

Primekss

Protection of Trade Secrets in Latvian business and court practice: Case Study by Primekss

February 8, 2022 in Riga

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Agenda

1 Business of Primekss and relevance of Trade Secrets

2 Techniques adopted to protect Trade Secrets within Primekss

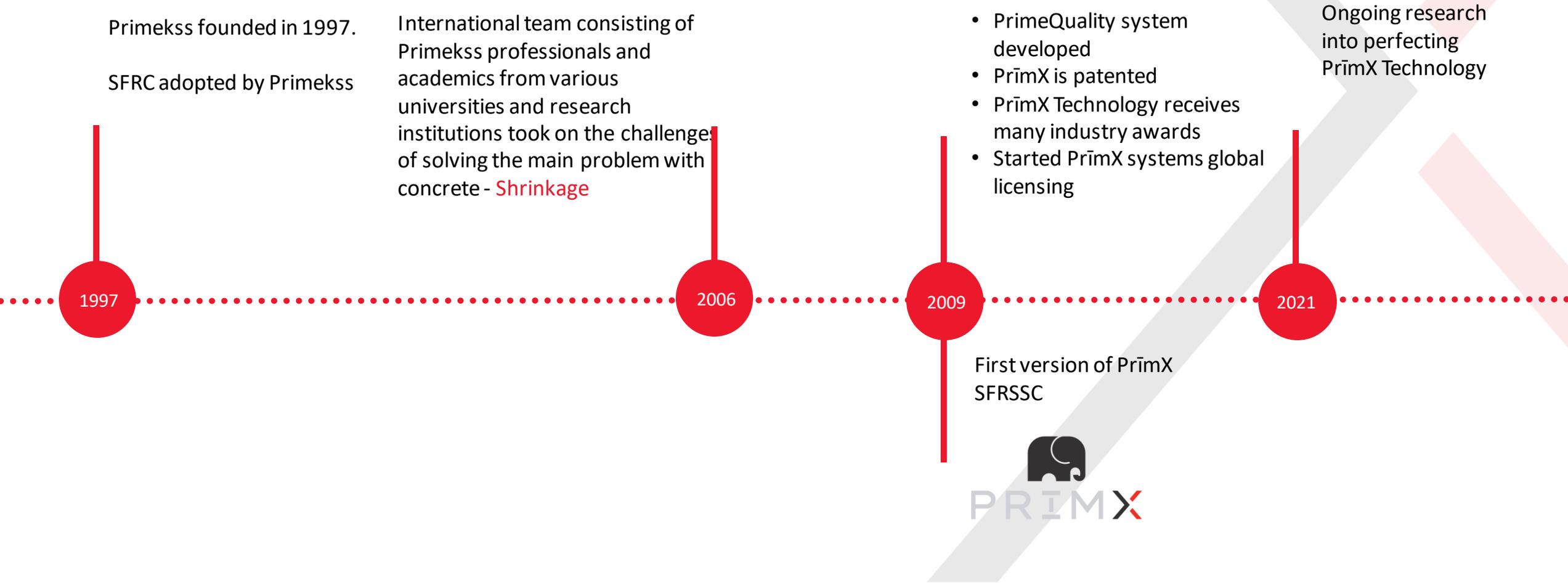
3 Experience with protecting Primekss Trade Secrets against infringement

4 Approach of courts and application of law in practice

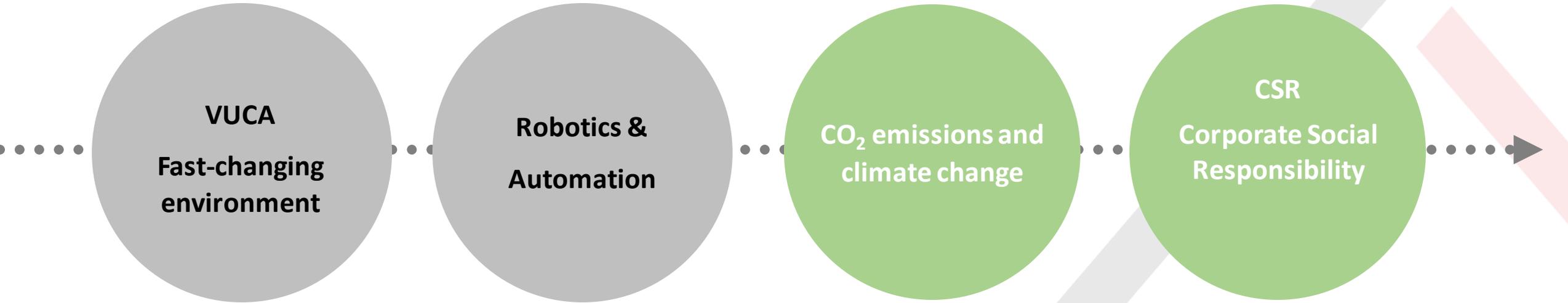
1

Business of Primekss and relevance of Trade Secrets

The core of Primekss business



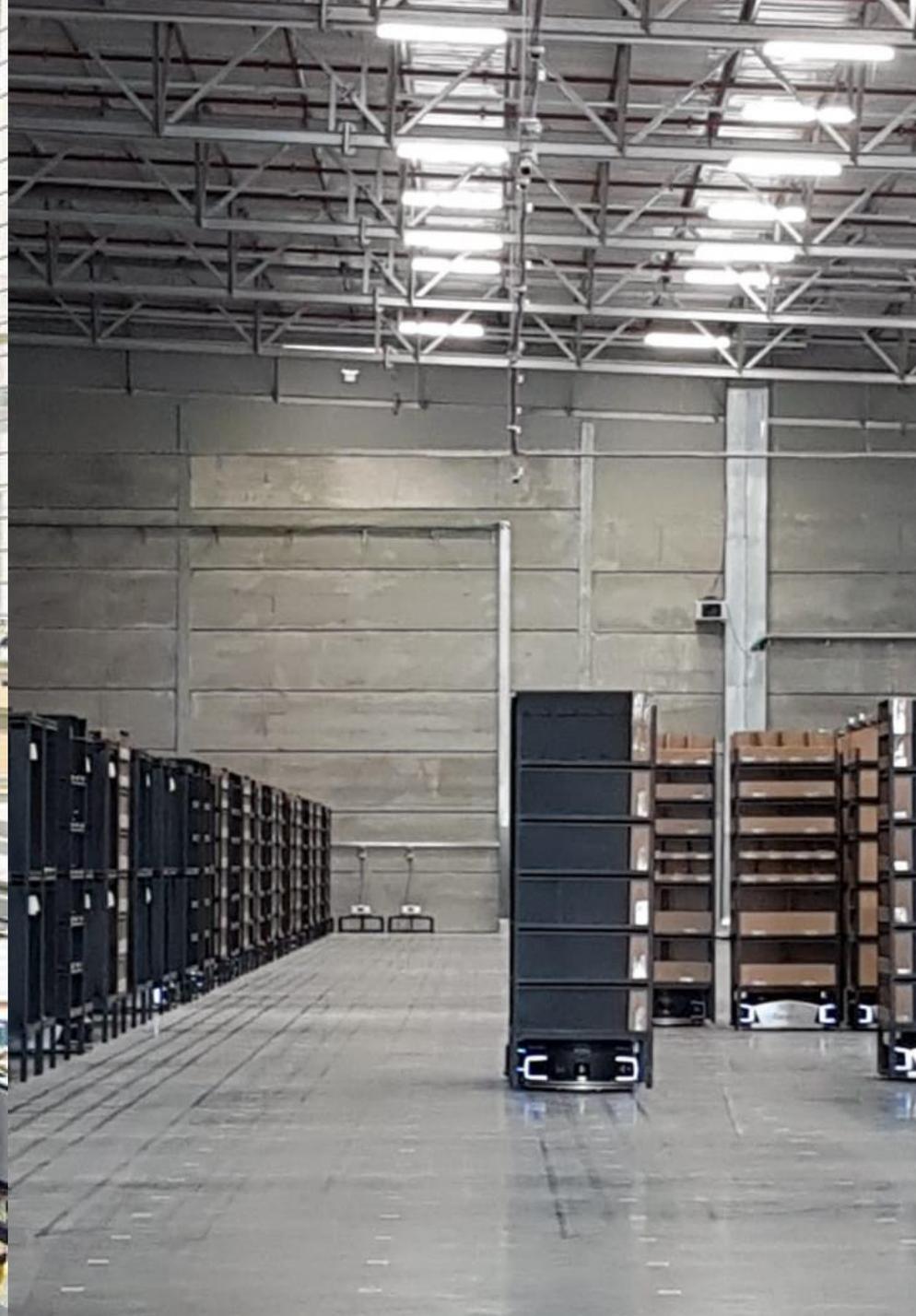
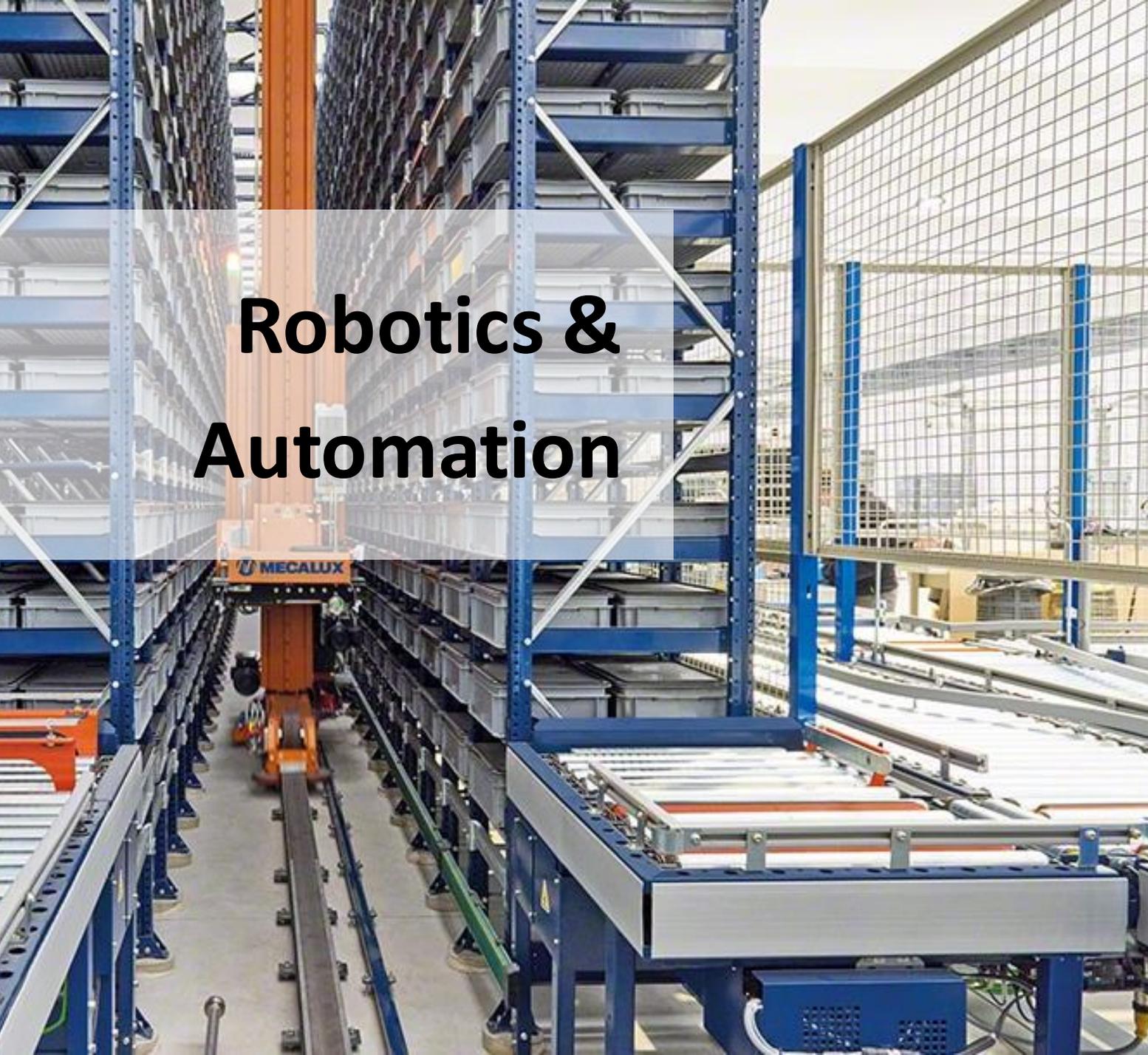
Contemporary Challenges



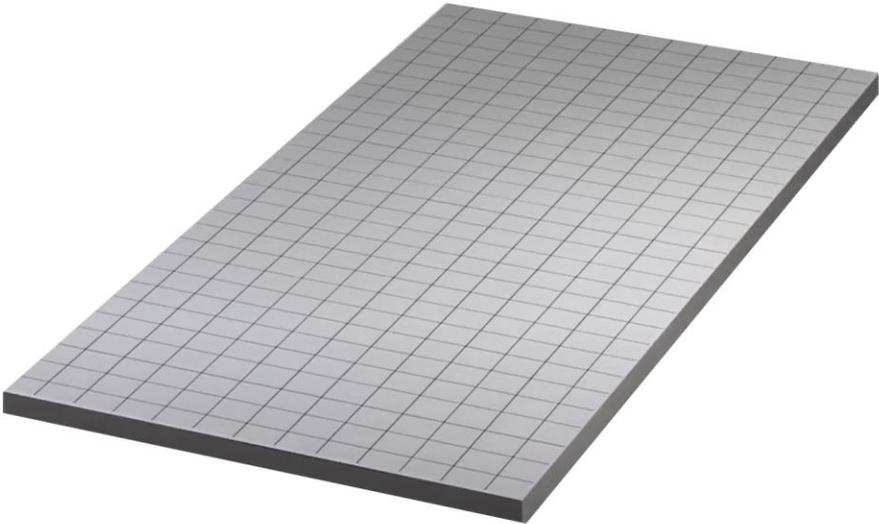
Concrete industry is responsible for 8% of global man-made CO₂ emissions



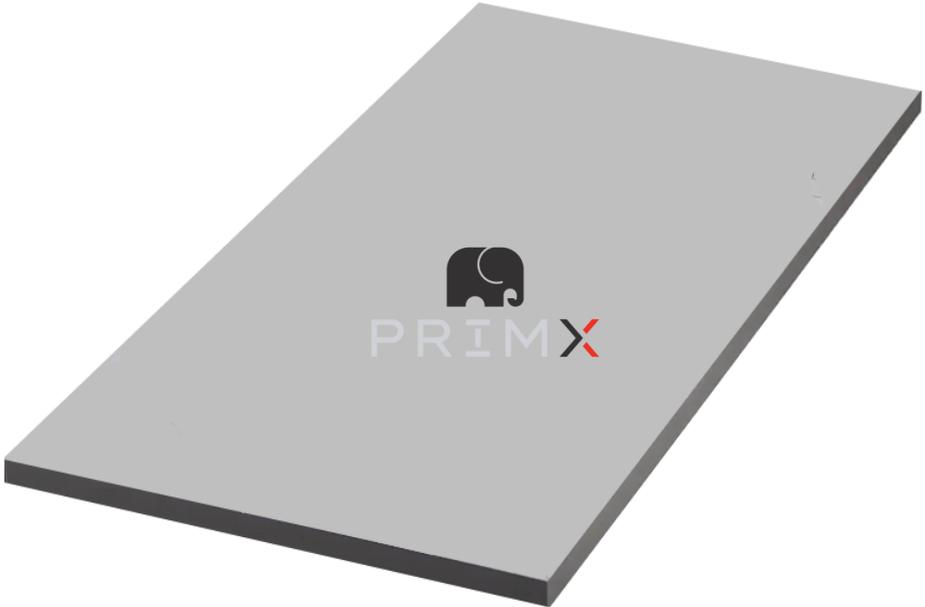
Robotics & Automation



PrīmX technology – the difference

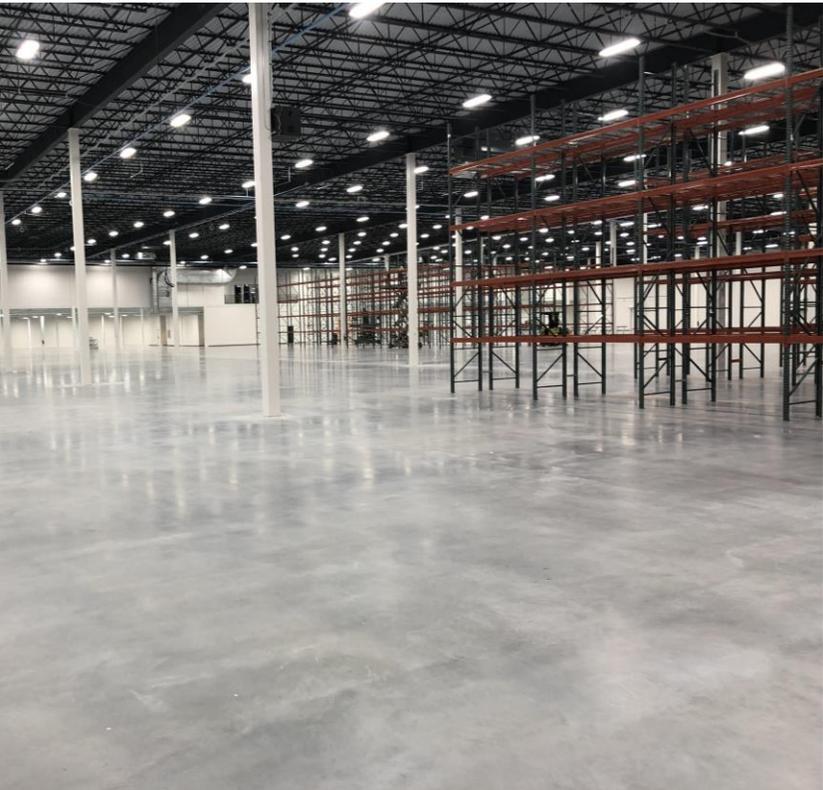


TRADITIONAL CONCRETE



SEAMLESS / JOINTLESS SYSTEM

Application



Jointless



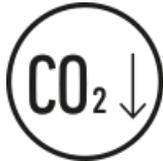
Perfect for AGV



Low maintenance



Stays flat



Up to 70% less CO₂ emissions



Hygienic

Where We Stand Now

FOUNDED	1997
TURNOVER	>70 Mln. EUR
EMPLOYEES	<300
LICENSING PARTNERS	22
SATISFIED CUSTOMERS	1000+



Already more than

20 000 000 m²

of indoor and outdoor slabs

Latvia • Lithuania • Estonia • Sweden • Norway • Denmark • Finland • Israel • Germany • UK • Netherlands
• Poland • Belgium • Bulgaria • Serbia • Belarus • Russia • Kazakhstan • Azarbaijan • India • US • Canada
• Portugal • Nigeria • South Africa • China • Romania

Protected by patents, a brief overview on the patented products

Composite concrete for floor slabs and rafts



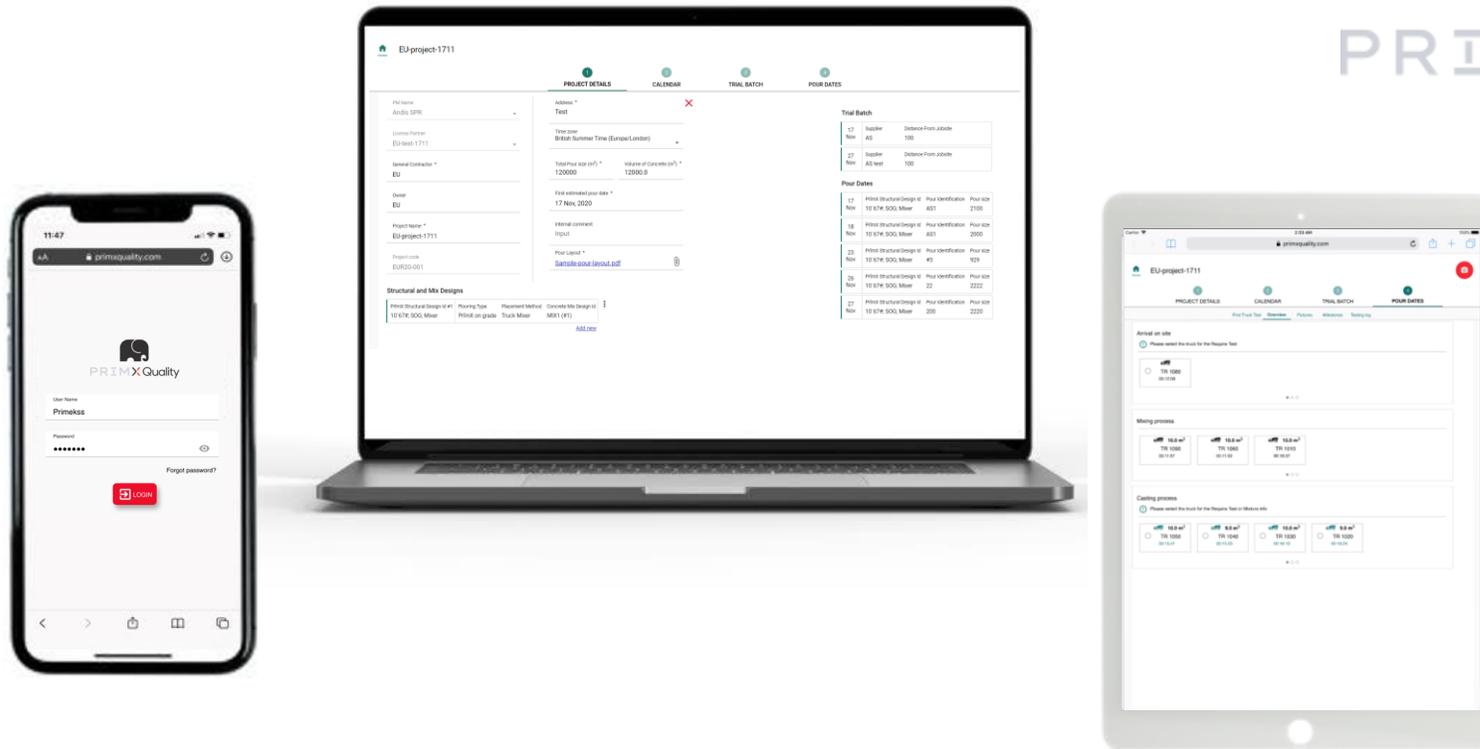
Semi-precast elevated concrete element system



A jointless concrete composite pavement

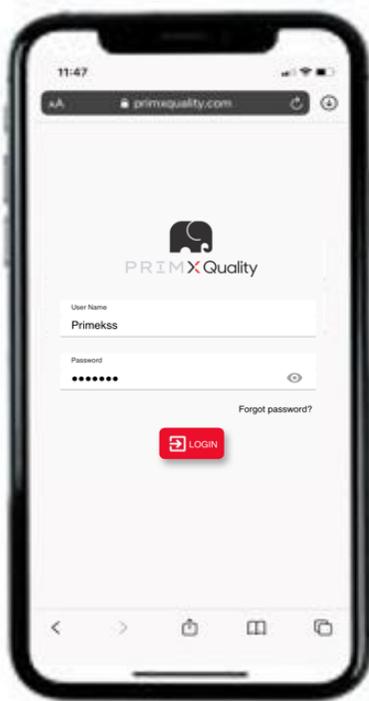


Not only our products, also IT systems we create for company use



App (system) to control quality of the PrimX technology application

PrīmXQuality App, Intellectual Property Rights



Software development project

No clear definition of Intellectual Property Rights

IPRs - subject for later dispute

Solution / key learnings

2

Techniques adopted to
protect Trade Secrets within
Primekss

How Primekss protects its trade secrets

Relevant safety and security measures, documents and files

Non-disclosure agreements (personnel and contractors)

Non-disclosure agreements (business partners)

3

Experience with protecting
Primekss Trade Secrets against
infringement

Experience with protecting Primekss Trade Secrets against infringement

- Attempts to violate Primekss patents or know how.
- Active defense action: C&D letters, court proceedings, preliminary injunctions.
- It is not sufficient to define an information as the trade secret.
- The law requests the trade secret holder to **take appropriate and reasonable steps to maintain secrecy of the trade secret.**

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know how

Case facts

- Primekss owns patents protecting the invention of composite concrete.
- Primekss has developed technology consisting of **know how, trade secrets, manufacturing methods** and **other intellectual property**, which enables the invention to be put into practice.
- The invention and the technology together are marketed and used under the trademark **PrimeComposite**.
- PrimeComposite has gained worldwide recognition as an innovative and unique product without analogue.

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Case facts

- Primekss and the construction Company A agreed that Primekss would produce a concrete floor for the project on behalf of the Company A using PrimeComposite technology.
- NDA covenant between the parties was in force.
- The contract was duly executed.
- After their collaboration Primekss discovered that the **Company A had used PrimeComposite technology** in other construction object **without receiving a licence or a permission.**

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Pre-trial stage

- **Primekss sends a C&D letter requesting to stop infringing its IP rights** and demanding confirmation that Company A will not take similar infringement actions.
- **Company A did not agree to the infringement accusations.**
- Company A argued the technology was obtained from a third party **Subcontractor B** who produced the concrete and supplied the components. Company A **argues that in case of an infringement, Subcontractor B is liable.**
- An expert involved by Primekss approves that the used technology for concrete production is the same as that protected by Primekss patents.

Approach of courts and application of law in practice.

Interim Injunction

The Civil Procedure Law, Chapter 30.2 sets preliminary injunctions in case of violations of intellectual property rights, including patents.

The Civil Procedure Law, Chapter 30.8 sets preliminary injunctions in case of violations of trade secrets rights.

What may be requested:

- a prohibition to use or disclose the IP or the trade secret, to manufacture, offer, place on the market or use the infringing goods for the specified purposes;
- seizure of movable property which presumably violates the IP or the right to the trade secret.

Trade Secret Protection Law, Chapter III sets legal remedies:

- destruction or transfer of the materials containing a trade secret;
- recall or withdrawal from the market of the infringing goods;
- elimination of the infringing features of the infringing goods;
- destruction of infringing goods;
- publication of the judgment.

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Interim Injunction

- **An application for interim injunctions was lodged:** a procedural tool whereby the court may order or prohibit certain actions *before the review of the case on merits*.
- In order to grant the preliminary injunction the court must obtain **a *prima facie* conviction that an intellectual property infringement has occurred.**
- The Court grants the interim injunction to Primekss.
- The interim injunction prohibits the Company A from commencing or continuing to provide services involving the use of composite concrete in any third party construction site or area.

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Litigation on merits: judgement of the court

- Riga Vidzeme District Court as the First Instance Court **finds an infringement of patent rights, but not of the trade secrets.**
- The Court concludes that the concrete composition used in Company A's project falls within the patent claim.
- The Court **prohibits the Company A from using the technology** patented in commercial activities.
- Since the patent has been used unlawfully, there are grounds for **recovering the license fee**: the damages are granted.
- The request to **publish a partial court judgment in business media** is granted.

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Litigation on merits: reasoning of the court – why the trade secrets claim was not satisfied

- The Court did not establish a breach of the trade secrets due to lack of specific evidence.
- **«In order to establish a breach of trade secrets, it is necessary to indicate specifically how and by what actions the trade secrets has been infringed.»**
- The court was not satisfied with the explanation that the PrimeComposite consists of an invention (protected by the patent) and technology (protected as the trade secrets), and using the PrimeComposite necessarily involves both.
- The court wanted to see more and specific evidence regarding the infringement trade secret.
- **The proceedings did not continue with the appeal because the case was settled.**

Experience with protecting Primekss Trade Secrets against infringement

Dispute with a construction company over illegal use of the Primekss patent and know-how

Litigation on merits: reasoning of the court – why the trade secrets claim was not satisfied

- In essence, the court did not doubt the *existence* of a trade secret.
- However, the court wanted to see more and specific evidence regarding *the infringement of the trade secret*.
- The proceedings did not continue with the appeal because **the case was ultimately settled**.
- **What we can learn from this case:** if you want to claim a breach of trade secret, it is necessary to
 - (1) prove the existence of the trade secret; *and*
 - (2) prove the fact of the infringement of this trade secret.

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Approach of courts and
application of law in practice

Approach of courts and application of law in practice.

Is the experience of Primekss in line with the Latvian court practice on trade secrets?

The matters of trade secrets are not frequently reviewed in Latvian courts.

Court practice confirms that it might be difficult to dispute the *existence* of a trade secret.

«**The status of a trade secret is granted to an information by the company itself**, based on its assessment of information's importance, commercial value and the need to keep it in secret and protect it from third parties.

It is primarily the company, as an honest and careful manager, that has the best understanding of the specific nature of its business and the sector in which it operates, its needs and the nature of the competition and other important details. [...] **the company's right to determine the status of a trade secret and to request its protection is important and respected.**»

Administrative District Court, judgement of 19 June 2020 in the case No. A42-00840-20/9; Judgment of the Senate of 17 May 2010 in case No SKA-168/2010.

Approach of courts and application of law in practice.

However, the existence of trade secret might be challenged if the owner does not keep them secret!

«It is for the **company to make reasonable efforts to protect the value of the trade secret**, i.e. to determine which economic, technical or scientific matters or information relating to the company will be kept secret, and **to ensure that measures are taken to preserve trade secrets.**» *Supreme Court of the Republic of Latvia, Case No. SKA-168/2010*

«**Secrecy is an inherent characteristic of a trade secret.** The trade secret holder itself must make reasonable efforts to keep the trade secret in secrecy.» *Judgment of the Senate of 17 May 2010 in case No SKA-168/2010.*

Reasonable measures (organisational, physical, legal) to preserve the secrecy of information must be implemented at all times and in accordance with the state of the art. **Failure to do so may result in the loss of the possibility to apply the remedies provided for in the Law on the Protection of Trade Secrets.**

Approach of courts and application of law in practice.

Even more, the very nature of the information must be secret – it is not sufficient that something is kept secret to consider it a trade secret

«Moreover, the content of the trade secret itself must be secret. Things or information that are generally known or made public are not trade secrets.» *Judgment of the Senate of 17 May 2010 in case No SKA-168/2010.*

Trade secrets are always confidential information, but not all of the confidential information is a trade secret. Confidential information that is not a trade secret may also be protected, but is not subject to the provisions of the Law on the Protection of Trade Secrets.

In order to determine whether information is a trade secret, it is not necessary to examine whether it is of an economic nature or technological or any other type of information, but rather to ascertain whether it meets the legal characteristics of a trade secret under the Law on the Protection of Trade Secrets.

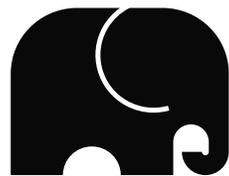
=> In Primekss case the court was satisfied that the technology IS a trade secret. The issue was whether there is enough evidence that it is infringed. Lack of other jurisprudence explaining WHAT would be sufficient evidence.

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Main take-aways &
Q&A

Conclusions

- It is a company's **duty** to identify and protect trade secrets.
- Lack of reasonable measures to preserve the secrecy of information may result in the **loss of the possibility to apply the remedies.**
- **There is little court practice in assessing the breach of trade secrets.**
- Primekss experience shows that it is possible to receive preliminary injunctions.
- **However, the courts may request specific and detailed evidence when the case is reviewed on merits.**
- Thus, in case of breach of your trade secret – **make sure to collect evidence!**



Primekss

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