The boundaries of trade secrets' protection under Italian Law in a case of breach of a confidentiality agreement

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ABSTRACT: In an order issued on November 29, 2021, the Italian Supreme Court confirmed that mere engineering, without any additional efforts conducted by the expert in the field (*i.e.,* the manufacturing of bikes hydraulic disk brakes) does not constitute trade secrets protected according to art. 98 and art. 99 of the Italian Intellectual Property Code ("IIPC"). In fact, such activity has been identified by the Court as a mere "finishing touch" without resolving any specific technical problem.

ARTICLE: In the case at issue, the Italian company Formula S.a.s., whose business was focused in designing and manufacturing bikes, motorbikes and other vehicles' components, sued the SRAM corporation for breach of a confidentiality agreement concerning a specific type of bikes hydraulic disk brake. In particular, the plaintiff claimed trade secrets violation as well as unfair competition under Italian Law (respectively, art. 98 and art. 99 IIPC and art. 2598 n. 3 of the Italian Civil Code).

The Italian Supreme Court rejected all the claims and confirmed the decisions held by the Courts of first instance and of appeals of Florence.

Specifically, the Supreme Court stated that: *(i)* all the drawings and all the related technical information that supposedly constituted plaintiff's proprietary trade secrets were already included in the patent applications owned by the defendant that were filed before any business relationship between the parties occurred; and *(ii)* the exchange of communication that occurred between the parties did not involve any trade secrets as it concerned drawings that did not present any technical solution to a specific problem of the field but simply engineering activity that any expert of the field was able to reproduce without any specific efforts. In addition, the above-mentioned drawings did not include any reference and/or indication that they were confidential.

In particular, the Supreme Court stressed, once again, the key elements that information must have in order to be considered a trade secret according to art. 98 and art 99 of the IIPC. Said requirements provide that: *(i)* the information at issue either as a whole or in the specific combination of its elements has to appear not generally known or easily accessible to the experts of the field (*i.e.,* this is the economic advantage that the owner has by merely possessing it); *(ii)* the information must have an economic value for its owner (*i.e.* the costs that the owner has to face in order to reproduce independently said information); and *(iii)* reasonable protective measures must be adopted in order to keep the information secret.

According to the Supreme Court decision, all these requirements were lacking in the present case as the drawings did not resolve any specific technical issues but were considered only a mere "finishing touch" and, therefore, not a specific know-how that could integrate a trade secret. In addition, no economic value of said information was found by the Supreme Court as it only included knowledge that was easily accessible by any expert of the field. Finally, the drawings at issue were practically identical to those included in the patent applications and the only protective measure adopted was the confidentiality agreement where the above mentioned drawings were included without any reference to the fact that they have to be considered confidential.

Finally, the plaintiff failed to discharge the burden of proof to prove his case. In fact, the Supreme Court held there was no evidence that the disputed confidentiality agreement was in fact breached by the defendant nor that he used the alleged trade secrets, causing a prejudice to the plaintiff. In conclusion, all claims were rejected, included those pertaining to a specific kind of unlawful competition (*i.e.,* what according to Italian Law is indicated as a violation of the professional fairness provided by art. 2598 n. 3 of the Italian Civil Code).

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