

LAW ON PROTECTION OF TRADE SECRET

(“Official Gazette of Montenegro”, No. 145/21)

Subject Article 1

This law regulates the civil legal protection of trade secret from illegal acquisition, use or disclosure.

Trade secret Article 2

Trade secret is information:

- which is not fully or in a precisely defined configuration or sum of its components generally known or easily accessible to persons who use this information in the framework of their activities;
- which has commercial value because it is secret, and
- for which a natural or legal person who legally controls a trade secret (hereinafter: the holder of a trade secret) has taken appropriate measures, in order to keep it secret.

Application Article 3

The provisions of the law governing civil proceedings, provisions of the Law regulating obligation relations and the procedure of execution and security shall apply accordingly to issues that are not regulated by this Law and relate to the procedure and costs of conducting the procedure.

Lawful acquisition, use or disclosure of a trade secret Article 4

Acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means:

- 1) independent discovery or creation;
- 2) observing, studying, disassembling or testing a product or object which has been made available to the public or is lawfully in the possession of the person who obtained the information and who is free from any legally valid duty to limit the acquisition of a trade secret;
- 3) exercise of the right of workers or workers' representatives to information and consultation in accordance with European Union law;
- 4) in accordance with good business practices.

The acquisition, use or disclosure of a trade secret shall be considered lawful when such acquisition, use or disclosure is required or permitted under law.

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 permitted by European Union law.

Unlawful acquisition, use or disclosure of trade secrets

Article 5

Acquisition of a trade secret without the consent of the holder of the trade secret shall be considered unlawful whenever carried out by:

- 1) 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, or
- 2) contrary to good business practice.

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:

- 1) having acquired the trade secret unlawfully,
- 2) being in breach of a confidentiality agreement,
- 3) being in breach of a contractual duty which stipulates the use of the trade secret,
- 4) being in breach of duty not to disclose the trade secret.

Production, offering or placing on the market of infringing goods, i.e. import, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret if the person who undertook such activities knew or ought, under the circumstances, to have known that the trade secret was used unlawfully.

The goods referred to in paragraph 3 of this Article are goods whose design, characteristics, functioning, production process or placing on the market significantly benefit from trade secrets that have been unlawfully acquired, used or disclosed.

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.

Dismissal of application

Article 6

The competent court shall dismiss the application for determining the measures referred to in Article 7 of this Law, i.e. it shall reject the claim referred to in Article 11 of this Law, if the alleged acquisition, use or disclosure of a trade secret was carried out for:

- 1) detection of omissions, irregularities or illegal activities, provided that the alleged respondent acted for the purpose of protecting the general public interest;
- 2) disclosure of trade secret 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 the legitimate performance of the functions of those representatives;
- 3) for the purpose of protecting a legitimate interest recognised by the law;
- 4) for exercising the right to access the information in accordance with the law which regulates the right to access the information held by public authorities and for exercising the right to

freedom of expression and information in accordance with the law which regulates media expression and information, including respect for the freedom and pluralism of the media;

5) for exercising the right to freedom of expression and information as set out in the Charter of Fundamental Rights of the European Union, including respect for the freedom and pluralism of the media;

6) disclosure of trade secret by workers to their representatives as part of the lawful exercise by those representatives of their functions in accordance with the EU law, provided that such disclosure was necessary for that exercise;

7) for the purpose of protecting a legitimate interest recognised by the European Union law.

Provisional measures for unlawful acquisition, use or disclosure of trade secret

Article 7

In order to prevent the unlawful acquisition, use or disclosure of a trade secret, the holder of a trade secret or the licensee, to the extent authorized to do so on the basis of a concluded contract or law (hereinafter: the licensee), may request the imposition of provisional measures even before filing a lawsuit.

The competent court may, at the request of the holder of the trade secret or the licensee, order the following provisional measures against the alleged infringer:

- 1) the cessation of or the prohibition of the use or disclosure of the trade secret on a provisional basis;
- 2) the prohibition of the production, offering, placing on the market or use of infringing goods, or prohibition of the importation, export or storage of infringing goods;
- 3) 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.

The competent court may order the measures referred to in paragraph 2 of this Article, provided that the applicant provides appropriate guarantees or security of the same value, in order to secure compensation for damage suffered by the alleged infringer or a third party affected by the measures.

Guarantee

Article 8

The competent court may, at the request of the holder of the trade secret or the licensee instead of the measures referred to in Article 7, paragraph 2 of this Law, allow the alleged infringer to continue the alleged unlawful use of the trade secret by lodging of guarantees intended to ensure the compensation for damages which may be suffered by the holder of the trade secret or the licensee.

Lodging of guarantees in exchange for the disclosure of a trade secret shall not be permitted.

Submission of evidence to order provisional measures

Article 9

In order to determine the measures referred to in Article 7 of this Law, the competent court shall require the applicant to submit evidence in order to make it probable that the trade

secret was unlawfully acquired, used or disclosed, or that there is a risk that a trade secret may be acquired unlawfully, in order to make sure that:

- 1) trade secret exists;
- 2) the applicant is a holder of a trade secret or a licensee, and
- 3) a trade secret has been unlawfully acquired, that it is unlawfully used or has been unlawfully disclosed, i.e. that the unlawful acquisition, use or disclosure of a trade secret is imminent.

The competent court is obliged to take into account, when deciding on provisional measures, the following:

- 1) value and specificity of a trade secret;
- 2) measures undertaken in order to protect a trade secret;
- 3) conduct of the alleged infringer in acquiring, using or disclosing a trade secret;
- 4) impact of unlawful use or disclosure of a trade secret;
- 5) legitimate interests of the parties and the possible impact of the acceptance or rejection of the measures on the parties;
- 6) legitimate interests of third parties;
- 7) public interest, and
- 8) protection of basic human rights.

Revocation of provisional measures

Article 10

The competent court shall revoke the measures referred to in Article 7 of this Law if:

- 1) the applicant fails to file a lawsuit before the competent court within a period which may not be longer than 20 working days or 31 calendar days from the date of delivery of the decision ordering the provisional measure to the holder of the trade secret or the licensee, whichever is longer, or
- 2) the information in question is not in accordance with Article 2 of this Law for reasons for which the alleged infringer is not responsible.

At the request of the alleged infringer or the injured third party, the competent court may order the applicant to provide those persons with appropriate compensation for the damage caused by the measures referred to in Article 7 of this Law, if those measures are:

- repealed in accordance with paragraph 1, item 1 of this Article; or
- have ceased to produce legal effect by reason of the applicant's act or omission, or
- if it is subsequently established that there was no illegal acquisition, use or disclosure of a trade secret, or the danger of such behavior occurring.

Tužba Article 11

In order to prevent the unlawful acquisition, use or disclosure of a trade secret, the holder of the trade secret or the licensee may file a lawsuit within three years from the date he/she learned of the violation and the infringer, and no later than five years from the date when the violation was committed in accordance with the law.

The holder of a trade secret or the licensee may file a lawsuit against the infringer and by means of it demand with the competent court:

- 1) the cessation of or, as the case may be, the prohibition of the use or disclosure of the trade secret; and/or

- 2) the prohibition of the production, offering, placing on the market or use of infringing goods, respectively the prohibition of the importation, export or storage of infringing goods for those purposes; and/or
- 3) the adoption of the appropriate corrective measures with regard to the infringing goods; and/or
- 4) 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.

The measures referred to in paragraph 2 item 3 of this Article are:

- 1) recall of the infringing goods from the market;
- 2) depriving the infringing goods of their infringing quality;
- 3) 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.

In case of ordering the withdrawal of the infringing goods from the market, the competent court may order, at the request of the trade secret holder or the licensee, that the goods be delivered up to the holder or the licensee, or to charitable organisations.

The competent court shall order that the measures referred to in paragraph points 3 and 4 of this Article be carried out at the expense of the infringer, unless there are particular reasons for not doing so.

The competent court shall be required, when considering the application for injunctions and corrective measures provided for in paragraphs 2 to 4 of this Article and assessing their proportionality, to take into account the specific circumstances of the case, including, where appropriate:

- 1) the value or other specific features of the trade secret;
- 2) the measures taken to protect the trade secret;
- 3) the conduct of the infringer in acquiring, using or disclosing the trade secret;
- 4) the impact of the unlawful use or disclosure of the trade secret;
- 5) the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- 6) the legitimate interests of third parties;
- 7) the public interest; and
- 8) the safeguard of fundamental rights.

Restriction and termination of measures

Article 12

Where the competent judicial authorities limit the duration of the measures referred to in Article 11 of this Law, 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.

The competent court shall revoke the measures referred to in Article 11 of this Law, upon the request of the respondent, if the information in question no longer meets the requirements of Article 2 for reasons that cannot be attributed directly or indirectly to the respondent.

The competent court may order, at the request of the person liable to be subject to the measures provided for in Article 11 of this Law, pecuniary compensation to be paid to the injured party instead of applying those measures if all the following conditions are met:

1) 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;

2) execution of the measures in question would cause that person disproportionate harm; and

3) pecuniary compensation to the injured party appears reasonably satisfactory.

Pecuniary compensation referred to in paragraph 3 of this Article 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 Article 13

The competent court may, upon the request of the person referred to in Article 11 paragraph 1 of this Law, 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 to the trade secret holder or the licensee damages appropriate to the actual prejudice suffered as a result of the unlawful acquisition, use or disclosure of the trade secret.

When setting the damages referred to in paragraph 1 of this Article, the competent court shall take into account:

- negative economic consequences, including lost profits, which the person referred to in Article 11 paragraph 1 of this Law suffered;
- unfair profits made by the infringer;
- moral prejudice caused to the trade secret holder by the unlawful acquisition, use or disclosure of the trade secret.

Notwithstanding paragraph 2 of this Article, the competent court may, 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.

The competent court may determine compensation for damage that should be compensated to the holder of a trade secret, due to unlawful acquisition, use or disclosure of a trade secret, even though it has made a decision to carry out the measures referred to in Article 11, paragraph 2, items 3 and 4 of this law.

Publication of judicial decisions in the media Article 14

The holder of a trade secret or the licensee may request that a final judgment approving, in whole or in part, the request for protection of a trade secret in case of unlawful acquisition, use or disclosure of a trade secret be published in print or electronic media at the expense of the infringer.

In deciding whether to order a measure referred to in paragraph 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, as well as 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.

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

Article 15

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, are 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.

Persons referred to in paragraph 1 of this Article are obliged to keep the trade secret that they learned about by participating in the procedure or accessing documents even after the end of the court procedure.

Obligation of keeping the trade secret shall cease to exist if:

- 1) where the alleged trade secret is found, by a final decision of competent court, not to meet the requirements set out in Article 2 of this Law; or
- 2) where over time, the information in question becomes generally known among persons within the circles that normally deal with that kind of information.

The competent court shall, on a duly reasoned application by a party, 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.

The measures referred to in the paragraph 4 of this Article are:

- 1) restricting access to any document, submitted by the persons referred to in paragraph 1 of this Article, 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;
- 2) restricting 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;
- 3) making available to any person other than those comprised in the limited number of persons referred to in points 1 and 2 a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.
- 4) exclusion of the public from the entire or part of the proceeding.

The number of persons referred to in paragraph 5 items 1 and 2 of this Article shall be no greater than necessary in order 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.

When deciding on the measures referred to in paragraphs 1 to 6 and assessing their proportionality, the competent judicial authorities 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 measure.

Any processing of personal data pursuant to paragraphs 1 to 7 of this Article shall be carried out in accordance with the provisions of the law governing the protection of personal data.

Delayed application
Article 16

Provisions of Article 4, paragraph 1, item 3 and paragraph 3 and Article 6, paragraph 1, item 5, 6 and 7 of this Law shall apply from the date of Montenegro's accession to the European Union.

Initiated proceedings
Article 17

Proceedings that have not reached a final decision by the date of entry into force of this Law shall be terminated in accordance with the provisions of the Law on Protection of Unpublished Data (Official Gazette of Montenegro, No. 16/07 and 73/08).

Termination of Effectiveness
Article 18

On the day this Law enters into force, the Law on Protection of Unpublished Data (Official Gazette of Montenegro, No. 16/07 and 73/08) shall cease to be effective.

Entry into force
Article 19

This Law shall enter into force on the eighth day from the day of its publication in the "Official Gazette of Montenegro".