

Confidentiality and Software Protection

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Nature of the Jurisdiction

TORT OR CONTRACT

- *Prince Albert v Strange* (1849) 47 ER 1302
- *Saltman Engineering Ltd v Campbell Engineering Ltd* (1948) 65 RPC 203
- *Seager v Copydex (No 1)* [1967] 1 WLR 923
- *Coco v Clark* [1969] RPC 41



Intellectual Property

- Confidential Information
- Not an Intellectual Property right but a liability rule
- Protection depends on national laws
- Trade secrets and confidential information
- Unfair competition protection in civil law systems
- Hybrid: technical 'know how'

Intellectual Property



- Trade Secrets:
- “formula, practice, process, design, instrument, pattern”
 - not generally known to the relevant portion of the public;
 - confers some sort of economic benefit on its holder (where this benefit must derive *specifically* from its not being generally known, not just from the value of the information itself);
 - is the subject of reasonable efforts to maintain its secrecy.



Intellectual Property

- **Non-disclosure agreement**
- which outlines confidential materials or knowledge the parties wish to share
- the parties agree not to disclose information covered by the agreement.
- creates a confidential relationship between the parties

Intellectual Property



- Typical Content
- definition of what is confidential
- exclusions from what must be kept confidential
- obligations of the recipient
- Restrictions on that obligation as may be required by law
- Effects:
 - General obligatory (contractual) duty
 - No absolute protection
 - If recipient already had prior knowledge or the information is in the public domain, the terms will (under US law) not be binding

Intellectual Property



- Confidential information
- Bit different in UK
 - Necessary quality of secrecy (this would include any sensitive research data and patent application)
 - Confidentiality agreement
 - No absolute protection BUT
 - Some restriction on third party recipient to maintain secrecy (i.e. common law duty not to disclose) may be imposed.



Elements of the Action

- a) Information which has the quality of confidence
- b) conveyed to a party in circumstances importing an obligation of confidence
- c) of which unauthorised use is made (to the detriment of the person to whom the duty of confidence is owed?).

Coco v Clark



Categories of Protectable Information

trade secrets (*technical drawings*)

- *Saltman Engineering Ltd v Campbell Engineering Ltd-*
- *Coco v Clark*



Categories of Protectable Information

know-how

Seager v Copydex (No 1), [1967] 1 WLR
923

Potters-Ballitoni v Weston-Baker [1977]
RPC 202 (165)

- Note relationship with patents



Categories of Protectable Information

Customer lists

- *Thomas Marshall (Exports) Ltd v Guinle*
[1979] Ch 227 (154)

Questionnaire

Interfirm Comparison v Law Society of NSW
[1977] RPC 137 (163)



Categories of Protectable Information

business ideas:

Fraser v Thames Television [1983] 2 All ER
101 (154)

Note relationship with copyright

Categories of Protectable Information

- **Government Secrets**

Commonwealth of Australia v John Fairfax
(1980) 32 ALR 485 (180)

A-G v Guardian Newspapers (No 2) [1988] 3
All ER 345 (178) cf A-G v Jonathan Cape
[1975] 3 All ER 484 (180)



Defences

Iniquity

- *Gartside v Outram* (1856) 26 LJ Ch 113:
there is no confidence in an iniquity.
- *Hubbard v Vosper* [1972] 1 All ER 1023
(*172): Scientology religion

Public interest

- *Commonwealth of Australia v John Fairfax*
(1980) 32 ALR 485 (181)
- *Lion Laboratories v Evans* [1985] QB 526 (*172):

Privacy - New Developments

- Campbell v MGN [2005]
- Douglas v Hello! [2007]
- Background → Human Rights Act 1998 and European Convention on Human Rights establish privacy rights
- US → privacy and publicity rights
- Europe → general personality rights under constitutional law plus dedicated civil law rights in image, name and general elements of personality

Privacy and Publicity Concerns

- Campbell
- Reasonable expectation of privacy
- Limits – contradictory celebrity behaviour
- Douglas v Hello
- Claimants →
 - 1. Michael Douglas and Catherine Zeta Jones
 - 2. Publisher as exclusive licensee under contract
 - A. both claims successful in High Court on the basis of HRA
 - B. Court of Appeals rejects publishers claim on the basis of lack of recognition of personality right and lack of protectable information
 - C. House of Lords → information was commercially valuable; treats claim as successful under traditional breach of confidence law
- Problem → protection of ‘publicity rights’? Direct protection of licensees
- Character as ‘property’ and availability of account of profits?

TRIPS Article 39.2

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.