

The Introduction to the Trade Secret Management System Standard



The Introduction to the Trade Secret Management System Standard

2024/02/06

The “Trade Secret Management System”, released by the Science & Technology Law Institute of Institute for Information Industry on March 1, 2023, is a standard to guide organizations developing a systematic trade secret management system in alignment with relevant regulations and their operation objectives. Its aim is to assist the organizations reducing the risks of trade secret leakage while improving organizational competitive advantages.

The Trade Secret Management System standard provides a framework for organizations to design, implement, and continuously improve their trade secret management performance. As defined in Article 2 of the Trade Secrets Act, “trade secret” could be any method, technique, process, formula, program, design, or other information that may be used in the course of production, sales, or operations, meeting following requirements:

1. It is not known to persons generally involved in the information of this type;
2. It has economic value, actual or potential, due to its secretive nature; and
3. Its owner has taken reasonable measures to maintain its secrecy.

The Trade Secret Management System standard comprises a total of 10 chapters. The following is a brief overview of each chapter:

Chapter 1: This chapter indicates the standard is applicable to all organizations regardless of their types, sizes, and the products or services they provide. It mentions that the organization can determine their management approached to meet the requirements of the standard.

Chapter 2: This chapter provides the definitions of specific terms used in the standard.

Chapter 3: This chapter introduces the top management’s responsibility to ensure the establishment, continuous appropriateness, completeness, and effectiveness of the trade secret management system.

Chapter 4: This chapter requires the organization to define the scope of its trade secrets and ensure the defined trade secrets can be identified. This chapter also requires organization set up the permission to restrict access to personnel who need to know or use the trade secrets.

Chapter 5: This chapter introduces the organization shall control the use of trade secrets, including actions such as copying, destruction, etc. Additionally, organization shall preserve the records of the aforementioned use of trade secrets and detect if any abnormal usage exists.

Chapter 6: This chapter discusses measures the organization shall take for internal personnel control. These measures include regular training on trade secret-related requirements, signing of confidentiality agreements, and various management actions the organization should take throughout the processes of personnel recruitment, employment, and departure.

Chapter 7: This chapter demonstrates the organization’s management of environments, equipment and internet involving its trade

secrets. It requires the implementation of access control measures for places where trade secrets are stored or processed. It also stipulates controls on the use of record media and devices which can access trade secrets, as well as controlling the transmission of trade secrets via network.

Chapter 8: This chapter introduces the management measures the organization shall take when interacting with other parties. These measures include signing non-disclosure agreement (NDAs) with the party who will access trade secrets and requiring such party not to hold the trade secrets once the corporation ends.

Chapter 9: This chapter introduces that the organization shall establish a trade secret dispute resolution procedure to prevent or mitigate damages to the organization caused by disputes.

Chapter10: This chapter outlines the supervision and the improvement of the trade secret management system of the organization.

Organizations can follow the standard to build their own trade secret management system based on the Plan-Do-Check-Act (PDCA) concept. The trade secret management system would include defining trade secrets to be managed, establishing protocols for the use of trade secrets, managing employees, controlling of internet, devices and environment related to trade secrets, regulating external activities, developing trade secret dispute resolution procedure, and regularly monitoring the effectiveness to improve trade secret management performance. This standard could serve as a benchmark for the organization or third parties to evaluate compliance with expected trade secret managements.

Chen, Chia-Yu
Associate Legal Researcher

Release : 2024/02