South Korea’s Strategy for Reinforcing Protection of Corporate Trade Secrets-Trade Secret Protection Center

Preface

In order to increase the strength of addressing issues on the infringement of intellectual property for small and medium enterprises, Korean government launched Consultative Committee for Intellectual Property Policies, leading by Presidential Council on Intellectual property and conducting with Ministry of Culture, Sports and Tourism, Korean Intellectual Property Office and Ministry of Justice, to discuss how to reinforce efficiency on handling infringement of intellecual property and work on policy for intellectual property protection.

Korean government has considered trade secret as the core of corporations; however, corporations think little of it. For this reason, Korea Institute of Patent Information’s Trade Secret Protection Section, in charge of the Trade Secret Protection Center, works to avoid the outflow of business skills and trade secrets, to improve trade secret protection system, to raise awareness of trade secret protection and develops South Korea as an intellectual property power. This article aims to briefly introduce the standard management system, the diagnosis of corporate trade secret and the Trade Secret Certification Service which are schemed out by the Trade Secret Protection Center.

Explanation on Major Strategies

Trade Secret Diagnosis & Standard Management System

In an attempt to offer a diagnosis of current problems about trade secret management in corporations for drawing up suggestions for improvements, the Trade Secret Protection Center sets up a series of questions based on the five categories: organization policy management, document access management, staff management, physical management and information technology management. There are in total 32 questions with detailed sub-questions for knowing if corporations have set up regulations and if the regulations are followed; if the regulations are not followed, if they have strategy to tackle with violation. For example, the question for internet management is to examine on how corporation manages intranet and extranet. Some possible policies are to make them separated, to do authority control or to do nothing. Here is the procedure for diagnosis:

1.Preparation

Employees are asked to gather information regarding trade secret management and improvement opinions by a questionnaire.

2.Diagnosis

Get the result of how well corporation has done for trade secret management by analyzing the questionnaires.

3.Plan

Come up with solutions according to diagnosis.

4.Action

Provide suggestions with different levels of work.

Level	Description
A (above 81 point, Excellent)	Well-formed trade secret management and great operation
B (71-80 point, Good)	Limited strategy with law protection for trade secret outflow
C (61-70 point, Average)	Weak strategy with a lack of law protection for trade secret outflow, management needed
D (41-60 point, Fair)	Poor law protection for trade secret outflow, management needed badly
F (below 40 point, Poor)	High Risk of trade secret outflow

The Trade Secret Protection Center will examine and offer staff training periodically in an effort to improve following aspects:

1.Corporation Management

(1)Avoid crucial information outflow

(2)Systemize issue handling and information authentication process

2.Organization Culture

(1)Convey the importance of information protection

(2)Decrease the incoordination among departments due to protecting key information

(3)Build trade secret protection culture

3.Staff

(1)Provide long-term training for trade secret protection

(2)Build up ability of trade secret protection

The trade secret diagnosis is considered as a way to make trade secret the key intangible asset in corporations and even to increase the competitiveness and to create profits.

In addition to the trade secret diagnosis, the Trade Secret Protection Center further provides immature business with the standard management system which contains services with trade secret registration, level distinguishments, authority control, staff management,

contract management and certification service. The primary goal of the standard management system is to help with production and maintenance of trade secret certification before issue occurs. When issue happens, the system is right here to submit certification of trade secret and guarantee to the court that nobody can access trade secrets except the possessor of the trade secret and the institution. In other words, the system is intended for following goals:

1.Efficientize Trade Secret Management

Save time, money and manpower. Manage trade secret and related information efficiently.

2.Raise Awareness of Trade Secret Protection Among Employees

Strengthen awareness and application of trade secret protection by using this system as daily work process

3.Link to the Trade Secret Certification Service

Prove the original document of trade secret with the time stamp of ownership for judicial evidences.

4.Link to Information Security Solution

Cooperate with various information security solutions, such as trade secret control and outflow block.

Trade Secret Certification Service

The Trade Secret Certification Service which is built to link to standard management system is put into practice in 2010 by Korean Intellectual Property Office. This service operates by taking the hash values from trade secret e-documents and combining them with authorized time values from trusted third-parties, thereby creating time stamps. Time stamps are then registered with the Korea Institute of Patent Information to prove the existence of original document of trade secrets, as well as and their initial dates of possession.

A legal basis is built for the Trade Secret Certification Service in 2014. Amendments of Unfair Competition Prevention and Trade Secret Protection Act indicate registration and proof of the Trade Secret Certification Service and explain that an institution with more than 3 qualified staff and required facilities is eligible to be a Trade Secret Certification Service institution. The Trade Secret Certification Service is characterized by the following properties:

1.Block Trade Secret Outflow Radically

Instead of the trade secret itself, this service only asks for hash value of e-records and the authorized time of ownership which make it more secure for corporations to manage trade secrets rather than maintaining under a third-party.

2.Various Electronic Records Available

Various types of electronic records are available in this service, such as documents, pictures and video files which could contain production process, laboratory notebook, blueprint, marketing records, financial records, selling information and customer information and contracts.

3.Institution with Credibility

It is inevitable that any piece of information could be leaked out; hence trade secret management should be executed by credible institution. For example, corporation can ask the Trade Secret Certification Service Institution to register an original document for a blueprint and get a certification. Then, the corporation can ask for new registration for modified blueprint as well. When issue occurs, the certification would be the proof of original document and time of ownership. As the Trade Secret Certification Service Institution gets legalized, the evidence of original document of trade secrets and initial dates of possession would get more convincible in court.

Conclusion

The trade secret diagnosis plays an essential role in understanding the level of trade secret management in corporations. The standard management system further provides with improvement and solution for trade secret protection based on diagnosis. In addition, legalized Trade Secret Certification Service also levitates the burden of proof on corporation. South Korea’s experience in trade secret management could be a good example for Taiwan to follow.

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