

CHAPTER 589

TRADE SECRETS ACT

AN ACT to transpose Directive 2016/943/EU on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

14th May, 2019

[ACT XXIX of 2018](#), as amended by Act [XXXV of 2023](#).

1. The short title of this Act is the Trade Secrets Act.

Short title.

PART I - GENERAL

2. In this Act, unless the context otherwise requires:

Interpretation.

"competent court" and "Court", unless otherwise prescribed by regulations made under this Act, means the Court that is competent to take cognizance of a case according to the rules established in the [Code of Organization and Civil Procedure](#);

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"contrary to honest commercial practices" shall mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition;

"infringer" means any natural or legal person who has unlawfully acquired, used or disclosed a trade secret;

"infringing goods" means goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed;

"the Minister" means the Minister responsible for Intellectual Property;

"trade secret" means information which meets all of the following requirements:

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

(c) it has been subject to reasonable steps under

the circumstances, by the person lawfully in control of the information, to keep it secret;

"trade secret holder" means any natural or legal person lawfully controlling a trade secret.

Scope.

3. (1) This Act lays down rules on the protection against the unlawful acquisition, use and disclosure of trade secrets.

(2) This Act transposes Directive (EU) 2016/943 of the European Parliament of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

Extension of applicability to exclusive economic zone area or environment protection area.
Added by: XXXV.2023.91.
Cap. 362.
Cap. 625.

3A. The provisions of this Act and of any subsidiary legislation made thereunder shall also apply, in accordance with the provisions of the 1982 United Nations Convention on the Law of the Sea as ratified by the [Law of the Sea \(Ratification\) Act](#), to an exclusive economic zone area or an environment protection area as defined in the [Exclusive Economic Zone Act](#). Any artificial island, installation, structure, equipment or device therein shall, solely for the purposes of this Act and any subsidiary legislation made thereunder, be treated as if they were situated in Malta itself.

Non Applicability.

4. (1) This Act shall not affect:

(a) the exercise of the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, the Constitution of Malta and the [European Convention Act](#) including respect for the freedom and pluralism of the media;

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(b) the application of rules requiring trade secret holders to disclose, for reasons of public interest, information, including trade secrets, to the public or to administrative or judicial authorities for the performance of the duties of those authorities;

(c) the application of rules requiring public authorities to disclose information submitted by businesses which public authorities hold pursuant to, and in compliance with obligations and prerogatives set out in law;

(d) the autonomy of social partners and their right to enter into collective agreements in accordance with law.

(2) Nothing in this Act shall be understood to offer any ground for restricting the mobility of employees. In particular, this Act shall not provide any ground for:

(a) limiting employees' use of information that does not constitute a trade secret as defined in article 2 of this Act;

(b) limiting employees' use of experience and skills honestly acquired in the normal course of their employment;

(c) imposing any additional restrictions on employees in their employment contracts other than those restrictions imposed by law.

PART II - ACQUISITION, USE AND DISCLOSURE OF TRADE SECRETS

5. (1) The acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means: Lawful acquisition, use and disclosure of trade secrets.

(a) independent discovery or creation;

(b) observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;

(c) exercise of the right of workers or workers' representatives to information and consultation in accordance with law and practices;

(d) any other practice which, under the circumstances, is in conformity with honest commercial practices.

(2) The acquisition, use or disclosure of a trade secret shall be considered lawful to the extent that such acquisition, use or disclosure is required or allowed by law.

6. (1) The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, whenever carried out by: Unlawful acquisition, use and disclosure of trade secrets.

(a) unauthorised access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;

(b) any other conduct which, under the circumstances, is considered contrary to honest commercial practices.

(2) The use or disclosure of a trade secret shall be considered unlawful whenever carried out, without the consent of the trade secret holder, by a person who is found to meet any of the following conditions:

(a) having acquired the trade secret unlawfully;

(b) being in breach of a confidentiality agreement or

any other duty not to disclose the trade secret;

(c) being in breach of a contractual or any other duty to limit the use of the trade secret.

(3) The acquisition, use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of sub-article (2).

(4) The production, offering or placing on the market of infringing goods, or the importation, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret where the person carrying out such activities knew, or ought, under the circumstances, to have known that the trade secret was used unlawfully within the meaning of sub-article (2).

Exceptions.

7. An application for the measures, procedures and remedies provided for in this Act shall be dismissed where the alleged acquisition, use or disclosure of the trade secret is carried out in any of the following cases:

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(a) for exercising the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, the Constitution of Malta and the [European Convention Act](#) including respect for the freedom and pluralism of the media;

(b) for revealing misconduct, wrongdoing or illegal activity, provided that the respondent acted for the purpose of protecting the general public interest;

(c) disclosure by workers to their representatives as part of the legitimate exercise by those representatives of their functions in accordance with the law, provided that such disclosure was necessary for that exercise; or

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(d) any disclosure by an employee to a whistle-blowing reporting officer or a whistle-blowing reports unit as provided for in the [Protection of the Whistleblower Act](#);

(e) for the purpose of protecting a legitimate interest recognised by law.

PART III - MEASURES, PROCEDURES AND REMEDIES

Proportionality and abuse of the judicial process.

8. (1) The competent court shall apply the measures, procedures and remedies provided for in this Act in a manner that:

(a) is proportionate;

(b) avoids the creation of barriers to legitimate trade in the internal market; and

(c) provides for safeguards against their abuse.

(2) Where an application concerning the unlawful acquisition, use or disclosure of a trade secret is manifestly unfounded and the applicant is found to have initiated the legal proceedings abusively or in bad faith, the competent court, upon the request of the respondent, may apply appropriate measures. Such measures shall, as appropriate, include awarding damages to the respondent, imposing sanctions on the applicant or ordering the dissemination of information concerning a decision as referred to in article 15.

9. (1) The parties, their lawyers or other representatives, court officials, witnesses, experts and any other person participating in legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret, or who has access to documents which form part of those legal proceedings, is not permitted to use or disclose any trade secret or alleged trade secret which the competent court has, in response to a duly reasoned application by an interested party, identified as confidential and of which they have become aware as a result of such participation or access to the proceedings.

Preservation of confidentiality of trade secrets in the course of legal proceedings.

(2) The obligation not to use or disclose any trade secret or alleged trade secret referred to in sub-article (1) shall remain in force after the legal proceedings have ended. However, such obligation shall cease to exist in any of the following circumstances:

(a) where the alleged trade secret is found, by a final decision, not to meet the requirements of a trade secret as defined in article 2; or

(b) where over time, the information in question becomes generally known among or readily accessible to persons within the circles that normally deal with that kind of information.

(3) The competent court may *ex officio* take specific measures necessary to preserve the confidentiality of any trade secret or alleged trade secret used or referred to in the course of legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret.

(4) Upon an application referred to in sub-article (1) the competent court may:

(a) restrict access to any document containing trade secrets or alleged trade secrets submitted by the parties or third parties, in whole or in part, to a limited number of persons;

(b) restrict access to hearings, when trade secrets or alleged trade secrets may be disclosed, and the corresponding

record or transcript of those hearings to a limited number of persons;

(c) make available to any person other than those comprised in the limited number of persons referred to in paragraphs (a) and (b) a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted:

Provided that the number of persons referred to in paragraphs (a) and (b) shall be no greater than necessary to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one natural person from each party and the respective lawyers or other representatives of those parties to the legal proceedings.

(5) When deciding on the measures referred to in this article, the competent court shall take into account the need to ensure the right to an effective remedy and to a fair trial, the legitimate interests of the parties and, where appropriate, of third parties, and any potential harm for either of the parties, and, where appropriate, for third parties, resulting from the granting or rejection of such measures.

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(6) Any processing of personal data pursuant to this article shall be carried out in accordance with the [Data Protection Act](#) and Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Provisional and precautionary measures.

10. The competent court may, upon an application of the trade secret holder issue precautionary acts against the alleged infringer for:

(a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret on a provisional basis;

(b) the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;

(c) the seizure or delivery up of the suspected infringing goods, including imported goods, so as to prevent their entry into, or circulation on, the market.

(2) As an alternative to the measures referred to in sub-article (1), the competent court may make the continuation of the alleged unlawful use of a trade secret subject to the lodging of guarantees intended to ensure the compensation of the trade secret holder:

Provided that the disclosure of a trade secret in return for the lodging of guarantees shall not be allowed.

(3) In the application of this article, the provisions of Title VI of Book Third of the [Code of Organization and Civil Procedure](#) shall *mutatis mutandis* apply, save as otherwise provided in this Act.

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11. (1) The competent court shall only apply the measures in article 10 upon the applicant providing evidence that may reasonably be considered available in order to satisfy itself with a degree of certainty that:

Conditions of application and safeguards.

- (a) a trade secret exists;
- (b) the applicant is the trade secret holder; and
- (c) the trade secret has been acquired unlawfully, is being unlawfully used or disclosed, or unlawful acquisition, use or disclosure of the trade secret is imminent.

(2) The competent court shall ensure that in deciding or granting or rejecting an application and assessing its proportionality, it shall take into account the specific circumstances of the case, including where appropriate:

- (a) the value and other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the respondent in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the public interest; and
- (h) the safeguard of fundamental rights.

(3) The court, upon a request of the respondent, shall revoke or otherwise cease the precautionary acts referred to in article 10, if:

- (a) the applicant does not institute legal proceedings leading to a decision on the merits of the case before the competent court, within a reasonable period determined by the competent court ordering the measures where the law permits or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is the

longer; or

(b) the information in question no longer meets the requirements of a trade secret as defined in article 2, for reasons that cannot be attributed to the respondent.

(4) The competent court shall ensure that the measures referred to in article 10 are subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the respondent and, where appropriate, by any other person affected by the measures.

(5) Where the measures referred to in article 10 are revoked on the basis of paragraph (a) of sub-article (3), where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no unlawful acquisition, use or disclosure of the trade secret or threat of such conduct, the competent court shall have the authority to order the applicant, upon the request of the respondent or of an injured third party, to provide the respondent, or the injured third party, appropriate compensation for any injury caused by those measures.

Injunction and
corrective
measures.

12. (1) Where a judicial decision is taken on the merits of the case finds that there has been unlawful acquisition, use or disclosure of a trade secret, the competent court may, at the request of the applicant order one or more of the following measures against the infringer:

(a) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret;

(b) the prohibition of the production, offering, placing on the market or use of infringing goods, or the importation, export or storage of infringing goods for those purposes;

(c) the adoption of the appropriate corrective measures with regard to the infringing goods;

(d) the destruction of all or part of any document, object, material, substance or electronic file containing or embodying the trade secret or, where appropriate, the delivery up to the applicant of all or part of those documents, objects, materials, substances or electronic files.

(2) The corrective measures referred to in paragraph (c) of sub-article (1) shall include:

(a) recall of the infringing goods from the market;

(b) depriving the infringing goods of their infringing quality; or

(c) destruction of the infringing goods or, where

appropriate, their withdrawal from the market, provided that the withdrawal does not undermine the protection of the trade secret in question.

(3) Where the court orders the measures in sub-article 1(c) and (d) to be carried out, any such measures shall be carried out at the expense of the infringer, unless there are particular reasons for not doing so. Those measures shall be without any prejudice to any damages that may be due to the trade secret holder by reason of the unlawful acquisition, use or disclosure of the trade secret.

13. (1) The competent court in considering an application for the adoption of the injunctions and corrective measures provided for in article 12 and in assessing their proportionality, shall take into account specific circumstances of the case, including, where appropriate:

Conditions of application, safeguards and alternative measures.

- (a) the value or other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the infringer in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the public interest; and
- (h) the safeguard of fundamental rights.

Provided that where the competent court limits the duration of the measures referred to in paragraphs (a) and (b) of sub-article (1) of article 12, such duration shall be sufficient to eliminate any commercial or economic advantage that the infringer could have derived from the unlawful acquisition, use or disclosure of the trade secret.

(2) The competent court shall ensure that the measures referred to in paragraph (a) and (b) of sub-article (1) of article 12 are revoked or otherwise cease to have effect, upon the request of the respondent, if the information in question no longer meets the requirements of sub-article (1) of article 12 for reasons that cannot be attributed directly or indirectly to the respondent.

(3) The competent court may, at the request of the person liable to be subject to the measures provided for in article 12, order pecuniary

compensation to be paid to the injured party instead of applying those measures if all the following conditions are met:

- (a) the person concerned at the time of use or disclosure neither knew nor ought, under the circumstances, to have known that the trade secret was obtained from another person who was using or disclosing the trade secret unlawfully;
- (b) execution of the measures in question would cause that person disproportionate harm; and
- (c) pecuniary compensation to the injured party appears reasonably satisfactory.

Provided that, where pecuniary compensation is ordered instead of the measures referred to in paragraphs (a) and (b) of article 12(1), it shall not exceed the amount of royalties or fees which would have been due, had that person requested authorisation to use the trade secret in question, for the period of time for which use of the trade secret could have been prohibited.

Damages.

14. (1) The competent court may, upon the request of the injured party, order an infringer who knew or ought to have known that he, she or it was engaging in unlawful acquisition, use or disclosure of a trade secret, to pay the trade secret holder damages appropriate to the actual prejudice suffered as a result of the unlawful acquisition, use or disclosure of the trade secret.

(2) When setting the damages referred to in sub-article (1), the competent court shall take into account all appropriate factors, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the trade secret holder by the unlawful acquisition, use or disclosure of the trade secret.

The competent court may, alternatively, in appropriate cases, set the damages as a lump sum on the basis of elements such as, at a minimum, the amount of royalties or fees which would have been due had the infringer requested authorisation to use the trade secret in question.

Publication of
judicial decision.

15. (1) In legal proceedings instituted for the unlawful acquisition, use or disclosure of a trade secret, the competent court may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including publishing it in full or in part.

(2) Any measure referred to in sub-article (1) shall preserve the confidentiality of trade secrets as provided for in article 9.

(3) In deciding whether to order a measure referred to in sub-

article (1) and when assessing its proportionality, the competent court shall take into account, where appropriate, the value of the trade secret, the conduct of the infringer in acquiring, using or disclosing the trade secret, the impact of the unlawful use or disclosure of the trade secret, and the likelihood of further unlawful use or disclosure of the trade secret by the infringer:

Provided that, the competent court shall also take into account whether the information on the infringer would be such as to allow a natural person to be identified and, if so, whether publication of that information would be justified, in particular in the light of the possible harm that such measure may cause to the privacy and reputation of the infringer.

PART IV - SANCTIONS, RESOURCES, PRESCRIPTION AND FINAL PROVISIONS

16. The competent court may impose on any person who fails or refuses to comply with any measure adopted pursuant to articles 9, 10 and 12 a penalty of not less than five hundred euro (€500) but not more than one hundred fifty thousand euro (€150,000). The competent court may additionally impose a daily recurring penalty payment of not less than fifty euro (€50) but not more than one thousand euro (€1,000) in the event of non-compliance with a measure adopted pursuant to articles 10 and 12.

Sanctions for non-compliance with this Act.

17. (1) The prescriptive period in relation to substantive claims and actions for the measures, procedures and remedies provided for in this Act shall be of two years.

Prescription.

(2) The prescriptive period referred to in sub-article (1) shall commence to run from the day, when the trade secret holder knows of or ought to have known of any unlawful acquisition, use and disclosure of the trade secrets.

18. The Minister may make regulations to implement and give better effect to the provisions of this Act, and without prejudice to the generality of the foregoing, may prescribe anything which shall be done or may be prescribed and provide for any consequential thing, incidental to or connected to the provisions of this Act

Power to make regulations.

19. Without prejudice to any provision of this Act granting the Minister the power to make regulations, the Minister may, subject to the provisions of the [Exclusive Economic Zone Act](#), from time to time, make, amend, substitute or repeal regulations for the purpose of regulating, prescribing or otherwise providing for any matters regulated by or under this Act or by or under any subsidiary legislation made thereunder, in respect of an exclusive economic zone area or an environment protection area as defined in the [Exclusive Economic Zone Act](#) or any activities therein including, but not limited, to the applicability or otherwise of this Act and, or of any subsidiary legislation made thereunder.

Power to make regulations with respect to exclusive economic zone area or environment protection area.
Added by:
XXV.2023.92.
Cap. 625.