



KATHER · AUGENSTEIN
RECHTSANWÄLTE

Higher Regional Court Düsseldorf

2 U 102/22

Order dated 03. November 2022

Tenor

- I. On the appeals of the Plaintiff, the orders of the 4c Civil Chamber of the Regional Court Düsseldorf dated 17. March 2022, 08. April 2022, 06. May 2022 and 23. May 2022 are amended to the effect that the protective orders based on Section 145a German Patent Act in connection with Section 19 (1) Business Secret Act cease to apply. The Defendant's requests for their issuance are dismissed.
- II. The Defendants shall bear the costs of the appeal proceedings.
- III. The further appeal is not admitted.
- IV. The amount in dispute is EUR 10,000.

Reasons

The Plaintiff's appeals against the Regional Court's protective orders limiting the authorised knowledge carriers for the information deemed classified on the Plaintiff's side to a certain group of persons are successful.

I.

The Plaintiff's appeals are admissible.

[...]

II.

Insofar as the Regional Court declared certain information in the Defendant's presentation of the case to be classified (§ 16 Business Secret Act), the Plaintiff does not object to this. Its appeals are solely directed against the fact that the Regional Court, based on § 19 Business Secret Act, ordered additional protective orders by limiting the circle of those to whom the



classified information may be made accessible on the part of the Plaintiff to certain persons designated by name. The Plaintiff's appeals against this are well-founded.

1.

The mere fact that information may constitute a business secret is in itself not sufficient for a judicial protection order, regardless of its content. This already follows from the fact that the law does not link the existence of a possible business secret with the inevitable duty of the court to issue an order protecting the business secret, but leaves its issuance - despite the existence of a (potential) business secret - to the discretion of the court. Therefore, in addition to the presumed business secret, concrete circumstances are required in each individual case that justify the exercise of the court's discretion in this regard. This already applies to the basic measures according to Sec. 16 Business Secret Act, which the court is not obliged to make but may order at its discretion, but especially for those under Sec. 19 Business Secret Act, which Sec. 19 (1) sentence 2 Business Secret Act expressly makes conditional on the fact that "after weighing all the circumstances, the interest in secrecy exceeds the right of the parties to be heard, also taking into account their right to effective legal protection and a fair trial". The law is thus clearly not based on the principle of unconditional protection of secrets at any price, but on the necessity of a fair weighing of interests, which also takes into account the justified interests of the person obliged by the protection order.

The Defendant's argument, that it is not apparent how the confidentiality agreed upon by the parties to the licence negotiations prior to the court proceedings could be better implemented than by a concurrent accompanying confidentiality order of the court, is not consistent with the standard already at the outset. On the contrary, it is not in favour of, but rather against a protective order (possibly with specific content) if the business secrets are already protected by a pre-judicial confidentiality agreement from which the obligor cannot unilaterally withdraw, from which it has not actually renounced and the sanctions of which (liability in the event of a breach of agreement, forfeiture of a contractual penalty) take effect if the information requiring confidentiality - for the first time or repeating pre-judicial submissions - is brought forward in the legal dispute. As long as under such circumstances it is not specifically recognisable that and why the sanction mechanism of the confidentiality agreement should not be sufficient and/or not reliable enough to ensure the necessary protection of business secrets also under



the conditions of the pending proceedings, there will generally be no justifying reason for a repeated (double) protection of the same information by a judicial protection order.

Similarly, the content of a consensual non-disclosure agreement sets limits to the need for a court protection order of a different content. If the parties have not provided for a restriction to certain knowledge carrier of the recipient of the secret prior to the court proceedings, although this would have been possible without further ado within the framework of contractual freedom, it will require a more detailed explanation, if the factual situation is otherwise unchanged, why it is nevertheless necessary for the court proceedings to issue a secrecy protection order pursuant to Section 19 Business Secret Act that goes beyond what was deemed sufficient prior to the proceedings. The same applies to a protection order pursuant to § 19 Business Secret Act that deviates from the confidentiality agreement, if the confidentiality agreement limits the circle of knowledge carrier in a certain way. At least from the point of view of fair proceedings, it cannot be expected that a party bows to the differing conditions of two confidentiality requirements without justifiable reason, as compliance with which in case of doubt gives rise to a special administrative expense and a double liability risk. Therefore, as long as there are no comprehensible reasons for not keeping it at the mutually agreed terms of the confidentiality agreement for the court proceedings, there is no reason to order a personnel restriction of the knowledge carriers that deviates from the pre-court agreement.

The fact that the pre-litigation confidentiality agreement only obliges the recipient of the knowledge to maintain confidentiality for a certain period of time and then releases the secret information does not mean that a court protection order with the same content is required and should be issued solely because it is not subject to a time limit. On the contrary, here too the situation is exactly the other way round: if the parties have mutually considered it right to release the recipient of the knowledge from his duty of confidentiality after a certain expiry of time, this argues in favour of not tightening the conduct regime by means of a court protection order (for which there is otherwise no objective reason because of the applicable confidentiality agreement).

2.

According to the standards described, the Regional Court's protective orders based on Sec. 19 Business Secret Act cannot be upheld.



a)

The Regional Court's orders do not contain any substantive reasons for limiting the circle of knowledge carrier on the Plaintiff's side. In the order dated 17. March 2022, there is only a reference to the fact that the Chamber exercised its discretion in the sense of a protective order pursuant to Sec. 19 Business Secret Act (which in any case follows from the order's preamble), but not a word on which considerations weighing the interests of both sides this is based.

b)

The subject matter of the dispute, and in particular the Defendant's submissions, also do not provide grounds for a protective measure to this effect.

It is undisputed between the parties that the classified information on the license negotiations conducted is the subject of a confidentiality agreement between the Plaintiff and the Defendants' parent company (G. S., Inc.) on 11. November 2021 (Exhibit HE V 1). The Defendants themselves state in this regard (written statement of 27. October 2022, page 3) that, according to the agreement, the confidential information may only be used for the purpose of the settlement negotiations conducted (clause 2.) and that the contracting parties therefore undertook to keep the information otherwise secret and not to make it accessible to third parties (clause 3c). Excluded from the duty of confidentiality - within the scope of the aforementioned purpose - are only employees, consultants and representatives, also of respectively affiliated companies, who are subject to a binding duty of confidentiality and the restricted use of the information.

Even if the parties' pre-litigation settlement efforts have come to a standstill, the Plaintiff's filing of the infringement action is nevertheless - at least also - intended to pick up the thread of discussion with the Defendant's group and to promote its willingness to negotiate. Anyway, this corresponds to the usual practice and the parties do not argue otherwise for the case in dispute. However, if the settlement efforts in the aforementioned sense are still ongoing, information regarding the licensing negotiations that the Defendants communicate to the Plaintiff in the course of the litigation is secret information that is subject to the pre-litigation confidentiality agreement and that therefore already obliges the Plaintiff to maintain confidentiality in the context of what was agreed pre-litigation. The fact that the sanction system



agreed upon in the agreement does not guarantee adequate protection of secrets under the conditions of the pending judicial dispute is just as little presented or evident as the lack of indications that the Plaintiff would not (any longer) take her contractually assumed duty of confidentiality seriously.

According to the applicable confidentiality agreement, the Plaintiff is free to inform employees and consultants as long as it sufficiently obliges them to maintain confidentiality. The parties have thus agreed on a restriction of the circle of persons with knowledge, from which there could only be a reason to deviate if it could be seen that and why an adequate protection of the Defendant's secrets is not (any longer) ensured by the agreed procedure and therefore the requested protective order pursuant to Section 19 Business Secret Act is required. However, the Defendant's submissions do not address such reason.

A justification also does not result from the limited duration of the confidentiality agreement of one year followed by a further six-year confidentiality obligation (clause 8). On the contrary, the limitation of validity - as explained - is in favour of not tightening the protection of secrets, which was deliberately limited by the parties, by means of a court order for protection - for which there is otherwise no reason because of the existing and universally observed confidentiality agreement. For secret information which the Defendants present in the litigation for the first time after the expiry of the confidentiality agreement and about which the Plaintiff had no prior knowledge conveyed by the Defendants, so that the Defendants do not enjoy contractual protection of secrets for them, the Defendants are free to seek a court protection order.

III.

The decision on costs is based on Sec. 91 (1) Code of Civil Procedure. It is true that Section 20 of the Business Secret Act does not contain an explicit provision on costs. However, in the event that a protection order is refused, the immediate appeal is permitted, which is accompanied by a decision on costs to be made in accordance with the general provisions on costs (Sec. 91 et seq. Code of Civil Procedure). The mere fact that the judicial review of a protection order issued is postponed in time until the appeal proceedings on the merits does not justify a treatment of costs that is less favourable to the appellant.



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There is no reason to allow the appeal. Insofar as the legal questions relevant to the decision have not already been clarified by the Federal Court of Justice, the prerequisites for an order are sufficiently clear from the wording of the law, the application of which to the case in dispute does not raise any problems that would make it necessary to refer the matter to the Court of Appeal in order to secure uniform case law, to further develop the law or because of fundamental importance (Section. 574 (2) of the Code of Civil Procedure).