



Locating Trade Secrets under Indian Laws: A *Sui Generis* Mode of Protection

Tania Sebastian[†]

Vellore Institute of Technology, School of Law, Chennai, Chennai, Tamil Nadu - 600 127, India

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India has so far resisted the push from the United States of America (USA) to bring about separate legislation that regulates trade secrets. Reports and studies categorically show that such protection is desirable. It also forms part of the minimum requirements under TRIPs. In its defence, India has reiterated that mechanisms under common law exist to effectively protect trade secrets. This paper looks into these mechanisms, primarily the Indian Copyright Act, 1957 (Copyright Act) and the Indian Contract Act, 1872 (Contract Act), and provides evidence to show that deciding on trade secret issues via these Acts in India undermines the basic premise of copyright, and ignores issues of treating confidential information as confidential. Literary work as mentioned in the Copyright Act and the settled position of law by judicial decisions is discussed in this paper. This forms the first argument in favour of *sui generis* protection for trade secrets.

The second argument in favour of the *sui generis* mode of protection for trade secrets is that of retaining the confidentiality of information that is regulated by contracts. This aspect is, firstly, under-examined in evidence in the Indian cases. Secondly, under the Indian Contract Act, 1872, (Contract Act) whenever the elements of confidentiality are to be examined, it is circumvented or ignored. This thereby impedes the understanding of confidential information in these case laws. Hence, this study shows that courts have overtly interfered in the basic premise of contractual obligations *vis-a-vis* confidential information between two parties by reading into what constitutes a trade secret. It is this lacuna in both procedural and substantive fields that holds up the second argument for a *sui generis* mode of protection. The conclusions from this paper address a much-required regime change in the pre-existing model of protection of trade secrets in India not only as a result of the external push (that is necessitated by international pressure and India's continued presence on the Priority Watch List) but also as a result of the internal indecisiveness in deciding matters before the Indian courts.

Keywords: Trade Secrets, Copyright, Confidential Information, *Sui Generis*, U.S. International Trade Commission, National Innovation Bill, 2008, COMPETES Act, 2007

The presence of trade secrets in a host of areas,¹ from the age-old harvesting of silkworm threads (in China),² to the contemporary instances of LinkedIn cases between ex-employee and confidential information of LinkedIn,³ to the Google search algorithm,⁴ resonate with the continued relevance of trade secrets. There are also examples from India, such as is the case of the client list of a law firm,⁵ customer list of mail-order companies⁶ and banks,⁷ scripts of television shows based on audience interactions,⁸ manufacture of products ranging from chemicals⁹ to paper¹⁰ to seeds,¹¹ training provided to pilots,¹² skills learned in an information technology field,¹³ to brochure and information for opening a spa¹⁴ or a travel agency¹⁵ that is claimed to be trade secrets.

It is estimated that eighty to ninety percent of all new technology could potentially be protect-able through Trade Secret Law.¹⁶ Trade secrets protection is found to be a favorable mode of protecting innovation in cases where the technical know-how is

unlikely to meet patentability criteria. Further, with technical know-how that compliments a patent but is not central to the patent itself, it is categorized as falling under trade secrets, and there is an increase in the importance of trade secrets. There is also the aspect of some countries raising the patent-ability criteria and hence the rise of trade secrets as a viable option to protect and keep inventions secret is increasing.

The direct importance of trade secrets in the Indian context is linked to a survey of more than 7,000 firms in the United States of America (USA) conducted by the U.S. International Trade Commission (USITC) that projects the economic effects of India's trade and industrial policies on their business operations.¹⁷ In this survey, the majority of internationally-engaged firms considered trade secrets as 'very important' to their businesses.¹⁸ Based on this report, the employer's willingness to enact legislation is seen. Not having enough legal protection for trade secret has also resulted in India continuing its position on

[†]Email: sebastianania1@gmail.com

the Priority Watch List for Intellectual Property Protection.¹⁹ At various forums, USA has been pressurizing India to increase the protection of its IP and bring about a Trade Secret legislation.²⁰ Hence, in light of the push for a Trade Secret law by the USA,²¹ the inclusion of 'Trade Secret' in the lapsed National Innovation Bill, 2008 (NIB, 2008), and the proposal for state legislation on trade secret,²² the need for legislation in this area has come up for discussion in the public sphere. This paper addresses the viability of this push to have a *sui generis* protection of trade secrets as a result of internal factors that are contributed by the decision of courts in a few cases.

'Lapsed' Promises: Legislation and Trade Secrets

In India, the legislation that presently protects trade secrets are the Indian Contract Act, 1872 (Contract Act), Indian Copyright Act, 1957 (Copyright Act), among other acts that include the Indian Penal Code, 1860 and Code of Criminal Procedure, 1973, Arbitration and Conciliation Act, 1996, Consumer Protection Act, 1986, the Competition Act, 2002 and the Companies Act, 1956 and 2013. The absence of a specific mention of trade secret in any legislation in India as of today has led to a demand for a bill to 'codify and consolidate the law of confidentiality in aid of protecting confidential information, trade secrets and innovation' by NIB 2008.²³ The NIB 2008, however, lapsed without being tabled and was not free from criticism.²⁴ Though modelled around the America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science Act, 2007 (COMPETES Act, 2007),²⁵ which was incorporated as a result of two reports: National Academies' Rising Above the Gathering Storm Report, 2007, and the Council on Competitiveness' Innovate America Report, 2005,²⁶ the absence of a similar rigor is not seen with the incorporation of the NIB. Similar studies done in India can bring about the industry perspective on Innovation and Trade secrets and enable the drafting of legislation in a direction that involves both perspectives from the employers and employees.

Next, the definition clause of the NIB, for example, contains the ingredients that form part of the definition of a Trade Secret under Article 39.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), however, the NIB 2008 mentions the word Trade secrets in the Preamble but does not define it in its chapter on definitions, under Section 2. Section 2 (3) defines 'Confidential Information' with no mention of trade secrets.

There is no clarification as to whether the terms Confidential Information and Trade secrets are used interchangeably. Specifically, Section 8(1) of the NIB 2008 addresses the contractual relationship between the parties and the role of encouraging the setting out of terms and conditions between parties, which is an aspect that already exists under Indian laws. This can be seen in the case of *Burlington*⁶ when an employee signed a contract with the employer for a prolonged period, a classical example of unequal bargaining power. However, contracts do little to retain tacit knowledge. Tacit knowledge is hard to specify and retain in contracts, and the parties involved in its exchange will keep it in wraps as they may have different incentives to apply the knowledge for the idea's success. This is the key to retaining trade secrets in an organization.

Section 9 of the NIB 2008 mentions the need to retain obligations that arise from confidentiality from non-contractual relationships. Again, there is no change in this area of non-contractual relationships and has left the previously existing position unchanged. Section 12 of the NIB 2008 provides for preventive or mandatory injunctions restraining the misappropriation of confidential information. One commentator writes that the failure of the NIB 2008 is visible in the fact that there is an absence of new remedies in case of misappropriation of confidential information, and that the NIB 2008 has missed out on penal provisions.²⁷

Section 13 and the mandatory damages sub-clause mentioned in the NIB 2008 had also been discussed with courts suggesting that the use of remedies like damages is a better alternative than putting restraints on ex-employees from joining a rival or joining a workplace where the skill and knowledge that they acquired can be utilized.²⁸

The NIB 2008 could have also incorporated other suggestions that the court themselves proposed in the hearing of the cases under the dataset. One example is the appointment of an Advocate Commissioner to look into claims of misappropriation of Trade secrets.

From the Defend Trade Secrets Act, 2016 (DTSA), remedies that are based on compensation and mandatory damages for breach of confidence are also incorporated in the NIB 2008. However, by leaving out criticized aspects like ex-parte seizures, the NIB 2008 has drawn inspiration from the shortcomings of the DTSA. The NIB 2008 does not focus on employee mobility (an aspect addressed by the DTSA) and the need for protection of immunity to whistle-blowers.

In India, defining trade secrets under the Indian Copyright Act, 1957 resulted in the problem of conflict of recognition of trade secrets as a right separate from copyright. In the decisions under the Indian Copyright Act, 1957, courts did not go further than exploring the copyright angle even when issues of confidentiality came up. In most cases, courts have not gone into the use of any definition of trade secrets (like the universal definition found in Article 39, TRIPS) and have decided the matter solely based on the copyrightability of the information. It was only in the cases in the past decade that courts began to use the standard definition of trade secrets, as was the case in *Triviron Healthcare*.²⁹

Defining trade secrets under the Indian Contract Act, 1872 brought the problem of courts disregarding the absence/presence of the contract. Even if the contract mentioned that information shared/used/developed was confidential, the court held that it was (in some cases) and was not (in other cases). This differentiation was done based on the ability of the employer or manufacturer to prove the claim rather than presume the claim with evidence.

The problems in defining trade secrets have resulted in further issues of its identification in matters brought before the court, especially in the context of handling evidence relating to producing of trade secrets. In *Triviron Healthcare*,²⁹ Court examined both products (products not similar), looked at the cost factor (rival product marked the price higher than ex-employer), and discussed the meaning of a trade secrets. A trade secret has the element of uniqueness or exclusivity, as mentioned in *Triviron Healthcare*.²⁹ It may be a single factor or an idea or a combination of many factors and ideas. It includes manufacturing process, engineering, drawing, etc., and trade secrets cannot be defined or restricted to a set of activities or ideas.

It is a good beginning that the NIB 2008 is drafted in a manner that adopts the TRIPS meaning of trade secrets, especially since TRIPS do not mandate the confidential information protection to be treated as property under Article 39.2.³⁰ A Bill like the NIB 2008 does not provide clarity as to inter-changeability of terms, and no mention of trade secrets in the sub-clauses of Misappropriation (except Section 2(7)(a) and 2 (7) (b) (iii)) need to be remedied when future legislation is drafted for trade secret protection.

Whilst confidential information is the umbrella under which trade secrets exist, there exists separate legislation in a substantial number of jurisdictions

referring to confidential information as a separate category of protectable information. In Denmark, the legislation refers explicitly to both trade secrets and confidential information as protectable categories of information.³¹ Other countries, like China expanded their definition of trade secrets beyond strictly business and technology-related information. This enables them to include a wider variety of commercial information qualifies. By extending trade secrets to encompass all trade information, any procedure or system companies use to their benefit can be protected. This also allows new changes to enable more parties to be implicated in cases regarding trade secrets theft.³¹

‘Contradictory’ Promises: Judiciary and Trade Secrets

Various cases for the protection and alleged misappropriation of trade secrets have been brought under copyright and contract laws, claiming breach of confidentiality,³² and breach of contract.¹⁰ One example is the case of an employer seeking an ad-interim injunction restraining the breach of copyright and confidentiality, and for the rendition of the account. The ad-interim injunction was granted on the principle that a compilation of addresses developed by anyone by devoting time, money labor, and skill through the sources may be commonly situated amounts to a ‘literary work’ wherein the author has a copyright.³³ Originality requirement under Copyright Act, 1947 is a mere ‘not copied’ formula. This means that as long a person does not copy the work of another, it will be considered original within the purview of the Copyright Act, 1947. This allows independent creations of similar/same work while excluding copyright on the same ideas. There is also the ‘skill and labour’ test that rewards a person for the effort that she makes towards the creation and the further modification to a ‘modicum of creativity’ (further discussion is in Part IV of this paper). The rationale lies behind the ‘thou shall not steal’ principle which does not allow misappropriation of the work of another. However, this does not mean that copyright law can protect all aspects of where a person puts in any form of effort, as there are other avenues for that protection, for example, confidential information and the use of contracts.³⁴

The customer list devised by Burlington Home Shopping Pvt. was contented to be used by Rajnish, an ex-employee when he left the employment to start

a competitor. Court did not address the confidentiality of the customer list in this case and focused its decision on determining the copyright of a customer list by seeing it through the lens of a literary work.

A decade later in *American Express*,⁷ the Court held that customer phone numbers and details are general knowledge and cannot be held as confidential information as it comes under the purview of daily operations of the business, and that the employee cannot be curtailed from her prospects of employment by even an express contract. A contrary decision was given in the same month, with relation to the client list and that it was protect-able under the Indian Copyright Act, 1957 as a result of labor that was put into the creation of such list.⁵ These contradictory rulings of the courts in the context of trade secrets raise pertinent questions that need to be further examined.

The Tale of Two Acts: The Indian Copyright Act, 1957 and The Indian Contract Act, 1872

In *Burlington*,⁶ the employer-employee relationship was brought to the forefront with customer list as the subject matter of conflict. The customer list was devised by Burlington Home Shopping Pvt., which was engaged in the business of mail order services and published catalogs that contained select customer lists. Court did not address the confidentiality of the customer list in this case and focused its decision on determining the copyright of a customer list by seeing it through the lens of a literary work.

The question which arose for consideration before the court was if this customer list that contains mailing details and addresses that took the form of a database can come under the purview of the Copyright Act, 1957. And hence, if there was an infringement of the copyright in the database.

Burlington Home Shopping Pvt. argued that this database containing select customer details, especially the mailing details compiled as a result of hard work that took three years. Further, they argued that Rajnish, while working with Burlington Home Shopping Pvt. was not part of the development or compilation of the database. However, after resigning, Rajnish had established himself as a competitor and with the copy of the database has been establishing contact with Burlington Home Shopping Pvt.'s customers. As the employer, Burlington Home Shopping Pvt. sought *ad interim* injunction restraining the breach of copyright and confidentiality, and for a rendition of account.

Rajnish in his position as the employee argued that, firstly, the database containing the client list and other related details was not developed by Burlington Home Shopping Pvt. And, he had developed the database of customer details and was using it after his resignation and hence there is no infringement of the copyright of Burlington Home Shopping Pvt.

The High Court of Delhi granted an *ad interim* injunction that Burlington Home Shopping Pvt. had prayed for basing its decision on the principle that a compilation of addresses, though developed from using commonly available sources can result in the creation of a literary work if it is developed or refined by devoting time, money, labour and skill. In *Burlington*,⁶ Court held that the similarities between both the databases were unmistakable, including spelling mistakes, full stops, and commas. This results in the conclusion that Rajnish did in fact copy from Burlington Home Shopping Pvt. Customer list. And hence that there is a case of infringement by Rajnish of Burlington Home Shopping Pvt.'s copyright. If Rajnish was to continue using this database would cause irreparable injury to Burlington Home Shopping Pvt., something that could not be compensated in terms of money. This led to a restraint put on Rajnish from using the database containing customer information.

Trade secret was an aside and not the main issue with the court looking into whether the database is a literary work under Copyright Act, 1947, even with Burlington's contentions that the reason for its protection under the Copyright Act, 1947 is to entail its confidentiality. Burlington Home Shopping Pvt. had to fall back on the protection given under Copyright Act, 1957, and argue that it is a literary work. The High Court only made an observation that generally, customer lists and information concerning the proposed contents of a mail-order catalog can be a trade secret.

The Supreme Court of India has, since then, held that labour alone does not entitle one to copyright, as in *Eastern Book Company v D.B Modak (EBC)*³⁵ wherein the 'sweat of the brow doctrine,' was rejected (this doctrine enabled work to come under the purview of a literary work under the Indian Copyright Act, 1957 as a result of minimum labour, skill, energy and time being infused in a work). What emerges from the reading of the *EBC*³⁵ case concerning a perspective of trade secret law, is that the mere fact that someone went to the time, trouble, and expense to gather information-or even to create it-does not make it a protect-able trade secret. Also, the *EBC*³⁵ case

following the principles laid down of 'sweat of the brow' by the Canadian Supreme Court in *CCH Canadian Ltd. v Law Society of Upper Canada*³⁶ that can also be read to focus on protection accorded to employers for work done under them.

The latter case of *Diljeet Titus and Ors. v Alfred A. Adebare and Ors.*⁵ (*Diljeet Titus*) has upheld this notion of the wrongful assumption of a literary work by categorizing a customer list as such. However, the latest case of *Tech Plus Media Private Ltd. v Jyoti Janda*,³⁷ (*Tech Plus Media*) against which no appeal has been sought is the most recent decision that states that customer lists cannot fall within a literary work and cannot come within the purview of a trade secret. In *Diljeet Titus*,⁵ the distinction drawn also related to stealing the confidential information, by entering the workplace and copying information onto a hard disc- aspects that are not seen in this case and *Tech Plus Media*.

The decisions of *Burlington*⁶ and *Diljeet Titus*⁵ have to be read in correlation with the fact that both these decisions are prior in date to the Supreme Court decision in *EBC*³⁵ that laid down (i) that for a work to become a literary work and to be entitled to protection under the Indian Copyright Act, 1957, there must be the use of skill and judgment that though may not result in novelty and non-obviousness in terms of creativity, but cannot be just the product of mere capital and labour; and, (ii) that the exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise.

In analyzing the case of *Burlington*,⁶ it has to be noted that Burlington as the plaintiff has not given any other description of the works in which it claims copyright and no document also has been filed in this regard. Burlington Home Shopping Pvt. has also not disclosed the name of the author, who was employed with the plaintiff without which a copyright cannot be granted as identification of the author is key to a copyright claim and as *Burlington*,⁶ which is a company, cannot be the author. The requirement is of a natural person and not an artificial person. It is not the case of Burlington Home Shopping Pvt. that it has published the said list, for Clause (i) of Section 13(2) to apply. For Clause (ii) of Section 13(2) to apply, the author of the list has to be a citizen, of India or domiciled in India. Burlington claimed ownership of copyright under Section 17 of the Indian Copyright Act, 1957, presumably under Clause (c) thereof. Burlington Home Shopping Pvt. has also not

stated the time and effort in identifying customers with particular needs or characteristics rather than a compilation of all customers.

Even with this trend reversing, however, its value as a precedent did not depreciate as a result of its use, especially in *Diljeet Titus*.⁵ The latest case of *Tech Plus Media* settles the current place, however it is a High Court decision, and its value as a precedent, with no supreme court decision, is still uncertain. Thus, viewed in light of the correct position of determining copyright under the Indian Copyright Act, 1957 and the current position in *EBC*,³⁵ the case of *Burlington*⁶ upholding the customer list as copyrightable goes against the basic premise of copyright being a literary work. This concludes the first argument the true sense of a literary work is diluted with its use in a case claiming trade secret protection.

And finally, as found in other Indian cases (a very good example is the *Indiana Gratings* case)³⁸, the foremost consequence of protecting trade secrets under the Indian Copyright Act, 1957 is that courts have tried to read trade secrets as part of copyright. This means that the court has held that if there is no copyright, a claim for confidential information fails automatically. The opposite is also true, with the court deciding that if there is a copyright, only then should the confidential information claim be addressed. Hence, examination of trade secrets has not been done, and there is no discussion about trade secret even though they formed part of the issues. The second argument in favour of the *sui generis* mode of protection for trade secrets is that of retaining the confidentiality of information that is regulated by contracts. This aspect is, firstly, under-examined in the form of evidence in the Indian cases. This is seen in the cases of *Beyond Dreams Entertainment and Ors. v Zee Entertainment Enterprises and Anr.*,³⁹ (*Beyond Dreams*) and *Sanjay Kumar Gupta and Ors. v Sony Picture Networks India Pvt. Ltd. and Ors.*⁴⁰ (*Sanjay Kumar Gupta*). In *Sanjay Kumar Gupta*,⁴⁰ wherein the conflict was regarding a concept note made by one party (Sanjay Kumar Gupta) in confidence and shared with the other (Sony Picture) in confidence. The confidence was breached when the note was shared without Sanjay Kumar Gupta's permission by a third party by Sony Pictures. There was the intricacy of a consent letter that was signed between Sanjay Kumar Gupta and Sony Pictures was examined. The consent letter stated that Sony Pictures Defendants could not be held responsible in case the contents similar to that of Sanjay Kumar Gupta's

concept are broadcasted. Court looked into the fact that such a consent note was not produced in evidence by Sanjay Kumar Gupta. And hence discredited the entire argument of confidentiality that should have been maintained by Sony Pictures. In *Beyond Dreams*,³⁹ the Court engaged with a new practice of meshing together copyright and confidential information claims that examined not just the copyright claim but went further to understand if the confidential information was retained and maintained as confidential irrespective of the amount of creativity.

The second part of the second argument is that under both the Indian Copyright Act, 1957 and the Indian Contract Act, 1857, (Contract Act), the elements of confidentiality are imposed or circumvented. This study shows that courts have overtly interfered in the basic premise of contractual obligations between two parties by reading solely into what constitutes a trade secret. The best example is the case of *American Express Bank Ltd. v Priya Puri*⁷ (*American Express*). This case happened during the backdrop of new opportunities that are to the benefit of the financial sector by globalization inevitably resulting in the rise of multinational financial services.⁴¹ This case is based on the American Express Bank (AmEx), New Delhi branch where Priya Puri was employed as the head of Wealth Management. She was promoted numerous times before she resigned from the services of AmEx in 2005.

The issue in *American Express*⁷ related to trade secret/ confidential information was whether Priya had misappropriated the trade secrets/ confidential information of AmEx, in violation of the agreement confidentiality agreement that was signed between AmEx and Priya. AmEx sought an injunction against Priya for misusing the information and data that she had access to as a result of her senior position at AmEx. Her senior position entailed access to customer data and information that AmEx classifies as trade secrets. Further, AmEx argued that during her tenure of employment with them, Priya had collated and collected this information for future use. Priya had then proceeded to approach the customers of AmEx, even before she left the employment of AmEx and in the post-employment period, to make these customers migrate to another bank that Priya joined/ desired to join. These were the arguments put forth by AmEx.

Priya, on the other hand, argued before the Court that she never had access to any information that contained trade secrets. She asserted that the lists that

she had access to in her capacity as being involved in wealth management were the names of customers, their phone numbers, and addresses that were commonly available and from the public domain. Hence this hardly qualifies as a trade secret as claimed by AmEx. Her biggest contention before the court was the restraint put on her in engaging or undertaking employment for one year post-employment with AmEx. This, she contented before the Court, was a negative term in her contract of appointment that is hit by Section 27 of the Contract Act. As such, the negative term is a restraint of trade and hinders Priya's prospects.

The Court decided the matter in favour of Priya, thereby ignoring the conditions in her contract. As a result of the lack of judicial precedents, the court looked at foreign cases to decide that details of customers are not trade secrets nor do they solely belong to AmEx.⁴² In Para 46 of the case, the Court looked at foreign decisions to hold that customers are not trading secrets, nor are they property. This is so as customers are fixed, and information of the names of their patrons cannot be said to be a secret. This was so as even a person of ordinary intelligence can become familiar with the customers who might be served during a period. And hence, in the Indian scenario, the Court held that these kinds of post-employment restrictions are contra section 27 of the Contract Act.

In another case of *Indiana Gratings Private Limited and Ors v Anand Udyog Fabricators Private Limited and Ors.*,³⁸ (*Indiana Gratings*) on the issue of whether the drawings of one party could be categorized as confidential or not, a crucial point of discussion (of confidentiality) was an aside and the matter was decided by looking into two cases that discussed contractual arrangement between the parties that were violated when the disclosure happened, *Escorts Construction Equipment Ltd. and Ors. v Action Construction Equipment Pvt. Ltd. and Anr.*⁴³ and *John Richard Brady and Ors. v Chemical Process Equipment's P. Ltd. and Anr.*⁴⁴ Justice R. S. Dalvi did not discuss whether a drawing generated by an employee would be confidential information. Court held:

"54. A look at the various drawings of the Plaintiffs in this case would unmistakably show no appeal and only mechanical devices and machine parts to perform specified functions. The Plaintiffs' drawings are, therefore, not design they are contended to be. They are artistic works within the meaning of Section 2(c) of the Copyright Act, 1957

and their theft, copying, and subsequent use upon purchase of parts of similar products from the suppliers of the Defendants 1 to 3 constitute infringement under Section 2(m) of the Plaintiffs' copyright under Section 14(c)(1) of the Copyright Act, 1957.

55. The Defendants are, therefore, restrained from using the Plaintiffs' drawings mentioned in Exhibit G to the Plaintiffs' and thereby infringing their copyright in their drawings or making any 3 Dimensional objects of machine parts which would be reproduction of the Plaintiffs' Drawings."

There is no focus on the confidentiality aspect as a result of the existence of a confidentiality clause in the contract. The Court has evaded examining the confidentiality of the information based on a contractual clause. There are other cases also that follow the theme of non-examination of trade secrets, even with the plaintiff hinging its argument based on the premise that the defendant misappropriated their trade secret.⁴⁵ That is not to say that courts have completely overlooked the issue of evidence in trade secrets, however, even in those cases, the strength of conviction for trade secrets has been lost when the issue reached the Supreme Court.

In the USA, the Court of Appeals of New York in *Taylor v Hoffman*,⁴⁶ observed that independent of copyright or letters patent, an inventor or author, has, by the common law, an exclusive property in his invention or composition, until by publication it becomes the property of the general public. Hence, the Court has still more definitely confirmed the property concept, as can be deduced by the language of the court. This concession seems to be well-founded and to be sustained by authority.⁴⁷

Continuing on the publication aspect of trade secrets, wherein the secret gets known to the public; even if the true value of the trade secret cannot be realized without it being published; the courts have held that in such a case the property right in the information is lost immediately on its use, as held in *Affiliated Enterprises v Gruber*.⁴⁸ Of course, there are exceptions to this general rule. For example, the right to have exclusive use of foreign and financial news for fifteen minutes after its receipt by the *Associated Press*⁴⁹ has been held to be property.

In *Oleschewski v Hudson*,⁵⁰ the Court necessarily discussed the property concept and stated that a laundry list held by a proprietor is a property right that a court may protect. It is not, however, like a

tangible right such as stocks, bonds, personal effects, household goods, or animals, explained the Court, which proceeded to liken the list to the goodwill of a business. The case discussed the doctrine of equity by which the goodwill embodied in a list of customers was to be protected by way of injunctive relief. The decision in the above case is interesting and significant in that it insists on the proposition that a trade secret is a property right, yet places very definite limitations on the theory.

In *International News Service v Associated Press*,⁵¹ INS obtained current news information from publicly available sources (AP subscriber publications). The Court held that INS was liable for misappropriation in violation of AP's 'quasi property' rights in the news information.

In the Supreme Court of the USA in *Du Pont Powder Co. v Masland*⁵² wherein an ex-employee was prevented from using or disclosing certain secret processes about manufacturing artificial leather, it was alleged that he had learned such secret processes while an employee of the plaintiff. A preliminary injunction was issued enjoining the defendant from disclosing the alleged secrets to experts or witnesses during the taking of proofs, except the counsel. A motion to dissolve the injunction was denied, the order denying the motion being reversed by the Circuit Court of Appeals. The Court of Appeals found that, although there appeared to be a property interest at stake, the defendant's right to a fair trial required the dissolution of the injunction.⁵³ On *certiorari* the Supreme Court reversed the Circuit Court of Appeals, leaving the matter of disclosure to the discretion of the trial judge. In reaching its decision the Supreme Court had to comment on whether or not a property right was the basis of the action, stating:

"The case has been considered as presenting a conflict between a right to property and a right to make a full defence, and it is said that if the disclosure is forbidden to one who denies that there is a trade secret, the defence are adjudged against him before he has a chance to be heard or prove his case. We approach the question somewhat differently. The word property as applied to trademarks and trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith. Whether the plaintiffs have any valuable secret or not, the defendant knows the facts, whatever they are, through a special confidence that he accepted."

And further that:

“Therefore the starting point for the present matter is not the property or due process of law, but that the defendant stood in confidential relations with the plaintiffs, or one of them. These have given place to hostility, and the first thing to be made sure of is that the defendant shall not fraudulently abuse the trust reposed in him. It is the usual incident of confidential relations. If there is any disadvantage in the fact that he knew the plaintiff's secrets he must take the burden with the good.”

The Supreme Court's observation as to the weakness in the property concept has been shared in other quarters, it having been suggested that in reality the basis for relief can best be rationalized under the theory of unfair competition and that the whole problem should merely be viewed as a conflict between the policy of giving free rein to the individual and that of encouraging business enterprise by protecting trade secrets.⁵⁴ This language is cited frequently for the proposition that there is no property right in a trade secret.⁵⁵

In *Ruckelshaus v Monsanto*,⁵⁶ the Supreme Court observed that trade secrets have inherent characteristics found in tangible forms of property and that trade secret interests are protected by the Fifth Amendment's Takings Clause.

Conclusion

The lacunas in both procedural and substantive fields hold up the argument for a *sui generis* mode of protection. The internal arguments in favour of *sui generis* protection need to be the focus rather than the external ones of Priority Watch list and pressure by the USA. The internal arguments show readiness on the part of India to bring about a *sui generis* mode of protection for trade secrets that are being guided and the need of the hour. This argument takes place in the backdrop of India and other third world countries that have resisted a stringent mode of protection regulated by Intellectual Property (IP) laws in certain areas citing the use of flexibilities in TRIPs towards local conditions. In public health matters, for example, as drug patenting protection identical to that for industrialized countries was advocated in TRIPs, developing countries were quick to highlight its potentially deleterious impact on the health of their citizens.⁵⁷ The forcing of legislation passed by the North on developing states, the commodification of Intellectual Property Rights (IPRs), the unequal growth as a result of contemporary capitalism result in drugs being inaccessible to treat HIV, and an unequal international system.⁵⁸ It is in this debate of treatment

and acceptance of IP that trade secrets, a relatively unexplored area of IP finds mentioned. It has to be mentioned that treating trade secrets with stronger protection might come at the expense of employee mobility and robust competition, and, as some scholars mention, perhaps even free speech.⁵⁹ When seen in the context of developing countries and the incorporation and adjustments made in IP laws to do as observed what developed countries were doing or suiting the national interest of developing countries.⁶⁰ Finally, developing country aspirations are best reflected by their convictions, and the need for a specific mode of protection for trade secrets can stem from the internal indecisiveness of courts in deciding these matters. This paves the way for legislation to emerge that will result in appropriate protection of trade secrets while keeping in mind the pre-existing stance in the country on the two major law that has influenced trade secrets, the Indian Copyright Act, 1957 and the Indian Contract Act, 1872.

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