

Taiwanese Prosecutors Indict Four Former Employees Over Suspected Theft of Valuable Virtual Reality Research for Competing PRC Micro-Electronics Manufacturer

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On January 14, prosecutors from the Hsinchu District in Taiwan charged four former employees of Novatek Microelectronics Corp., a leading Taiwanese fabless chip design company known for its flat-panel display driver, integrated circuits, and system-on-chip solutions, for violating Taiwan's Trade Secret Act. The four engineers were allegedly bribed by Shanghai-based competitor Viewtrix Technology Co., Ltd. to access archives, download, re-engineer, and leak Novatek's OLED display driver IC information and virtual reality-related research.

The indictments follow various searches and seizures in October 2017 of evidence from the defendants' homes and new offices, as well as the premises of Hong Ao Technology Co., Ltd., a company set up in the Taiyuan Science Park, under the lead suspect's wife's name. Investigators for the Ministry of Justice and the Chiayi City Investigative Branch suspect that either former Novatek director Peng or his supervisor Tseng downloaded the information prior to their departure from Novatek in 2016, and subsequently recruited two other former colleagues to join them at Viewtrix with the promise of higher pay. Tseng reportedly orchestrated opening offshore bank accounts for the engineers in which to receive foreign funds.

The Prosecutors' Office stated that economic espionage in Taiwan's prized high-tech space was a national security concern and that violators would be prosecuted vigorously.

TIP: This case highlights the importance of having both a theft detection protocol and a theft response protocol in place. High-level and high-risk employees, or teams of departing employees, should be red-flagged and the appropriate safety precautions taken to identify and safeguard the various bodies of valuable information that they accessed. In addition, folder and file permissions should be periodically checked and reevaluated to adhere to the principle of least privilege and ensure need-to-know.

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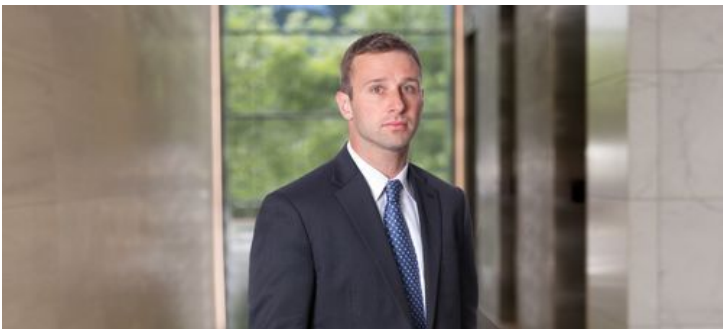
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