In recent years, faculty members and employees increasingly have the opportunity to acquire confidential information, such as research results for which a patent application has not yet been filed (or disclosed) and information assets they obtain from companies through industry-academia collaboration at Kyushu University.

Amidst such a situation, there is a growing need for the University to manage confidential information. It is important for the University as an organization to appropriately manage such information falling under the category of "trade secrets" under the Unfair Competition Prevention Act. If a faculty member or employee unlawfully uses or discloses a trade secret obtained from a partner organization, not only that person but also the University may be held strictly liable for such conduct.

All faculty members and employees are asked to manage confidential information appropriately, while also providing their students with proper guidance on management of confidential information, so as to prevent any legal trouble or loss of public confidence arising from the misuse of a trade secret.

○Background

In 2003, the Unfair Competition Prevention Act (Act No. 47 of May 19, 1993; hereinafter referred to as the "Act") was amended to include provisions on criminal penalties, in addition to the conventional civil liabilities (injunction and compensation for damages), which are applied to the illegal acquisition, use, and disclosure of confidential information (trade secrets). The Act was then amended in 2005 to introduce penalties on international use and disclosure of trade secrets and penalties on retired employees and corporations that meet certain criteria, as well as raising the upper limit on statutory penalties provided in the penal provisions. In 2009, the Act was amended to include a provision that unlawful acquisition of trade secrets, etc. is to be subject to criminal penalties in principle.

Furthermore, an amendment in 2015 criminalized the non-reporting of trade secret infringement, enhancing the law's function as a deterrent against such illegal acts.

At Kyushu University, faculty members and employees are increasingly required by partner companies to manage confidential information that they encounter in the course of collaboration with companies and internship. As explained above, a 2005 legal amendment in 2005 provided that, if a faculty member or employee uses or discloses a trade secret in violation of requests from a company, not only the person engaged in misconduct but also the university itself would be punished with a fine. It is becoming even more important than before for the University to provide faculty members and employees with constant guidance to ensure proper information management.

＊Unfair Competition Prevention Act

The Unfair Competition Prevention Act regulates illegal use of results of technological development, product development, etc. produced by other people as an act of unfair competition. More specifically, the plagiarism of brand indications, imitation of configurations, and unlawful acquisition, use, and disclosure of trade secrets are included within the scope of injunctions under the Act. The Act is positioned as a special provision of tort law.

○Definition of a trade secret under the Unfair Competition Prevention Act

Article 2, paragraph (6) of the Act defines a trade secret as "technical or business information useful for business activities, such as manufacturing or marketing methods, that are kept secret and that are not publicly known."

In other words, a trade secret is technical or business information that fulfills all of the following three requirements.

(1) Confidentiality
Information is not deemed as confidential merely because the University has decided on a subjective basis to manage the information as a secret. It has to be managed in a state in which it is objectively recognized that the information is managed as a secret. Moreover, it is also insufficient to merely conclude a non-disclosure agreement. It is required that the University manages the confidential information as an organization as per the terms provided in such an agreement.

(2) Usefulness
In order for information to be deemed as useful, it has to be objectively recognized as useful for business activities. Therefore, information that disturbs public order (for example, antisocial conduct by an organization) is not found to be "useful." Usefulness should not be determined based on the subjective view of the University, but from a broader and objective point of view.

(3) Non-public nature
In order for information to be deemed to be not publicly known, it has to be unknown to the public or be difficult for the public to access. Information that is readily available to anyone is not protected as a trade secret, even if it is useful or managed as a secret.

○Trade secrets at University

Education and research and other related activities at the University are considered to fall under the category of "business activities" as referred to in the definition of a trade secret. Therefore, the various information created, acquired, and retained by the University also constitutes "trade secrets."

The following items are the two major types of confidential information that are deemed to be trade secrets.

- ◦ Inventions, etc. by faculty members and employees that are deemed to be technical information useful for the University's business activities and should be managed as confidential information before the acquisition of rights.
- ◦ The confidential business information of the partner company that faculty and staff may become aware of during industry-academia collaboration (joint research, funded research, research and development consulting, clinical research, technology transfer, side jobs, etc.).

Information created, acquired, and retained by the University can be legally protected as a trade secret under the Act by managing it under certain conditions.

Once information is evaluated and selected as useful information for the University's business activities and it is determined that said information should be managed as confidential information (= trade secrets), it is important for individuals to properly protect said information from being unlawfully acquired, used, or disclosed by a third party, etc. Information should be retained in a condition that fulfills the requirement of confidentiality so that legal action may be taken in case of any unexpected incident.

〇Measures taken by the University

In response to the amendments of the Unfair Competition Prevention Act and the issuance of the Handbook for the Protection of Confidential Information at Universities (Ministry of Economy, Trade and Industry) in October 2016, Kyushu University needs to carry out compliance education to prevent the leak, etc. of confidential information and promote proper management of such information.

Kyushu University has taken measures for preventing the leak of confidential information based on the Kyushu University Trade Secret Management Policy and the Kyushu University Regulations for the Management of Trade Secrets, which were prescribed based on the Guidelines for the Development of a Policy for Trade Secret Management at Universities (completely revised and retitled as "Handbook for the Protection of Confidential Information at Universities" in October 2016). To ensure proper management of confidential information by all faculty members and employees, the University established the Technology Leakage Prevention Committee in November 2015. The University has enhanced its management system by providing compliance training for all faculty and administrative staff and carrying out internal audits.

〇Providing education regarding trade secrets

At the University, compliance training is provided using an e-learning system to prevent leakage of confidential information and to promote proper management of confidential information.
The purpose of e-learning training “ Regarding the management of trade secrets at the University ” is to be thorough with the management of confidential information and to provide continuous training. All the faculty and administrative staff need to take this course every academic year.

・E-learning system for faculty and administrative staff
Course information will be provided around January to March each year.
https://el.iii.kyushu-u.ac.jp/

○Specifics on how to manage trade secrets

In order to ensure the proper management of trade secrets, individuals are required to manage confidential information by following the steps described below, in accordance with the Trade Secret Management Manual.

- (1) Evaluation and selection of confidential information
  Regardless of whether it is contained in paper media or electronic media, all information retained therein must be evaluated to identify and select any [i] undisclosed research information created by faculty members or employees and [ii] trade secrets obtained from companies, etc.
- (2) Listing and organizational management
  Register in a file registry the file title, storage period, classification, etc. of information as described in [i] and [ii] above, which have been selected in step (1).
- (3) Indication of classification
  Add remarks in red letters or affix seals (stickers are also acceptable) indicating the classification, such as "top secret" and "confidential," for each file on the list. It is also permissible to display warning messages, such as "confidential" and "authorized personnel only," on a container, lockable cabinet, vault, etc. in which recording media are stored, instead of indicating the classification on each file.
  Protection must be added to files contained in electronic media by such means as setting up a password for opening the file or folder.
- (4) Separate management
  Confidential information must be kept separately from other information under lock and key. In addition, measures to prohibit reproduction, duplication, and removal must be taken. It is also effective to maintain electronic files, folders, etc. in a shared folder with access restrictions.
- (5) Disposal of confidential information
  Confidential information must be disposed of in an unrecoverable way (shredding, dissolution, incineration, etc.) so that it will not be restored or disclosed by a third party. Electronic media must be disposed of by secure means, such as deleting magnetic records with data destruction software or magnetic data erasing devices, and physical destruction of recording media.

○Legal action against improper use, disclosure, etc. of trade secrets

If a faculty member or employee has improperly used or disclosed a trade secret that he/she obtained from a third person in the course of the University's business activities, not only that person but also the juridical person to which the person belongs may be held legally liable for such misconduct. All faculty members and employees must make sure to avoid any impropriety and also be aware that they bear heavy responsibility for the possibility that the University may be punished as a perpetrator.

＜Penalties on individuals＞

- *Civil penalties
  ・Claim for an injunction on improper use of a trade secret (statute of limitations of 20 years)
  ・Claim for compensation for damage to business interests
  ・Claim for measures to restore damaged business reputation

- *Criminal penalties
  ・Unlawful acquisition, receipt, use, or disclosure of a trade secret that meets certain criteria is punished by imprisonment with work for not more than 10 years or by a fine of not more than 20 million yen (30 million yen in case of international use)

＜Penalties and influence on juridical persons＞

- ・Fine of not more than 0.5 billion yen (1 billion yen for international use, etc.)
- ・Deterioration of public confidence

◇Source

- ・The “ Guidelines for the Development of a Policy for Trade Secret Management at Universities (revised in March 2011) ” (Industry-University Collaboration Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry)
- ・Trade Secret Management Guidelines (fully revised on January 28, 2015) (Intellectual Property Policy Office, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry)

★ Want to know more

・Kyushu University Trade Secret Management Policy https://airimaq.kyushu-u.ac.jp/upload_file/editor_files/2016sonota019.pdf ・Kyushu University Regulations for the Management of Trade Secrets https://www1.g-reiki.net/kyushu-u/reiki_honbun/u437RG00000369.html ・About management of trade secrets (On-campus only) https://airimaq.kyushu-u.ac.jp/ja/teacher/page.php?code=30&side=09 ・E-learning training “ Regarding the management of trade secrets at the University ” Use the URL below to log in to the e-learning system for faculty and administrative staff with your SSO-KID and take the course. https://el.iii.kyushu-u.ac.jp/ ・Website of the Ministry of Economy, Trade and Industry https://www.meti.go.jp/english/policy/economy/chizai/chiteki/index.html ・Website of the Cabinet Office https://www8.cao.go.jp/chosei/koubun/

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