THE RELEVANCE OF THE PROTECTION OF TRADE SECRETS: A CRITICAL ANALYSIS OF THE LAW AND PRACTICE IN UGANDA

BY

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LLM/10556/133/DU

A THESIS PRESENTED TO THE SCHOOL OF POST GRADUATE STUDIES AND RESEARCH OF KAMPALA INTERNATIONAL UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS OF LAWS DEGREE (COMMERCIAL LAW)

MARCH, 2019
DECLARATION A

I, WABWIRE DENNIS do hereby declare that the work contained in this thesis entitled, “The Relevance of the Protection of Trade Secrets, a Critical Analysis of the Law and Practice in Uganda. With the exception of acknowledged references, ideas and concerns is my original work and it has never been submitted for fulfillment of the requirement for the award of any degree in any other university.

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DECLARATION B

I, Joseph Kyazze do hereby declare that this thesis entitled, "The Relevance of the Protection of Trade Secrets, a Critical Analysis of the Law and Practice in Uganda" was carried out by WABWIRE DENNIS under my supervision.

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Date of approval: 22/03/2019
DEDICATION

I dedicate this research to my dear parents Mr. Shiundu Alphonse and Mrs. Erumbi Florence.
ACKNOWLEDGEMENT

I wish to express my sincere thanks to all those who helped me accomplish the task of writing this thesis. Special thanks go to my supervisor Mr. Joseph Kyazze for being actively involved in positive criticism, encouragement and guidance throughout my research for without his effort I wouldn’t have been able to accomplish this task.

I would also like to express my heartfelt gratitude to my sister Shiundu Georgina and my best friend Ninsiima Patricia for their moral support that they extended to me.

Special thanks go to my dear respondents who were so cooperative during the data collection process and in a special way, I also wish to extend my gratitude to all my lecturers who played a part in imparting knowledge during my study at the University.
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<table>
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<th>Description</th>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IP</td>
<td>Intellectual property</td>
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<td>IPRs</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>JEEMA</td>
<td>Justice, Education, Economic, Revitalization, Morality and African Unity</td>
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<td>JLOS</td>
<td>Justice Law and Order sector</td>
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<tr>
<td>LEGCO</td>
<td>Legislative Council</td>
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<td>NDA</td>
<td>Non Disclosure Agreement</td>
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<td>NGO</td>
<td>Non Government Organization</td>
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<tr>
<td>TRIPs Agreement</td>
<td>Agreement on Trade Related Aspects of Intellectual Property</td>
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<tr>
<td>ULRC</td>
<td>Uganda Law Reform Commission</td>
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<td>URSB</td>
<td>Uganda Registration Services Bureau</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<td>WCO</td>
<td>World Customs Organization</td>
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ABSTRACT

Trade or commercial secrets are a critical part of intellectual property protection in Uganda. Broadly speaking, trade secrets are a type of confidential information. This area of law is concerned with secrets of a personal, commercial or industrial nature or the state and its administration.

The study ascertains the relevance of the protection of trade secrets within the context of the existing legal and institutional framework in Uganda. The study looked at the various pieces of legislation both domestic and international instruments which provide for the protection of trade secrets in Uganda.

The researcher’s main objective of the study was to examine the relevance of the protection of trade secrets in Uganda and the effectiveness of the various laws that provide for the protection of trade secrets in Uganda. The researcher applied both Doctrinal and Quantitative research methods during the research process.

The findings of the study reveal that there are a number of economic benefits that flow from trade secret Protection and that this justifies the need for their protection in Uganda.

The findings of the study also reveal that there are a number of practical challenges that are being encountered by the various stake holders in the protection of trade secrets in Uganda. Among these challenges were the inadequate information, lack of coordination between the various stake holders and financial constraints.

The study therefore gives recommendations that will be deemed instrumental towards protecting trade secrets in Uganda and the roles to be played by the various stake holders in protecting trade secrets.
CHAPTER ONE

1.0 General Introduction

Intellectual property refers to creations of the mind such as inventions, literary and artistic works and symbols, names and images used in commerce.\(^1\) Intellectual property is a subject of domestic, regional and international protection.

Trade or commercial secrets are a critical part of intellectual property protection in Uganda. Broadly speaking, trade secrets are a type of confidential information. This area of law is concerned with secrets of a personal, commercial or industrial nature or the state and its administration\(^2\).

There is no single universally accepted definition of what a trade secret is, the precise language by which a trade secret is defined varies by jurisdiction\(^3\) as do the particular types of information that are subject to trade secret protection.

A trade secret may be defined as commercially valuable confidential information whose value derives from not being generally known and which is subject to reasonable efforts to

\(^1\) World intellectual property organization (WIPO).
\(^2\) David I Bainbridge intellectual property 6th Edition at p. 305
maintain its confidentiality. A trade secret may also be defined as some sort of information that has value because it is not generally known.

In Uganda, trade secrets are regulated by the 1995 Constitution, statutory law, common law, doctrines of equity and international instruments. The applicability of common law and doctrines of equity derives its basis from section 14 of the Judicature Act which gives the high court jurisdiction to apply common law and doctrines of equity in so far as circumstances may permit. The Act also expressly provides for the applicability of the rules of equity or the common law with regard to protection of trade secrets in Uganda.

In terms of statutory definition, the Act defines a trade secret to mean information including but not limited to a formula, pattern, compilation, program, method, technique or process or information contained or embodied in a product, device or mechanism which is, or may be used in a trade or business, is not generally known in that trade or business, has economic value from not being generally known and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The definition of a trade secret in the Act is also not exhaustive making it plain that what amounts to a trade secret will depend on the circumstances of each case. This therefore means that whatever may

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4 U.S Chamber of commerce: The case For Enhanced Protection of Trade Secrets in the Trans-Pacific Partnership Agreement at p. 5.
5 Micheal Risch: why do we have Trade Secrets Marquette Intellectual Property Law Review Volume 11 issue 1 at p. 6
6 Cap 13
7 Trade Secrets Protection Act No 2/2009
8 Section 1(3) ibid
9 Section 2 ibid
10 Supra No. 7
constitute a trade secret is purely a question which can only be determined by the courts of law in Uganda.

In Uganda, the protection of trade secrets is justified by the economic benefits that flow from their existence. Most notably, incentives for businesses to spend less money protecting secret information thus promoting growth of small businesses and for firms to invest in human capital. It's on the basis of such justifications that more robust trade secret laws should be put in place to complement the existing legal and institutional frame work for the protection of trade secrets in Uganda.

1.1 Background

Trade secrets law has its genesis in common law and equity\textsuperscript{11}. Modern Trade secret law traces its roots from England in the case of Newberry \textit{V} James\textsuperscript{12}. This was one of the earliest cases in England where Trade Secret Protection came to the fore front. In this case, the plaintiff sought to obtain an injunction restraining the defendants from disclosing a secret involving the manufacture of certain cures for gout and rheumatism. The court observed that it could not decide whether the parties’ agreement to maintain the secret had been violated unless the secret was disclosed to court which disclosure would however defeat the purpose of the injunctive relief. The court concluded that it could do nothing but put the parties in a way to try their legal rights by an action for damages. Court therefore

\textsuperscript{11} Michael Risch: Marquette intellectual property law review volume 11 issue 1 at page 13.
\textsuperscript{12}(1817) 2 mer 446, 35 Eng. Rep 1011, 1013 (CK.CH.1817).
dissolved the injunction and ordered the defendants to account for what they had sold while the parties tried their rights in court.\textsuperscript{13}

In Uganda, before the advent of colonialism, Uganda did not have any specific laws on the protection of Trade secrets and neither did it exist with defined boundaries and a system of governance\textsuperscript{14}. Instead, the area now called Uganda was inhabited by traditional societies characterized either as centralized kingdoms or as decentralized chiefdoms. In 1894, after several contacts that British Missionaries had with the kingdom of Buganda, Uganda was formerly declared a British Protectorate\textsuperscript{15}. In 1902, the British government issued an Order in Council that in effect imported to Uganda laws in force in the United Kingdom as at 2\textsuperscript{nd} August 1902\textsuperscript{16}. The Order in Council gave the representative of the crown designated as the commissioner, the power to make Ordinances for the administration of justice, raising revenue and generally for the peace, order and good governance of all persons in Uganda\textsuperscript{17}. The 1902 Order in Council became the first legislation that provided for protection of trade secrets in Uganda since it imported to Uganda all the existing laws at the time in the United Kingdom including the common law.

It's worth noting that although the 1902 Order in Council was the first legislation that provided for protection of Trade Secrets in Uganda since it imported the existing laws at the time in England to Uganda, most of the law that governed Trade Secrets in England

\textsuperscript{12} Available at https://www.kentlaw.ii.edu/Document/Academic \% 20 programs/7CR/V 3 - Accessed on 10/10/2016


\textsuperscript{15} Ibid

\textsuperscript{16} Ibid

\textsuperscript{17} Article 12 of the 1902 Order in Council
was the Common Law. There was no specific statute that provided for protection of Trade Secrets in England.¹⁸

In 1920, another Order in Council was promulgated that established the Legislative Council (LEGCO). The 1920 Order in Council allowed the LEGCO under the stewardship of the Governor to make Ordinances for the governance of the Protectorate¹⁹. The 1920, Order in Council remained in force up to 1962 when Uganda attained her independence. However, even after Uganda had attained her independence, there was still no specific legislation in Uganda which expressly provided for protection of trade secrets in Uganda.

However, the Judicature Act of 1962²⁰ seemed to provide some form of relief with regard to protection of trade secrets in Uganda. Section 2(ii) of the Judicature Act of 1962²¹ provided that the jurisdiction of the High court was to be exercised subject to the Constitution in conformity with the substance of the common law, the doctrines of equity and the statutes of general application in force in England on the 11th August 1902.

(c) provided that the said common law, doctrines of equity and statutes of general application shall be in force in Uganda only so far as the circumstances of Uganda permit and subject to such qualifications as local circumstances may render necessary.

The Judicature Act No. 11 of 1967 however deleted the reference to Acts of general application although it saved the applicability of common law and doctrines of equity²².

¹⁸Lorna Brazell: Protecting Trade Secrets under the English Law. 21/May/2015
¹⁹ Supra No. 1
²⁰ Cap 34
²¹ibid
²²Section 3(3)
Uganda is a party to many conventions and Organizations. Organizations like WTO came into play to define the trade relationship between founders and other members. World Trade Organization (WTO) is the one and only international organization that deals with the global rules of trade between nations. The WTO replaced the General Agreement on Tariff and Trade (GATT) on January 1, 1995. Its main function is to ensure that the multilateral trading system works as smoothly, predictably and freely as possible by providing a formula for negotiating trade rights, obligations and offering a dispute system for resolving trade issues based on commonly agreed rules.23

Uganda as a member of WTO is a beneficiary of the regular technical assistance and as a result she has adopted the laws and regulations relating to those of the WTO. In striving to promote trade, the Country has been in position to enter into multilateral arrangements with WTO.24

WTO rules and disciplines may result in legislative changes in areas such as customs valuation, pre-shipment inspection, anti-dumping and countervailing actions, safeguards, and trade-related investment measures (TRIMs)25. For example, TRIPS Agreement which describes the international Trade relationships between member states of WTO. Uganda has implemented the TRIPS Agreement by domesticating it. This can be evidenced by the enactment of the Trade Secrets Protection Act.26

23 World Trade Organizations, www.wto.org, 13/10/18
25 Ibid
26 Act 2/2009
Previously, Uganda did not have any rules regarding trade between nations, so, with the coming into force of WTO Uganda benefited in being a member of the WTO. It was not until 2007 that the Uganda Law Reform Commission (ULRC) drafted and tabled the Trade Secrets Protection Bill No. 5/2007 in Parliament whose aim was to provide for protection of undisclosed information in commercial transactions.

In 2009, the Trade Secrets Protection Bill was passed into law and it became known as the Trade Secrets Protection Act No. 2/2009. In its preamble, the Act provides that its aim is to provide for the protection of undisclosed information in commercial transactions and to provide for other related matters. This Act commenced on the 12th June 2009 and it applies to government agencies and persons regardless of the nature of the entity or the purpose for which it exists. The enactment of the Trade Secrets Protection Act has therefore been a blessing to Uganda. This is due to the fact that at least for the first time in Uganda, there is a specific legislation for protection of trade secrets.

1.2 Statement of the Problem

A trade secret is commercially valuable confidential information whose value derives from not being generally known and which is subject to reasonable efforts to maintain its confidentiality. Trade secrets are also protected under the TRIPS Agreement to which Uganda is a signatory by virtue of its being a member of the WTO.

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27 Section 1 (1) of the Trade Secrets Protection Act No. 2/2009  
28 No. 2 of 2009  
29 Supra No. 4  
30 Article 39 (2) (a) (b) and (c) of the TRIPS Agreement, 1994
The TRIPS Agreement sets the international framework for the protection of intellectual property rights. In April 1994, Uganda signed the agreement establishing the WTO and ratified the same in October 1994. By 31st December 1994, Uganda had fulfilled all the conditions necessary to become a founder member of the WTO. By virtue of being a signatory, Uganda is therefore under an obligation to bring its intellectual property laws in conformity with international standards. This obligation is buttressed under objective xxvii(i) (b) of the National Objectives and Directives of State Policy of the Constitution of the Republic of Uganda, 1995 which provides that the foreign policy of Uganda shall be based on the principles of respect for International law and obligations.

Prior to the year 2000, most intellectual property rights laws in Uganda dated back to the colonial era or early 1960s and were therefore not in line with the standards set by the TRIPS Agreement. However, since 2005 commendable steps have been taken and new intellectual property rights laws have been enacted. Among them is the Trade Secrets Protection Act. The Act provides for the protection of undisclosed information in commercial transactions and related matters. However, inspite of the existence of the Act, there is still a challenge in its implementation. Intellectual property requires high levels of innovation and creativity which have not largely been realized. Linkages between

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31 Elizabeth Tamale Challenges facing LDCs with regard to TRIPS implementation. The case of Uganda, Bridges Africa Volume 3 No. 8, September, 2014
34 Supra No. 26
35 Seelong Title to the Trade secrets protection Act No. 2/2009.
the private sector and research institutions, which have fostered the commercialization of innovations are weak.\textsuperscript{36}

According to Innocent Anguyo, Ugandan researchers have had enormous innovations but they end up losing them to foreigners largely because they have not obtained legal protection for the same\textsuperscript{37}. It is not enough to have laws in place; measures must be put in place to ensure full implementation of the law if it is to achieve its intended purpose. The problem under study therefore is to critically examine the relevance of protection of trade secrets in Uganda, the law, its applicability and challenges being faced in the protection of trade secrets in Uganda.

1.3. Objectives of the Study

1.3.1. Main Objective

The main objective of the study relates to the examination of the relevance of the protection of trade secrets in Uganda and the effectiveness of the various laws that provide for protection of trade secrets in Uganda.

\textsuperscript{36} Supra No.31.

\textsuperscript{37} Innocent Anguyo, failure by Ugandan academics to acquire intellectual property rights over their innovations and research findings has left a loophole which foreign researchers are taking advantage of to steal knowledge. New vision, February 24, 2015.
1.3.2 The specific objectives of the study

i. To critically examine the types of trade secrets and legal and institutional framework for protection of trade secrets in Uganda.

ii. To examine the challenges being faced in the implementation of the law on protection of trade secrets in Uganda.

iii. To examine the relevance of protection of trade secrets in Uganda with a view of ascertaining whether their protection confers any benefits to the trade secret owner.

iv. To examine the remedies available to an aggrieved party whose trade secret has been misappropriated and the possible defences in a claim for trade secret infringement.

v. To identify and propose possible recommendations towards effective protection of trade secrets in Uganda.

1.4 Research Questions

The researcher was guided by the following questions in his study

i. What are the various types of trade secrets and the legal and institutional framework for protection of trade secrets in Uganda?

ii. What challenges are being faced in the implementation of the law on protection of trade secrets in Uganda?

iii. What is the relevance of protection of trade secrets in Uganda?

iv. What remedies are available to an aggrieved party whose trade secret has been misappropriated in Uganda?
v. What are the possible recommendations that are necessary for the protection of trade secrets in Uganda?

1.5 Scope of the Study

The study was conducted in Uganda. Emphasis by the researcher was laid on the relevance of the protection of trade secrets and the effectiveness of the existing legal regime in Uganda. The study was conducted from 15th June 2009 to 15th March 2019. In the researcher’s endeavor to achieve the desired goals, the researcher made reference to laws in other jurisdictions within the common wealth countries where trade secrets have been accorded protection. The researcher however placed more emphasis on Kampala Capital City as a case study area because of its huge number of commercial trade related transactions which often culminate into disputes and the relatively better facilities such as libraries which made it easy for the researcher to conduct his research. Although the researcher based his study mainly on Kampala Capital City the results in the study are representative of the situation in other parts of Uganda.

1.6 Significance of the Study

Given that this study is premised on the Trade Secrets Protection Act supra No. 26 which is a relatively new legislation, both the international and local community will find this study helpful since it will increase on their knowledge about the economic, social and technological benefits of protecting trade secrets. The researcher’s target population particularly the lawyers, social researchers, law students, politicians and the business
community will be able to have an in depth understanding on the law on protection of trade
secrets and its effectiveness in Uganda. The study will also enable the researcher to review
the existing legal framework on the protection of trade secrets and to identify and propose
the necessary amendments if any that may be necessary towards protection of trade secrets
in Uganda.

1.7 Methodology
The researcher used both the doctrinal and quantitative research methods during the
research process. The researcher adopted the Doctrinal research method because the study
was going to analyze the existing statutory provisions and cases on Trade Secret Protection
in Uganda and other Common Wealth Jurisdictions by applying the power of reasoning.
This type of research is also known as pure theoretical research. Since doctrinal research
concentrates on in-depth investigation and or examination of the pillars of law, the
researcher made reference to primary and secondary sources of law during the research
process. The primary sources of law included the Constitution of the Republic of Uganda
1995, Statutes, Treaties, Conventions and case law. The secondary sources of information
included text books, journals, articles, and internet.

Quantitative research is one which involves an interpretive naturalistic approach to the
World. In other words, the researcher studies things in their natural settings attempting to
make sense of or interpret phenomena in terms of the meanings people bring to them39. The
quantitative research method was conducted through interviewing the respondents either

Publication Inc. p.3
directly or by use of questionnaires. The respondents were assured of their anonymity throughout the research process. The questionnaires that were used were aimed at ensuring accuracy of some of the information obtained from the Respondents. The researchers’ focus groups were Lawyers, judicial officers, Social Researchers, law students, legal officers of Companies, Legislators, Individuals in the Business sector and the Ministry of Justice and constitutional affairs.

The information was obtained from 20 respondents selectively. The researcher chose only 20 respondents because it was difficult for the researcher to have a much bigger number of respondents since most of the respondents could not easily apprehend what a trade secret is. Therefore the 20 respondents that the researcher chose were individuals who had sufficient knowledge that would enable the researcher to accomplish his goals since they were selectively identified by the researcher.

The respondents included Honourable Asuman Basalirwa a holder of a bachelor’s degree in law from Makerere University and a Post Graduate Diploma in Legal Practice from the Law Development Centre. He is also the Member of Parliament for Bugiri Municipality, a practicing Advocate and the president for JEEMA Party. Honourable Asuman Basalirwa was chosen as one of the respondents because he is a practicing Advocate with a wide level of experience in the field of intellectual property which includes trade secrets. His views on the topic under study would therefore be relevant to the researcher in trying to understand the relevance of protection of trade secrets in Uganda.
The other respondent was Honourable Mayende Dede a member of parliament for Bukoli south Constituency in Namayingo District. He was selected as one of the respondents because he is one of the legislators whose duty is to enact laws that can protect trade secret owners. His views on trade secret protection would therefore be very relevant to the researcher.

MR. Hilal Muhumuza is a legal officer of steel rolling mills and a holder of a bachelors degree in law from Makerere University. He was chosen as a respondent together with Mr Patrick Engola the human resource manager of Alarm group of companies because they had knowledge of certain secret processes from their companies. Their views would therefore be relevant in enabling the researcher to understand whether keeping their manufacturing processes as a secret has any economic benefits that it confers to their companies.

The researcher also chose Mangeni Benesa the National Resistance Movement youth representative of Busia District as a respondent because he manufactures mzuri juice in Busia using a formula that he keeps secret. His views on why he has not disclosed his formula would be relevant to the researcher in understanding the relevance of protecting trade secrets.

Mayende Patrick who is a lawyer with a bachelors degree in law from Uganda Christian University and working as a legal associate with Waluku, Mooli & Co. Advocates in Mbale, Were Jonah a legal officer with Stanbic bank at crested towers Kampala, Mugobera Charles the country director of JLOS at Bowman House in Kampala and a holder of a
bachelors degree in law from Kampla International University, Omalla Felix the owner of delight (u) ltd the leading manufacturer of cheers juice in Kawempe, Abebe Edison the managing director of unique integrated systems ltd which deals in production of resistant seed varieties in Tororo, Ninsima Patricia a business woman in Gayaza dealing in production of cosmetics, Wabwire Joseph a consultant in research based in Mukono, Bwire John Martin, a legal associate with Sanywa,Wabwire & Co. Advocates in Kampala on martin road Sarah mall, Nakamate Jackie a land officer in Fortportal district and a lawyer by profession, Wandera David a fourth year student at Islamic University in Uganda, Masaba Peter who works with the ministry of justice and constitutional affairs as a solicitor in Mbale Regional office and also as a lecturer at Kampala International University, Bowen Joshua a legal associate with Sanywa,Wabwire & Co. Advocates in Kampala, Engola William a lawyer working with Makmot & Co. Advocates in Kampala, Musinguzi Tonny a lawyer working with Wamimbi Jude Advocates in Mbale and Wejuli Francis a fashion designer and manager of Best Logistics (U) ltd were chosen as respondents because they fully understood what a trade secret is and the relevance for the protection of trade secrets in Uganda.

His worship Oburu Morris Ezra was chosen as a respondent by virtue of his position as a magistrate because his duties as a judicial officer involve adjudicating upon matters which include trade secrets infringement. His views would therefore be key towards understanding trade secret law by the researcher.
The researcher therefore employed the quantitative research method because it would give him an opportunity to interface with his target population and as a result obtain first hand information about the topic under study.

1.8. Limitations of the Study

A major barrier to this study was the scarce and limited publications on trade secrets by Ugandan Scholars. This did not in return afford the researcher a big opportunity to critically examine their works.

The other problem was that some respondents were not honest. However, the researcher tried to minimize the dishonesty of some of the respondents by assuring them that whatever information that they volunteered would be treated as confidential information.

1.9 Literature Review

Although the protection of trade secrets globally is not a fairly recent issue, there protection in Uganda seems to stem from the advent of colonialism. There hasn’t been a considerable research by Ugandan scholars on this subject. The literature that is available by Ugandan scholars is too scanty. Most of their literature is generally on intellectual property. Even after the enactment of the Trade Secrets Protection Act, there is hardly any literature by Ugandan Scholars on Trade Secrets.

The literature that is available on trade secrets is dominated by international studies. Ugandan scholars have made very little attempts if any to appraise in most precise terms the economic relevance for the protection of trade secrets in Uganda. For instance David J.

40Supra No. 26
Bakibinga in his paper; Intellectual Property Rights in Uganda: Reform and Institutional Management and Policy Formulation\textsuperscript{41} discusses the different intellectual property rights in Uganda such as Copyrights, Trademarks and Patents. However, the learned author does not elaborately discuss trade secrets law and its relevance despite the fact that his paper was based on the various intellectual property laws in Uganda and their legal regime. His omission to discuss Trade Secrets Law would perhaps be premised on the fact that the Trade Secrets Protection Act had not yet been enacted. However, there were scanty legal provisions on Trade Secrets\textsuperscript{42} from which the learned author would have considered as part of the then existing legal Regime on Protection of Trade Secrets in Uganda. The learned author’s literature offers very little value if any to the researcher. It’s on the basis of such a lacuna that the researcher chose to critically examine the relevance of trade secrets protection in Uganda and to ascertain how the law has been applied in protecting trade secrets owners.

Similarly, Jeffrey Atwine in his paper; A Review of Uganda’s Current Situation with regard to Intellectual Property Policy Issues: Opportunities and Challenges\textsuperscript{43} discusses the legal framework for intellectual property management in Uganda. The learned author however merely makes reference to the Trade Secrets Protection Bill and its aim which was intended to provide for the protection of undisclosed information or trade secrets in Uganda. The learned author further states that the bill if enacted into law will be useful to local researchers and traditional knowledge holders.

\textsuperscript{41} Paper delivered at the Network of Academies of Sciences in organization of Islamic countries (NASIC), International Seminar on intellectual property and innovation, value creation in the knowledge economy held in Islamabad, Pakistan 12\textsuperscript{th} – 14\textsuperscript{th} December, 2006.

\textsuperscript{42} Article 39 of the TRIPS Agreement, common law and doctrines of Equity

\textsuperscript{43} October, 2003.
The current study is aimed at examining the relevance of trade secrets, the law and its applicability in Uganda. The learned author’s work falls short of making any meaningful discussion on trade secrets so as to afford some form of relevance to the researcher’s study. The learned author’s literature therefore offered very little value if any towards this research. However, this lack of an in-depth analysis on trade secrets law was a driving factor to the researcher in a bid to fill the gaps that have been left in the researcher’s field of study by the Ugandan scholars.

The human intellectual and technical knowhow are main assets in the present age of technology led competition. Technological innovation requires not only capital and technical input, but also intellectual capital in form of specialized skills and entrepreneurial prowess. The Uganda National Council for Science and Technology and the Ministry of Justice in their information manual paper: Intellectual Property Protection in Uganda observed that intellectual property rights grant one exclusive rights which is crucial to development. Their protection encourages creativity as many people would want their creations protected. Technology transfer is also enhanced through a strong intellectual property system. As a developing country, Uganda can benefit from a strong intellectual regime since it will encourage investment and strengthen the national economy and the technological base.

Although this literature was published before the enactment of the Trade Secrets Protection Act, never the less this literature is relevant to the study because it provides an insight on

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44 September, 1998
45 Supra No.26
the economic benefits that accrue from protecting intellectual property rights in Uganda including trade secrets. This is because protection of such intellectual property rights can form the basis for technological advancement which is key towards Uganda’s development as a third world country.

A trade secret claim can be broken down into three essential elements. First the subject matter involved must qualify for trade secret protection. It must be the type of knowledge or information that trade secret law was meant to protect and it must not be generally known to all. So long as information is capable of adding economic value to the plaintiff, it can be protected by trade secret law. The requirement that the information not be generally known flows from the label trade secret. The requirement is meant to ensure that no one claims intellectual property protection for information commonly known in a trade or industry.

The second element to be established by the plaintiff in a trade secret claim is that the plaintiff took reasonable precautions under the circumstances to prevent its disclosure. Thirdly, the plaintiff must also prove that the defendant acquired the information wrongfully. Just because a person’s information is valuable does not make it wrong for another to use it or disclose it, but use or disclosure is wrong, in the eyes of trade secret law, when the information is acquired through deception, skullduggery or outright theft.

Robert P Merges, Peter S. Menell and Mark A Lemley in their book Intellectual Property in the New Technological Age\(^ {46} \) state that legal protection for trade secrets is

\(^ {46} \text{Third Edition, Aspen publishers, 2003} \)
premised primarily on two theories that are only partly complementary. The first is the utilitarian theory. Under this view, protecting against the theft of proprietary information encourages investment in such information. This idea is sometimes associated with the view that trade secrets are a form of property.

The second theory emphasizes deterrence of wrongful acts and is therefore sometimes described as a tort theory. Here the aim of trade secret law is to punish and prevent illicit behavior and even to uphold reasonable standards of commercial behavior. Although under the tort theory, trade secret protection is not explicitly about encouraging investments, it is plain that one consequence of deterring wrongful behavior would be to encourage investment in trade secrets. Hence despite their conceptual differences, the tort and property incentive approaches to trade secrets may push in the same direction.

The current study attempts to ascertain the relevance of protection of trade secrets in Uganda and the requirements in a claim for trade secret infringement. The learned author’s works are therefore relevant to the study in many aspects particularly on the requirements which a plaintiff must prove in a claim for trade secret infringement as envisaged in the Trade Secrets Protection Act and the justification for protection of trade secrets in Uganda. This is because the learned authors clearly point out that protection of trade secrets encourages investment hence the need to protect trade secrets in Uganda.

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47 Ibid p. 31
48 Supra No. 26
Trade secrets law serves as the primary alternative to the patent system granting inventors proprietary rights to particular technologies, processes, designs or formula that may not be able to satisfy the vigorous statutory standards for patentability. Brian T. Yeh in his *Protection of Trade Secrets: Overview of Current Law and Legislation* contends that companies may choose to maintain an invention as a trade secret rather than obtain a patent because their trade secret rights are not restricted to a limited number of years unlike patent protection. In addition, trade secret protection is far easier, quicker and cheaper to obtain and immediately receiving legal protection upon a company taking reasonable efforts to maintain the secrecy of the valuable business information. The learned author further contends that by establishing legal remedies for trade secret misappropriation, trade secrets law deters individuals who have as their sole purpose and effect the redistribution of wealth from one firm to another.

In this study, it will be contended *inter alia* that trade secrets are easier to obtain and that once they are acquired, there protection may extend indefinitely provided they are kept secret unlike patents which have a time frame beyond which they cannot be protected. The paper under review therefore becomes relevant to the study in the sense that it justifies the need to protect trade secrets in Uganda because their protection may extend indefinitely provided they are kept secret and this will encourage owners of trade secrets to maximize profits from their trade secrets over a long period of time.

September, 2014 at p. 5
Trade secrets are a critical part of intellectual property protection. The strength of trade secret protection bears directly on investment decisions. The U.S Chamber of Commerce in its Paper the Case for Enhanced Protection of Trade Secrets in the Trans-Pacific Partnership Agreement\textsuperscript{51} observed that weak protection of trade secrets or unreliable enforcement of relevant laws may prompt companies to make excessive investments in ensuring physical protection for their secrets rather than in innovation\textsuperscript{52} or it may limit firm’s investments altogether. The U.S. Chamber of Commerce further observed that robust trade secret laws must however be complemented by an equally strong enforcement mechanism. In this study, it is contended that a well-entrenched legal system is key towards protection of trade secrets in Uganda. The paper under review therefore becomes relevant to the study in the sense that it shows that its not enough for Uganda to have laws governing the protection of trade secrets but there should also be in place a strong enforcement mechanism for the protection of trade secrets in Uganda.

The best justification for the existence of trade secrets is a purely economic one, for two primary reasons. Micheal Risch in his paper; “Why do we have Trade Secrets\textsuperscript{53} contends that the first reason is that trade secrets relate to economic value of information and it stands to reason that economic analysis is the appropriate way to justify the law\textsuperscript{54}. Secondly economic analysis shows that trade secrets add to societal wealth in a defensible, potentially measurable and provable way. The bundle of rights associated with

\textsuperscript{51}Available at \url{www.uschambers.com} at p. 6. Accessed on 20\textsuperscript{th} July /2015
\textsuperscript{52}Mark A. Lemley, the surprising virtues of treating trade secrets as IP Rights, 61 Stanford L. Per. 311, 332-37 (2008).
\textsuperscript{53}Marquette Intellectual Property Law Review Vol. 11 Issue 1 at p. 26
\textsuperscript{54}Vincent Chiappetta, myth, Chameleon or intellectual property Olympian. A normative framework supporting Trade Secrets law at p. 93.
trade secret law is justified because it enhances the marginal benefits of society more than the marginal costs.

The current study attempts to support the need to protect trade secrets in Uganda. The paper under review mentions some of the economic justifications for protection of trade secrets. The paper illustrates the fact that trade secret law does not necessarily confer an opportunity for the owner to charge more than would be available on the open market. In fact, since trade secrets reduce production costs, they would lead to lower pricing in the market. The paper under review therefore justifies the economic importance of protecting trade secrets since they lead to lower pricing of goods in the market which makes it easier for the locals in Uganda to purchase such goods at a cheaper price.

Adequate protection of trade secrets is required in view of business planning and for safeguarding the rights of employers and employees. In order to effectively conduct their businesses, companies must share their competitive and proprietary information with new and current employees, prospective and actual licensors and licensees, business acquirers, manufacturers, suppliers, vendors, corporate officers and directors interalia. Abhinav Kumar, Pramit Mohanty and Rashminanda Kumar in their paper; Legal Protection of Trade Secrets; towards a codified regime observed that we live in an era of corporate downsizing where there exists a general lack of loyalty between employer and employee and where officers, directors and employees frequently change jobs. Protecting one’s proprietary information in this context therefore becomes an essential aspect of business planning. Since the study is mainly concerned with the relevance of protection of

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55 Journal of Intellectual property rights volume II, November 2006 at p. 399
trade secrets in Uganda, this paper is a handy tool towards the study. This is because by identifying the general lack of loyalty between employers and employees who receive trade secrets during the course of their employment which trade secrets are expected to be kept secret by the employees, the researcher could be able to identify and propose the possible recommendations that can help protect trade secret owners from unscrupulous employees.

While it has been written that an exact definition of a trade secret is not possible, a trade secret generally consists of secret commercially valuable information. John R. Thomas in his paper the Role of Trade Secrets in Innovation Policy observed that whether information qualifies as a trade secret is a question of fact that may be determined by a jury and that among the factors which have to be considered whether certain subject matter is a trade secret are:

(i) The extent to which the information is known outside of the company.

(ii) The extent to which it is known by employees and others involved in the company.

(iii) The extent of measures taken by the company to guard the secrecy of the information

(iv) The value of the information to the company and to its competitors

(v) The amount of effort or money expended by the company in developing the information;

\[56\text{Section (14)Uniform Trade Secrets Act, 1985} \]

\[57\text{15, January, 2014 p.5} \]
The ease or difficulty with which the information could be properly acquired or duplicated by others. The learned author further states that the law protects trade secrets from misappropriation by others. Misappropriation is a tort that may occur in several distinct ways. One is when an individual acquires the trade secret through improper means, such as theft, bribery, misrepresentation, or espionage. Another is when the individual uses or discloses the trade secret through a breach of confidence. Thirdly, a trade secret may also be misappropriated if it is used or disclosed with knowledge that the trade secret had been acquired improperly or through mistake. A person who uses information that he knows to have been stolen by another is therefore also guilty of misappropriation. Conversely, it is not a violation of trade secret law for another firm to discover the subject matter of a trade secret independently. “Reverse engineering” is also considered to be an appropriate means for one firm to acquire the subject matter of another’s trade secret. A firm that discerns the subject matter of the trade secret by inspecting products available to the public also has not engaged in misappropriation.

Trade secret protection may extend indefinitely. So long as information is not generally known to the public, confers an economic benefit to its holder, and is subject to reasonable efforts to maintain its secrecy, it may be considered a trade secret. However, the trade secret status of information may be lost if the information is accidentally or intentionally disclosed by an employee. Once a trade secret has been exposed to the public, its protected

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50Restatement (first) of Torts S. 757 comment b.
55 section 40 Restatement (third) of unfair competition (1994)
56 section 43 ibid
character is lost and cannot later be retrieved. However, disclosures of trade secrets to third parties for certain limited reasons do not waive trade secret protection, so long as the trade secret owner took reasonable measures to maintain its secrecy before and during disclosure, such as requiring non-disclosure or confidentiality agreements from each recipient of the trade secret.62

John R. Thomas’s work is relevant to the study in many aspects and particularly in regard to the definition of a trade secret. This is because the learned author also acknowledges the fact that there is no exhaustive definition of trade secrets just as it’s provided for under section 2 of the Trade Secrets Protection Act No 2/2009. The learned author’s work is also relevant to the study in the sense that there can be no justification of protecting a trade secret once it has been exposed to the public. This is because the sole aim of trade secrets law is to enable the trade secret owner particularly in Uganda to enjoy the benefits of keeping his trade secret and that once it is exposed to the public, then the public should not be denied the benefits that accrue from such disclosure of the trade secret.

The significance of the above literature review is that its intended to provide an insight on the relative importance of protecting trade secrets in Uganda. The aforementioned literature review clearly demonstrates that protection of trade secrets confers economic benefits to the trade secrets owners since there protection may extend indefinitely provided they are kept secret. The literature review is also important because it provided an insight on the requirements which a plaintiff must prove in a claim for trade secret infringement.

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62 | Roger Milgrim, Milgrim on Trade Secrets § 1.04
This therefore means that the literature review was a handy tool in achieving the objectives of the researcher.

1.10 Chapterisation

The study is divided into five chapters

Chapter One; covers the introduction, background, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study, methodology, limitations of the study and literature review.

Chapter Two covers the legal regime governing protection of trade secrets in Uganda and its applicability.

Chapter Three covers the enforcement mechanisms and challenges that are being encountered in the protection of trade secrets as well as justifications for protection of trade secrets in Uganda. It also lays out the findings of the researcher during the research process.

Chapter Four covers the remedies and defences that are available to an aggrieved party in a claim for trade secret infringement in Uganda.

Chapter Five draws conclusions and identifies possible recommendations based on the subject under study.
CHAPTER TWO
ANALYSIS OF THE LAW ON PROTECTION OF COMMERCIAL TRADE SECRETS AND ITS APPLICABILITY IN UGANDA.

2.0. Introduction

This chapter discusses the various types of trade secrets that are subject to legal protection, the law on protection of trade secrets in Uganda and its applicability.

2.1 Types of Commercial Trade Secrets in Uganda.

In Uganda, there are a number of trade secrets which are protected and these include a formula, pattern, compilation, programme, method, technique or process or information contained or embodied in a product, device or mechanism. In the case of Exchange Telegram Company Limited Vs Central News Limited an action was brought by Exchange Telegraph Company against The Central News and the Column Printing Telegraph Syndicate Limited to restrain the defendants from improperly copying information as to horse races collected by the plaintiff company and communicated to the plaintiff’s subscribers and from communicating the information so copied to the subscribers of the defendants respectively. It was held that it was not the intention of the plaintiffs in communicating information to their subscribers to allow rival news agencies to sell it to their prejudice and apart from any question of property the court would restrain the defendants from availing themselves of a title arising out of a breach of contract or confidence. The above case clearly shows that information that is contained or embodied in a product is subject to protection as a trade secret.

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63 Section 2 of the Trade Secrets Protection Act No. 2/2009
64 (1897) 2 Ch 48
Similarly in the profound case of *Percy Lubega V MTN Uganda*\(^6\) the plaintiff was the owner of a business concept that would enable mobile banking. The plaintiff stated that he had approached the defendant with the aim of selling the business concept for a fee. The parties entered into a non-disclosure agreement to protect the said business concept from third parties. The defendant used this information without compensating the plaintiff. In an action against the defendant, the defendant denied liability and argued that the information disclosed was not confidential but were general concepts of business knowledge within the public domain and had even been used elsewhere. The court agreed with the defendant’s argument that the concept was already in the public domain and was common knowledge in the international domain in the telecom and banking sector. That the business concepts were not novel as they were internationally considered generally known to the public and there was no trade secret to protect. The above case clearly illustrates that a business concept can also be a trade secret that is subject to protection in Uganda unless it contains information that is already in the public domain.

2.2 Legal Framework

In Uganda, trade secrets are protected by both domestic legislation and international instruments which are discussed here below;

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\(^6\) HCCS NO.116/2011
The Constitution is the supreme law of Uganda and it has binding force on all authorities and persons\textsuperscript{66}. If any other law or custom is inconsistent with any or the provisions of the constitution, the Constitution shall prevail and that other law or custom shall to the extent of the inconsistency be void.\textsuperscript{67} Under Article 274(1) of the Constitution, the operation of the existing law after the coming into force of this Constitution shall not be affected by the coming into force of this Constitution but the existing law shall be construed with such modifications, adaptations, qualifications and exceptions as may be necessary to bring it into conformity with the constitution. Existing law means the written and unwritten law of Uganda or any part of it as existed before the coming into force of the Constitution\textsuperscript{68}.

The Constitution further provides that every person has a right to own property either individually or in association with others\textsuperscript{69} and that no person shall be compulsorily deprived of property or any interest in or right over property of any description except where the taking of possession or acquisition is necessary for public use or in the interest of defence, public safety, public order, public morality or public health, the compulsory taking of possession or acquisition of property is made under a law which makes provision for prompt payment of fair and adequate compensation prior to the taking of possession or acquisition of the property and a right of access to a court of law by any person who has an interest or a right over the property. From the aforementioned provisions it can be discerned that the constitution grants a right to an individual to own property which may

\textsuperscript{66} Article 2 (1) of the Constitution of the Republic of Uganda, 1995.
\textsuperscript{67} Article 2(2) ibid
\textsuperscript{68} Article 274(2) ibid
\textsuperscript{69} Article 26(1) ibid
includes a trade secret. The Courts in Uganda are therefore duty bound to protect this right especially where it is clear that the right has been violated.

2.2.2. Statutory Provisions for the Protection of Trade Secrets in Uganda

2.2.2.1. The Trade Secrets Protection Act No. 2/2009

The Trade Secrets Protection Act\(^7\) which came into force on the 12\(^{th}\) June 2009 sets the legal framework for protection of trade secrets in Uganda. In its preamble, the Act states that it is intended to provide for the protection of undisclosed information in commercial transactions and to provide for other related matters. The Act applies to governmental agencies and persons regardless of the nature of the entity or the purpose for which it exists\(^7\). The Act prevents use of undisclosed information in a manner contrary to honest commercial practice\(^7\). Prior to the enactment of the Trade Secrets Protection Act, there was no specific domestic legislation that expressly provided for protection of trade secrets. The trade Secret Protection Act therefore forms the basis as the primary Legislation for Protection of Trade Secrets in Uganda.

The Act also provides for conditions that a trade secret owner must satisfy in order to be accorded protection. Information protected under this Act must be a secret in the sense that it is not as a body or in the precise configuration and assembly of its components generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question, it must have commercial value because it is secret and

\(^7\)Supra No. 26
\(^7\)Section 1(1) Trade secrets Protection Act No. 2/2009
\(^7\)Section 3 ibid
it must have been subject to reasonable steps under the circumstances by a person lawfully in control of the information to keep it secret. The Trade Secret Protection Act further provides that disclosure, acquisition or use of a trade secret by improper means constitutes an infringement and a person entitled to the benefit of the trade secret may bring proceedings in respect of the infringement.

A trade secret is not disclosed, acquired or used by improper means if it is arrived at by independent development or reverse engineering. Provided the information has commercial value and is not generally known to the public, then such information qualifies as a trade secret and is subject to protection in Uganda.

2.2.2.2 Official Secrets Act Cap 320

This Act lays a platform for protecting trade secrets in Uganda. In its preamble, the Act states that it is an Act relating to state security. The Act makes it an offence for any person who obtains, collects, records, publishes or communicates in whatever manner to any other person any secret official code, word or password or any sketch, plan, model, article or note or other document or any information which is calculated to be or might be or is intended to be directly or indirectly useful to a foreign power. The Act further prohibits any wrongful communication of information which has been entrusted in confidence to any person by any person holding office under the government in circumstances where such communication was to be treated as a secret. Any person who discloses such

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73 Section 4(i)(a)(b) and (c) ibid.
74 Section 5(1) ibid.
75 Section 5(2) ibid.
76 Section 2(1) (c) of the Official Secrets Act Cap 302
information commits an offence under this Act\textsuperscript{77}. These provisions of the Official Secrets Act are relevant towards protecting trade secrets in Uganda because they provide punishments for anyone who misappropriates or discloses information to another person unlawfully.

2.2.2.3. The Oaths Act Cap 19.

This Act is also part of the legal regime for the protection of trade secrets in Uganda. The Act prohibits any person appointed in office not to directly or indirectly communicate or reveal any matter to any person which shall be brought under his or her consideration or shall come to his or her knowledge in the discharge of that person's duties or as may be specifically permitted\textsuperscript{78}. The provisions of this Act are therefore relevant towards protection of trade secrets in Uganda in the sense that, a person who has taken oath is precluded from disclosing any secrets which come in his or her possession by virtue of holding that office.

In a nutshell, both the Official Secrets Act and the Oaths Act are vital pieces of legislation for the protection of trade secrets since they help to complement the Trade Secrets Protection Act and the TRIPS Agreement on the protection of trade secrets in Uganda.

The Access to Information Act No.6/2005

The enactment of an Access to information law involved a lot of foot dragging on the part of the government. Inspite of promises to have the legislation in place in 2003, it was not until April 2004 after pressure from civil society that a bill was gazetted notably the

\textsuperscript{77} Section 4(1)ibid
\textsuperscript{78} Oath of secrecy in the first schedule to the Oaths Act Cap 19
Access to Information Bill No.7/2004 having been tabled by Honourable Abdu Katuntu a member of parliament.

In July 2005, close to 10 years after the postulation of the right in Article 41, the Access to Information Act No.6/2005 was enacted to prescribe the classes of information and the procedure for obtaining access to such information. In its preamble, the Act provides that it is intended to provide for the right of access to information pursuant to Article 41 of the Constitution and to prescribe the classes of information referred to in that Article, the procedure for obtaining access to that information and for related matters. Article 41(1) of the Constitution of the Republic of Uganda provides that every citizen has a right of access to information in the possession of the state or any other organ or agency of the state except where the release of the information is likely to prejudice the security or sovereignty of the state or interfere with the right to privacy of any other person.

(2) Parliament shall make laws prescribing the classes of information referred to in clause (1) of this Article and the procedure for obtaining access to that information.

The difficulty which came along with the absence of a clear legislation prior to the enactment of the Access to Information Act prescribing the class of information with which the state can withhold on the ground that it is likely to prejudice the state manifested itself in Uganda, in the case of Green watch (U) Ltd V Attorney General & Uganda Electricity Transmission Company Ltd. In that case the Government of Uganda entered

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79 Of the Constitution of the Republic of Uganda, 1995
80 Preamble to the Access to Information Act No.6/2005
81 No.6/2005
82 HCT-00-CV-MC-0139/2001
into a series of agreements, the main agreement being the implementation agreement with AES Nile power Ltd covering the building, operation and transfer of a Hydro Electric Power Complex at Dumbbell Islands on the river Nile near Jinja Uganda. In consequence of the implementation Agreement, a power purchase agreement was executed by AES Nile Power Ltd and Uganda Electricity Board a statutory Corporation at the time established and wholly owned by the government of Uganda. The applicant a non governmental organization sought to obtain a copy of the power purchase Agreement from the government of Uganda but in vain. The government stated that the Power Purchase Agreement was a comprehensive document with a lot of information including the sponsor's technical and commercial secrets, it therefore contained clauses of confidentiality and protection of intellectual property which do not permit them to make it available to the entire public. Following this, the applicant commenced an action against the Attorney General and Uganda Electricity Transmission Company Ltd. Justice F.M.S Egonda Ntende\textsuperscript{83} observed that since the minister of Energy signed the implementation Agreement on behalf of the government of the Republic of Uganda, the minister is without doubt a member of the executive organ of the government of Uganda and the signing of the implementation agreement was an act in her official capacity and that it was therefore a public document which was to be availed to any member of the public upon request. His Lordship further observed that it was upon the state to adduce evidence as to how the disclosure to the public of the Agreements in question would affect the security of the state or its sovereignty which the state had not done.

\textsuperscript{83} P.24 paragraph 15.
From the aforementioned case, it can be observed that the courts in Uganda, will readily protect commercial trade secrets in the hands of the state unless it is proved by a person who is seeking that information that the release of such information is in the public interest.

2.2.2.4. The Contracts Act No.7/2010

An obligation to protect commercial trade secrets may arise out of contract. However, such an agreement must be reasonable if it is to be enforced by the courts of law. Any agreement which restrains a person from exercising a lawful profession, trade or business of any kind is void unless the restraint is reasonable to the parties and to the interest of the public.\textsuperscript{84} What amounts to reasonableness is a question of fact and it will depend on the circumstances of each case. For example in the case of \textit{Herbert Morris Ltd Vs Saxelby}\textsuperscript{85} the plaintiff company were the leading manufacturers of hoisting machinery in the United Kingdom and the defendant was engaged by the company as an engineer for two years subject to renewal. One of the terms of the agreement contained a covenant that the defendant would not during a period of seven years from his ceasing to be employed by the company either in the United Kingdom or Ireland carry on either as principle, agent, servant, or otherwise, alone or jointly or in connection with any other person, firm or company or be concerned or assist directly or indirectly whether for reward or otherwise in the sale or manufacture of pulley blocks, handover head runways, electric overhead

\textsuperscript{84} Section 21(1) of the Contracts Act No.7/2010
\textsuperscript{85} (1916) 1 Ac 688
runways or handover head travelling cranes. It was held that the covenant was wider than was required for the protection of the plaintiff company and was not enforceable.

From the afore mentioned case it can be observed that a restrictive covenant which is aimed at protecting a trade secret will only be enforced if its terms are reasonable. Uganda being a British colony, the courts are therefore bound to follow the principles in this decision in protecting trade secrets whose covenants or terms are reasonable.

2.2.2.5. The Industrial Property Act No. 3 /2014

In its preamble, the Act provides that its aim is to promote inventive and innovative activities to facilitate acquisition of technology through the grant and regulation of patents, utility models, industrial designs and technovations. The Act protects commercial trade secrets in Uganda by prohibiting registration of a license contract which imposes unjustified restrictions on the licensee with the consequence that the contract taken as a whole is harmful to the economic interests of Uganda. Such contracts may include those that impose confidentiality after the expiry of the license agreement or those that impose unreasonably a long period for secrecy following the commissioning of manufacturing facilities using licensed technology or those that impose measures which limit technological learning and mastery. This Act therefore helps to protect licensees who have knowledge of certain trade secrets in Uganda from being unreasonably restrained from using such information after the expiry of the license agreement.

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86 See long title of the Industrial Property Act No. 3 /2014.
87 Section 55(1) of the Industrial Property Act No. 3 /2014.
88 section 55(2) (5)ibid
2.2.2.6. The Employment Act No. 6/2006

This Act also forms part of the legal regime for the protection of trade secrets in Uganda. The Act provides that a labour officer is not supposed to reveal during or after the period of his or her appointment any manufacturing or commercial secrets or working processes or confidential information which comes to his or her knowledge in the performance of his or her duties. The Act therefore makes it an offence for any labour officer who discloses a trade secret which comes into his knowledge in the performance of his duties. The obligation not to disclose a trade secret by a labour officer in Uganda is aimed at protecting trade secrets because of their economic relevance towards a country’s economic and technological advancement.

2.3 International Protection

2.3.1 The TRIPS Agreement

The TRIPS Agreement is the first multilateral instrument dealing with trade secrets of undisclosed information. Prior to it, there existed only the general obligations in respect of unfair competition found in Article 10bis of the Paris convention. That link to the Paris convention in Article 39 was used to justify the inclusion of this section in the TRIPS Agreement. Article 39 (2) of the TRIPS Agreement provides that natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by or used by others without their consent in a manner contrary to honest commercial practices so long as such

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89 Section 18 of the Employment Act No. 6/2006
information; (a) is secret in the sense that it is not as a body or in the precise configuration and assembly of its components generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question.

(a) has commercial value because it is secret and

(b) has been subject to reasonable steps under the circumstances by the person lawfully in control of the information to keep it secret.

Members when requiring as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort shall protect such data against unfair commercial use. In addition members shall protect such data against disclosure, except where necessary to protect the public or unless steps are taken to ensure that the data are protected against unfair commercial use.\(^9\)

Article 39 of the TRIPS Agreement certainly represents a pillar for the protection of trade secrets among signatory countries and thus a common benchmark for their respective legislators. Since Uganda is a signatory to the TRIPS agreement which provides for protection of trade secrets, the TRIPS agreement therefore complements the Trade Secrets Protection Act making these two legislations the cornerstone for protection of trade secrets in Uganda.

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\(^9\) Article 39 (3) of the TRIPS Agreement
CHAPTER THREE
ENFORCEMENT MECHANISMS, CHALLENGES AND THE JUSTIFICATIONS
FOR PROTECTION OF TRADE SECRETS IN UGANDA.

3.0 Enforcement Mechanisms for the Protection of Trade Secrets in Uganda

There are a number of enforcement mechanisms that have been put in place so as to protect trade secrets in Uganda. The enforcement mechanisms include; the Courts, the state and Parliament.

3.1. Courts as primary mechanisms for the protection of trade secrets in Uganda.

The courts serve as the primary mechanism for the protection of trade secrets. Courts have a duty to see that individual’s trade secrets are protected from unfair competition by others. This mandate is derived from Article 126(1) of the Constitution of the Republic of Uganda 1995 which provides that judicial power is derived from the people and shall be exercised by the courts established under this Constitution. Courts are therefore under an obligation to issue injunctive relief and also to take other measures that are necessary towards protecting trade secrets in Uganda. In addition, courts should liaise with different agencies and stake holders who are involved in the protection of intellectual property rights which include trade secrets by conducting judicial seminars which are aimed at enlighting the public on how to protect trade secrets.
3.2 The role of the state towards protecting trade secrets in Uganda.

The state should provide the necessary funds to the institutions that have the mandate to protect trade secrets such as the Police and courts of law. Priority should be given to these institutions in terms of allocation of funds. This should be coupled with incentives which will act as a motivating factor for the individuals who work in these institutions.

3.3 The Role of the Legislature as an Enforcement Mechanism for the Protection of Trade Secrets in Uganda.

Parliament is the legislative organ of the state. Article 123 9(2)92 provides that parliament shall make laws to govern ratification of treaties, Conventions, Agreements or other arrangements under clause (1) of this Article. As an enforcement mechanism for the protection of trade secrets, Parliament is under an obligation to make the necessary laws that provide for protection of trade secrets and also to make the necessary amendments in the field of intellectual property rights that are necessary to give the existing IPRs laws their efficacy in protecting trade secrets in Uganda.

3.4 Challenges that are being encountered in the Protection of Trade Secrets in Uganda

3.4.1 Enforcement

The enactment of the intellectual property laws such as the Trade Secrets Protection Act comes with challenges of enforcement. The establishment of an effective enforcement mechanism for IPRs is difficult and costly. Uganda still faces institutional challenges with

its police, judicial system and other stakeholders. The institutions that are involved in the teaching, administration and enforcement of trade secret protection are inadequately staffed and hence lack the institutional capacity to execute their mandate.

These imperfections coupled with an inadequate understanding and awareness of the available protection under the existing laws by the public render the intellectual property enforcement mechanism for trade secrets ineffective. This ineffectiveness is exacerbated by delays in developing regulations for enacted Intellectual Property Rights. Since the enactment of the Trade Secrets Protection Act in 2009, no regulations have been enacted to complement the Act. For instance, section 13(1) of the Trade Secrets Protection Act provides that a Court may subject to section 12 of the Act grant an interlocutory or permanent injunction with respect to the improper disclosure, acquisition or use of a Trade Secret. However, the mode of Application for the said orders is not stated. The regulations if enacted would therefore be a handy tool since they would among others prescribe the procedure to be followed by a claimant who seeks to obtain an interlocutory or permanent injunction from Court.

3.4.2 Inadequate information

Generally, there is a low awareness of trade secrets law in Uganda. Laws are generally technical and very few people understand their rights and obligations under the existent law on Protection of trade secrets. The Uganda Registration Services Bureau (URSB) has

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94Ibid
failed to adequately inform the public about the relevance of trade secrets as an intellectual Property Right. There has been no visible attempt by the responsible institutions to create massive awareness of the available trade secrets protection laws. Throughout the study, the researcher was unable to ascertain any training that has been carried out by the responsible institutions. In an interview with Mr. Musisi Rogers a former employee of URSB who was working as an administrator, he was of the view that the low levels of public awareness on trade secrets laws is partly because of the inability of URSB to effectively conduct its mandate. He however attributes this to lack of sufficient funds by URSB since it’s not well funded by Government.

3.4.3 Insufficient Coordination

Whereas the ministry of Trade, Industry and cooperatives has the overall responsibility for WTO matters including TRIPS implementation, the URSB an autonomous body under the ministry of Justice and Constitutional affairs is responsible for the administration of all intellectual property legislation, reforms and policies. There is however little coordination between the URSB, the Uganda National Council for science and Technology and the Uganda Law Reform Commission yet these are the lead institutions in intellectual property policy development, administration and enforcement. This lack of proper coordination has largely affected the decision making process on policies that are aimed at protecting trade secrets in Uganda. The regional dimension also causes challenges for Uganda when

95bid
implementing the TRIPS agreement. There seems to be a disconnect between the national and Regional processes\textsuperscript{96}.

3.4.4. Financial Constraints

The institutions that have the mandate to enforce the protection of trade secrets do not have the necessary funds and in instances where the funds have been provided, they have been largely inadequate to cause any meaningful impact towards protection of trade secrets in Uganda. Elizabeth Tamale in her paper\textsuperscript{97} states that the budget for URSB has increased from $160,000 in 2012 – 2013 to $ 500,000 in 2014 – 2015. The URSB directorate partly depends on the revenue collected from the registration and licensing fees of Intellectual Property rights which funds are inadequate. The URSB always fails to balance national and public interests with those of the rights holders. The insufficiency of funds has therefore been a major hindrance for the URSB to effectively carryout its mandate.

3.4.5 Multiple legislations on protection of trade secrets

There is a big challenge that is being encountered by the relevant institutions in the protection of trade secrets in Uganda. Apart from the Trade Secrets Protection Act No.2/2009, there are a number of laws that provide for trade secrets protection such as the Oaths Act Cap 19. The Act prohibits any person appointed in office not to directly or indirectly communicate any matter to any person which should have come to his or her

\textsuperscript{96}ibid
\textsuperscript{97}ibid
knowledge in the discharge of that person’s duty. The Official Secrets Act Cap 302 also provides for protection of trade secrets. The Act prohibits wrongful communication of information which has been entrusted in confidence to any person where such communication was to be treated as a secret. The Employment Act No. 6/2006 prohibits a labour officer from revealing any manufacturing or commercial secrets or confidential information which comes to his knowledge in the performance of his or her duties. Under the Contracts Act No. 7/2010 an obligation to protect trade secrets may arise out of contract. However such an agreement must be reasonable if it’s to be enforced.

All the above laws have scattered provisions on protection of trade secrets and no harmonization has so far been done. The multiple legislations on protection of Trade Secrets can cause serious practical challenges to the Legal Practitioners who have to conduct research from the different pieces of Legislation. This is not only time wasting but also expensive in terms of resources.

3.5. Justifications for the Protection of Trade Secrets in Uganda

Trade secrets are a critical part of intellectual property protections. Strong trade secret protection promotes the growth of small businesses which have been empirically shown to play a substantial role in innovation. To protect their innovations, small businesses rely disproportionately on trade secrets, which are much less expensive to obtain, keep and

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98 Oath of secrecy in the first schedule to the oaths Act Cap 19.
99 Section 2(1) of the Official Secrets Act Cap 302
100 Section 18 of the Employment Act No. 6/2006
101 Section 21(1) of the contracts Act No.7/2010
enforce than patents. Protection of trade secrets may allow firms to capture the benefits of the costs and time it takes to develop the information without having to share the benefits of that information with others. Trade secrets law may therefore be seen as providing incentives to innovate which in turn will help to boost the economy of Uganda.

Trade Secret Protection also confirms and regulates standards of commercial ethics and morality. The misappropriation doctrine applies only against wrongdoers, those who have breached a duty of confidence, engaged in espionage or otherwise acted in bad faith. Trade secret law thus recognizes that even within a market place based upon free competition, certain kinds of competitive behavior step beyond our social norms and should be discouraged. The protection of trade secrets in Uganda will therefore play a vital role in regulating standards of commercial ethics and morality.

Trade secret law may also encourage firms to invest in human capital. A firm is more likely to invest in employee development if it has some confidence that an employee cannot immediately after leaving the service of his former employer use such knowledge in

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105 Elizabeth A. Rowe, “A sociological Approach to misappropriation”, 58 University of Kansas Law Review.
the service of the competitor\textsuperscript{107}. Protection of trade secrets will therefore encourage firms in Uganda such as those dealing in hi-tech technology to invest in human capital.

Trade secret law serves as an alternative to the patent system, granting inventors proprietary rights to particular technologies, processes, designs or formula that may not be able to satisfy the vigorous statutory standards for patentability. Companies may choose to maintain an invention as a trade secret rather than obtain a patent because their trade secret rights are not restricted to a limited number of years\textsuperscript{108}. The protection of a trade secret will therefore enable the owners of trade secrets in Uganda to exploit their trade secrets for an unlimited period of time hence enabling the owners of trade secrets to enjoy profits from the exploitation of their trade secret. In addition, protection of trade secrets will encourage invention in areas where patent law does not reach and will prompt the innovators in to proceed with the discovery and exploitation of their inventions. This will in turn foster competition and technological advancement.

Protection of trade secrets in Uganda will increase on Uganda's economic growth. This is because the firms that make profits from keeping their business ideas secret can invest the proceeds that they obtain into other sectors of the economy. This in turn will increase on Uganda's Gross Domestic Product (G.D.P).


\textsuperscript{108} Brian T. Yeh: Protection of trade secrets: overview of current law and legislation September 5, 2014, p.5
Protection of trade secrets leads to lower pricing of goods in the market. This is because trade secrets reduce production costs and other costs which would have been involved in obtaining a patent. The lower prices of goods will certainly increase their demand to the public hence leading to increased production of goods by trade secret owners especially in Uganda.

In conclusion therefore, from the above findings, it can be observed that there are a number of enforcement mechanisms that can be used to protect trade secrets in Uganda. However, in order for these enforcement mechanisms to effectively carry out their work, then the relevant stakeholders should equally devote themselves in carrying out their mandate. This will in turn enable trade secret owners to reap from their trade secrets hence promoting economic growth in Uganda.

3.6 Findings from Interviews Conducted.

During the field study, interviews were conducted by the researcher. In an interview with one of the respondents, the Justice, Education, Economic, Revitalization, Morality and African Unity (JEEMA) president Honourable Asuman Basalirwa, who is a Practicing Lawyer in Uganda, a holder of a Bachelors Degree in Law from Makerere University a well-known politician and Human Rights activist was of the view that the delay in enacting a law on protection of trade secrets in Uganda was based largely on the inability of some of the legislators to understand what trade secrets are and the need to protect trade secrets. He

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110 Interviewed on 19th June 2016 at Parliament Avenue
was therefore of the view that if trade secret owners are to benefit from their trade secrets, then more robust trade secret laws should be enacted to compliment on the already existing laws.

In another face to face interview which was conducted with Honourable Mayende Dede\textsuperscript{111} a Member of Parliament of Bukoli South Constituency in Namayingo District and a business man dealing in importation of motorcycles and used motor vehicles which business he has been doing for the last fifteen years, he stated that the inadequate public sensitization by the responsible institutions such as the Judiciary and the Justice Law and Order sector (JLOS) has also contributed to the low levels of public awareness of the need to protect trade secrets in Uganda. It was therefore his view that massive attempts should be put in place to sensitize the general public about the relevance of protection of trade secrets. The institutions such as the judiciary should conduct seminars which are aimed at educating the public about the relevance of trade secrets protection. This will enable trade secret owners better understand their rights and the possible remedies which are available to them in case of misappropriation of their trade secrets.

Some other respondents such as Mr. Hilal\textsuperscript{112} the legal officer of Steel Rolling Mills, who has worked there for over five years and a holder of a Bachelors Degree in Law from Makerere University, Mr. Patrick Engola\textsuperscript{113}, the Human Resource Manager of Alarm Group of Companies where he has worked for over seven years and a holder of a Bachelors Degree in Business Administration from Makerere university and Mangeni

\textsuperscript{111} Ibid
\textsuperscript{112} Interviewed on 12\textsuperscript{th} July 2017
\textsuperscript{113} Ibid
Benesa the National Resistance Movement youth representative of Busia District a graduate of Kampala International University with a Bachelors in Social Sciences shared the view that the government and parliament are not in a hurry to enact supplementary legislations to compliment the Trade Secrets Protection Act. Their priorities appear to be geared more on political rather than economic issues and intellectual property reforms. In their view this has resulted in the weak implementation of the law reform process on Trade Secrets Law and Intellectual Property Rights Laws as a whole. It was therefore their opinion that both government and parliament should prioritize protection of trade secrets so as to foster economic development in Uganda.

Mayende Patrick, who is a Legal Associate with Waluku Mooli & CO. Advocates stated that the law on trade secrets is generally not known to some of the trade secrets owners. He attributed this to the failure of the responsible institutions and stake holders to translate the existent laws on trade secrets into the local languages so that the laws can be properly understood by some illiterate trade secret owners. It was therefore his view that once trade secret laws are translated into the local languages in Uganda, then some of the illiterate trade secret owners would benefit since they would be able to lodge claims against infringers of their trade secrets.

Wandera David, a Student Pursuing Law at Islamic University in Uganda suggested that trade secrets law should be a law that everyone should interest himself with. In his

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114 Ibid
115 Interviewed on 7th July, 2016
116 Interviewed on 9th July, 2016
view protection of trade secrets is cheap and that it can also promote technological advancement in Uganda in a particular field.

Abebe Edison a Managing Director with unique Integrated Systems in Kampala\textsuperscript{117}, Engola William a lawyer in Kampala working with Makmot & Co. Advocates\textsuperscript{118}, Bwire John Martin a lawyer working with Sanywa Wabwire & Co. Advocates in Kampala\textsuperscript{119}, Bowen Joshua a lawyer working with Sanywa Wabwire & Co. Advocates in Kampala\textsuperscript{120} and Musinguzi Tonny an associate with Wanimbi Jude Advocates\textsuperscript{121} shared the same view that if trade secrets are protected, they would lead to economic growth especially of small business enterprises in Uganda.

Mugobera Charles a lawyer working with JLOS as a Country Director\textsuperscript{122}, Wabwire Joseph a research consultant based in Mukono\textsuperscript{123}, Ninsiima Patricia a business woman in Gayaza dealing in production of cosmetics\textsuperscript{124}, Wejuli Francis a fashion designer and manager of Best Logistics (u) Ltd in Kampala\textsuperscript{125}, Omalla Felix the owner of Delight (u) Ltd and manufacturer of cheers juice in Kawempe\textsuperscript{126} shared the view that once trade secrets are protected the market prices of goods would reduce because the cost of production would be low and this in turn would lead to economic growth in Uganda.

\begin{footnotes}
\item[117] Interviewed on 20\textsuperscript{th} February, 2019
\item[118] Interviewed on 21\textsuperscript{st} February, 2019
\item[119] ibid
\item[120] ibid
\item[121] Interviewed on 24\textsuperscript{th} February 2019
\item[122] Interviewed on 21\textsuperscript{st} July, 2016
\item[123] Interviewed on 3\textsuperscript{rd} March 2019
\item[124] ibid
\item[125] ibid
\item[126] Interviewed on 6\textsuperscript{th} March 2019
\end{footnotes}
Were Jonah\textsuperscript{127} a legal Officer at Stanbic Bank legal Department was of the view that the legal regime on trade secrets in Uganda is weak since it does not provide for penal sanctions. He was therefore of the view that there is need for criminal sanctions to be put in place to deter infringers on trade secrets.

Oburu Moris Ezra a grade one magistrate working in Sembabule Magistrates Court\textsuperscript{128} was of the view that although there are a number of economic benefits that flow from protection of trade secrets, such benefits could easily be lost if the judiciary is not given enough funds to adequately handle trade secret disputes and protect trade secret owners.

\textsuperscript{127} Interviewed on 7\textsuperscript{th} July 2016.
\textsuperscript{128} Interviewed on 2\textsuperscript{nd} March 2019
CHAPTER FOUR

REMEDIES AND DEFENCES THAT ARE AVAILABLE TO A PARTY IN A CLAIM FOR TRADE SECRET INFRINGEMENT IN UGANDA.

4.0 Remedies

Disclosure, acquisition or use of a trade secret by improper means constitutes an infringement and a person entitled to the benefits of the trade secret may bring proceedings in respect of infringement. However a trade secret is not disclosed, acquired or used by improper means if it is arrived at by independent development or reverse engineering. The trade secret protection Act provides for a number of remedies that are available to a party whose trade secret has been infringed. These remedies include the following:

4.1. Injunctions

The whole rationale and justification for the law in a claim of trade secret infringement is that it can and should be used to preserve secrets. The trade secret injunction is the primary basis for exclusivity of a secret. The Court may therefore grant an interlocutory or permanent injunction with respect to improper disclosure, acquisition or use of a trade secret. However, the grant of an injunction is an exercise of the court’s discretion. The courts therefore may refuse to grant an injunction especially where court is satisfied that a claimant may be adequately compensated for by an award of damages. In the case of Coco

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129 Section 5(1) of the Trade Secrets protection Act No 2/2009
130 Section 5(2) ibid
131 Section 12(1) ibid
132 Michael Risch: why do we have trade secrets Marquette Intellectual Property Law Review page 59
133 Section 13(1) of the Trade Secrets Protection Act
The plaintiff had developed the coco moped which featured interalia some special engine parts. He entered into negotiations with the defendants with a view to them, ultimately manufacturing it. After approximately four months of discussions, the defendants broke off negotiations alleging difficulties with the transmission design. The defendants then wrote to the plaintiff offering him a royalty of 5 shillings per engine on the first 50,000 engines made but this was not accepted. The defendants subsequently manufactured and sold their own scamp moped. They admitted that the piston and carburetor were of the same type as the plaintiff's. The plaintiff sought an injunction against the manufacture and sale of any machines in which the defendants had made use, directly or indirectly of any confidential information the property of the plaintiff. Meggary J observed that there are a number of factors militating against the grant of an injunction which include:

(i) The fact that the defendant was copying only subconsciously or for some reason innocently.
(ii) The gratuitous manner of the plaintiff's communication
(iii) The fact that he was not himself utilizing the idea but was rather pursuing an alternative in collaboration with another producer.
(iv) The extent of the defendant's own contribution to the design of a successful product.
(v) Whether the information was economic or personal
(vi) The relatively mundane or subsidiary character of what was taken.

134 (1969) RPC 41 at 50
The fact that the information had become public
Possibly even the patentable nature of the idea thus requiring the plaintiff who
wants a full right of property to apply for a patent.

An injunction will be terminated when the trade secret has ceased to exist and upon an
application being made to court\textsuperscript{135}. This is because, it would be a misuse of injunctive
relief when the trade secret for which it was intended to protect is no longer in existence or
where the trade secret is in the public domain\textsuperscript{136}. However, an injunction may be continued
for such additional period as the court thinks fit in order to eliminate any commercial
advantage that would otherwise accrue to the defendant from the improper disclosure,
acquisition or use\textsuperscript{137}.

It is therefore worth noting that where a plaintiff in Uganda claims that his/her trade secret
has been infringed by the defendant then such a plaintiff can apply to court for a grant of
an injunction to restrain the defendant from any further infringement of his/her trade secret
although its grant will be at the discretion of the courts in Uganda.

4.2 Damages

An owner of a trade secret may recover damages for the loss caused by the improper
disclosure, acquisition or use of a trade secret\textsuperscript{138}. The court may also award exemplary
damages for improper disclosure, acquisition or use of a trade secret\textsuperscript{139}. Damages are
awarded to put the plaintiff in the position that he would have been in had it not been for

\textsuperscript{135} Section 13(2) of the Trade Secrets Protection Act No 2/2009
\textsuperscript{136} Lord Goff in Attorney General V Guardian Newspaper Ltd (No. 2) (1990) I AC 109
\textsuperscript{137} Supra No.135.
\textsuperscript{138} Section 14 of the Trade Secrets Protection Act No.2/2009
\textsuperscript{139} Section 16 ibid
the breach of a duty by the defendant\textsuperscript{140}. In the case of \textit{Seager v Copydex Ltd}\textsuperscript{141}, the Court of Appeal having found that the defendant company had made use, albeit honestly of information which they had received in confidence from the plaintiff, the inventor of a carpet grip, which information was not available to the Public held that the plaintiff was entitled to damages for breach of confidence, the damages to be assessed on the basis of reasonable compensation for the use of the confidential information. However, it should be noted that an award of damages is purely at the discretion of court. In Uganda the Trade Secrets Protection Act allows an owner of a trade secret to recover damages for loss caused by the improper disclosure or use of a trade secret although the amount to be recovered will depend on the circumstances of each case.

4.3 Account of profits

As an alternative to damages, the claimant may claim for an account of profits that may have accrued or that may subsequently accrue to the defendant by reason or in consequence of the improper disclosure, acquisition or use of the trade secret\textsuperscript{142}. An account of profits is an equitable remedy whereby the claimant claims the profit that the defendant has obtained. In the case of \textit{Peter Pan Manufacturing Corp Vs Corsets Silhouette Ltd}\textsuperscript{143}, the defendant company manufactured and sold brassieres evolved from information given to it in confidence by the plaintiff company in competition with that company. The plaintiff sued electing at the trial for an account of profits; it was held that

\footnotesize{\textsuperscript{140}Dr Dennis Lwamafa v Attorney General CS. No. 79 of 1982 (1992) KALR 21  
\textsuperscript{141}(No 2) (1969)2 ALL ER 718  
\textsuperscript{142}Section 15 of the Trade Secrets protection Act No. 2/2009  
\textsuperscript{143}(1963)3 ALLER 402}
the plaintiff was entitled to an account of profits made from the offending brassieres. The aforementioned case clearly shows that a claimant may claim for the profits that the defendant has made as a result of the defendant misappropriating the claimant’s trade secret. An account of profits is however a technical and expensive remedy involving professional scrutiny of accounts. What is certain however is that the courts in Uganda are usually prepared to grant an account of profits as an equitable remedy once it is proved by the plaintiff that the defendant had taken advantage of and infringed on the plaintiff’s trade secret and made profits from such infringement.

4.4 Delivery up

In proceedings for improper disclosure, acquisition or use of a trade secret, the courts in Uganda may order the defendant to deliver up or destroy anything in which the trade secret to which the improper disclosure, acquisition or use relates is contained or embodied144. In the case of *Franklin Vs Giddings*145 where the defendant had stolen bud wood cuttings from the plaintiff’s orchard and by grafting them onto his own root stocks developed an orchard of Frankline early whites in direct competition with the plaintiff. The court ordered the delivery up of the resulting nectarine trees. Although there is no single case in Uganda where the Courts have ordered a defendant to deliver up or destroy anything in which a Trade Secret has been improperly acquired or used by the defendant, what is certain though is that the courts in Uganda are always willing to grant an order for delivery up or

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144 Section 12 (1) (e) of the Trade Secrets Protection Act No 2/2009
145 (1978) Qd R 72
destruction of the infringing items once it is proved by the claimant that there was
improper disclosure, acquisition or use of a trade secret by the defendant.

4.5 **Adjustment orders**

The court may make an adjustment order regulating future exploitation of the trade secrets
by the defendant or by the plaintiff and the defendant. An adjustment order may include
payment of the plaintiff of a royalty with respect to the future use by the defendant of the
trade secret in such amount and upon such terms as the court thinks fit, contribution by
the defendant to the plaintiff for expenses incurred by the plaintiff in connection with
acquiring or developing the trade secrets and which are liable to be wasted by reason of the
defendant being permitted to exploit the trade secret in the future.

4.6 **Defences**

4.6.1 **Order of the Court**

In a claim for improper disclosure or use of a trade secret, the defendant can plead as a
defence that the disclosure was required to be made to a court under an order of the
court. The burden is however on the defendant to prove that he disclosed the plaintiff’s
trade secret pursuant to a court order.

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146 Section 17(1) of the Trade Secrets Protection Act No 2/2009
147 Section 17(2)(a) ibid
148 Section 17(2)(b) ibid
149 Section 19 (1) ibid
4.6.2 Disclosure in Public interest

In any proceedings for improper disclosure or use of a trade secret, the defendant is not liable to the plaintiff in any respect if the defendant satisfies the court that in view of the nature of the trade secret, there is or in the case of apprehended disclosure or use, there will be at the time of that disclosure or use a public interest involved in the trade secret being disclosed or used and that the public interest outweighs the public interest involved in upholding the trade secret.\(^{150}\)

When balancing the public interest, the court shall have regard to all the circumstances of the case including the nature of the trade secret, the circumstances under which the trade secret is disclosed or used by the defendant and the extent and nature of the particular disclosure or use of the trade secret in issue as compared with the extent and nature of the disclosure or use which appears to be justified by the public interest in which the defendant relies.\(^{151}\)

Public interest in the disclosure or use of a trade secret means the interest of the public at large in being made aware of the existence of a crime, fraud, other unlawful conduct or matter affecting public health or safety in relation to the creation, composition or utilization of the trade secret.\(^{152}\)

\(^{150}\) Section 19(2)\textit{ibid}

\(^{151}\) Section 19 (4)\textit{ibid}

\(^{152}\) Section 19 (3)\textit{ibid}
However it should be noted that the defence of disclosure in public interest is only applicable where there is a pressing need to disclose. This was observed in the case of *Campbell V Frisbee*\(^1\)\(^{53}\) where it was held that a pressing need for disclosure was needed for a public interest defence to override an express obligation of confidence.

\(^{53}\) (2002)EWHC 3282002
CHAPTER FIVE:
RECOMMENDATIONS AND CONCLUSION

5.0 Recommendations

The research findings indicated that there are a number of practical challenges that are being encountered in the protection of Trade Secrets in Uganda such as inadequate manpower, inadequate information, enforcement challenges and the multiple legislation on Trade Secrets which have not yet been harmonized. It was on the basis of such challenges that the researcher came up with the following recommendations in order for Trade Secrets owners to be adequately protected in addition to the already existing legal and institutional framework.

5.1 Legal reforms

The institutions that have the mandate to enact and review the existing laws on protection of trade secrets in Uganda should expedite the process. A development oriented and properly sequenced intellectual property reform on trade secrets will reduce negative social economic effects and also allow Uganda to integrate more smoothly into the global intellectual property system. Efforts should be geared towards having a complete set of laws that will adequately protect the future of trade secret owners in Uganda. Once this is achieved, it will contribute to a sound business environment and increase Uganda’s ability to attract foreign investment, knowhow and modern technology and this would in turn increase on the productivity of trade secret owners in Uganda.
In addition, the trade secret laws in Uganda should also provide for criminal sanctions to supplement the civil remedies which at times are inadequate to a trade secret owner in circumstances where damages are an inadequate remedy to the trade secret owner and also in instances where the individual who has misappropriated a trade secret has no capacity or detectable assets to compensate the trade secret owner. Although many could argue that it’s not easy to enact criminal sanctions for trade secrets because trade secrets are not property in the real sense so as to attract criminal sanctions, such a criticism may not hold water, this is because other jurisdictions such as the USA have enacted legislations such as, the Economic Espionage Act\(^{154}\) which criminalizes both economic espionage and the theft of trade secrets. The relevant stakeholders should therefore consider putting in place criminal sanctions that will effectively complement the civil remedies that are provided for by the Trade Secrets Protection Act No. 2/2009.

5.2 Restrictions on disclosure of information through non-disclosure agreements

Owners of trade secrets in Uganda should consider providing information only to employees who have a legitimate need for the information. Trade secret owners should also implement clear policies prohibiting employees from disclosing trade secrets with which they are entrusted. In addition, employers should consider requiring employees to sign Non Disclosure Agreements (NDA) and restrictive covenants prohibiting them from disclosing trade secrets or engaging in specified competitive activities for a reasonable period of time after the cessation of their employment. These restrictive covenants coupled with the existing protection by the available laws in Uganda can be an effective tool

\(^{154}\)Economic Espionage Act, 1996
towards protection of trade secrets from being misappropriated by employees in Uganda either during or after the cessation of their employment with their employers.

5.3 International Support

The international system should encourage and support Uganda through technical cooperation if Uganda is to benefit as a WTO member which is bound to enforce the obligations in the TRIPS Agreement. The international community should have a flexible approach that takes into account Uganda’s needs and level of development. Any cooperation programmes will only be effective if they are prioritized. There is need for sharing technical information in order to ensure a minimum level of synergy between the main providers of technical assistance such as WIPO and the World Customs Organization (WCO). Technical cooperation is demand driven, it requires a request by the beneficiary of the action. It is therefore important to turn it into a dialogue driven request by discussing its importance and benefits for the recipient Country.

The focus in any cooperation programmes must shift from assistance in drafting legislation to a more enforcement oriented strategy if Uganda is to benefit fully.

5.4 Strong Enforcement Mechanisms

There is need to put in place an equally strong enforcement mechanism that will protect trade secrets in Uganda. The institutions that are involved in protecting trade secrets such as the URSB, judiciary, and police should be better equipped with the necessary tools for enforcement. Since the courts are the primary mechanism for the protection of trade secrets, the courts therefore have a duty to ensure that owners of trade secrets in Uganda
are protected. In addition, there is need to provide adequate manpower with the necessary technical expertise in the field of trade secrets together with the necessary funds to enable these institutions to effectively carry on their mandate.

5.5 Sensitization

Massive attempts should be put in place to sensitize the general public about protection of Trade Secrets. The relevant institutions such as the Judiciary and the URSB should conduct seminars which are aimed at educating the public about the relevance of trade secrets protection. This will enable the trade secret owners in Uganda better understand their rights and the possible causes of action in an action for infringement of their trade secrets.

5.6 Conclusion

Trade secrets form a significant component of the intellectual property system of Uganda. Although trade secret laws potentially have negative aspects such as facilitating a particular kind of innovation, requiring employees to sign unfair confidentiality agreements, restricting employee mobility and expending resources to maintain information as a trade secret, the benefits that accrue from protection of the trade secrets outweigh these negative aspects since there is no time frame within which a trade secret should be protected provided the owner of the trade secret keeps it secret. In Uganda, there has been a considerable progress in the protection of trade secrets. This is buttressed by the
enactment of the Trade Secrets Protection Act\textsuperscript{155} and judicial decisions like the case of Percy Lubega \textit{v.} MTN Uganda.\textsuperscript{156}

The enactment of the Trade Secrets Protection Act\textsuperscript{157} therefore illustrates Uganda’s commitment to the TRIPS Agreement to which Uganda is a signatory. However, the enactment of the Trade Secrets Protection Act perse may not be sufficient to protect Trade Secrets in Uganda. The researcher’s findings will therefore help government departments, private sectors and scholars to bridge the existing gap in the field of Trade Secrets Law which has for many years been neglected both in academia and practice. The findings are significant in enabling the relevant stake holders develop a thorough appreciation of Trade Secrets Law in Uganda.

\footnotesize{\textsuperscript{155}Supra No. 26}
\footnotesize{\textsuperscript{156}Supra No. 65}
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TREATIES AND INTERNATIONAL INSTRUMENTS

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Paris Convention for the Protection of Industrial Property of March 20, 1883 as revised at Brussels on December 14, 1900 at Washington on June 2, 1911 at the Hague on November 6, 1925 at London on June 2, 1934 at Lisbon on October 31, 1958 and at Stockholm on July 14, 1967 and as amended on September 28, 1979.
World Intellectual Property Organization (WIPO)

BOOKS


Milgrim M R, Milgrim on Trade Secrets (2005)

ARTICLES AND JOURNALS


Eisenberg S R, "*Proprietary Rights and the Norms of Science in Biotechnology Research,*" 97 Yale Law journal (1987), 177


Rowe A E, “*A sociological Approach to misappropriation,*” 58 University of Kansas Law Review.


**WEBSITE AND ONLINE SOURCES**


NEWS PAPER ARTICLES

The New vision February 24, 2015.
APPENDICES

APPENDIX I: INTRODUCTION

Kampala International University
College of Higher Degrees and Research

Dear Respondent,

I am a student from Kampala International University pursuing a Masters Degree in Commercial Law and carrying out a research on the relevance of the protection of trade secrets, the law and practice in Uganda and in particular Kampala Capital City.

I intend to find out if there are any benefits that accrue from the protection of trade secrets, the effectiveness of the existing legal regime in Uganda towards protection of trade secrets, the challenges that are being faced in the implementation of the existing laws and to suggest the possible recommendations to these challenges.

To this point therefore, you are kindly requested to participate in this discussion freely with the researcher.

However, I would like to assure you that the information you give will be kept confidential and used only for the purpose of this research.

Thank you.

Yours faithfully,

Wabwire Dennis
APPENDIX II

QUESTIONNAIRE FOR THE RESPONDENTS

You are kindly requested to fill in the questionnaire correctly. Any information given will be strictly kept confidential. It will only be used for purposes of this research.

1. What is your name?

2. What is your occupation?

3. Where do you stay?

4. What is your religious affiliation?
   a) Moslem
   b) Catholic
   c) Protestant
   d) Others (specify)

5. What is your level of education?
   a) Primary
   b) Secondary
   c) University
   Others (specify)

6. Have you ever heard of a trade secret?
   Yes
   No

If No, go to No. 11
7. If your answer in (6) was yes, what kind of trade secrets do you know? (List them)

8. Have you ever owned a trade secret?

   Yes  [ ]  No  [ ]

   If No, skip to No. 11.

9. Which type of trade secret was it? (specify)

10. Has your trade secret ever been infringed? If so, by who? (specify)

11. Do you think protection of trade secrets is important in Uganda? If Yes, give reasons.

12. In your opinion, is the legal regime governing commercial secrets in Uganda effective?
13. What do you think are some of the enforcement mechanisms for the protection of trade secrets in Uganda?

14. What challenges do you think are being encountered in the protection of trade secrets in Uganda?

15. What do you think can be done so as to make sure that those who own trade secrets can benefit from them?

16. If you are to start a business, would you consider keeping your business information as a trade secret?

THANK YOU VERY MUCH