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PREPARING FOR TRADE SECRETS LITIGATION IN THAILAND

Enforcement of trade secrets varies little in Thailand in comparison to other jurisdictions. In fact, some may look to Thailand as a model jurisdiction for trade secret enforcement owing to its 2002 Trade Secrets Act. However, in the eight years since the promulgation of the Act, there have been only 39 trade secret infringement cases as criminal charges and 35 as civil charges brought before the Central Intellectual Property and International Trade Court (IP&IT Court) in Bangkok. Further still, very few preliminary injunctions have been issued based on alleged trade secret infringement.

In typical cases, the alleged infringer will be a new employee, a former employee, or a third party whom the owner of the trade secret worked with (e.g., consultants, vendors, visitors to the factory, universities, outside inventors, or even governments). Since the two parties know each other, the conflict usually becomes more personal and it can lead to some difficulties when litigation occurs, especially when parties begin to personalize their grievances. Thus, the approach in trade secret litigation should be carefully reviewed, especially if the alleged misappropriator is still an employee or the relationship is ongoing. Careful preparation is critical to ensuring the best outcome possible.

Protecting your trade secrets

Notwithstanding the ability to record trade secrets with the Department of Intellectual Property, protection for trade secrets is normally accomplished by nondisclosure and confidentiality safeguards designed to prevent unauthorized parties from accessing key information, such as a food or drink formula, a machining sequence pattern, or a proprietary and uniquely assembled list of customers. Trade secrets are held typically in databases, in hard copies of documents (drawings, photographs, etc.), or by persons.

Companies may require their employees to sign a standard nondisclosure agreement or have confidentiality terms in their employment agreements. Such provisions should clearly define the type of information which cannot be disclosed, as well as the duration during which the employee or partner cannot use the information he became aware of during the course of the contract. A noncompete clause should also be considered and these are enforceable in Thailand so long as they are not considered unreasonable. Often, trade secret infringement cases also include an additional cause of action for breach of noncompete requirements, so planning a sound strategy is important in order to collect sufficient evidence to support both causes of action under the same complaint. Sufficient

and clearly demonstrable evidence is also very likely to convince the other side to accept your settlement terms. Here is usually when emotions come into play with former employers putting personal grievances ahead of sometimes more appropriate settlement arrangements.

Proving the existence of trade secrets

In many cases, companies have not recorded their trade secrets with the DIP. In some cases, the nondisclosure agreement has not even been signed. Nonetheless, an owner can still try to prove that he owns a trade secret if he can demonstrate to the Court that he took appropriate measures to maintain secrecy, such as the following steps:

- » Restricting access to information to those who require it in order to complete their tasks (i.e., control your reference/access group)
- » Physically protecting the information by keeping it in locked cabinets or on password-protected separate network drives
- » Clearly distinguishing confidential information from other information, and marking all relevant documents as “confidential” so that there can be no confusion
- » Conducting regular and thorough training for employees on how to handle secret information
- » Having a clear exit process for departing employees
- » Providing training completion certificates when employ-

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ees are trained in using your confidential information (in order to successfully show access to your trade secrets later if necessary)

- » Tracking the flow of confidential information, including restricting the use of flash disks, portable hard drives, and laptops

Enforcing rights through injunctions

If sufficient evidence exists that an infringement of trade secrets is about to be committed, a trade secret owner also has the right to apply to the Court for either (1) an interim injunction to stop the infringement of trade secrets, obtainable before or after filing a suit with the IP&IT Court; or (2) a permanent injunction to stop the infringement of trade secrets and claim damages from the violator infringing the trade secrets.

Although injunctions in Thailand are rarely granted, the Court has recently become more flexible in this area. In considering an application for an interim injunction application, the Court will expect the applicant to submit sufficient evidence for the IP&IT Court to believe that the trade secret infringement claimed by the applicant exists prima facie. In addition, the applicant must demonstrate that the nature of the damage incurred is such that it could not be restituted by monetary measures or any other form of indemnity or that the prospective defendant is not in a position to compensate the applicant for the damage, or it might be difficult to enforce the judgment against the prospective defendant afterwards. 🦊