Trade Secret Protection in the Innovation Union. From the Italian approach to the UE solution

di
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1. Introduction.

Trade secret protection plays a fundamental role in the digital economy. Thanks to the impressive reduction of transaction costs that the Internet has made possible, in fact, new forms of cooperation with open science and open innovation are likely to be promoted, possibly leading to new business models for using co-created knowledge.
The benefits connected to inter- and intra- sector cooperation [1] are materializing in i) traditional off-line contexts where shared knowledge is a prerequisite or an important ingredient of the relevant innovative process (i. e. mechanical industry); ii) in sectors that, although conventionally separated, are shortening the distance of their innovative process thanks to the net (i. e. biotechnology and information technology leading to bio-informatics, etc.); iii) in specific digital environments (i. e. cloud computing; information technology; media and telecom markets, etc.) [2].

Since in each of the above contexts research builds on prior work, sharing of knowledge and new findings represent important leverage for further innovation. Of course, intellectual property rights (IPRs) identify necessary but not sufficient legal means to incentivise innovation and boost the confidence of businesses, creators, researchers and innovators in collaborative innovation.
In particular, IPRs are an essential part of an innovation policy because they protect the results of creative or inventive efforts. However, IPRs as such are unable to secure the entire inventive process because information compiled and developed therein may have a substantial economic value even when it does not qualify for IPR protection.
That is why the creation of an innovation-friendly environment is a priority both at National and at Community level. At National level, in 2005 and more recently in 2010 Italy has upgraded the status of trade secret protection from a quid iuris into a ius excludendi alios [3]. At EU level, within the initiative "Innovation Union", one of the pillars of Horizon 2020, on the 28th of

November 2013 the European Commission has adopted a comprehensive strategy to ensure that the Single Market for intellectual property acts efficiently and more specifically to harmonise trade secret protection.
Moving from the above background, in the following trade secret protection in the digital age will be analysed from a specific angle, i. e. from the inadequate Italian regulation to the most consistent EU solution. First, the Italian regulation will be detected from its traditional principles to the very recent reform, being the Italian solution the one that most diverges from common rules in terms of check and balances in promoting innovation. Second, the economic drivers inspiring the reform will be analysed so as to point out how legitimate intentions have been translated into poor legislation. Third, the very recent EU draft Directive on trade secret will be considered since its principles and rules will frame National legal architectures, including the Italian one, in the sense to restore the unfair competition paradigm as the relevant model to safeguard technical and business confidential information in the Innovation Union.

2. The Italian approach. From the traditional unfair competition paradigm.

The Italian legal protection of industrial and trade secrets has been traditionally ensured within the framework of the unfair competition paradigm.
The eligible subject matter was therefore constituted by any information which had an economic value as it was confidential, and that was submitted to any reasonable measures to keep it as confidential, and was in fact not in the public knowledge nor easily accessible and inferable by an average expert of the field.
The scope of protection granted was limited to misappropriation, meaning that a wrongful conduct occurred only if the acquisition was made on behalf or in the interest of a competitor in "a manner contrary to honest commercial practises" (i. e."breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who know, or were grossly negligent in failing to know, that such practices were involved in the acquisition").
This perspective is coherent with Article 39 of the TRIPs Agreement, which grants protection over "undisclosed information" against unfair competition "as provided in Article 10bis of the Paris Convention".
Truly, the TRIPs strengthen the protection vis-à-vis the traditional acquis in the sense of stepping up the relevance of the owner's subjective destination to secrecy of a certain information over the latter's intrinsic objective "non-obviousness". But, as just said, the legal framework remains that of the protection against conducts contrary to "honest commercial practices" [4]. This means, first and foremost, that the TRIPs (as the vast majority of European national legislation) do not acknowledge trade secrets as the object of IPRs in proper sense.

Thus, there is no "absolute" (erga omnes) but only an inter partes right thereof [5], conferring a "head start" that is, an uncertain period of natural lead time during which originators seek to recoup their investment in research and development [6].
The unauthorized acquisition and / or use of secrets can be enforced (by means of cease-and-desist orders, and civil liabilities) only vis-à-vis those who either violated a secrecy agreement stipulated with the "owner" for a personal and / or a third party's competitive benefit, or those who induced the violation or anyway took consciously competitive profit [7] thereof. Typically, the authors of such misconduct are former or actual employees, and / or competitors who "manoeuvred" said subjects to their own competitive advantage [8].
Conversely, in absence of any breach of confidentiality and competitive misbehaviour (i. e. independent development of the information, reverse engineering, accidental disclosure), the apprehension and use, even for competitive purposes, of a formerly confidential information which ceased to be secret, no liability arises and no bar to the use thereof can be imposed on any third party [9]. This, in particular, even when the former secret is apprehended by means of lawful "decompilation" of a product or a proceeding openly marketed [10], and – a fortiori - when the secret is "learnt" thanks to accidental disclosure [11] [12].

3. To the new unsatisfactory regime.

As examined in a 2011 article [13], this clear border between the "relative" protection granted by the law against unfair competition and the one based on IPR's paradigms - basically patent's - has been recently cancelled by the Italian legislator, who overturned the traditional regulation (embodied in article 6bis of the former Patent Law).
Conflicting on one hand with the most recent trend towards the progressive harmonisation of unfair competition regime [14], and on the other hand with the legal movement in favour of a more robust public end semi-public domain, this major reduction ad unum is embodied in the Legislative Decree no. 30, enacted in 2005, February the 10th, which, has introduced the "Codice della proprietà industriale", i. e. Italian Code on Industrial Property (hereinafter, also the "New Italian Code") [15] and restated in the 2010 novella. This text, first of all includes (articles 1 and 2) confidential trade, commercial [16] and technical information in the general category of intellectual property.
Thus, the notion of (protectable) "secret", set at Art. 98, encompasses any information which has an economic value as it is confidential, and that is submitted to any reasonable measures [17] to keep it as confidential, and is in fact not in the public knowledge nor easily accessible [18] and inferable by an average expert of the field. Then, the new Italian Code designs the protection of trade secrets as an exclusive and absolute (erga omnes)

proprietary regime (Art. 99) [19], thus "upgrading" confidential information to the status of an object of IP right in proper sense [20].
More specifically, the "owner" of the trade secret is allowed to prevent anybody [21] from acquiring and using the same, independently of the breach of previous or existing commitments (whose existence is a requisite of the legal notion of "confidential" information, not a condition for the protection thereof) [22], and, more broadly, of the commitment of acts of unfair competition. Article 99 very clearly depicts this latter case as a possibly concurring circumstance, which does not at all condition, nor modify, the new regime of "absolute" protection [23].
Thus, in particular, under the new rules, a third party may be charged for infringement of the secret even if she / he apprehended the confidential information by means of lawful own's or other people's activities or by accident (see above), and – furthermore - if she / he was a bona fide purchaser and as such did not know, nor was she / he negligent in ignoring that such acquisition implied an unlawful conduct [24]. As a result, the traditional "dichotomy" that characterized access to trade secret as a lawful activity or as an unlawful conduct disappears, any attempts to learn a rival's firm trade secret being an infringement of a property right.

4. The economic drivers of the Italian approach.

The bulk of Italian economy is made by a multitude of medium and small-to-medium firms (the bigger ones mostly living upon monopoly- or incumbency-related rent seeking, or upon variously disguised public aids) [25]. Now, such firms'financial structure is often fragile, and anyway strongly cost-strained. This means, i. e., that they are rarely committed to high-level, long-term oriented R&D, often concentrating their competitive efforts in incremental innovation (subpatentable, would say Jerry Reichman [26]), and/or in design development, in marketing, branding, pricing strategies, etc.
Also, as an intertwined consequence, they have not developed - sauve exceptions - an "IP management culture" in the modern sense. Patent protection now provides for publication of patent applications eighteen months after filing, meaning that where the application is rejected the information therein conveyed may not rely on the trade secret protection anymore. Moreover, the trend towards the limitation of the scope of the patent claim may encourage the inventor to rely on the trade secret protection instead.
They perceive patenting as a cost more than an opportunity. The more so in a system where the patent is granted without prior exam of novelty and inventiveness thus without any valuable "certification", and the consequent basic ineptitude to attract venture capital. Moreover, with the perspective of frequent an uncertain—and again costly—judicial challenges, accompanied by a widespread perception that "it's useless to patent, since it will suffice a trifling modification to bypass you…" [27].

Now, it's just in this context of economic motivations, and perceptions, that a diffuse sectorial quest arises for protection "off-patent"—for both patentable and unpatentable objects. In the case of easily duplicable and knowable innovation (this typically occurs, as reminded, with products), that quest builds its argument on the rhetoric of "parasitism" --- trying to open a "third way" (this no good!) between (and in absence of) patent and passing-off [28]. Instead, when dealing with non-easily duplicable and detectable information as well as with subject matter that are unlikely to be independently developed (typically, albeit non exclusively concerning processes), that quest points to a patent-like protection without the costs (and social benefits) of patents.
Of course, these are understandable expressions of legitimate economic interests [29]: but not such as to justify, even in the case of secrets, a major blow to the innovation and competition-enhancing "logic" underlying the patent paradigm and its inherent trade-off "exclusivity for disclosure". Indeed, that paradigm "publicizes" knowledge while "privatizing" exploitation [30], whereas granting IPR protection to secrets privatizes both [31]. (And it seems almost superfluous to recall here the general principle that in absence of patents, and in absence of passing-off and other unfair conducts, imitation is legitimate as an expression of the general freedom of competition). A sound legislator should look above sectorial, though legitimate interests. Even more so in our case, where it could have adopted (as also suggested by a bi-partisan Bill of a few years ago) different and efficient solutions in order to meet the needs of SMEs. For instance, in the path of the U. S. Bay-Dole Act (1980), it could have provided for reducing costs and levies on patents filed by SMEs. Or it could have fiscally encouraged R&D - (and patent-) oriented joint ventures among same SMEs, etc.

5. The EU response to the Italian pasticcio.

The inconsistencies of the Italian approach are about to be solved.
On the 28th of November, in fact, the European Commission has proposed a Directive on trade secrecy modelled on the unfair competition paradigm [32].
The aim of the Commission is to shape a sound, balanced and harmonized legal framework that may be able on one hand to advance innovation and on the other to simplify cross-border cooperation between business and research partners. To this end, in place of a current fragmented system the intention is to design a common regime where the level of protection is adequate and the means of redress (if trade secrets are stolen or misused) are effective.
What is important to underline is that to ensure a satisfactory standard of protection trade secrets are legally secured where someone has obtained the confidential information by illegitimate means (for example through theft or bribery). With the consequence that competitors, and other third parties, may discover, develop and freely use the same formula.

In brief, under Chapter I, Article 1, sets up the relevant subject matter, clarifying that the Directive applies in line with TRIPS Agreements to unlawful acquisition, disclosure and use of trade secrets and the measures, procedures and remedies that should be made available for the purpose of civil law redress.
As far as the protection is concerned, Chapter II sets the circumstances under which the acquisition, use and disclosure of a trade secret is unlawful (Article 3), thus entitling the trade secret holder to seek the application of the measures and remedies foreseen in the Directive. The key element for those acts to be unlawful is the absence of consent of the trade secret holder. Article 3 also determines that the use of a trade secret by a third party not directly involved in the original unlawful acquisition, use or disclosure is also unlawful, whenever that third party was aware, should have been aware, or was given notice, of the original unlawful act. Article 4 expressly clarifies that independent discovery and reverse engineering are legitimate means of acquiring information.
In other words, the draft Directive confirms that to further innovation and reward creators for their efforts, innovators shall be protected against dishonest practices aimed at illegally obtaining their confidential information in order to free-ride on innovative solutions without incurring any investment associated with research or reverse engineering.
With such response, the Italian choice as it stands needs to be promptly revised for different and interlinked reasons.
First, the enhancement of the status of trade secret to a full property right clashes, with no possible reconciliation, with the basic pro-competitive approach to patent paradigm [33], as upheld by many prominent scholars and Judges world-wide, and embodied not only in the draft Directive but also in several basic features of national patent laws enacting the European Patent Convention (EPC). The approach, I mean, which applies patent law so as to favour dynamic innovation, and whereby innovation encourages competition and competition rests on innovation [34].
More specifically, such approach rests upon three main intersecting guidelines:
i) the refusal to patent “anything under the sun that is made by the hand of man”. This, in the belief that, in compliance with article 27 of the TRIPs Agreement, a proprietary right should be secured only when the overall benefits for innovation, especially if next, exceed the social costs arising from the subtraction of the quid inventum from the public domain [35];
ii) the preference for a legal corpus which, from its prerequisites, might guarantee "a cautious balancing between the need to promote innovation and the acknowledgement that even the imitation and the improvement through imitation are necessary to the innovation and to the market economy” [36];
iii) the objective, in delimiting the patent scope, to extend the competitive arena to other firms which participate in the overall innovative process, thus allowing them to access a patent of their own, if / when they realise non trivial substitutes, or improvements [37].

As to i), in fact, the Italian regime allows in principle that all sorts of commercial information, included customer lists and sales figures, marketing, professional and managerial procedures [38], may benefit from the ius excludendi alios. In contrast to patent law, the trade secret regime utilizes a "functional definition" for determining what is protectable subject: with the consequence that virtually anything maintained in secret by a business enterprise that gives it a competitive advantage in the marketplace may be eligible for trade secret protection [39]. In this regard, the new legislation re-draws and circumvents the boundaries of the IPR system as set up in art. 52 EPC, which clearly keeps presentations of information and business methods, and a fortiori single information [40], out of the ambit of patentability.
Also within the realm of technical information the Italian solution is able to circumvent the basic principles of the patent system. Here the inventor may secure an absolute protection for a potentially unlimited period, regardless of the possible lack of novelty and inventive character of the undisclosed information [41]. As a result, the ambit of the protected subject matter is much wider than that provided under art. 52 EPC, according to which the proprietary protection shall be granted for inventions which involve an inventive step only. In other words, in the new regime there is no filter that eliminates certain ideas from obtaining an absolute protection because they are not inventive enough to be granted such status. The end result is that the new regime does not prevent the trade secret owner from having access to – and "propertising" - the "patent free zone", marginalizing the ambit of the public domain.
As to ii) and iii), relocating a misconduct-grounded liability rule into the property right realm [42], the Italian regime builds a very strong reason for interfering with the incentive to patent, especially in those cases (typically concerning processes) where the innovative features cannot be easily perceived by any "average" expert of the field by the mere exam and analysis of the patented object-- as typically happens for products.
And indeed, since the trade secret comes to enjoy the same "proprietary" protection as a patented object, why should I patent if I can get (see i) just above) an exclusive right on a much broader area and kind of information than I could protect by a patent?! Why incurring high (and sunk) costs of registration, when the "new " IPR is granted at no-cost?! [43] Why accepting a fixed term of exclusive exploitation [44], when - in absence of easy duplication [45] - I might enjoy a much longer, indefinite "monopoly"?! [46] And - first and foremost- - why disclosing my innovation to the vast world of present and potential competitors?! [47] Why promoting such burdensome "gift" to them, which – absent the prerequisites of the patent protection - may determine the entrance of the innovation in the public domain? [48]
Thus, it could well be that even "pioneer" inventions might be never widely known by the community, thus interfering with the market and the other inventors'chances to find out solutions which would meet more satisfactorily the market's requirements, or else which meet a different demand [49].

Also in case of "scientific" inventions, the lines of R&D the secret owner is undertaking and / or anyway considers valuable also with reference to intermediate results may remain inaccessible even in perpetuo, thus potentially distorting the research trajectory of researchers and competitors. They could be barred from outlining the area of research the trade secret owner is investigating and prevented from identifying how fast she / he is proceeding within such specific field. In fact, as long as the secret is kept, the possession of know-how can represent a very important competitive advantage in terms of gaining a lead time – without the predefined time limit of a patent and the conditions to be satisfied for obtaining one – over other competitors that would seek to use the same production process. As such, the value of know-how can be even higher than that of a patent, knowledge of which is necessarily public.
Moreover, the enhanced protection of trade secret allows the working requirement of the invention to be eluded, thus facilitating strategies of 'programmed obsolence'(delaying entry on the market of improved products as long as the earlier versions keep selling): a practice that self-evidently runs counter to the general interests of consumers and innovation alike.
The above remark confirms that the institution of this Italian "new entry" in the circle of IPRs "boycotts" the signalling function for the information of research and industry necessarily linked to the disclosure of the patented invention [50]. Boycotts, in other words, the pro-competitive and pro-(subsequent) innovation effects linked to the patent regime, which grants an exclusive right as a quid-pro-quo for the disclosure of the patent application. According to the law, the patent application remains secret for 18th months after filing and only afterwards the information contained therein is made public (thus promoting the inventing around and the cross-fertilization process). Despite the publication of the application, the inventor enjoys an exclusive right on the quid inventum, where the invention satisfies the prerequisites identified by the law, otherwise the invention altogether enters in the public domain. It seems clear that the new regime is able to jeopardize this mechanism, since the undisclosed information gains a full protection even if does not meet the patent conditions.
Further, at global level, the criticized new Italian regime might negatively affect the technology transfer, in terms of access and costs of the piece of information, especially when the confidential know how is vital to tackle the digital divide [51]. The reason being that the exclusive ownership granted to the trade secret owner is conditioned on non-disclosure and continued secrecy [52].
As a result, in the new Italian framework trade secret protection does not performs anymore its traditional function to "fill the gaps" [53] created by patent system, but it aims at replacing it. The final result is that the complementarities between the two legal regimes, especially in terms of generating innovation of incremental kind that would have value for a limited time vs innovation of stable kind that would require a more extensive lead-time to be recovered, ends.

In the light of the above, in conclusion, the Italian regulatory outline shall be urgently subject of a radical revirement in order to restore the "unfair competition" perspective of trade secrets'protection [54], in harmony with the traditional framework—including in the TRIPs—as well as the most recent European trends towards the harmonisation of trade secret protection [55]. Only in this way, in fact, efficient protection would be afforded, stimulating the creation of information as a trade secret without unnecessarily stifle competition [56].

Note:

[*] Il presente contributo è stato preventivamente sottoposto a referaggio anonimo affidato ad un componente del Comitato di Referee secondo il Regolamento adottato da questa Rivista.

[1] Amplius, V. Falce, Innovation in the New Technological Industries: Looking for a Consistent Cooperative Model, in Biotechnology And Software Patent Law A Comparative Review of New Developments, 2012

[2] See for a more specific analysis, V. Falce, La modernizzazione del diritto di autore, 2013, Introduzione; V. Falce, La sfida del diritto dell'innovazione nei nuovi settori della tecnica. Cenni sui modelli cooperativi, in Studi in memoria di Paola A. E. Frassi, 2010, passim.

[3] V. Falce, G. Ghidini, Trade Secrets as Intellectual Property Rights: A Disgraceful Upgrading – Notes on an Italian 'Reform', in The Law And Theory Of Trade Secrecy A Handbook of Contemporary Research, 2011, passim.

[4] For an historical overview, G. Ghidini, La concorrenza sleale dalle corporazioni al corporativismo, in Politica del diritto, 1974, 64.

[5] J. H. Reichman noted that "Assuming that a given discovery fits within the operative definition of a trade secret, such eligibility confers no exclusive rights to make, use, sell or reproduce it in the manner of patents or of other statutory intellectual property rights. Rather, third-party acquisition of secret knowledge becomes actionable only when obtained by improper means, that is to say, in ways that are excluded by private agreement or that violate a confidential relationship or that otherwise offend public policy. Trade secrets that are voluntarily revealed, insufficiently guarded or reverse-engineered by proper means lose all protection and become subject to free competition" (J. H. Reichman, Beyond The Historical Lines Of Demarcation: Competition Law, Intellectual Property Rights, And International Trade After The Gatt's Uruguay Round, in 20 Brook. J. Int'l L. 75, 1993, 83. In the same sense, see also Allison Coleman, The Legal Protection Of Trade Secrets 8-9 (1992).

[6] J. H. Reichman, Pamela Samuelson Intellectual Property Rights In Data?, in Vanderbilt Law Review 1997, 51, 60.

[7] Secondary liability has been considered as an embryonic form of sequelam right (P. Auteri, Commento al nuovo art. 6 bis l. invenzioni, nel Commentario al d. lgs. 19 marzo 1996, n. 198, in Le nuove leggi civ. comm., 1998, 124). According to Prof. Bone, however, although the secondary liability doctrines of contributory infringement, vicarious liability, and active

inducement play an important role in other areas of intellectual property law, especially copyright and patent, they do not play a significant role in trade secret law" (Robert G. Bone, Secondary Liability For Trade Secret Misappropriation: A Comment, Santa Clara Computer and High Technology Law Journal, 2006, 529, 636).

[8] T. Ascarelli, Teoria della concorrenza, 1955, 197. The discrimen between fair and unfair conducts connected to trade secret has been nicely illustrated by L. S. Paine, Corporate Policy and the Ethics of Competitor Intelligence Gathering, in J. Bus. Ethics, 1991, 423, 424-25; W. E. Hilton, What Sort of Improper Conduct Constitutes Misappropriation of a Trade Secret, in IDEA, 1990, 287.

[9] R. Peritz has recently indicated that "the incentive to invent is better understood as merely coincidental to trade secret protection because claimants are not required to prove innovation [...]. In contrast to copyright and patent protection, courts and policy makers are not called upon to determine a level of protection that optimizes ex ante incentives to invent. Rather, they are asked to make an ethical determination whether an accused party is a free rider in the extreme case – someone who has engaged in conduct akin to theft, fraud, or abuse of trust" (ID., Competition Policy and its implications for intellectual property rights in the United States, in The interface between Intellectual Property Rights and Competition Policy, 2007, 155).

[10] For a critical analysis, Pamela Samuelson, Suzanne Scotchmer, The Law And Economics Of Reverse Engineering, in Yale Law Journal 2002, 1575, 1582-1584. The Authors points out inter alia that "reverse engineering as an important factor in maintaining balance in intellectual property law. Federal patent law allows innovators up to twenty years of exclusive rights to make, use, and sell an invention, but only in exchange for disclosure of significant details about their invention to the public. This deal is attractive in part because if an innovator chooses to protect its invention as a trade secret, such protection may be short-lived if it can be reverse-engineered. If state legislatures tried to make trade secrets immune from reverse engineering, this would undermine federal patent policy because it would "convert the... trade secret into a state-conferred monopoly akin to the absolute protection that a federal patent affords." Reverse engineering, then, is an important part of the balance implicit in trade secret law". According to W. Cornish, the lawfulness of such activity rests on "the economic value which comes from constant emulation of what competitors are doing in any particular market". In particular, the Author points out that "who wants protection for an industrial novelty against all others, must show a patentable invention and reveal its nature so that the rest of the industry can know its essence. From this it can be claimed that there is a complementary balance between the two forms of protection", W. Cornish, in W. Cornish, D. Llewelyn, Intellectual Property, 2003, 313, 314. See on the topic also R. Krasser, The Protection of Know-how in 13 Countries, 1972, 27. However, according to J. H. Reichman, Legal Hybrids Between the Patent and Copyright Paradigms, 94 Colum. L. Rev. 2432, 2438 (1994), at 2521 "First and foremost, reverse engineering

provides originators with an indispensable period of natural lead time in which to recoup their initial investment and to establish footholds in the market."). Such lead-time provided by trade secret law risks to be insufficient according to the Author, particularly with regard to recent innovation, because of the ease with which such innovation can be reverse engineered. Id. At 2517 ("An innovative but unpatentable product of the new technologies thus tends to bear its know-how on its face. The innovator consequently risks becoming as vulnerable to rapid appropriation by second comers as the author of any published literary or artistic work"). In conclusion, Prof. Reichman denies the possibility that the original innovator may be able to recoup her costs given a short lead-time by raising the price she charges for the product embodying the protected idea.

[11] In this respect, trade secret rights may be defined as "disappearing rights", that becomes vulnerable to discovery and disclosure by others (John C. Stedman, Trade Secrets, 23 OHIO ST. L. J. 4, 21 (1962).

[12] In such case, both the original innovator and successive innovators will be able to recoup development costs until the information protected as a trade secret is generally known throughout the industry. Once the information is generally known, it has virtually no value as an innovation, so consumers pay the lower prices associated with a thoroughly competitive market. Notes, The Law of Trade Secrets: Toward a More Efficient Approach, Vanderbilt Law Review, vol. 57, 2004, 1269, 1281.

[13] V. Falce, G. Ghidini, Trade Secrets as Intellectual Property Rights: A Disgraceful Upgrading – Notes on an Italian 'Reform', in The Law And Theory Of Trade Secrecy A Handbook of Contemporary Research, 2011, passim.

[14] See the Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market (For an in depth analysis, AA. VV., Le "pratiche commerciali sleali" tra imprese e consumatori, G. De Cristofaro Ed., 2007; AA. VV., Le pratiche commerciali sleali, E. Minervini and L. Rossi Carleo Eds., 2007; AAVV, Cinque voci sulla direttiva comunitaria 2005/29/CE in tema di pratiche commerciali sleali, in Contratto e Impresa Europa, 2007, 1; Assonime Circular Letter no. 80 of December 17, 2007; J. Stuyck, E. Terryn, T. Van Dyck, Confidence through fairness? The new Directive on unfair business-to-consumer commercial practices in the internal market, in Common market law review, 2006 107-152; G. G. Howells, European Fair Trading Law: The Unfair Commercial Practices Directive, 2007; G. B. Abbamonte, The Unfair Commercial Practices Directive: An Example Of The New European Consumer Protection Approach, in Colum. J. Eur. L., 2006, 695; M. Kenny, Constructing A European Civil Code: Quis Custodiet Ipsos Custodes? in Colum. J. Eur. L., 2006, 775). In tackling unfair business-to-consumer commercial practices in the internal market, the Unfair Commercial Practices Directive, stands at the crossroads of various interconnected community policies. On the one hand, as a harmonisation step, it allows – pursuant to Article 95 of the EC Treaty – the establishment and safeguarding of the operation of the single market as a space without frontiers where fundamental freedoms are effectively enforced in a harmonized competitive

environment. On the other hand, and in relation to Article 153 of the EC Treaty, it safeguards the economic interests of consumers and raises the level of protection of 'civil rights inside the market'. This goes to show, therefore, how the very legal foundations of the Directive encourage the convergence of different features of the community action - competition and consumer protection - and hence the integration of the corresponding set of rules in view to an effectively integrated system. Moreover, the Unfair Commercial Practices Directive suggests and points to the more ambitious idea of promoting fairness as a yardstick that dominates and informs the interpretation of the rules governing market relations for any reason whatsoever. This is so both when these apply between equals or 'inter pares'(in terms of power, whether bargaining or not), thus between businesses or traders'according to the terminology of the Directive as well as pratiques commerciales déloyales those between businesses and consumers. For a critical analysis, V. Falce, Profili proconcorrenziali dell'istituto brevettuale, Milano, 2008, Cap III; G. Ghidini, Profili evolutivi del diritto industriale, Milano, 2008, 89; V. Falce and G. Ghidini, The new regulation on unfair commercial practices and its interference with Competition Law, VIII Conference, Antitrust between EC Law and National Law, Treviso, Casa dei Carraresi, May 22 - 23, 2008. According to the Authors "The Directive identifies the need to develop an organic corpus of harmonized rules on unfair practices to promote the effective operation of the internal market. But one must equally acknowledge the EU legislator's efforts, through the Directive itself, to complete the meticulous, if still unfinished, work of drawing up EU regulations on unfair competition, for which, in our view, the new regime intends to lay the core foundations".

[15] For a basic critical overview, G. Ghidini, V. Falce, Sui brevetti tutela "blindata", Sole 24 Ore, 3 September 2006, 19; G. Ghidini, La tutela del segreto: critica di una "riforma", in Dir. ind., 2008, 167; G. Ghidini, V. Falce, Upgrading Trade Secrets as IPRs. A recent breakthrough in Italian IP Law, in Riv. dir. aut., 2008; B. Franchini Stufler, Studi sull'evoluzione economica e giuridica del know-how e della sua tutela, in Riv. dir. ind. 2005, I, 363. See also V. Di Cataldo, Il nuovo codice della proprietà industriale, in Giur. Comm., 2005, 574.

[16] The extension of trade secret protection to the realm of commercial information has been questioned by Prof. Bone who has queried "whether trade secret law is needed to encourage the production of nontechnological information. After all, a firm must have a marketing plan and must compile financial data in any event, if it is to compete effectively. The anticipated profit from product sales is itself an inducement to create this information, and firms can use trademarks to capture at least some of the benefit of a marketing plan. Conceivably, a firm might invest more if it knew it could protect the results through trade secret law, but it is not evident that the additional investment would enhance competition or product quality enough to justify the social costs" (Robert G. Bone, A New Look At Trade Secret Law: Doctrine In Search Of Justification, in California Law Review, 1998, 241, 282).

[17] L. Mansani, La nozione di segreto di cui all'art. 6 bis l. i., in Il Diritto industriale, 2002, 217, 218. Such condicio has been interpreted as functional to discourage firms from engaging in costly and inefficient self-help, discourage firms from engaging in costly and inefficient self-help, substituing it with a legal system (Lemley, The surprising Virtues of treating Trade Secrets as IP Rights, John M. Oil Program in Law and Economics, Stanford Law School, Working Paper No. 358, June 2008).
[18] In this respect, E. W. Kitch, The Law and Economics of Rights in Valuable Information, 9 J. Legal Studies 683, 698 (1980) notes that the reasonable precautions requirement i) allows courts to identify what secrets are sufficiently secret and ii) demand that employers provide notice to employees of those ideas considered trade secrets.
[19] Amplius, M. Scuffi, M. Franzosi e A. Fittante, Codice della proprietà industriale, 2005, 452; Codice della proprietà industriale (G. Ghidini, F. De Benedetti eds.), 254; G. Floridia, Le creazioni protette, in Diritto Industriale, 2005, 195; ID., Segni e confondibilità nel Codice della proprietà industriale, in Il Dir. Ind., 2007, 15.
[20] G. Floridia welcomes the propertisation of trade secrecy, which is now equated to any other property rule (ID., Il codice della proprietà industriale: disposizioni generali e principi fondamentali, in Il Dir. Ind., 2005, 13; Le creazioni protette, in Le creazioni intellettuali a contenuto tecnologico, in Diritto industriale. Proprietà intellettuale e concorrenza, 2005, 195).
[21] A. Vanzetti, V. Di Cataldo, Manuale di diritto industriale, 2005, 448; G. Floridia, Intervento, Il codice di proprietà industriale (L. C. Ubertazzi ed.), 2004, 208; ID., Le creazioni intellettuali a contenuto tecnologico, 2005, 209; G. Guglielmetti, La tutela del segreto in Le nuove frontiere del diritto dei brevetti (C. Galli ed.), 2003, 126.
[22] This point has been extensively explored by P. Auteri, Commento al nuovo art. 6 bis l. invenzioni, nel Commentario al d. lgs. 19 marzo 1996, n. 198, in Le nuove leggi civ. comm., 1998, 124.
[23] The incipit of Art. 99, in fact, clearly states that it is "save the application of the unfair competition regime".
[24] Please note that where for the same invention that is exploited in secrecy, an application to be lawfully patented is made, the trade secret owner would become a pre-user. In such case, in fact, the owner of the secret could not claim anything from the patent owner or from competitors, as the protection that she/he could exploit would be merely the power to go on exploiting the invention, though patented by other people. Vice-versa, in the event that patent owner has not autonomously created the invention that she/he wants to patent, the owner of the secret could object that a not entitled person may request the patent, though in good faith, as well as to the acquisition and execution of the invention unpatented by any third parties. For an analysis of the indipendent discover of the trade secret elements, S. K. Verna, Protection of Trade Secrets Under the TRIPs Agreement and Developing Countries, in J. World Intellectual Property, 1998, 723.
[25] Inter alia, R. Bone, A New Look at Trade Secret Law: Doctrine in Search of Justification, in 86 California Law Review 241, 243 & n. 1 (1998) has

emphasised that "Trade secrets are among the most valuable assets firms own today, and many courts and commentators believe that the law of trade secrets is crucial to the protection of intellectual property"; M. Lao, Federalizing Trade Secrets Law in an Information Economy, 59 OHIO ST. L. J. 1633, 1633 (1998), who confirms that "Trade secrets law, once considered a secondary source of intellectual property protection for less significant innovations, has evolved into an important incentive for innovation in the information age"; J. H. Reichman, Legal Hybrids Between the Patent and Copyright Paradigms, 94 COLUM. L. REV. 2432, 2438 (1994), who agrees that "Legal theorists have particularly underestimated the important role of trade secret laws... in mediating between formal intellectual property regimes and free competition". Also, according to Alan J. Tracey, The Contract In The Trade Secret Ballroom--A Forgotten Dance Partner?, in 16 Tex. Intell. Prop. L. J. 47 "the advent of the knowledge economy, employee mobility, and increasing business size--have resulted in a competitive marketplace where the misappropriation of trade secrets has become common. The result has been business revenue loss and an increased desire among business people to maintain the legal rights in any valuable commercial information they may hold. Trade secret law is left to create a balance of interests, which allows the trade secret holder to share information with his employees or others while still maintaining the ownership and competitive advantage of that information in an increasingly information-based economy". The role and function of the information in the digital era has been analysis in great details by M. Bertani, Proprietà intellettuale, antitrust e rifiuto di licenze, 2004, 2; ID., Proprietà intellettuale e nuove tecniche di appropriazione delle informazioni, in AIDA, 2005, 313. On the innapropriability of the information as such, see also V. Falce, La disciplina comunitaria sulle banche dati. Un bilancio a dieci anni dall'adozione, in Riv. Dir. Ind., 2006, 227.

[26] According to the Author, Truly, as recalled by Jerry Reichman since 1993, today's most valuable technologies often fail to meet the nonobvious standard of patent law because they partake of merely incremental advances beyond the prior art, while their functional character remains alien to both the spirit and economic assumptions of copyright law, which implements cultural rather than industrial policies. Yet, such technologies obtain little or no natural lead time in classical trade secret law because they consist essentially of intangible scientific or technical know-how that becomes embodied in products sold on the open market. Any third parties who obtain the tangible products can quickly duplicate the valuable information they contain and thereby appropriate the fruits of the innovator's investment in research and development, with no corresponding investment of their own. Under modern conditions, in other words, a major problem with the kinds of innovative know-how underlying important new technologies is that they do not lend themselves to secrecy even when they represent the fruit of enormous investment in research and development. Because third parties can rapidly duplicate the embodied information and offer virtually the same products at lower prices than those of the originators, there is no secure interval of lead time in which to recuperate the originators'initial investment

or their losses from unsuccessful essays, not to mention the goal of turning a profit (J. H. Reichman, Beyond the Historical Lines of Demarcation: Competition Law, Intellectual Property Rights, and International Trade After the GATT's Uruguay Round, 20 Brook. J. Int'l L. 75, 86 (1993).

[27] See generally, D. Friedman, W. Landes, R. Posner, Some Economics of Trade Secret Law, in Journal of Economic Perspectives, 1991, 62, for a broad discussion of patent and trade secret law from an economic viewpoint; A. S. Oddi, Un-Unified Economic Theories of Patents. The Not-Quite-Holy Grail, in Notre Dame L. Rev., 1996, 285, indicating some cases where trade secret protection may be preferable to patent protection; J. E. Grusd, Internet Business Methods: What Role Does and Should Patent Law Play?, in Va. J. L. & Tech., 1999, 49, indicating that small and start-up companies mostly tend to rely on trade secret protection; R. Merges et al., Intellectual Property in the New Technological Age, 2003, 29 shares the view that "[T] rade secrets, though important to all firms, are absolutely crucial for the small companies that drive innovation in many developing fields. A caveat however has to be added. In fact, for the purpose of the enforcement of the trade secret, its owner has to prove that each legal pre-requisite set by the Italian Code is fulfilled as well as that an infringement of its right occurred. In this respect, the costs of the enforceability of the confidential information vis-à-vis of the patent may play an important role in the overall assessment concerning the type of protection to rely on.

[28] R. D. Blair, T. F. Cooter, An Economic Analysis of Damages Rules in Intellectual Property, in Wm and Mary L. Rev., 1998, 1600, notying how the risk of duplication interferes with the incentive to rely on trade secret protection instead of on patent law. J. E. T Rogers clarified that "the bargain of the inventor with the public is thoroughly one-sided. If it be his interest to keep his secret, he infallibly does so, not so much from the cause that a patent is expensive, as because it is his interest [...]. It is perfectly true, indeed it is instead on by the advocates of the rights of invention, that nothing can compel him to disclose his discovery. Does he ever do so except on the ground that the profits of the monopoly would be more valuable than the profits of the secret?" (ID., On The Rational And Working Of The Patent Laws, in Journal of the Statistical Society of London, 1863). For a more recent indication, M. Boldrin, D. Levine: "Granting a legal monopoly in exchange for revealing the "secret" of the innovation is one, apparently clean, way to make innovations more widely available in the long run. However, this argument has not been subject to much scrutiny by economists, and indeed, in the simplest case it fails. Suppose that each innovation can be kept secret for some period of time, with the actual length of legal patent protection is 20 years. Then the innovator will choose secrecy in those cases where it is possible to keep the secret for longer than 20 years, and choose patent protection in those cases where the secret can be kept only for less than 20 years. In this case, patent protection has a socially damaging effect. Secrets that can be kept for more than 20 years are still kept for the maximum length of time, while those that without patent would have been kept for a

shorter time, are now maintained for at least 20 years" (ID., Rent-Seeking And Innovation, In Journal Of Monetary Economics, 2004, 129).
[29] Ex multis, W. M. Cohen, R. R. Nelson, J. P. Walsh, Protecting their Intellectual Assets: Appropriability Conditions and Why US Manufacturing Fims Patent, 2000 (several surveys of R&D managers from US firms have highlighted their lack of faith in patents as a way of protecting their innovation, trade secrecy being cited as the most effecticve form of protection, ahead of patents); J. Lahore, A. Duffy, Confidentiality, Patents And Restraint Of Trade, in Intellectual Property in the New Millenium, 2004, 203 (patent protection, and actions for protection of confidential information, are not in any way complimentary. Rather, they should be regarded as offering alternative, and mutually exclusive, forms of protection); W. Cornish, in W. Cornish, D. Llewelyn, Intellectual Property, 2003, 300. As far as the Italian doctrine is concerned, G. Floridia has recently confirmed the complentarity between the two means of protection (ID., Le creazioni protette, in Le creazioni intellettuali a contenuto tecnologico, in AA. VV. Diritto Industriale. Proprietà Intellettuale e concorrenza, 2005, 195).
[30] F. Machlup, E. Penrose, The Patent Controversy in the Nineteenth Century, in J. Econ. Hist., 1950, 10: ''To secure (industrial progress) at a sustained rate it is necessary that new inventions become generally known as parts of the technology of society. In the absence of protection against immediate imitation of novel technological ideas, an inventor will keep his invention secret... hence it is in the interest of society to induce the inventor to disclose his secret for the use of future generations. This can best be done by granting exclusive patent rights to the inventor in return for public disclosure of his invention''.
[31] Robert G. Bone, Secondary Liability For Trade Secret Misappropriation: A Comment, Santa Clara Computer and High Technology Law Journal, 2006, 529, 535 "By rewarding secrecy, trade secret law encourages firms to keep secrets, and secrecy impedes the diffusion of information. When one firm's stronger trade secrecy prevents other firms from building on the information, the pace of innovation is likely to slow with negative effects on economic productivity". According to M. Lemley, instead, trade secret law actually encourages broader disclosure and use of information, not secrecy. In fact, trade secret law develops as a substitute for the physical and contractual restrictions those companies would otherwise impose in an effort to prevent a competitor from acquiring information. In so doing, it encourages disclosure of information that companies might otherwise be reluctant to share for fear of losing the competitive advantage it provides. Besides, it is the Author's opinion that trade secret law reaches beyond contract law by allowing courts to infer the existence of a confidential relationship from circumstances in which transactions might be difficult or impossible without that assumption (ID., The surprising Virtues of treating Trade Secrets as IP Rights, John M. Oil Program in Law and Economics, Stanford Law School, Working Paper No. 358, June 2008).
[32] Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the protection of undisclosed know-how and business

information (trade secrets) against their unlawful acquisition, use and disclosure, /COM/2013/0813 final - 2013/0402(COD)*/, available at http://eur-ex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52013PC0813:EN:NOT.

[33] The fundamentals themselves of this argument are questioned by Michael Abramowicz, John F. Duffy, Intellectual Property For Market Experimentation, New York University Law Review, 2008, 337. According to the Authors "One of the common justifications for trade secret law is that it serves a purpose similar to the patent system: Protection of secrets encourages firms to invest in the production of valuable secrets and thus in technical and scientific advances. Yet this theory has some important difficulties. First, one of the main policies of the patent system is to ensure that no obvious technical information is made public and is not kept as a trade secret. A firm can pay a heavy price for maintaining nonobvious technological information as a trade secret--including the possibility that another firm may patent that information and enjoin the original creator's use. Second, it seems puzzling that the law should seek to protect technical advances that are so minimal that they would not qualify for patent protection, presumably because they are obvious. A partial answer to this puzzle is that trade secret protection avoids the transaction costs associated with attempts to secure patents, but this answer purports to reduce trade secret law to a kind of second-class intellectual property protection for relatively unimportant innovations".

[34] For an in-depth analysis, G. Ghidini, Profili evolutivi del diritto industriale-Innovazione, concorrenza, benessere dei consumatori, Accesso alle informazioni, 2008, passim; V. Falce, Profili pro-concorrenziali dell'istituto brevettuale, 2008, Cap III; S. Anderman has recently pointed out that "within each legal system, the different means used by intellectual property rights legislation and competition law operate in many ways in conjunction rather than in conflict with each other" (ID., The competition law/IP interface: an introductory note, in The Interface between Intellectual Property Rights and Competition Policy, 2007, 5); on the intersection between IP and competition, R. Pitofsky, Antitrust and Intellectual Property: Unresolved Issues at the Heart of the New Economy, Paper presented at the Conference Antitrust, Technology and Intellectual Property, University of Berkeley, California, 2 March 2001; M. A. Lemley, A New Balance Between IP and Antitrust John M. Olin Program in Law and Economics Stanford Law School, Working Paper No. 340 Aprile 2007, available at http://ssrn.com/abstract=980045 "when viewed in context the two laws [Intellectual property and competition law] are not in conflict at all. Rather, they are complementary efforts to promote an efficient marketplace and long-run, dynamic competition through innovation". For an extensive law and economic analysis, see now D. Kallay, The Law and Economics of Antitrust and Intellectual Property. An Austrian Approach, 2004, Cap I and Cap II. For a critical review of the main issues, see now G. Ghidini, Intellectual Property and Competition Law, The Innovation Nexus, 2006, passim; V. Falce, Lineamenti giuridici e profili economici della tutela dell'innovazione

industriale, 2006, Cap. II; V. Falce, Profili pro-concorrenziali dell'istituto brevettuale, 2008, Cap. III; M. Libertini, Autonomia privata e concorrenza nel diritto italiano, in Riv. Dir. Comm., 2002, I, 433; M. Bertani, Proprietà intellettuale e circolazione delle informazioni brevettuali, in Studi di diritto industriale in onore di A. Vanzetti, 2004, 159. On the dynamics of innovation, N. Rosenberg, Dentro la scatola nera, 2001; on the information economy, Economia della conoscenza, A. Pilati e A. Perrucci eds., 2005; on the network economy, Reti di imprese tra regolazione e norme sociali, F. Cafaggi ed., 2004.

[35] Diamond v. Chakrabarty, 447 U. S. 303, 309, 65 L. Ed. 2d 144, 100 S. Ct. 2204 (US Supreme Court 1980) (referring to S. Rep. No. 82-1979, at 5 (1952); H. R. Rep. No. 82-1923, 6 (1952)). The dysfunctions deriving from such trend are pointed out by A. B. Jaffe, J. Lerner, Innovation and Its Discontents: How Our Broken Patent System Is Endangering Innovation and Progress, and What to Do About It, 2004; P. S. Menell, A Method for Reforming the Patent System, UC Berkeley Public Law Research Paper No. 958089, January 2007, available at http://ssrn. com/abstract=958089. In a comparative perspective, S. Anderman, The Competition Law/IP Interface: An Introductory Note, in The Interface between Intellectual Property Rights and Competition Policy, 2007, 8.

[36] Cfr. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U. S. 141, 146, 1989. Recently G. Ghidini, has recalled that "Third parties paying a reasonable royalty to the IP right holder in order to obtain access to a certain technology cannot be equated to free riders. The latter do not pay anything, of course. Moreover, [...] licensing can be a valuable source of revenues, of profits even equal or superior to the ones deriving from direct sales by the IP right holder. At the same time, paying access based on a truly competitive compensation preserves for the IP holder its competitive advantage [...] (ID, "What Extent Does IP require / Justify A Special Treatment Under Competitive Rules?, in European Competition Law Annual 2005: The Interaction between Competition Law and Intellectual property Law, 2007, 10).

[37] For an analysis of the inventive process vis-a-vis different industrial sectors, A. Arora, A. Fosfuri, A. Gambardella, Markets for technology: The Economics of Innovation and Corporate Strategy, 2001. On the distribution of incentives among inventors, S. Scotchmer, Standing On The Shoulders Of Giants: Cumulative Research And Patent Law, 1991; J. Bessen, E. Maskin, Sequential Innovation, Patents, and Imitation, M. I. T. Dept. of Economics, Working Paper No. 00-01, 2000, available at http://papers.ssrn.com/paper.Taf?abstract_id=206189; R. Barton, Patents and Antitrust: A Rethinking in Light of Patent Breadth and Sequential Innovation, in Antitrust Law Journal, 1997, 449; J. Green, S. Scotchmer, On the Division of Profit in Sequential Innovation, in RAND J. Econ., 1995, 20; H. Chang, Patent Scope, Antitrust Policy, and Cumulative Innovation, in RAND J. Econ., 1995, 34; T. O'Donoghue, A Patentability Requirement for Sequential Innovation, in RAND J. Econ., 1998, 654; M. Lemley, The Economics of Improvement in Intellectual Property Law, in Tex. L. Rev., 1997, 1048; K. Dam, Intellectual Property in an Age of Software and Biotechnology, in U. Chi.

L. & Econ., Working Paper No. 35, 1995. J. Lerner has recently indicated that the enhancement of the ius excludendi alios may retard, instead of accelerating the innovative process (ID., Patent Protection and innovation over 150 years, NBER Working Paper n. w8977, 2002).

[38] Michael Abramowicz, John F. Duffy, Intellectual Property For Market Experimentation, New York University Law Review, 2008, 337. According to the Authors "Intellectual property protects investments in the production of information, but the relevant literature has largely neglected one type of information that intellectual property might protect: information about the market success of goods and services. A first entrant into a market often cannot prevent other firms from free riding on the information its entry reveals about consumer demand and market feasibility. Despite the existence of some first-mover advantages, the incentives to be the first entrant into a market may sometimes be inefficiently low, thereby giving rise to a net first-mover disadvantage that discourages innovation. Intellectual property may counteract this inefficiency by providing market exclusivity, thus promoting earlier market entry and increasing the level of entrepreneurial activity in the economy. The goal of encouraging market experimentation helps to explain certain puzzling aspects of current intellectual property doctrine and provides a coherent basis for appreciating some of the current criticisms of intellectual property rights". In this perspective, the Authors clarify at 391 of their article that "Justifying trade secret law as an appropriate social subsidy to encourage market experimentation makes for a more solid foundation. This view accounts for why trade secret law protects information such as customer lists and other data that would naturally be produced during the ordinary course of business. In our view, then, the goal of trade secret law is not to encourage the production of that information so much as the production of the business. Sometimes, of course, a business's success will be difficult to disguise, but even then there might be uncertainty about whether the business is so successful as to justify entry by a competitor. The law protects whatever business data can be hidden, thus discouraging subsequent entry, increasing a first entrant's expected share of rents, and creating stronger incentives for the market experiments that produce the data. On our theory, trade secret law may be overinclusive--it protects copycat businesses too--but in general, innovators are the businesses that have the most information worth protecting.

[39] See A. Beckerman-Rodau, The Choice Between Patent Protection and Trade Secret Protection: A Legal and business Decision, in JPTOS, 2002, 371. The benefits for the trade secret owner in comparison to those of the public are analyzed by M. P. Simpson, Note, The Future of Innovation: Trade Secrets, Property Rights, and Protectionism-An Age-Old Tale, in Brook. L. Rev., 2005, 1121, 1149-55. On the issue, see also Soltysinski, Are Trade Secrets Property? In IIC, 1986, 331.

[40] On the strategic role of information as such, M. Bertani, Proprietà intellettuale, antitrust e rifiuto di licenze, 2004, 2; ID., Proprietà intellettuale e nuove tecniche di appropriazione delle informazioni, in AIDA, 2005, 313. On the commodification of information, N. Elkin Koren, N. W. Natanel (eds.),

The Commodification of Information, 2002 and under the Italian Law, with specific reference to the data base regime, V. Falce, La disciplina comunitaria sulle banche dati. Un bilancio a dieci anni dall'adozione, in Riv. Dir. Ind., 2006, 227.

[41] See generally, V. Chiappetta, Myth, Chameleon of Intellectual Property Olympian? A Normative Framework Supporting Trade Secret Law, in Geo. Mason L. Rev., 1999, 77.

[42] Where the final result has been welcomed by eminent scholars (G. Floridia, Intervento, in Il Codice della proprietà Industriale, 2004, 208), the most recent debate on the IP regime is investigating whether and to which extent he process of reductio ad unum shall be in favour of a generalised liability rule (J. H. Reichman, Legal Hybrids Between the Patent and Copyright Paradigms, in 94 Columbia L. Rev., 1994, 2432; ID, Of Green Tulips and Legal Kundzu: Repackaging Rights in Subpatentable Innovation, in Vand. L. Rev., 2000, 1743; ID., Saving the Patent System from Itself, Informal Remarks Concerning the Systemic Problems Afflicting Developed Intellectual Property Regimes, in Perspectives on Properties of the Human Genome Project F. S. Kieff, 2003, 289).

[43] However, it is hardly self-evident that trade secret law is less costly than patent from a private or social perspective. See inter alia Mark F. Grady & Jay I. Alexander, Patent Law and Rent Dissipation, 78 Va. L. Rev. 305, 318 (1992) (arguing that patents reduce rent dissipation resulting from investments in secrecy); Robert G. Bone, A New Look At Trade Secret Law: Doctrine In Search Of Justification, in California Law Review, 1998, 241, 271.

[44] For an analysis of the "mandatory public domain" including also information covered by an expired patent see D. L. Zimmerman, Is There a Right to Have Something to Say? One View of the Public Domain, 73 Fordham L. Rev. 297, 312-15 (2004), 373. For a partially different position, Pamela Samuelson, Enriching Discourse On Public Domains, Duke Law Journal, 2006, 783, 794.

[45] On the issue, see generally V. Denicolò, L. A. Franzoni, Innovation, duplication and contract theory of patents, in The Economics of Innovation: Incentives, Cooperation, and R&D Policy, R. Cellini, L. Lambertini eds, Elsevier, 2006.

[46] Trade secret law utilizes a functional definition for determining what is protectable subject with the consequence that virtually anything maintained in secret by a business enterprise that gives it a competitive advantage in the marketplace may be eligible for trade secret protection (A. Beckerman-Rodau, The Choice Between Patent Protection and Trade Secret Protection: A Legal and business Decision, in JPTOS, 2002, 371).

See generally, V. Chiappetta, Myth, Chameleon of Intellectual Property Olympian? A Normative Framework Supporting Trade Secret Law, in Geo. Mason L. Rev., 1999, 77.

[47] R. Peritz has recently noted that "the tension is greatest in the relationship between trade secrets and patents because encouraging concealment of potentially patentable inventions conflicts directly with patent policy's principal goal of encouraging dissemination of knowledge. The

upshot is a patent law that disfavours trade secrets" (ID., Competition Policy and its implications for intellectual property rights in the United States, in The interface between Intellectual Property Rights and Competition Policy, 2007, 155).
[48] See J. R. Chiappetta, Of Mice and Machine: A Paradigmatic Challenge to Interpretation of the Patent Statute, in Wm. Mitchell L. Rev., 1994, 168. See also G. Ghidini, Profili evolutivi del diritto industriale, 2008; V. Falce, Profili pro-concorrenziali dell'istituto brevettuale, 2008, passim.
[49] Professors Dinwoodie and Dreyfuss make a significant contribution to public domain scholarship by emphasizing the importance of accessibility of information resources as a means of promoting the ongoing progress of science and useful arts. Innovators who have a choice between trade secrecy and patent protection for, say, a chemical discovery will thereby be making a choice between inaccessible and accessible information. Subsequent researchers may rediscover the same compound or process, and competitors may eventually reverse engineer the secret, but the issuance of a patent will disclose what that innovation is, how to make it, how it differs from the prior art, what its known or likely utility is, and in the U. S., the best mode of making it. This knowledge will thereby become publicly accessible sooner and with less reduplication of effort than the trade secret option would produce. Upon publication, the information that the patent provides will be in the public domain, although certain uses of it will be proscribed during the effective life of the patent. Upon expiration, the right to practice the claimed invention will be an IP-free public domain as well". In this sense, Pamela Samuelson, Enriching Discourse On Public Domains, Duke Law Journal, 2006, 783, 829 referring to Graeme B. Dinwoodie & Rochelle Cooper Dreyfuss, Patenting Science: Protecting the Domain of Accessible Knowledge in The Public Domain of Information, (manuscript at 3, on file with the Duke Law Journal).
[50] C. Long, Patent Signals, in University of Chicago Law Review, 2002, 69.
[51] The trade secret provisions of the TRIPS Agreement impose no greater burdens on entrepreneurs in developing countries than on small- and medium-sized firms in developed countries while entitling them all to lead-time protection against unethical conduct and industrial espionage. To operate successfully under this regime, unlicensed entrepreneurs in developing countries must learn to acquire unpatented foreign technology through self-help methods of reverse-engineering rather than by improper means that avoid any contribution to the global costs of research and development. This task, facilitated by the availability of technical engineering skills on the global labor market, tends to root the technology in the local culture and to provide a basis for future research and development as well as export potential. Trade secret protection benefits innovators everywhere and, as elsewhere explained, it could greatly stimulate the licensing of foreign technology to developing countries by reducing both transaction costs and risk aversion" (J. H. Reichman, Beyond the Historical Lines of Demarcation: Competition Law, Intellectual Property Rights, and International Trade After the GATT's Uruguay Round, 20 Brook. J. Int'l L. 75, 107 (1993).

[52] For a positive assessment, J. Gregory Sidak, Trade Secrets and the Option Value of Involuntary Exchange, August 2004, accessible at www. Ssrn. com.
[53] The main gaps we are referring to are: i) an inventor may judge his invention to be unpatentable in legal terms, but hard to imitate; ii) a firm could prefer not to disclose its invention, because disclosure could reduce expected profits; iii) an inventor may wish avoid the costs of patent filing. For an extensive review, See J. H. Reichman, Beyond the Historical Lines of Demarcation: Competition Law, Intellectual Property Rights, and International Trade After the GATT's Uruguay Round, 20 Brook. J. Int'l L. 75, 77 (1993) (discussing the role of trade secrets law as well as other intellectual property law in the economy). More recently, K. Czapracka, Antitrust and Trade Secrets: the U. S. and the EU Approach, in Santa Clara Computer and High Technology Law Journal, 2007, 216-218 clarifies that "trade secrets supplement it [patent protection]. First, all patentable inventions are trade secrets until the publication of the patent application. Further, secret know-how concerning the implementation of a patented invention is often licensed with patents, which indicates that there is some level of symbiosis between patents and know-how. Second, companies typically employ a combination of trade secret and patent strategies to protect their innovations and maintain a competitive edge. Trade secrets can be used to protect inventions that are not patentable or those in which the length or other conditions of patent protection are inadequate. The costs of preparing a patent application are not insignificant and the process is lengthy. If the expected commercial life of a patentable invention is short, it may not be worthwhile to obtain a patent. Third, whereas it takes a while for a patent system to adjust to the pace of innovation, the flexibility of trade secrets makes it possible to use them as "gap fillers" in settings where the formal rights system in IP is underdeveloped. For example, in the 1960s and 1970s, before it was established that computer programs qualify for protection as "literary works", IT firms viewed trade secrecy as the best means of protecting their software against unauthorized copying. Trade secrets continue to play an important role in protecting innovations in high-tech industries. In addition, the fact that trade secret protection arises automatically, as a matter of law, with no costly or lengthy application process, makes it particularly suitable to protect inventions of smaller companies".
[54] Was not T. Jefferson who said "Stable ownership is the gift of social law, and is given late in the progress of society. It would be curious then, if an idea, the fugitive fermentation of an individual brain, could, of natural right, be claimed in exclusive and stable property. If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it. Its peculiar character, too, is that no one possesses the less, because every other possesses the whole of it. He who receives an idea from me, receives instruction himself without lessening mine; as he who lights his

taper at mine, receives light without darkening me. That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature, when she made them, like fire, expansible over all space, without lessening their density in any point, and like the air in which we breathe, move, and have our physical being, incapable of confinement or exclusive appropriation. Inventions then cannot, in nature, be a subject of property. Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of the society, without claim or complaint from anybody", VI Writings of T. Jefferson, Washington ed., 180-181.

[55] As mentioned, the Unfair Commercial Practices Directive points to the ambitious idea of promoting fairness as a yardstick that dominates and informs the interpretation of the rules governing market relations for any reason whatsoever. The Directive, whose language and definitions 'strongly evoke'the regulations on unfair competition, elevates the principle of fairness to the paradigm governing market relations. Against this backdrop, fair practice is the principle that moves across and connects the consumer and competition law systems, thus becoming the criterion to measure behaviour. In this novel scenario, fair practice, in light of pro-competitive inspired principles, is both the regulatory topos and an interpretative instrument, connecting the different regulations governing consumer protection, competition protection, and the suppression of unfair competition. First, the definition of fair practice at Article 2, lett. h) of the Directive suggests a continuum between such notion and the usages honnêtes en matière industrielle ou commerciale (honest practices in industrial or commercial matters) under Article 10-bis of the Paris Convention, which, in turn, may expresses a "corporative burden", hardly ascribable to the frame of EC measures adopted to raise the level of consumer protection. Whereas the connection between the Directive and the Paris Convention is worth of a more extensive analysis, it may be denied that such link, where existent, signals a corporative burden as it has suggested. Let us take the Italian legal framework. Italy too, long before the adoption of the Unfair Commercial Practices Directive, had sought to equate fair practice with consistency (and not contrast) with the traditional model of Constitution adopted by the legal system, and not, as previously believed, with the interests of the entrepreneurial class involved in the game of competition. In this perspective, both the principle of freedom of enterprise and that of social utility play a role in preparing the basic criteria to measure competitive behavior. Though a true, or rather, obvious matter of fact, it is indeed the economic foundation – at whose apex stand the combined principles of the first two paragraphs of Article 41 of the Constitution – which is suggesting that the "market" is enhanced by the legal system as the point of equilibrium of composite and diversified interests which are at times hard to synchronise: those of the entrepreneurs, those of the consumers, the "public" interest to an effective arrangement, and so on. Therefore, in this new perspective,

social utility constitutes a limiting principle that marks a watershed, including of the systematic organization of the rules on unfair competition. Unfair Commercial Practices Directive follows precisely in those footsteps. Thanks to the Directive, the European legislator can in fact continue the work on unfair competition carried out by several Member States where in the wake of the novelties introduced in competition law and policy, consumers are the lead actors - not merely spectators - of the market. After reshaping the status and function of the consumer in market relations, and introducing consumer ethos also in competition law, the principle of fairness can be rid once and for all of the old protectionist and corporative barriers, both in subjective terms and in terms of the interest protected, and "honest practices" can, at long last, represent a reference model in market relations tout court, and therefore both in relations between entrepreneurs and between "traders" and consumers. Through the Directive's approach, the legislator proposes to solve the entrepreneur-consumer conflict for good (an ambitious plan it must be said) and instead of case by case, via a corpus of basic principles concerning the smooth working of the market. Accordingly and in brief, the principle of fair practice tends to enhance a competitive market model that is "socially compatible", through a harmonized yardstick used across the Union to measure competition. It logically follows – even though this is not the sole consequence – that unfair practices are solely those acts which for no good reason interfere with the interplay of competition to the detriment of consumers during the "social contract" phase preliminary to the contract, at the pre-contractual and execution phase or during performance of the contract (and even subsequently throughout the entire period of use by consumers of the goods). These, in particular, take the form of methods of offering products that impair a free and informed consumer's choice. For a critical review, V. Falce and G. Ghidini, The new regulation on unfair commercial practices and its interference with Competition Law, VIII Conference, Antitrust between EC Law and National Law, Treviso, Casa dei Carraresi, May 22 - 23, 2008. For a preliminary analysis of the implementation of the Directive in Italy, V. Falce, Il commento, in Il Dir. Ind., 1/2008.

[56] Amplius, Notes, The Law of Trade Secrets: Toward a More Efficient Approach, Vanderbilt Law Review, Vol. 57, 2004, 1269.