose the information considers that part of the information is under legal reserve, should expressly state this in his information and justify such.

Article 123 of the General Procedure Code delineates the individuals who are entitled to access the dockets, which pertain to those involved in the civil procedure. Moreover, the Constitutional Court's decision in SU-355/2022¹³⁷ is thus evident that the publicity principle does not entail that all individuals are granted access to the docket. Nevertheless, only the parties engaged in the dispute are obliged to comply with the disclosure of such information and to restrict access to third parties with no interest in the dispute.

In the event of proceedings before the national competition authority, according to Art. 260 of Decision 486 of the Andean Community (CAN), a business secret is any undisclosed information that can be used in productive, industrial or commercial activities and is susceptible to being transmitted to a third party.

¹³⁷ Colombian Constitutional Court, Decision SU- 335, 13 October, 2022. Magistrate: Cristina Pardo Schlesinger

For specific information to be classified as a trade secret, it must: i) be secret, that is, not be generally known or easily accessible by those in the circles where this information is used; ii) have commercial value since it is secret, and iii) be subject to reasonable security measures by its legitimate owner, to maintain its secret nature. Furthermore, the concerned party may enter into confidentiality agreements and contracts for the protection of trade secrets with individuals who have access to this information.

ii. Contractual aspects

In Colombia, the **rules concerning the misuse or disclosure of trade secrets by persons in an employment relationship** are found exclusively in Art. 62. A. 8 of the Labour Code.

In the labour relationship, the employee shall comply with trade secrets. In practice, the following mechanisms are found:

- Non-disclosure agreements (NDAs)
- Confidentiality.
- Loyal duty.

In the course of employment, employees may be terminated for just cause if they disclose confidential information. This is outlined in Art. 62.8 of the Substantive Labour Code. Generally, when an employee ends their labour contract, they are expected to preserve the trade secret and confidential information of the company for which they worked. This is part of the obligations and responsibilities often included in employment agreements and contracts. Protecting trade secrets may consist of not disclosing confidential information to third parties, including competitors or others outside the company, and not using confidential information for personal benefit.

On the other hand, In Colombia, an employee facing an allegation of trade secret infringement has several legal defences to protect their rights. Some common defences an employee uses might include:

- Lack of evidence: The employee may argue that there is insufficient evidence to support the allegation of trade secret infringement. In this case, the employee can challenge the validity of the claim made against him and demand that the charging party prove that there has been a violation.

- Lack of knowledge: The employee could claim that he or she was unaware that the information in question was confidential or a trade secret. The employee must be able to demonstrate that he or she did not have access to the information in question under a confidentiality clause or non-disclosure agreement.

- Authorisation: should the employee possess the company's consent or authorisation to access or utilise the information, they may employ this authorisation as a valid defence. It is imperative to provide evidence of it or consent in writing.

- Lawful disclosure or permitted use: The employee could argue that the disclosure or use of the information was made lawfully or by the terms of an existing contract or agreement. This may be relevant if the employee fulfilled his or her job responsibilities or followed established company procedures.

- Violation of employee rights: The employee may allege that his or her employment or constitutional rights are being violated and that the allegation of violation of trade secrets is being used unfairly or inappropriately as retaliation or discrimination.

- Time: The employee could allege that the company did not file the claim promptly or did not respect the legal deadlines for filing the accusation.

In Colombia, legislation and case law allow certain restrictions on a former employee's ability to work for a competitor when there is a risk of disclosing their former employer's trade secrets or confidential information. However, these restrictions are subject to certain conditions and must be clear and specific.¹³⁸

In Colombia, the primary way to impose restrictions is through non-compete agreements or clauses in employment contracts or separate agreements. These clauses may prohibit the former employee from working for a competitor or performing a specific role that involves using trade secrets or confidential information for a certain period and within a defined geographic area.

To be valid and enforceable, non-compete clauses must be reasonable in duration, geographic scope, and restricted activities. Colombian courts tend to evaluate these restrictions based on their proportionality and whether they protect the employer's legitimate interest without imposing an undue burden on the former employee. In Colombian jurisprudence, it has been held that non-compete restrictions are valid in situations where the employee had access to confidential information or trade secrets that could give an advantage to a competitor. However, restrictions must be carefully drafted and justified to be legally valid.

Regarding Commercial information, it can become a trade secret through contractual provisions. Companies often use confidentiality agreements (NDA) or confidentiality clauses in contracts to protect sensitive business information and maintain it as a secret. The NDA

¹³⁸ Superintendence of Industry and Commerce, Judicial Delegation. Antitrust Group. Bogotá D.C. 26 September, 2011. Sentencia No. 0628.

establishes the conditions under which one party may share confidential information with another party.

Those agreements include terms and conditions that specify the following concepts:

- The definition of confidential information: Establishes what types of information are considered confidential and, therefore, protected by the agreement.
- Restrictions on workers from disclosing information during and after work
- Duration of confidentiality: Defines how long confidential information must be kept secret.
- Consequences for non-compliance: Specifies the sanctions or legal actions that can be taken in the event of unauthorised disclosure of confidential information.

Additionally, In Colombia, legal provisions grant protection to parties to prevent the unauthorised use of commercial information in the context of employment contracts. These protections are derived primarily from the country's labour and intellectual property laws.

Confidentiality clauses in employment contracts. Companies can include confidentiality clauses in their employees' employment contracts to protect sensitive business information. These clauses state that employees may not disclose or use confidential company information during and after employment termination. If an employee breaches these clauses, the company may take legal action under contractual provisions.

e. Mexico

i. Procedural aspects

Under the legislation of the United Mexican States, the Federal Court of Administrative Justice has a specialised chamber for the adjudication of matters on intellectual property. Furthermore, administrative infringement proceedings are initiated and adjudicated by the Mexican Institute of Industrial Property (IMPI), whereas criminal proceedings are initiated by the General Prosecutor's Office (FGR), which serves as an investigative and prosecutorial authority. If sufficient evidence is available, the case may then be referred to a federal criminal judge following the issuance of a formal indictment.

The legislation does not stipulate the specific measures that must be taken to safeguard confidentiality during civil or criminal infringement proceedings. Nevertheless, the legislation stipulates that in any administrative or judicial proceeding in which any of the interested parties is obliged to divulge a trade secret, the authority

presiding over the case is required to implement the necessary measures to prevent the unauthorised disclosure of the information to third parties not involved in the dispute and to ensure confidentiality.

The FLPIP grants the IMPI the authority to obtain evidence from a third party for any category of claim, including claims related to trade secret infringement, contingent upon the submission of a written and reasonable request by the plaintiff. The mechanisms available are as follows:

The available mechanisms include an information request from a third party with a material connection to the claim and an on-site visit to an establishment to verify compliance with the FLPIP.

Although the IMPI possesses relatively strong powers through its fact-gathering mechanisms that do not require assistance from the courts, such actions may not be adequate to independently substantiate a trade secret claim. Therefore, these activities should serve as supplementary to the evidence that demonstrates the infringement, which the plaintiff must prepare and have available prior to initiating the filing process.

In regard to the confidentiality of the processes, the parties are entitled to request measures to preserve the confidentiality of the trade secrets in question through the special structure available under the Federal Administrative Procedural Law (*Ley Federal de Procedimiento Administrativo*), which allows a party to request that IMPI designate the documents and any other elements related to the trade secrets claim as confidential due to their nature. Subsequently, officers of the IMPI will store the documents as mentioned earlier in a private chamber, with access limited to the attorneys involved.

Additionally, the FLPIP introduces in article 169¹³⁹ that any judicial or administrative proceeding on an industrial secret, or in any instance where disclosure of an industrial secret is required, the authority presiding over the matter shall, at the request of a party or on its initiative, take the necessary measures to prevent unauthorised disclosure to third parties and to ensure the confidentiality of the secret in question. Also, any interested party is prohibited from divulging or using the industrial secret. In addition to the parties involved, those authorised to receive notifications, including judicial and administrative officials, witnesses, experts, and any other individuals involved in judicial or administrative proceedings related to industrial secrets or with access to relevant documents, are also included.

Finally, The Federal Antitrust Law generally states that the secrecy of investigations and proceedings will be preserved.

¹³⁹ Ley Federal de Protección a la Propiedad Industrial (Nueva Ley publicada en el Diario Oficial de la Federación el 1 de julio de 2020).

Additionally, it establishes that confidential information¹⁴⁰ will only have such character when the economic agent requests it, proves that it has such character, and submits a summary of the information to include it in the file.

ii. Contractual aspects

The Federal Law for the Protection of Industrial Property establishes that it is a crime to disclose or use an industrial secret, which is known because of its job, position, profession, business relationship or the granting of a license for its use, without the consent of the person exercising its legal control or its authorised user, provided that he has been warned of its confidentiality. It is disclosed to obtain an economic benefit for himself or for the third party or with the purpose of causing damage to the person in control of the secret.

The FLPIP¹⁴¹ explicitly recognises the obligation of employees to safeguard trade secrets. It is, however, of the utmost importance that employees are made aware of the nature of the information in question and of their obligation to maintain confidentiality. The onus of proof that the employee was duly informed thus falls on the employer.

It is standard practice for employees to sign a non-disclosure or confidentiality agreement upon joining a company; however, this procedure does not typically occur when they depart. Nevertheless, employees in regulated industries, such as finance or pharmaceuticals, frequently execute agreements on their confidentiality obligations upon their exit from employment.

¹⁴⁰ In accordance with the Federal Economic Competition Law, the disclosure of such information (i) may cause damage or harm to the competitive position of the person who has provided it, (ii) contains personal data whose disclosure requires his consent, (iii) may jeopardize his security, or (iv) is prohibited by law.

¹⁴¹ Artículo 165.- La persona que ejerza el control legal del secreto industrial podrá transmitirlo o autorizar su uso a un tercero. El usuario autorizado tendrá la obligación de no divulgar el secreto industrial por ningún medio. En los convenios por los que se transmitan conocimientos técnicos, asistencia técnica, provisión de ingeniería básica o de detalle, se podrán establecer cláusulas de confidencialidad para proteger los secretos industriales que incluyan, las cuales deberán precisar los aspectos que comprenden como confidenciales. Artículo 166.- Toda aquella persona que, con motivo de su trabajo, empleo, cargo, puesto, desempeño de su profesión o relación de negocios, tenga acceso a un secreto industrial del cual se le haya prevenido sobre su confidencialidad, deberá abstenerse de divulgarlo, sin consentimiento de la persona que ejerza su control legal, o de su usuario autorizado. Artículo 167.- La persona física o moral que contrate a un trabajador que esté laborando o haya laborado o a un profesional, asesor o consultor que preste o haya prestado sus servicios para otra persona, con el fin de obtener secretos industriales de ésta, se considerará responsable en los términos de esta Ley. También será responsable la persona física o moral que por cualquier medio ilícito obtenga información que contemple un secreto industrial.

The FLPIP proscribes hiring an employee or professional who is currently employed or has been employed—or a consultant or advisor who has provided services—intending to obtain industrial secrets from the individual or entity with whom they have worked. Moreover, the Criminal Code provides that any individual who, without just cause and to the detriment of another person, discloses any secret or reserved communication that they know or have learned because of their employment, office, or position shall be held legally responsible for the commission of a criminal offense. When the disclosure is made by an individual engaged in the provision of professional or technical services, or by a public official or employee, or when the secret in question pertains to matters of an industrial nature, the penalties are increased.

Regarding whether information can become a trade secret by contractual requirement and not the statutory conditions, according to the Federal Law for the Protection of Industrial Property, in agreements granting technical knowledge, technical assistance, and supply of essential or detailed engineering, confidentiality clauses may be established to protect the industrial secrets included therein, which must specify the aspects included as confidential.

f. Uruguay

i. Procedural aspects

In Uruguay, there are no specialised courts for commercial secret violations. In accordance with the circumstances of each case, the competent courts are those of civil or criminal jurisdiction. Moreover, in accordance with the applicable legal proceedings, all forms of evidence are admissible in civil or criminal proceedings pertaining to commercial secrets.

About *ex parte* warrants, while there is no reference in legislation to this type of preliminary investigation, it should be noted that the enumeration of the General Code of Procedure, including both preliminary investigations and precautionary measures, is not exhaustive.¹⁴² Consequently, provided that the general admission requirements are met, any type of measure may be requested.

Concerning the duration of a civil action pertaining to unfair competition, it generally aligns with that of a conventional trial, which may unfold across one, two, or three instances. The average duration of such trials is estimated to be between two to seven years. Furthermore, it is not feasible to initiate legal proceedings for violations of data protection regulations, as these are not expressly safeguarded.

¹⁴² Artículo 309. “Medidas especiales. - **Además de otras de la misma naturaleza**, podrán solicitarse como diligencias preparatorias:”

Finally, concerning the confidentiality of the process, it would be inadvisable for an authority at the national level to divulge commercial secrets during an administrative procedure. In this case, the Court of Appeals for the Fourth Civil Circuit ruled in favour of the Ministry of Industry, Energy and Mining regarding its refusal to provide technical information deemed "strategic" in the context of an administrative proceeding concerning the issuance of a mining extraction license.¹⁴³

In principle, judicial proceedings in Uruguay are open to the public. If a civil or criminal judicial file contains information that is to be kept confidential, the requesting party may petition the court to have said information stored in the judge's safe. However, the right of access to said information may not be restricted unless it can be demonstrated that the information falls under the purview of Articles 8 and 9, Section 1, Letters E, F, and G of Law 18.381¹⁴⁴, which pertains to the right of access to public information.

The national legal framework lacks domestic legislation governing competition, thereby precluding the existence of specific regulations on the proceedings. Nevertheless, the national legal framework for competition protection includes specific provisions to safeguard confidentiality and evidence in proceedings before the national competition authority.¹⁴⁵ It is worth noting that even though the two institutes are distinct entities, applying these regulations to a specific instance of unfair competition is possible.

¹⁴³ Sentencia No.60/2016 del 29/04/2016.

¹⁴⁴ Artículo 8 (Excepciones a la información pública)- Las excepciones a la información pública serán de interpretación estricta y comprenderán aquellas definidas como secretas por la ley y las que se definan seguidamente como de carácter reservado y confidencial.

Artículo 9 (Información reservada)- Como información reservada podrá clasificarse aquella cuya difusión pueda:

E) Suponer una pérdida de ventajas competitivas para el sujeto obligado o pueda dañar su proceso de producción.

F) Desproteger descubrimientos científicos, tecnológicos o culturales desarrollados o en poder de los sujetos obligados.

G) Afectar la provisión libre y franca de asesoramientos, opiniones o recomendaciones que formen parte del proceso deliberativo de los sujetos obligados hasta que sea adoptada la decisión respectiva, la cual deberá estar documentada.

¹⁴⁵ Ley 18.159. "Artículo 14. (Prueba)- Toda persona, física o jurídica, pública o privada, nacional o

extranjera, queda sujeta al deber de colaboración con el órgano de aplicación y estará obligada a proporcionar a requerimiento de éste, en un plazo de diez días corridos contados desde el siguiente al que le fuere requerida, toda la información que conociere y todo documento que tuviere en su poder. En caso que la información fuera requerida del o de los involucrados en la conducta que se investiga, su omisión en proporcionarla deberá entenderse como una presunción en su contra.

Los deberes establecidos en este artículo en ningún caso significan la obligación de revelar secretos comerciales, planos, "como hacer", inventos, fórmulas y patentes."

ii. Contractual aspects

Uruguayan legislation does not establish regulations on the misuse or disclosure of trade secrets by individuals in a professional capacity. Nevertheless, the doctrine and case law concur that these obligations derive from the employment contract. The responsibility of confidentiality regarding all information belonging to the employer is considered to emanate from the employer while the employment relationship is in effect. Once an employee has terminated their employment, the doctrine and jurisprudence have established that disclosing the confidential information of a former employer is regarded as an act of unfair competition.

There are no specific legal defences or exemptions from employee liability in the event of an allegation of breach of confidentiality. In the absence of pertinent legislation, the information in question may be deemed proprietary and protected by contractual confidentiality provisions. In some instances, information designated as public domain is nevertheless classified as confidential by the parties involved in a contractual relationship.

There is no provision prohibiting the unauthorised use of information. It is common practice to include specific clauses in the contracts of workers or suppliers with access to critical information belonging to the companies in question.

The legislation does not explicitly prohibit former employees from working for competitors, given that the nature of the new work and the employee's knowledge make it inevitable for the former employer's trade secrets to be revealed. Any such regulation would contravene the constitutional right to freedom of work.¹⁴⁶

7. Relation with competition law

While trade secrets protect valuable information within business entities, competition law guarantees that such protection does not ultimately result in anti-competitive practices. Trade secret legislation serves to prevent unfair competition by protecting proprietary information. However, an excessive reliance on such legislation could give rise to concerns under competition law if it were to result in the restriction of market access or the stifling of innovation. It is of the utmost importance to balance these two areas of law to foster innovation while maintaining a fair and competitive marketplace.

a. Argentina

In Argentina, Decree 274/2019 (EO) links trade secrets to national competition framework. Article 9 of the EO generally states that an act

¹⁴⁶ Art. 36 de la Constitución de la República citado.

of unfair competition is any action or omission that, through improper methods, is objectively capable of affecting the competitive position of a person or the proper operation of market competition.

Article 10.D concerns exploiting a client or supplier who lacks the capacity to pursue an alternative course of action due to economic dependence. In such cases, the presumption will be that the supplier is engaging in unfair commercial practices when, in addition to the usual discounts or conditions, it regularly grants its clients additional advantages not granted to similar buyers.

Article 10.E relates to commercial conditions, stipulating that the act of securing under the threat of interruption of business relationships—prices, payment conditions, sales modalities, payment of additional charges, and other conditions not included in the agreed-upon agreement or without justifiable reasons based on commercial practices and customs—shall be considered unfair.

Article 10.E indicates that it is unfair to impose terms such as prices, payment terms, sales strategies, additional fees, and any other conditions absent from agreements or not grounded in standard commercial practices by threatening to disrupt business operations.

b. Brazil

While specific conducts related to trade secret violation are specified under art. 195¹⁴⁷, BIPS also provides a broader prohibition of other “acts of unfair competition not outlined in this Law”¹⁴⁸, which may encompass otherwise unspecified acts of trade secret violation.

Regarding certain anticompetitive practices and trade secrets, one may find certain references in:

- **Abuses of dominant position:** Statutory provisions regarding abuses of a dominant market position are primarily governed by Article 36, Item IV, of the CDS. Although actions involving trade secrets and test data might be encompassed by the statute’s wide

¹⁴⁷ e.g.: “Art. 195. A crime of unfair competition is perpetrated by anyone who: [...] XI. divulges, exploits, or utilizes, without authorisation, confidential knowledge, information, or data that could be used in industry, commerce or rendering of services, other than that which is of public knowledge or that would be evident to a technician versed in the subject, to which he gained access by means of a contractual or employment relationship, even after the termination of the contract; XII. divulges, exploits, or utilizes, without authorisation, the kind of knowledge or information to which the previous Item refers, when obtained by illicit means or when access was gained through fraud; [...] XIV. divulges, exploits, or utilizes, without authorisation, results of tests or other undisclosed data whose preparation involves considerable effort and that were submitted to government agencies as a condition for obtaining approval to commercialize products”, free translation.

¹⁴⁸ “Art. 209. There shall be reserved for the aggrieved party the right to recover damages as compensation for losses caused by acts that violate industrial property rights and acts of unfair competition not set forth in this Law, but that tend to prejudice another person’s reputation or business, create confusion among commercial or industrial establishments or service providers, or among the products and services placed on the market”, free translation.

definitions, the regulation of these matters is not explicitly stated statute.

With that said, prior cases tried by the CADE have discussed trade secrets and test data in the context of dominant position and sham litigation investigations. Such has been the case in Administrative Proceeding no. 08012.007147/2009-40 (*EMS & Germed v. Genzyme*) and in Merger Act no. 08700.007629/2016-71 (*General Electric & LM Wind Power Holding*). In both cases, the Defendants prevailed.

In the *EMS & Germed v. Genzyme* case, EMS & Germed, both generic drug manufacturers, accused Genzyme of seeking to create undue barriers to entry through litigation to ensure its right to Data Package Exclusivity. CADE concluded that the litigation campaigns carried out by the Defendant were not meritless or fraudulent and, thus, did not constitute an anticompetitive measure.

A similar finding occurred in the merger approval proceedings between General Electric (GE) and LM Wind Power Holding (LM). In this case, Gamesa, a competitor of GE in the wind power scenario, argued that if the merger was allowed, it would need to cease buying blades from LM as the company may reveal trade secrets to its controlling entity – GE. CADE did not accept such an argument, and although the decision is heavily redacted, it is possible to ascertain that CADE argued that common market practices in the field allow for specific contractual arrangements to be made to allow the continuation of business between the parties while safeguarding the integrity of Gamesa's trade secrets.

- **Disclosure:** The disclosure of trade secrets is explicitly defined as an unfair competition crime under articles 195, XI and XII, of the BIPS. Additionally, article 195, XIV, of the BIPS categorises the revelation of undisclosed test data as another form of unfair competition crime competition.

- **Misappropriation:** The unauthorised use of trade secrets is explicitly defined as a crime of unfair competition under articles 195, XI and XII, of the BIPS. Additionally, article 195, XIV of the BIPS identifies the misappropriation of confidential test data as another form of unfair competition.

c. Chile

In Chile, the legal framework and the jurisprudence have established a connection between trade secrets and competition law. In particular:

1. The utilisation of trade secrets for the purpose of abusing a dominant market position is a matter of legal concern. While the protection of trade secrets is a recognised legal right, exploiting these same trade secrets for anti-competitive purposes may give rise to

competition law violations. For example, a company with substantial market influence may utilize trade secrets to impede the entry of competitors or restrict the dissemination of essential technology. Such actions could be perceived as anti-competitive conduct in contravention of Article 3 of Decree Law No. 211.

2. The competition law framework becomes applicable when a dominant company employs its trade secrets excessively or unjustifiably to impede market entry or restrict competition. For instance, the refusal to license a crucial technology safeguarded as a trade secret could result in antitrust scrutiny if it leads to a monopoly or significantly impedes competition within the market.

d. Colombia

In Colombia, Law 256/1996, known as the Unfair Competition Law, provides in its Art. 16 that disclosing trade secrets without authorisation is anti-competitive. Law 256/1996 only refers to trade secrets or test data, it also defines when trade secrets are violated. However, it does not mention other unfair commercial conduct.

On the other hand, general rules on anti-competitive business practices may be applicable, such as Law 155 of 1959, Decree 2131 of 1992 and Law 1340 of 2009, when the secrecy holder affects free competition in the market through labour or commercial contracts. For example, in technology import contracts, Decree 259 of 1992 establishes that clauses in external technology contracts are not allowed if the seller of the technology reserves the right to fix prices for the sale or resale of products manufactured on the basis of the contracted technology; clauses that require the buyer to transfer to the supplier the inventions and improvements obtained; and clauses that prohibit or limit exports to Andean Community countries or similar products to third countries.¹⁴⁹

e. Mexico

No relevant data.

f. Uruguay

Although there is no reference in the legislation on competition defence regarding commercial secrets or test data, there is a requirement for subjects under investigation to collaborate with research and provide evidence. However, this does not entail a duty to reveal commercial secrets, blueprints, "how-to" instructions, inventions, formulas, or patents.¹⁵⁰ In addition, jurisprudence from the Administrative Court of Justice has supported claims of nullity regarding administrative acts

¹⁴⁹ Decree 259 of 1992 regulated Decision 291 of the Andean Community.

¹⁵⁰ Artículo 14 de la Ley 18.159 citado.

that have violated the confidentiality of information by the Competition Authority.

The jurisprudence of the *Tribunal de lo Contencioso Administrativo (TCA)* has provided a basis for the nullification of administrative acts that have violated the confidentiality of the information supplied by the Competition Authority. Nevertheless, the TCA's stance is that the entity providing confidential information within an administrative file must indicate its confidentiality status (for it to be classified according to the Public Access to Information Act).

These regulations are based on Article 30 of Decree No. 232/2010, which establishes the rules for handling confidential information provided by private individuals. It stipulates that when individuals submit confidential information to obligated subjects, they must indicate which documents or sections contain such information. Additionally, a brief and concise, non-confidential summary must be provided. In the event that the nature of the information precludes its preparation, such impossibility shall be explicitly stated before the competent authority.

Meanwhile, Article 31, Section II of Decree No. 232/2010 stipulates that "For information to be classified as confidential, a resolution based on the findings of the competent administrative authority must be obtained at the time the document or file is generated and at the time the request for access to information is received, if prior classification has not been conducted."

PART III. INTRODUCTION TO TEST DATA PROTECTION

1. Test data protection. Introductory remarks

Article 39 of TRIPS outlines Section VII of the Agreement concerning undisclosed information. As noted earlier, this article shields commercial secrets from unfair competitive practices. Paragraph 2 specifically addresses commercial secrets, which are valuable due to their confidentiality. Article 39.3 of the WTO Agreement mandates that members protect test data or other information submitted to regulatory authorities for the approval of marketing pharmaceutical or agricultural products that incorporate new chemical entities (NCEs). Generally, such products must provide information on safety and efficacy to obtain marketing authorisation.¹⁵¹

In addition to safeguarding against the unfair commercial utilisation of data, Article 39.3 also stipulates that regulatory authorities are obliged to safeguard the confidentiality of such data, except in instances where disclosure is necessary for the protection of the public or when measures are taken to ensure the protection of the data from unfair commercial use. This guarantees the confidentiality of proprietary data submitted by companies throughout the regulatory review process and beyond, except in cases of exceptional circumstances.

Article 39.3 served as the legal foundation for test data exclusivity in numerous WTO member countries. Article 39.3 was interpreted and implemented by countries in a variety of ways. One approach is to grant an exclusivity period, during which the provided data cannot be utilised by others. This measure blocks competitors from entering the market based on the same data. Consequently, some nations have pursued the implementation of this "data exclusivity" through FTAs. Latin America was not free from this pressure, Chile, Colombia, and Mexico have included this concept in their legislation through FTAs.

Another approach taken by countries like Argentina and Uruguay has been protecting this information under Article 39.3 of the TRIPS Agreement against any form of unfair competition. Additionally, it is important to note that while Brazil has granted exclusivity for data on agricultural products, this does not extend to other areas pharmaceuticals.

¹⁵¹ Article 39.3 Members, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, Members shall protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use.

This section of the study aims to examine the fundamental concepts, standards, and regulations pertaining to data testing in the selected countries.

a. Origins of test data exclusivity and its incorporation to TRIPS

The genesis of test data exclusivity can be traced to the US government's response to generic pharmaceuticals' entry into market¹⁵². The Hatch–Waxman Amendments of 1984 created the statutory abbreviated new drug application (ANDA) pathway for generic drugs. An ANDA application contains data demonstrating that the proposed generic drug is the same as, and bioequivalent to, a drug previously approved by the FDA as safe and effective¹⁵³. To balance the interest of innovators and generic manufacturers, the act provided several types of exclusivities to innovators, in addition to patents, as a trade-off for provisions to make market entry of generics easier and quicker. The US grants 5 years of data exclusivity for new small molecule chemical entities, 3 years for new indications of already approved drugs, and 4 years for biologics, complemented by a parallel 12-year market exclusivity period.¹⁵⁴

The “Test Data Protection” was subsequently implemented in various countries, notably adopted by the European Commission in 1987. This adoption did not stem from comprehensive deliberation by legislators or the presentation of persuasive evidence concerning the benefits of the policy. Rather, it was a result of the European Commission's imitation of the United States' abbreviated approval pathway system, executed with limited consideration or adjustment to the European context¹⁵⁵.

In 1987, the European Union (EU) instituted a policy regarding data exclusivity. Initially, Directive 87/21/EEC stipulated a duration of six years of data exclusivity for the majority of pharmaceuticals and ten years for biotechnology products, both Directive 2004/27/EC health, member states were allowed to extend data exclusivity up to a maximum period of ten years. However, member states exhibited varying perspectives regarding the circumstances under which an extension to ten years would be justified, leading to discrepancies in exclusivity durations throughout the EU. In 2004, through Directive

¹⁵² Adam Buick, ‘The Origins of Test Data Exclusivity’ in Adam Buick, *Intellectual Property Rights in Pharmaceutical Test Data* (Springer International Publishing 2023) <https://link.springer.com/10.1007/978-3-031-29436-5_3> accessed 30 September 2024.

¹⁵³ Erika Lietzan, ‘THE MYTHS OF DATA EXCLUSIVITY’ (2015) 20 LEWIS & CLARK LAW REVIEW 91.

¹⁵⁴ Ellen ‘T Hoen, ‘Protection of Clinical Test Data and Public Health: A Proposal to End the Stronghold of Data Exclusivity’ in Carlos M Correa and Reto M Hilty (eds), *Access to Medicines and Vaccines* (Springer International Publishing 2022) <https://link.springer.com/10.1007/978-3-030-83114-1_7> accessed 30 September 2024.

¹⁵⁵ Buick (n 148).

2004/27/EC, the rules governing EU data exclusivity were further harmonised and extended to eight years of data exclusivity, accompanied by an additional two years of market exclusivity.

During this period, generic companies are permitted to prepare and apply for marketing approval using test data, but they are not permitted to market the product. An additional year of market exclusivity may be obtained by the originator company for a new indication with significant added clinical benefit. This new exclusivity regime, known as the 8+2+1 rule, allows for an additional year of exclusivity for a new indication with significant added clinical benefit. The EU data exclusivity regime is the most generous in the world¹⁵⁶.

Japan established a framework that inhibited secondary applicants from entering the market for several years following the approval of an originator product. Although this Japanese system was driven by concerns regarding public safety, it ultimately created a scenario akin to that of test data exclusivity. As a result, most major pharmaceutical research hubs, except for Switzerland, implemented domestic non-patent exclusivity periods that restricted the market entry of generic drugs during the Uruguay Round of GATT negotiations in 1986. These conditions had a substantial influence on the subsequent negotiations culminating in the TRIPS Agreement.

The Uruguay Round spanned eight years, from 1986 to 1994, whereas the TRIPS Agreement was negotiated in just four years, from October 1987 to December 1991¹⁵⁷. The United States was the inaugural GATT Contracting Party to propose the necessity for multilateral regulations pertaining to test data. In a document submitted during the inaugural round of discussions, the United States provided a comprehensive account of the protection of trade secrets. The suggestion encompassed six distinct topics. The following topics were addressed: (1) scope of protection, (2) term of protection, (3) maintenance of right, (4) definition of misappropriation (i.e., infringement of a trade secret), and (5) rights conferred. Additionally, conditions on government use were discussed. The sixth topic was devoted to the subject of test data.”¹⁵⁸

¹⁵⁶ Hoen (n 150).

¹⁵⁷ Carvalho (n 94).

¹⁵⁸ “It reads as follows: Trade secrets submitted to governments shall not be disclosed or used for the benefit of third parties except in compelling circumstances involving major national emergencies posing an imminent unreasonable risk to health or the environment, or to facilitate required health and safety registrations. Government use or disclosure on the basis of a national emergency may only be made where other reasonable means are not available to satisfy the need for which the government seeks to disclose or use the trade secret, and the government may use it only for the duration of that emergency. Government use or disclosure to facilitate required health and safety registrations may only be made if the trade secret has not been submitted within

In addition to the proposal presented by the United States, both the proposals from Europe and Switzerland have been introduced. Developing nations have expressed their rejection of any form of protection for know-how within a prospective agreement. For example, the Indian government articulated that trade secrets should not be classified as an intellectual property right. Additionally, developed countries advocated for a specific provision aimed at safeguarding test data related to pharmaceuticals and agrochemicals. This involved setting a minimum protection period of five years¹⁵⁹.

The preliminary proposal regarding the provision recommends establishing a specific duration for data exclusivity, with a minimum timeframe of five years. This approach diverges significantly from the final version outlined in Article 39, which suggests that Members may not be obliged to confer exclusive property rights upon the originator of the data. The provisions outlined in Article 39 are founded upon the tenets of unfair competition regulations. Under this approach, data originators may prohibit third parties from utilising their data in the event that the third party has obtained the data through dishonest commercial practices. This provides an opportunity to utilise existing data for the market entry of competing pharmaceutical products¹⁶⁰.

Consequently, upon the incorporation of TRIPS into national legislation, members of the WTO were at liberty to apply a variety of protection models for undisclosed information related to pharmaceuticals and agrochemicals.

b. Test data protection in FTAs

The obligation to protect test data as an exclusive right was established under the framework of FTAs. Specifically, several Agreements signed by Latin American nations with the United States and the European Union require the implementation of a five-year exclusivity period for pharmaceutical products encompassing new chemical entities and a ten-year exclusivity period for agrochemicals. In the context of the DR-CAFTA, a five-year waiting period is additionally stipulated, during

the previous ten years and full compensation is made for the use or disclosure. In any case, a government shall not use or disclose a trade secret to an extent greater than required to achieve one of the above needs without providing the submitter with a reasonable opportunity to oppose the proposed use or disclosure, including the opportunity to secure judicial review, or without providing for the payment of full compensation as in the case of personal property" *ibid.* P.

¹⁵⁹ United Nations Conference on Trade and Development, International Centre for Trade and Sustainable Development, and UNCTAD-ICTSD Project on IPRs and Sustainable Development (eds), *Resource Book on TRIPS and Development* (Cambridge University Press 2005). P. 524-526.

¹⁶⁰ *ibid.*

which the data originator may submit a registration request to the opposing party.¹⁶¹

FTAs in Latin America have constituted a pivotal element in the evolution of the region's intellectual property framework. In numerous of these Agreements, data exclusivity for pharmaceuticals is typically conferred for a period of five years following the initial approval of a novel drug. For example, the United States-Chile Free Trade Agreement stipulates that Chile shall provide five years of data protection for new pharmaceutical products¹⁶².

Similarly, data protection exclusivity is afforded to agrochemicals, including pesticides and herbicides. This protection is particularly important for companies that invest significantly in the research and development of new chemical compounds for agricultural use. To illustrate, the US-Peru Trade Promotion Agreement stipulates that Peru will afford 10 years of data protection for agrochemicals after the initial regulatory approval¹⁶³.

The concept of data protection exclusivity is frequently the subject of criticism in Latin America, with many commentators arguing that it has the effect of delaying the entry of affordable generic medicines, particularly in countries with limited healthcare budgets. This has prompted concerns regarding the accessibility of essential medications and the overall affordability of healthcare.

c. Impact of test data protection in Latin America

A number of studies were conducted to assess the potential impact of TRIPS-Plus provisions included in the FTAs negotiated between the United States and Andean countries on public health¹⁶⁴. Numerous

¹⁶¹ See CM Correa, Implementación de la Protección de Datos de Prueba de Productos Farmacéuticos y Agroquímicos en el CAFTA-RD-ley Modelo (INCTSD UNCTAD, 2006), available at: http://www.iprsonline.org/unctadictsd/docs/ICTSD%20CAFTA%20proteccion%20de%20datos_Carlos_C.America.pdf

¹⁶² See article 17.10 USTR, 'Free Trade Agreement between US and Chile. Final Text.' (*Trade Agreements*) <<https://ustr.gov/trade-agreements/free-trade-agreements/chile-fta/final-text>>.

¹⁶³ See article 16.10 USTR, 'Free Trade Agreement between US and Peru. Final Text.' (*Trade Agreements*) <<https://ustr.gov/sites/default/files/uploads/Countries%20Regions/africa/agreements/pdfs/FTAs/peru/16%20IPR%20Legal.June%2007.pdf>>.

¹⁶⁴ MEC Gamba et al, 'Modelo prospectivo del Impacto de la Protección a la Propiedad Intelectual Sobre el Acceso a Medicamentos en Colombia' (Organización Panamericana de la Salud-Colombia - Fundación IFARMA, 2004), disponible en <http://www.ifarma.org/web/wp-content/uploads/2009/02/cortes-zerda-sarmiento-de-la-hoz-2004-modelo-prospectivo-ppi-y-acceso-a-mdcmtos.pdf>; Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (INDECOPI), 'Serie Estudios de Investigación. Equilibrio del Conocimiento y Propiedad Intelectual

studies suggest that provisions mandating the extension of the patent term in cases of delays in the examination of patent applications, the approval of pharmaceutical product marketing, or the granting of exclusive data rights will lead to increased prices and adversely affect access to essential medications medicines. To illustrate, a study conducted in Peru concerning forty-three products that could have been subject to data exclusivity estimates that the average price of these products would have been between 94.3 and 114.4 per cent higher in the absence of data exclusivity.¹⁶⁵ Another study revealed that the data exclusivity regime introduced in Colombia in 2002 led to additional US \$396 million pharmaceutical product costs between 2003 and 2011.¹⁶⁶

The landscape of data protection exclusivity in Latin America, particularly regarding pharmaceuticals and agrochemicals, is profoundly influenced by the stipulations of various FTAs. Nations such as Chile, Peru, and Mexico have adopted more stringent standards, often integrated within their trade agreements with the United States or the European Union. Nevertheless, the issue of protecting proprietary regulatory data persists as a contentious topic, as it may significantly impact the affordability of medicines and agricultural products. The challenge of reconciling the necessity for innovation with public access remains a prominent regional concern.

d. Legal nature of test data protection

Article 39.3 has been one of the most controversial parts of the TRIPS Agreement. The protection to be conferred in accordance with Article

en El Comercio '(mayo de 2005); INDECOPI, 'Serie Estudios de Investigación. Incidencia de los Derechos de Propiedad Intelectual en el gasto de las Familias en el marco del TLC "(mayo de 2005), ambos disponibles en <www.indecopi.gob.pe>; G Valladares et al, 'Evaluación de los potenciales Efectos Sobre el Acceso a Medicamentos del Tratado de Libre Comercio Que se Negocia con los Estados Unidos de América' (República del Perú. Ministerio de Salud, abril de 2005), disponible en www.minsa.gob.pe; EJ Archila y otros, 'Estudio del sector Sobre la Propiedad Intelectual en el sector farmacéutico Colombiano' (Fedesarrollo / Fundación Santa Fe de Bogotá, junio de 2005); 'Impacto de las Negociaciones del TLC con EE.UU. en materia de Propiedad Intelectual en los Mercados de Medicamentos y plaguicidas '(CAF / Apoyo Consultoría, abril de 2005); JP Serna, 'Posible Impacto del TLC entre Estados Unidos y Perú sobre el Acceso a Medicamentos Debido a protección de datos de exclusividad de las Drogas' (ICTSD, la OMS y el Instituto del Banco Mundial, 31 julio-1 agosto, 2006), disponible en <http://www.iprsonline.org/unctadictsd/dialogue/2006-07-31/9Peru%20Study-PichihuarevisedAug10.pdf>.

¹⁶⁵ "Impacto de las Negociaciones del TLC con EE.UU. en materia de Propiedad Intelectual en los Mercados de Medicamentos y plaguicidas '(CAF / Apoyo Consultoría, abril de 2005) disponible en [http://www2.congreso.gob.pe/sicr/cendocbib/con2_uibd.nsf/B23447DD95FA8883052575CB007192E6/\\$FILE/plestic.pdf](http://www2.congreso.gob.pe/sicr/cendocbib/con2_uibd.nsf/B23447DD95FA8883052575CB007192E6/$FILE/plestic.pdf)

¹⁶⁶ Ver MEC Gamba, FR Buenaventura y MDV Serrano, 'Impacto de 10 Años de Protección de Datos en Medicamentos en Colombia' (IFARMA, Bogotá, marzo de 2012).

39.3 is twofold. On the one hand, it is against "unfair commercial use" of the relevant protected information. This implies that a third party may be precluded from utilising the findings of an alternative company's testing as a foundation for an independent submission for marketing approval if the pertinent data were procured through dishonest commercial practices. Conversely, confidentiality is to be safeguarded against the unauthorised disclosure of confidential data. This obligation is essentially applicable to government authorities that have received confidential information. Two exceptions to the chat obligation are provided for: (a) when disclosure is necessary to protect the public interest; and (b) when steps are taken to ensure that the data will not be used in a manner that is commercially unfair¹⁶⁷.

It cannot be inferred that protection for test data requires exclusive rights. In general, intellectual property rights confer a *ius excluendi*, but it is not absolute. For example, trade secrets protection in the framework of unfair competition does not give rise to a right to exclude. In context of article 39.3, test data protection is a protection for investment involved in the generation of the data and not for ingenuity. Therefore, the inclusion of test data in the TRIPS Agreement as a category of 'intellectual property' does not determine the nature of the protection conferred. In particular, it does not indicate that such data should be protected through the grant of exclusive rights¹⁶⁸.

The issue of data protection is of relevance to off-patent products, as the holder of the patent is unable to delay or restrict the access of competing products to the market in the absence of protection. Nevertheless, if a certain degree of exclusivity is maintained over the test data, this may delay the entrance of competitors.

e. Conditions for test data protection

Article 39.3 of TRIPS Agreement stipulates the conditions under which the protection of undisclosed test data is granted for the marketing of pharmaceutical or agricultural chemical products that incorporate new chemical entities. In particular, the article identifies several conditions:

i. New chemical entity

Protection shall be conferred upon pharmaceutical or agricultural chemical products that incorporate new chemical entities (NCEs). This refers to a medicinal product that contains an active ingredient which has not been previously authorised by any regulatory authority within a specific country or region. It denotes a molecule that has not been marketed previously and embodies a novel therapeutic compound with

¹⁶⁷ Correa (n 21). P. 359-360.

¹⁶⁸ *ibid.*

the potential to offer new treatment applications.¹⁶⁹ NCEs are typically subjected to rigorous clinical testing to ascertain their safety and efficacy prior to obtaining regulatory approval.

Article 39.3 does not define the term NCE, leaving it to the member countries of the WTO to determine its meaning. In this regard, no protection will be granted for new formulations, combinations, or different delivery systems of previously approved substances. Similarly, new applications of known compounds may also be subject to this same treatment. In such instances, the resulting data may not be subject to the same level of protection¹⁷⁰.

ii. Necessary to obtain approval

It is essential for data to be submitted in order to procure approval. This implies that any additional data voluntarily submitted by an applicant, or any information that surpasses the requirements for approval, shall not be eligible for protection. Therefore, given that protection is exclusively afforded to undisclosed information, it will be crucial to determine, in cases of contention, which documents accompanying a request for marketing approval are confidential and deserving of protection, and which are not.

iii. Considerable effort

The article explicitly mandates the protection of data, particularly that which necessitates significant effort to compile, such as clinical trial data, against unfair commercial use. The stipulation regarding "significant effort" implies that national authorities may require applicants to substantiate that the information for which protection is sought has indeed resulted from such effort. However, the language remains somewhat ambiguous concerning the precise nature and degree of effort that may be required¹⁷¹.

iv. Non-disclosure obligation

In addition to safeguarding against unfair commercial use, Article 39.3 stipulates that regulatory authorities must ensure the confidentiality of the data, except in instances where disclosure is necessary to protect the

¹⁶⁹ The definition was taken from the US FDA, EMA and other regulatory agencies have similar definitions. Food and Drug Administration, 'TITLE 21--FOOD AND DRUGS CHAPTER I--FOOD AND DRUG ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES SUBCHAPTER D - DRUGS FOR HUMAN USE' (*CFR - Code of Federal Regulations Title 21*) <<https://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcr/cfrsearch.cfm?fr=314.108>>.

¹⁷⁰ Correa (n 21).

¹⁷¹ *ibid*.

public or when measures have been implemented to guarantee that the data is protected from unfair commercial use¹⁷².

¹⁷² *ibid.*

PART IV. COMPARATIVE STUDY ON TEST DATA PROTECTION

1. National legislation on test data protection

The safeguarding of test data constitutes a mandatory obligation under the TRIPS Agreement. It is noteworthy, however, that the execution of this obligation at the national level has exhibited considerable variability. This discrepancy can be attributed to various factors, including the ratification of FTAs and the enactment of specific policy decisions within certain sectors. Consequently, two distinct forms of protection have emerged: the conferral of exclusive rights and the prohibition of unfair competition. Each jurisdiction has adopted a unique model, with some jurisdictions even integrating elements of both, as illustrated by the case of Brazil. The subsequent section delineates the relevant regulations applicable in each jurisdiction case.

a. Argentina

The Confidentiality Act¹⁷³ of Argentina encompasses the safeguarding of test data pertaining to pharmaceuticals and agrochemicals.

Article 4 states that in the event that an applicant requests approval for the registration or marketing authorisation of products that utilise new chemical entities that have not been previously registered in Argentina or any other country, the local health authority must be provided with evidence substantiating the efficacy and effectiveness of the product in question. The information must satisfy the criteria set forth in Section 1 and be the result of a substantial technical and economic endeavour; it shall be safeguarded against any form of dishonest commercial use, as defined in the Confidentiality Act. Consequently, it shall not be disclosed.

Article 5 of the Confidentiality Act mandates that if a product has been duly registered or authorised for marketing in Argentina or in any of the countries enumerated in Annex I of the aforementioned Act (which includes the United States, Switzerland, and Japan, among others), the appropriate local health authority shall proceed with the approval or marketing authorisation of analogous products, subject to the submission of relevant information regarding the product question. Argentina has implemented a regulatory framework based on the principle of "similarity" for the approval of pharmaceuticals. In other words, the sale of a product may be approved based on its similarity with previously approved products, obviating the need for junior

¹⁷³ LEY DE CONFIDENCIALIDAD SOBRE INFORMACION Y PRODUCTOS QUE ESTEN LEGITIMAMENTE BAJO CONTROL DE UNA PERSONA Y SE DIVULGUE INDEBIDAMENTE DE MANERA CONTRARIA A LOS USOS COMERCIALES HONESTOS.

applicants to conduct their own research to prove the product's fitness for sale.

In the case of Argentina, the legislation is applicable to both pharmaceutical and agricultural products.

The US initiated consultations regarding Argentina's undisclosed information protection at the WTO's Dispute Settlement Body (DSB). Specifically, the US sought discussions with Argentina about its legal frameworks for data protection in Law 24,766 and Regulation 440/98. The US contended that Argentina did not adequately protect against the unfair commercial exploitation of undisclosed test or other data required for market approval of pharmaceutical or agricultural chemical products. Although the DSB did not reach a final ruling, Argentina and the US came to a mutually agreed solution, articulating their respective views on Article 39.3 of the TRIPS Agreement, and agreeing to resolve interpretational differences under the DSU rules¹⁷⁴.

b. Brazil

Brazil has introduced data exclusivity for veterinary products, pesticides, and fertilisers while maintaining the protection provided for pharmaceutical products following Article 39.3 of the TRIPS Agreement. This ensures that any unfair competitive practices are prohibited.

In 2002, Law 10,603/02 was introduced.¹⁷⁵ The legislation prohibits the use of test data submitted to the government for approval of veterinary products, fertilisers, and pesticides by the relevant regulatory authorities. The protection of the dossier may be granted for five or ten years, contingent upon the degree of innovation incorporated into the product. A more extended period of protection is granted for radical inventions, defined as the creation of new molecules. In contrast, shorter periods are granted for incremental innovations, defined as improvements to known molecules.

Despite years of discussion, Brazil has yet to implement a specific regulatory framework governing the protection period for the test dossier of human pharmaceutical products. This is even though the approval process for the commercialisation of all products, whether human or agricultural, is conducted similarly.

In addition to the special rule for agrochemicals, the following general provisions ensure test data protection, albeit without establishing a specific timeframe.

¹⁷⁴ See WTO documents WT/DS171/3, WT/DS196/4, IP/D/18/Add.1, IP/D/22/Add.1.

¹⁷⁵ 'Translation Law 10.603/02' (*Inovação e Pesquisa*) <<https://pifazacontecer.com.br/wp-content/uploads/2023/04/LPI-10603-02.pdf>>.

In 1994, the WTO TRIPS Agreement introduced Article 39(3), which was incorporated into Brazilian law through Decree No. 1,355/94. This article mandates two key protections for test data:

(a) Protection against the exploitation of commercial data for unfair purposes: Test data must be safeguarded from unauthorised commercial exploitation by competitors who have not invested in generating the data themselves.

(b) Protection against disclosure: Test data is typically regarded as confidential and may only be disclosed when it is necessary to protect public health or safety. Nevertheless, should disclosure be deemed necessary, measures must be taken to safeguard the data against unfair commercial use.

The Brazilian Industrial Property Statute (BIPS) is codified in Law 9,279/96. Article 195(XIV) of Law #9279/96, the Brazilian Industrial Property Statute (BIPS), enacted in 1996, establishes that the unauthorised disclosure, exploitation, or utilisation of test results or other confidential data constitutes an act of unfair competition. This protection is applicable to data that has been submitted to government entities as a prerequisite for product approval, and which has been prepared with a significant investment of resources. Access to Information Law (Law 12,527/11)

Enacted in 2011, Law 12,527/11, commonly known as the Access to Information Law, delineates the procedures that the Federal Government, states, Federal District, and municipalities are obliged to follow to guarantee access to information enshrined in the Brazilian Constitution. Article 6(III) explicitly requires government agencies and entities, following applicable specific rules and procedures, to safeguard confidential information and personal data, ensuring its availability, authenticity, integrity, and potential restriction of access when necessary.

In 2012, the Access to Information Law (Law 12,527/11), as articulated in Decree N° 7724/12, established that information pertaining to the business activities of legal entities acquired by regulatory agencies must be managed in accordance with specific legislation if its disclosure could provide a competitive advantage to other economic entities. This regulation enhances the protection of confidential test data by ensuring that any disclosure is subject to meticulous evaluation and permitted solely when there exists a significant public interest in the release.

c. Chile

The legal framework for the protection of data related to agrochemicals and pharmaceuticals in Chile is anchored in three primary pieces of

legislation: Law No. 19,039 (Industrial Property Law)¹⁷⁶, Decree No. 725 (Sanitary Code), and Supreme Decree No. 355, which pertains specifically to agrochemicals. These legislative instruments are complemented by international agreements, such as the TRIPS. The principal articles, including Articles 89 and 90 of Law No. 19,039, offer detailed instructions regarding the implementation of regulatory data exclusivity. This legislation provides a five-year protection period for pharmaceuticals and a ten-year protection period for agrochemicals.

The Law 19.039 introduces data exclusivity protection for undisclosed test or other data submitted to authorities for the approval of new pharmaceutical and agrochemical products, as outlined in Article 89. For pharmaceuticals, data protection lasts five years from market approval. For agrochemicals, data protection lasts ten years from the approval date. Article 89 also establishes that during the data exclusivity period, regulatory authorities are prohibited from relying on the original applicant's data to approve generic or competitive products without the consent of the original applicant.

Article 90 defines the concept of New chemical entity (NCE). Finally, Article 91 delineates the circumstances under which data exclusivity may not apply, such as when the same data has been made public or if a competitor submits independently generated data.

Furthermore, the Sanitary Code introduced pertinent articles about pharmaceutical data protection.¹⁷⁷ Article 111 D stipulates that data on pharmaceutical products (including clinical trial data) submitted for approval must be treated as confidential and protected from unauthorised use or disclosure. Additionally, the article stipulates that the Public Health Institute shall have unrestricted access to information pertinent to research.

d. Colombia

Colombia relies on several dispositions related to test data protection for pharmaceuticals or agrochemicals. As a member of the World Trade Organization, the Agreement on TRIPS Agreement provided in Art. 39.3 that Members are obliged to protect undisclosed information against 'unfair commercial use' unless it is necessary 'to protect the public' when such information is required to approve their marketing.

Similarly, Art. 266 of AD 486¹⁷⁸ establishes a level of protection in the same sense for pharmaceutical and agro-industrial chemicals when the test data is required to market them. The second paragraph of this provision allows State Members to adopt the measures necessary

¹⁷⁶ LEY 19039. ESTABLECE NORMAS APLICABLES A LOS PRIVILEGIOS INDUSTRIALES Y PROTECCION DE LOS DERECHOS DE PROPIEDAD INDUSTRIAL (y modificatorias).

¹⁷⁷ MINISTERIO DE SALUD PÚBLICA, Código Sanitario 1967 [DFL725].

¹⁷⁸ Decisión 486. Regimen Común de la Propiedad Industrial.

to guarantee the obligation; therefore, in 2006, the Andean Commission issued Decision 632 (AD 632), which regulates how Member States shall protect the test data.

Mainly, concerning medicines, the Decree 2085/2002¹⁷⁹ regulates the information required in respect with NCE to obtain the sanitary registry for medicines. In Art. 3, there is a schedule of protection for the information presented,¹⁸⁰ which intention is to grant the protection for a period counted from the date there is approval of marketing of the medicine under request; however, art. 4 sets the exceptions in which that protection is not guaranteed.

On the other hand, agrochemicals, specifically pesticides, are under the scope of AD 804¹⁸¹ and the Decree 502/2003¹⁸². The latter provides in Art. 5 a similar level of protection as Art. 3 of the Decree 2085/2002 but for 10 years instead of 5. The former contains a whole chapter related to confidential information (Title XII); Art. 58 establishes that if the information for the pesticide registry is not public, then it requires a separate docket with no access to a third party. Additionally, Art. 59 lists all the exceptions to grant that confidentiality.

The following table shows those trade agreements that have provisions related to the period to protect test data:

Agreement (FTA/BIT)	Provision	Entry into force
Asociación Europea de Libre Comercio (AELC) (EFTA)	Chapter 6. Protection of Intellectual Property. - Art. 6.11.2. establishes protection of 5 years for pharmaceuticals and 10 years for agricultural chemical products	1 July, 2011
EU ¹⁸³	Title VII. Intellectual Property. Section 6. Protection of data of certain regulated products - Art.231. Refers to Art. 39 TRIPS Agreement. Parr 3	1 August, 2013

¹⁷⁹ Decree 2085/02. Por el cual se reglamentan aspectos relacionados con la información suministrada para obtener registro sanitario respecto a nuevas entidades químicas en el área de medicamentos. 2002.

¹⁸⁰ 3 years for those requests presented during the first year of the Decree, 4 years for those requests presented during the second year and 5 years

¹⁸¹ Which modified the AD 436 of 1998

¹⁸² Decree 502/2003 por el cual se reglamenta la Decisión Andina 436 de 1998 para el registro y control de plaguicidas químicos de uso agrícola. 2003.

¹⁸³ The FTA with the UK essentially keeps the same obligations set in the one with the EU, entering into force in Colombia through approving Law 2067/2020.

	protects 5 years for medicines and 10 years for agricultural chemical products.	
Korea	Chapter 16. Protection of Intellectual Property. - Art. 16.2. Parties agree to comply with the TRIPS Agreement, including art. 39	15 July, 2016
USA	Chapter 16. Protection of Intellectual Property. - Art. 16.10. Measures Related to Certain Regulated Products. Parr.2.b. establishes a protection of 5 years for medicines, and parr.1.b sets at least 10 years for agricultural chemical products.	15 May, 2012

e. Mexico

The Federal Law for the Protection of Industrial Property, which entered into force in 2020, establishes that the information required to determine the safety and efficacy of pharmaceutical or agricultural that use new components will be protected under the terms of the applicable legislation or international Treaties.

In this regard, the Trans-Pacific Partnership Agreement, which entered into force in 2018, provides that a member require, as a condition of approving the marketing of pharmaceutical or agricultural chemical products which utilise new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, Members shall protect such data against disclosure, except where necessary to protect the public or unless steps are taken to ensure that the data are protected against unfair commercial use.

In this respect, the United States Mexico Canada, into in force in 2020 establishes that if a Party requires, as a condition for granting marketing approval for a new pharmaceutical product, the submission of undisclosed test or other data concerning the safety and efficacy of the product, that Party shall not permit third persons, without the consent of the person that previously submitted that information, to market the same or a similar product based on: (i) that information, or (ii) the marketing approval granted to the person that submitted that

information, for at least five years from the date of marketing approval of the new pharmaceutical product in the territory of the Party.

Additionally, the USMCA states that if a Party permits, as a condition of granting marketing approval for a new pharmaceutical product, the submission of evidence of prior marketing approval of the product in another territory, that Party shall not permit third persons, without the consent of a person that previously submitted the information concerning the safety and efficacy of the product, to market a same or a similar product based on evidence relating to prior marketing approval in the other territory for at least five years from the date of marketing approval of the new pharmaceutical product in the territory of that Party. In the case of new pharmaceutical products that contain a chemical entity which did not have previous approval from a party, each party shall apply the protection for at least five years.

To grant marketing approval for a new agricultural chemical product, the USMCA requires that if evidence of prior marketing approval exists in another territory, the relevant Party cannot allow third parties to market the same or similar product without the consent of the original submitter of any undisclosed test or data related to the product's safety and efficacy. This restriction lasts for a minimum of 10 years from the date of marketing approval in the new territory Party¹⁸⁴.

f. Uruguay

There are no specific data protection regulations pertaining to pharmaceutical or agrochemical product testing in Uruguay.

The legislation of Uruguay does not impose any restrictions on the confidentiality of test data (Art. 39, paragraph 3). These are disclosed automatically upon the registration and commercialisation of a product, as indicated on the product label.

2. Scope of protection of test data protection

This section examines the provisions of trade secret protection in the context of Article 39.3 of the TRIPS Agreement. In particular, the incorporation of temporality in protection, the definition of NCE, the requirements and exceptions, and the limitations must be considered.

a. Argentina

i. Temporal scope of test data protection

¹⁸⁴ A new agricultural chemical product is one that contains a chemical entity that has not been previously approved in the territory of the Party for use in an agricultural chemical product.

In Argentina, Article 11 of the Confidentiality Act stipulates that the legal protection afforded by the Act does not confer exclusive rights upon the possessor or developer of the information in question.

As with trade secrets, the temporal scope is not defined. Information is afforded protection as long as it remains undisclosed. Nevertheless, it is conceivable that the statute of limitations for initiating legal proceedings pertaining to the infringement of a trade secret is five years from the date of public disclosure, as stipulated in Article 2560 of the Argentine Civil and Commercial Code.

ii. New chemical entities definition

The legislation of the Argentine Republic does not provide definitions of the term "new chemical entities." The term "protectable data" is defined in the Confidentiality Act. Nevertheless, Article 4 of the Confidentiality Act makes a reference to "new chemical entity" as the ones which are not registered previously in Argentina or in any other country.

iii. Use for similarity or bioequivalence

Article 5 permits approval on the grounds of similarity, provided that the product in question has either a registration or authorisation for marketing in Argentina or in countries included in Annex I. The local regulatory authority shall proceed with the approval or authorisation of the marketing of similar products. In order to grant the registration of similar pharmaceutical or medicinal specialities that are already authorised in the country or countries included in Annex I, the local health authority must first approve the application.

Furthermore, Article 6 stipulates that, in certain instances, the complete data set on safety and efficacy must be provided. The cases are as follows:

a) The production of products in the country that have not been previously registered in Argentina, except in the case of special medicinal products authorised in some of the countries listed in Annex I.

b) Importation from a country included in Annex II of this legislation that does not have similar products registered with the local health authority, even if they are authorised and commercially available in the country of origin.

c) Importation of manufactured products from countries not included in Annex I or II of this legislation and not approved for consumption in any countries included in Annex I.

iv. Substantive requirements

Article 11 of the Confidentiality Act stipulates that the legal protection afforded to information does not confer exclusive rights upon the possessor or developer of said information. The requisite conditions for protection are those outlined in TRIPS Article 39. Article 9 of the Confidentiality Act stipulates that the information in question shall be safeguarded if it meets the criteria of Article 1. Consequently, the information in question shall not be protected if it has fallen into the public domain in any country, whether because of the publication of any of the protected data, the presentation of all or part of the same in scientific or academic forums, or through any other means of dissemination.

v. Exceptions and limitations

Article 9 of the Confidentiality Act establishes that confidential information will be protected as long as it meets the requirements of Article 1. Therefore, information that has fallen into the public domain in any country will not be protected by the publication of any of the protected data, the presentation of all or parts of it in scientific or academic media, or by any other means of disclosure. Article 10 introduces an exception for test data, provided that the publication of said data is necessary to protect the public or when measures are taken to guarantee the protection of said data against any unscrupulous commercial use.

Additionally, a party with a legitimate interest could request the Domestic Trade Department, pursuant to Article 26.S of the EO, to apply for an injunction to be issued by a court of competent jurisdiction to access such data to compel disclosure of a trade secret to remedy an anti-competitive practice.

vi. Caselaw

In *Novartis Pharma AG v. Monte Verde S.A.*, handed down on February 1, 2011, by the National Court of Appeals for Civil and Commercial Matters, Division III, the plaintiff requested the court to order Monte Verde to cease using confidential information related to the active principle Imatinib Mesylate. It also moved for the unconstitutionality of Articles 5 and 6 of Law 24,766 and Articles 3 and 4 of executive order 150/92, arguing that they were incompatible with Articles 14 and 17 of the Argentine Constitution¹⁸⁵ and Article 39.3 of the TRIPS Agreement.

The plaintiff had conducted preclinical and clinical trials in the United States and Europe to obtain approval for the drug GLIVEC,

¹⁸⁵ Article 14 contemplates, among others, the right to conduct lawful business and Article 17 refers to property rights, including patents and copyrights.

based on Imatinib Mesylate, and it considered it was entitled to an exclusive right over those trials pursuant to Article 39.3 of the TRIPS Agreement.

In 2001 the plaintiff had obtained approval to sell GLIVEC in Argentina, the United States and Europe. The defendant sought approval from the Argentine Food and Drug Administration (ANMAT) to sell LEUCIMAT, also based on Imatinib Mesylate. Pursuant to Novartis, that conduct implied an infringement of its intellectual property rights, because the defendant had used the certificate that Novartis had obtained for GLIVEC.

In this case the Court had to analyse Articles 3 and 4 of executive order 150/92, which allow approval of a product for the local market already authorized in Argentina or in other countries mentioned in the regulation, as a result of which applicants are not required to conduct trial studies to prove that active principles are harmless and effective.

The first instance court rejected the lawsuit, arguing that the studies that Novartis considered confidential had already been published in specialized magazines before the parties had applied with ANMAT to obtain approval for the sale of the active principle.

When confirming the decision, the Court relied on Article 39.3 of TRIPS which sets forth that “*Members, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, Members shall protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use*”.

Pursuant to the Court, the approval of “similar products” contemplated in Law 24,766 and executive order 150/92 did not imply, *per se*, failure to comply with the guarantee that Argentina undertook to avoid “unfair commercial use” of undisclosed information and, in addition, it expressed that TRIPS gives freedom for each party to regulate the issue in two ways: one is as part of competition law, which does not preclude health approval requested by third parties based on similarity; the other is contemplating exclusive rights on undisclosed information for a specific time period. The financial and technological asymmetries of each Member justify the choice between either option.

The Court also took into consideration that in Argentina there was no express legal provision contemplating a higher protection standard for undisclosed information. In the same vein, Article 66 of the TRIPS Agreement relaxes strict compliance of treaty obligations for less developed nations, based on their limitations and needs, to enable them to create a “sound and viable technological base”.

The rationale for the legal framework became clearer considering international human rights law, because it could not be ignored that developing countries imitate medical products using reverse engineering to cover their public health needs.

The Court also expressed that access to drugs by the public constitutes an aspect of the right to health that states must regulate trying to avoid oppositions or duplication of intellectual property rights protected by TRIPS. To strictly require each company to conduct its own trials on active principles already researched and authorized implies ignoring that necessary analysis. The resulting higher cost of drugs is a serious obstacle to the right to health, especially in countries that have adopted a policy for the encouragement of generic drugs.

The issue came up again in *Novartis Pharma A.G. v. Cinetic Laboratories Argentina S.A.*, handed down on October 1, 2015, by the National Court of Appeals for Civil and Commercial Matters, Division I, in which Novartis sued Cinetic for alleged violation of exclusive rights over confidential information corresponding to the active principle TEGASEROD, which Cinetic used to apply for approval of its product TEGAROD. The court of first instance dismissed the lawsuit, arguing that – based on the minimum standards of the TRIPS Agreement (Article 39.3) – Cinetic’s conduct had not constituted unfair use of confidential information.

Even though Novartis accepted that the defendant had not filed with the ANMAT the confidential information over which Novartis claimed rights (the clinical and preclinical studies used to develop the security and effectiveness of the product ZELMAC) it had used that information indirectly to secure approval of its product at the administrative stage. By having taken advantage from that conduct – without investing time and money – Novartis argued that the defendant had made an unfair use prohibited under Article 39.3 of TRIPS.

The Court confirmed the judgment, expressing that the exclusivity of property rights, and the ensuing possibility to exclude competitors that the plaintiff claimed as the originator of the first file including the clinical experimental information of the innovative product, did not result from the TRIPS Agreement.

The Court expressed that there is public interest on the part of health authorities of all TRIPS Members for safe and effective medical products for all consumers, but the agreement reached under TRIPS in relation to data protection did not correspond to the level of protection granted to patents nor did it contemplate exclusivity, even for a limited period.

As in the case of Monte Verde, Novartis challenged the constitutionality of Articles 3 and 4 of executive order 150/92 and

Articles 5 and 6 of Law 24,766, based on Article 17¹⁸⁶ of the National Constitution. However, the Court held that, despite its inclusion in the TRIPS Agreement, the protection of preclinical and clinical trials did not confer a traditional property right, but a right of protection against unfair competition, and the defendant's conducts did not fall into any of those categories.

Finally, the Court expressed that in this case the human right to health, the enjoyment of the benefits of scientific progress and its applications and, consequently, the right to access to medicines were at stake. Argentina had agreed to progressively and continuously ensure the population's enjoyment of social and economic rights, and it was not up to the courts to question the legal provisions that the plaintiff had challenged.

b. Brazil

i. Temporal scope of test data protection

The protection of the dossier of veterinary products, fertilisers, and pesticides submitted to the government for approval for commercialisation may be granted for a period of five or ten years, depending on the degree of innovation incorporated into the product. A longer period of protection is granted for radical inventions, defined as new molecules, while shorter periods are granted for incremental innovations, defined as improvements to known molecules.

As of the present date, there exists no regulatory framework that governs the protection period for test data pertaining to human pharmaceutical products in Brazil.

ii. New chemical entities definition

In accordance with Law 10,603/2002, Article 4, §1, a new chemical entity (NCE) or biological entity is defined as any molecule or organism that has not yet been registered in Brazil. This definition encompasses molecules and organisms analogous or homologous to existing entities, regardless of their intended purpose.

Article 39(3) of the TRIPS Agreement and the general terms of Article 195, item XIV, of the Brazilian Industrial Property Statute, any undisclosed data that has been subjected to considerable effort during its preparation and submitted to government entities as a prerequisite for product approval is eligible for protection.

¹⁸⁶ Article 17 of the Argentine Constitution establishes, among other aspects, that "*authors or inventors are exclusive proprietors of their works, inventions or discoveries during the period established by law.*"

iii. Use for similarity or bioequivalence

Law 6,360/96 establishes that a generic medicine is defined as a pharmaceutical agent that is comparable to a brand-name drug, which is also referred to as a reference or innovative product. This classification is intended to signify that it is interchangeable with the aforementioned brand-name drug. In contrast, similar medicines are defined as products that have been demonstrated to be therapeutically equivalent to the reference product, thereby exhibiting the same efficacy and safety profile.

iv. Substantive requirements

For medicinal products for veterinary use, fertilisers, agrochemicals, and related products, Law 10,603/02 establishes specific provisions on test data protection. To qualify for protection, the test data must meet the following criteria:

- The data should not be readily accessible to individual who typically deal with such information;
- The data must have been subjected to effective confidentiality measures implemented by the person legally responsible for their control;
- The preparation of the data should have required considerable effort and possess commercial value prior to disclosure.

In contrast, for medicinal products for human use, the only available provisions are those outlined in Article 195, sections XI, XII and XIV of the Brazilian Industrial Property Statute.

Under the terms of Law 10.603/2002, information submitted to competent authorities for the registration of veterinary pharmaceutical products, fertilisers, agrochemicals, their components, and similar products accompanied by a confidentiality declaration is presumed undisclosed. Thus, if competent authorities have received documents accompanied by a confidentiality declaration, and if the products in question are veterinary pharmaceutical products, fertilisers, agrochemicals, their components, or similar products, there will be protection for undisclosed data. This protection implies that competent authorities cannot use test results or other data submitted to them in favour of third parties, and they cannot disclose test results or other data except when necessary to protect the public.

v. Exceptions and limitations

Article 5 of Law 10,603/02 explicitly prohibits registration authorities from utilising test data submitted for medicinal products for veterinary

use, fertilisers, agrochemicals, and related products during the protection period to register new products without the consent of the reference product registration holder.

While no specific regulation governs the protection of test data for human use medicines, ANVISA has consistently affirmed that the Agency will not disclose confidential information provided by the applicant of a new product to a competitor or third party.

Brazilian legislation does not impose any specific limitations on the confidentiality of publicly available test data. However, Article 7 of Law 10,603/02 stipulates that authorities are entitled to requisition such data involuntarily if two years have elapsed since the granting of marketing approval without the commercialisation of the respective product. Moreover, Article 8 permits the utilisation of protected test data in instances of public interest, during a state of emergency declared by the Federal Executive Branch, or in cases of violations of the economic order as identified by the antitrust authority (CADE).

vi. Caselaw

Considering the absence of explicit provisions regarding the utilisation of reference product test data for the approval of generic or similar medicines, certain pharmaceutical companies, including Eli Lilly, Astrazeneca, Johnson & Johnson, and Lundbeck, have initiated legal actions before Brazilian Courts. These lawsuits are based on the argument of data package exclusivity, drawing an analogy to the application of Law 10,603/02 for human-use medicines.

One of the most representative cases was *Lundbeck v. ANVISA*. The First Instance Court of the Federal District granted Lundbeck's Data Protection Extension (DPE) request in 2011, effectively safeguarding Lexapro's dossier for ten years. However, ANVISA and its co-defendants' successfully appealed this decision, reversing the initial judgment. On December 18, 2012, the Fifth Panel of the Federal Court of Appeals for the First Circuit (TRF1) issued a ruling in Appeal # 0016573-55.2008.4.01.3400, stating that:

“According to what is included in the proceedings, ANVISA did not make available or intends to make available such test results and data for other companies to use and neither has it allowed or intends to allow any request of medicine registration based in such data without proper authorisation. [...] ANVISA merely confirms whether the generic medicine is truly similar to the product in reference, starting from the understanding that the former's quality, security and efficiency were already proven by its approval. Clearly, this conduct does not characterize undue use or exploitation of test results or other undisclosed data because such illegal act involves, first and foremost, the knowledge of such information by those benefitting from undue disclosure (in this case, the manufacturers of generic medicines), which

was not proven in this case.[...] it is clear that Law n. 10.603/02 does not make reference to pharmaceutical products intended for human use as a means to make itself compatible with the legal regulation of generic medicines, being, thus, an instance of eloquent silence by the legislator and not a mere omission.”

Lundbeck contested through a Special Appeal. The Superior Court of Justice (STJ) dismissed Lundbeck's Appeal on procedural grounds.

Up to this point, a perspective opposing ANVISA's accountability for breaching confidentiality safeguarding reference drug efficacy and safety tests has prevailed. This is primarily attributed to the absence of evidence, as highlighted by various judges, demonstrating that the Agency is actively utilising the data within confidential dossiers or, even more significantly, disclosing their content to rival companies. Moreover, the prevailing consensus is that applying Law 10.603/2002 by analogy to the pharmaceutical industry is not deemed feasible.

c. Chile

i. Temporal scope of test data protection

In Chile, the temporal scope of test data protection for pharmaceuticals and agrochemicals is regulated under Law No. 19,039 on Industrial Property. The protection of test data for pharmaceuticals is granted for five years. During this period, data submitted to regulatory authorities (e.g., Instituto de Salud Pública, ISP) for the approval of new pharmaceutical products cannot be utilised by third parties (such as generic manufacturers) to obtain marketing approval for similar products without the express consent of the data owner. In the case of agrochemical products, the period for which test data is protected is more prolonged, extending to 10 years. The objective of this protection is to prevent the use of data submitted for the approval of new agrochemical products (e.g., pesticides or herbicides) by competitors during the exclusivity period.

ii. New chemical entities definition

Article 90 of the Industrial Property Law establishes the definition of NCE:

"A new chemical entity is understood to be an active ingredient that has not been previously included in sanitary registrations or authorisations granted by the Institute of Public Health or by the Agricultural and Livestock Service, as appropriate, or that has not been marketed in the national territory prior to the application for registration or sanitary authorisation.

For the purposes of this Paragraph, an active ingredient is understood to be that substance with one or more pharmacological effects or chemical-agricultural uses, whatever its form, expression or disposition, including its salts and complexes. In no case shall it be considered as a new chemical entity:

1. uses or therapeutic indications different from those authorised in other previous health registrations or authorisations of the same chemical entity.

2. Changes in the route of administration or dosage forms from those authorised in previous health registrations or authorisations for the same chemical entity.

3. Changes in the pharmaceutical forms, formulations or combinations of chemical entities already authorised or registered.

4. Salts, complexes, crystalline forms or those chemical structures which are based on a chemical entity with prior sanitary registration or authorisation.

iii. Use for similarity or bioequivalence

Article 221 of the Regulations of the National System for the Control of Pharmaceutical Products for Human Use, Decree No. 3/2010, provides that "the Ministry of Health, by decree, shall approve the technical standard that determines the products that need to demonstrate their therapeutic equivalence, establishing the lists of active ingredients and pharmaceutical products that will serve as a reference for them, when appropriate; this may be done at the proposal of the Institute".

iv. Exceptions and limitations

Article 91 of the law introduces the exceptions to test data protection.

Article 91.- The protection of this Law shall not be applicable when:

a) The owner of the test data referred to in Article 89 has engaged in conduct or practices declared contrary to free competition in direct relation to the use or exploitation of such information, according to a final or enforceable decision of the Court for the Defence of Free Competition.

b) For reasons of public health, national security, non-commercial public use, national emergency or other circumstances of extreme urgency declared by the competent authority, it is justified to terminate the protection referred to in Article 89.

c) The pharmaceutical or agricultural chemical product is the subject of a compulsory licence, in accordance with the provisions of this law.

d) The pharmaceutical or agricultural chemical product has not been marketed in the national territory for twelve months, counted from the sanitary registration or authorisation carried out in Chile.

e) The pharmaceutical or agricultural chemical product has a registration or sanitary authorisation abroad that has been in force for more than twelve months.

d. Colombia

i. Temporal scope of test data protection

For pharmaceuticals, art. 3 of Decree 2085/2002 provides that the information will be protected for 5 years from when the medicine marketing is approved. Meanwhile, art. 5 of Decree 502/2003 establishes 10 years of protection for agrochemical entities counted from the issuance of the registry.

In the case of pharmaceutical and agricultural chemical products, they have protection granted by the registry for 5 and 10 years, respectively. That registry allows sale, manufacture, import, export, and packing.

ii. New chemical entities definition

For pharmaceuticals, Decree 2085/2003 defines in its Art. 1 that a 'new chemical entity' is "the active ingredient that has not been included in Pharmacological Standards in Colombia." Similarly, but for pesticides, art. 5 of the Decree 502/2003 defines it as "the active ingredient of a chemical pesticide for agricultural use that has not been previously registered in the country."

iii. Use for similarity or bioequivalence

For pharmaceuticals, parr. 1 art. 27 of the Decree 677/1995 considers that if the product is already registered in at least 2 "countries of reference."¹⁸⁷ Furthermore, it has been accepted in all of those; the party can provide a summary of the pharmacological information, although it can request additional information.

iv. Substantive requirements

In the case of pharmaceuticals, art. 2 of Decree 2085/2002 considers that the protection granted "must have meant considerable effort for the person handing it over to the competent health authority". From the formal point of view, the same Art. provides that the test data under

¹⁸⁷ Paragraph 2 establishes that those countries are the United States of America, Canada, Germany, Switzerland, France, England, Denmark, the Netherlands, Sweden, Japan and Norway.

approval cannot be used for another application of the same chemical entity.

According to Art. 3 of Decree 677/1995, the competent authority to grant the registry is the *National Institute for the Surveillance of Medicines and Food (Instituto Nacional de Vigilancia de Medicamentos y Alimentos -INVIMA)*. The parties need to present all the technical and legal requirements established in the Decree 677/1995 to get the registration.

For agricultural chemical products, the competent authority is the *Colombian Agricultural Institute (Instituto Colombiano Agropecuario-ICA)*, following Art. 1 of Decree 502/2003. According to this Decree, the Authority must count on a Single Counter System to keep the registry and control of pesticides and where the parties can file the information to get the registry of these chemicals, which has to follow the requirements of the *Andean Technical Manual For The Registration And Control Of Chemical Pesticides For Agricultural Use*; once the registration has started, the party is entitled to a separate docket as established in Art—58 of the AD 804.

v. Exceptions and limitations

On pharmaceuticals, art. 4 of the Decree 2085/2002 provides that there is no protection in the following cases:

a. "When the holder of the Sanitary Registration of the new chemical entity has authorised the use of the undisclosed information in support of another application after his own;

b. When the new chemical entity whose Sanitary Registration is requested is similar to another that has been authorised and marketed in Colombia and the protection period of article three has expired;

c. When it is necessary to protect the public, as qualified by the Ministry of Health;

d. When the new chemical entity that is the object of the Sanitary Registration has not been marketed in the country one year after the issuance of said marketing authorisation."

Regarding pesticides, Art. 59 of the AD 804 lists the information that cannot be considered confidential:

a. "The name and content of the active substance(s) and the name of the pesticide;

b. The name and content of the active substance(s) and the name of the pesticide;

c. The name of any other substances considered to be dangerous;

d. The physical and chemical data relating to the active substance, the formulated product and toxicologically relevant additives;

e. The methods used to inactivate the technical grade active ingredient or the formulated product;

f. F. A summary of the results of tests to determine the efficacy of the product and its toxicity to man, animals, plants and the environment;

g. The methods and precautions recommended to reduce the risks of handling, storage, transport and fire;

h. Methods of disposal of the product and its containers;

i. The decontamination measures to be taken in the event of accidental spillage or leakage;

j. First aid and medical treatment to be given in the event of bodily injury;

k. The data and information on the label and instruction sheet, to which no third parties may have access, shall not be accessible to third parties."

vi. Caselaw

The Andean Tribunal of Justice (ATJ) has several Prejudicial Interpretation judgements related to trade secrecy and test data.¹⁸⁸ In these cases, the plaintiff parties affirm that the national authorities have not provided the protection required to test data, as their competitors have had access to it and developed their medicines, meaning that there is an anticompetition situation. In these Prejudicial Interpretations, the Tribunal in all of them, concludes that under the scope of Art 266 AD 486 and AD 632, this information should be protected if it complies with the requirements of the provision. Therefore, the national judge needs to determine if, in the dispute under analysis, the information presented by the plaintiff pharmaceutical is protected and, if so, that the competitors have acquired it illegally.

Furthermore, the ATJ reminds the national judges that if such protection threatens public health or food security, the authority is entitled not to grant it.

Additionally, it is essential to highlight that the General Secretary of the Andean Community analysed whether the Decree 2085/2002

188 Andean Tribunal of Justice: 49-IP-2009 Gaceta Oficial del Acuerdo de Cartagena, Año XXVI - Número 1779, 23/11/2009; 123-IP-2010 Gaceta Oficial del Acuerdo de Cartagena, Año XXVIII - Número 1930, 08/03/2011; 508-IP-2016 Gaceta Oficial del Acuerdo de Cartagena, Año XXXVI - Número 3821, 22/11/2019; 244-IP-20 Gaceta Oficial del Acuerdo de Cartagena, Número 4395, 15/12/2021

followed the communitarian provisions. In the Resolution 817,189 the Secretary found that this Decree was how Colombia regulated the provision of Art. 266 AD 486, following the policy space allowed within the provision. However, the Andean Tribunal reversed this decision and ruled that Decree 2085/2002 violated Article 266 AD 486 because the Andean countries "were not authorized to establish other rights or obligations, such as exclusive terms, not provided for by Article 266," nor "delegated the authority to establish exclusivity periods," which was considered excessive.¹⁹⁰

e. Mexico

i. Temporal scope of test data protection

In Mexico, the scope of protection is limited to marketing, but prior registration is a prerequisite for the importation of pharmaceutical products. The period of protection for pharmaceutical products is five years. For agrochemicals, the protection is at least ten years.

ii. New chemical entities definition

The Health Supplies Regulation defines "new molecule" as a natural or synthetic substance whose active ingredient has not been previously used in Mexico and whose safety, efficacy and therapeutic purposes are not widely documented in the scientific literature¹⁹¹.

The United States, Mexico, and Canada Agreement defines a "new pharmaceutical product" as a new pharmaceutical product that does not contain a chemical entity previously approved by Party¹⁹².

189 Resolución 817 Gaceta Oficial del Acuerdo de Cartagena, Año XXI - Número 1055, 16/04/2004

¹⁹⁰ Andean Tribunal of Justice: 114-AI-2004.

¹⁹¹ Artículo 2. XV. Molécula Nueva, a la sustancia de origen natural o sintético que es el principio activo de un medicamento, no utilizada previamente en el país, cuya eficacia, seguridad y fines terapéuticos no hayan sido completamente documentados en la literatura científica; 4 Para efectos del Comité de Moléculas Nuevas, se clasificarán como moléculas nuevas a aquellas que se encuentren dentro de las siguientes categorías: a. Aquel fármaco o medicamento que no tenga registro a nivel mundial y que se pretende registrar en México (nueva entidad molecular). b. Aquel fármaco o medicamento que aun existiendo en otros países, con experiencia clínica limitada o información controvertida, no tenga registro en México y pretenda registrarse en nuestro país. c. Aquel medicamento que pretenda hacer una combinación que no exista en el mercado nacional de dos o más fármacos. d. Aquel fármaco o medicamento existente en el mercado que pretenda comercializarse con otra indicación terapéutica. See Reglamento de Insumos para la Salud (texto refundido publicado en el Diario Oficial de la Federación el 14 de marzo de 2014) available at: <https://www.wipo.int/wipolex/es/legislation/details/16503>

¹⁹² See Article 20.49: **Definition of New Pharmaceutical Product**. For the purposes of Article 20.48.1 (Protection of Undisclosed Test or Other Data), a **new pharmaceutical product** means a pharmaceutical product that does not

In this regard, the Federal Law for the Protection of Industrial Property provides that the information required for determining the safety and efficacy of pharmaceutical or agrochemical products that use "new components" will be protected under the terms of the applicable legislation or, as the case, international treaties.

iii. Use for similarity or bioequivalence

In Mexico, generic drugs equivalent to already registered innovator drugs can be registered under the health authority COFEPRIS (Federal Commission for the Protection against Sanitary Risks).¹⁹³ Generic drugs must demonstrate bioequivalence, which signifies that they contain the identical active ingredient, strength, and dosage form as the innovator product, and must exhibit comparable therapeutic effects. To register a generic drug, applicants are required to submit studies to COFEPRIS that demonstrate bioequivalence with the original product. It should be noted that these studies do not need to be full clinical trials.

In the case of agrochemical products, Mexico's regulatory framework also permits the registration of generic or equivalent products in lieu of those that have already been registered. The Ministry of Agriculture and Rural Development (SADER), in collaboration with the Federal Commission for the Protection against Health Risks (COFEPRIS) and the Ministry of the Environment and Natural Resources (SEMARNAT), is responsible for the regulation of agrochemicals. Generic agrochemicals that utilize equivalent active substances to those that have already been approved may submit an application for registration, provided that they meet the requisite standards for safety, efficacy, and environmental impact.

iv. Substantive requirements

Mexican Law does not establish a competent authority Mexican law does not establish an authority that grants exclusivity of test data. However, the marketing of pharmaceutical and agrochemical products is subject to obtaining a registration, which authorizes their marketing in Mexico and, among other requirements, the applicant for registration must submit test data and documents evidencing that it is the holder or licensee of the patent of the active substance¹⁹⁴.

contain a chemical entity that has been previously approved in that Party. Available at: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/text-texte/20.aspx?lang=eng>

¹⁹³ See Norma Oficial Mexicana (NOM) 177-SSA1-2013,

¹⁹⁴ The Federal Commission for the Protection against Sanitary Risks is the authority empowered to authorize the commercialisation of pharmaceutical and agrochemical products. In this regard, it should be noted that the Health Inputs Regulation (Article 167 Bis) establishes that the applicant for the allopathic

v. Exceptions and limitations

National legislation does not contain exceptions or limitations. Public interest exemptions and compulsory licensing are related to patents.

f. Uruguay

In the case of Uruguay, the absence of any regulatory framework beyond the TRIPS Agreement, Article 39.3, precludes the incorporation of additional information.

PART V. CONCLUSIONS

1. Conclusions

The study on trade secrets and data protection across Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay offers substantial insights into the disparate legal frameworks and enforcement mechanisms that characterise each country. In light of the growing reliance on innovation and the protection of confidential information in the global economy, it is imperative for businesses operating in these regions to gain a comprehensive understanding of the intricacies of trade secret legislation and test data protection. The following conclusions synthesize the principal findings of the study.

- **Diverse Legal Frameworks and lack of jurisprudence**

The legal frameworks governing trade secrets and test data protection exhibit substantial diversity across the six countries examined. Argentina, Brazil, Chile, Colombia, and Mexico have implemented specific legislation aimed at safeguarding trade secrets, thereby indicating a clear acknowledgement of the significance of protecting confidential business information. In contrast, Uruguay does not possess dedicated legislation and instead depends on broader international agreements, such as the TRIPS. It is important to note that Uruguay has developed a framework for the protection of trade secrets through the evolution of case law and civil law principles.

Regarding legal precedent, it is important to recognise its limitations. In the realm of trade secrets and test data protection, jurisprudence plays a crucial role in the development of legal scope. The lack of judicial precedent necessitates the formulation of legal

medicine registration must submit the documentation that proves that is the holder of the patent of the substance or active ingredient or that the applicant has a license registered before the Mexican Institute of Industrial Property. Alternatively, the applicant may state under oath that it complies with the provisions on patents, in which case, the health authority will request IMPI to determine whether patent rights in force are being infringed.

norms that define the extent of the right in question, which consequently leads to a more gradual advancement of legal developments.

As a result, some of the regulations analysed are outdated considering technological advancements and contemporary practices related to undisclosed information.

Moreover, countries have enacted trade secret legislation in accordance with international agreements, including the TRIPS Agreement. In the instances of Chile, Colombia, and Mexico, FTAs have further influenced the formulation of trade secrets and test data protection legislation.

The disparities in legal frameworks may pose challenges for businesses attempting to navigate these legal landscapes, especially for those operating across borders.

- **Scope of Protection**

The extent of protection afforded to trade secrets and test data exhibits considerable variability across different nations. Most jurisdictions provide protections that encompass confidentiality measures and the prohibition of unauthorised use of trade secrets; however, the specific definitions, durations, and conditions for sustaining confidentiality differ markedly.

In terms of trade secrets, it is particularly noteworthy that the nations analysed in this study do not categorize trade secrets as a form of intellectual property. Notwithstanding, in specific instances such as Chile and Mexico, the treatment of these matters in relation to enforcement resembles that of intellectual property rights. In Argentina, trade secrets exist as a distinct classification, with their protection ensured by the legal framework that governs unfair competition.

In all circumstances, the information must remain under the control of the individual possessing it, who is obligated to implement reasonable measures to protect said information. Nonetheless, the parameters defining reasonable measures and possession remain ambiguous. Furthermore, it is pertinent to note that commercial secrets can also be transmitted to third parties, who are likewise bound to exercise reasonable control and safeguard the pertinent information.

Moreover, in all scenarios, the information must possess intrinsic value to justify protection, as stipulated by the TRIPS Agreement, and must also pertain to commercial or industrial practices. Consequently, information within the public domain is not eligible for protection.

Regarding exceptions and limitations, trade secrets typically do not permit exceptions. If it can be established that the information in question resides in the public domain or has been acquired through

legitimate means, including reverse engineering or other ethical forms of competitive intelligence gathering, it cannot be classified as an infringement.

Additionally, several countries have recently adopted material fixation as a means of conferring protection.

Lastly, numerous nations have instituted measures aimed at combating unfair competition, which have been delineated as violations of trade secrets. The procedures implemented resemble civil procedures.

In context to the protection of test data, the temporal scope is contingent upon the specific subject matter involved. For instance, the legislation of Chile, Colombia, and Mexico articulates explicit timeframes for exclusivity, specifically five years for pharmaceuticals and ten years for agrochemicals, as noted in Brazil, Chile, Colombia, and Mexico. It should be recognised that exclusive rights are not conferred in Argentina or Uruguay. Additionally, the definition of New Chemical Entities (NCEs) is subject to variation. While a majority of countries conform to a broad definition that emphasises novel active ingredients, the particulars of how these definitions are operationalised can significantly influence the extent of protection accorded.

It is also noteworthy that in most instances, there exist regulations governing the approval of pharmaceuticals and agrochemicals based on similarity. However, the exclusivity of data derived from test trials, as observed in countries permitting exclusivity, tends to delay the market entry of generic drugs.

In terms of exceptions, both Chile and Colombia have established exceptions to test data predicated on considerations of public interest. The remaining countries do not possess explicit exceptions, yet such stipulations may be interpreted favourably manner.

- **Enforcement Mechanisms**

The mechanisms for enforcing trade secret protection demonstrate significant variation, reflecting the differences in judicial systems and legal traditions among the countries under consideration. All nations included in this study have established relatively robust legal frameworks for the enforcement of trade secret laws, which include provisions for both civil and criminal remedies. This allows holders of intellectual property rights to pursue multiple avenues for redress in the event of a breach. Conversely, the lack of specialised courts and the limited number of cases addressing trade secret disputes complicate the enforcement process, potentially resulting in prolonged litigation. In addition to civil and criminal remedies, actions related to unfair competition may also be undertaken. Furthermore, the

aforementioned civil and criminal remedies may be pursued concurrently with actions pertaining to unfair competition.

Additionally, while most countries have recognised the importance of protecting trade secrets through specific laws, the actual implementation and enforcement of these laws remain inconsistent.

- **Contractual aspects**

An important factor of trade secrets is how labour relations involving them are regulated. This significance emerges both during the employment relationship and in later stages. Although confidentiality agreements are acknowledged globally, the enforceability and extent of non-compete clauses differ widely. Countries like Argentina, Chile, Brazil, Colombia, and Mexico benefit from clearly defined and established labour laws, while Uruguay does not provide specific protections in this regard.

- **Relationship with Competition Law**

The study highlights the essential interrelationship between the safeguarding of trade secrets and the enforcement of competition law. Numerous countries, including Argentina, Brazil, and Chile, have established a framework wherein the protection of trade secrets is intricately aligned with competition law. This approach guarantees that the safeguarding of confidential information does not obstruct fair competition. Achieving a balance between the protection of trade secrets and the promotion of fair competition is of paramount importance. Should the former become excessively burdensome, it may hinder innovation and create obstacles to market entry.

Nevertheless, the correlation between trade secrets and competition law remains inadequately defined. The lack of specialised legal frameworks may lead to ambiguity concerning the delineation of competitive practices. It is imperative to institute transparent and comprehensive guidelines that clarify the interplay between trade secret and test data protection laws and competition law. This is essential for cultivating a fair and competitive business environment.

In conclusion, while substantial progress has been achieved in the protection of trade secrets and test data throughout Latin America, additional efforts are requisite to develop a cohesive and effective legal framework that fosters innovation and competitiveness in the region. By addressing the identified challenges and implementing the proposed actions, Latin American nations can enhance their appeal as destinations for investment and innovation while maintaining public interest, ultimately contributing to economic growth and development.

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