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BLOG

Former Top Designer Sentenced to Nearly Eight Years in Prison by Taiwanese Court for Trade Secret Misappropriation

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Thomas Chien, who was the top designer and vice president of Taiwanese smartphone maker HTC, was sentenced to prison for seven years and ten months by the Taipei District Court for his role in a scheme to steal trade secrets from the company. Chien also recruited five fellow HTC employees, who were also sentenced to prison for their roles.

The criminal investigation into Chien and the other HTC employees was initiated in 2013 after HTC filed charges against them in the same year. The prosecutors found evidence that Chien stole HTC's smartphone icon interface design and other proprietary technologies and passed the same to his partners in mainland China, with the goal of eventually forming a competing mobile phone design company. However, they did not succeed in carrying out those plans.

This case reflects yet another instance of trade secret protection being a vital concern for lawmakers in Asia, and also reflects a trend toward enhanced punishment for trade secret misappropriation. Indeed, in 2013, Taiwan revised its Trade Secret Act and added additional penalties for trade secret misappropriation, which is now punishable by up to ten years of imprisonment. The HTC case is the first of its kind since the revision of the Trade Secret Act. Similarly, China also revised its Anti-Unfair Competition Law recently on 26 April 2019, with the revisions focusing on alleviating the burden of proof for trade secret owners in trade secret infringement claims and increasing the compensation for trade secret infringement.

Although the legal protections for trade secrets is enhancing in these jurisdictions, companies doing business in these areas still face high risks of trade secret misappropriation, both from former employees and also business partners. There are several high profile cases right now in China, including one in which several former employees of Foxconn were alleged to have stolen trade secrets from BYD, an automobile company based in China. Similarly, Didi, a leading mobile transportation platform in China, was alleged to have committed trade secret infringement against Amap, a provider of digital map and navigation systems in China.

TIP: While much of the media attention has been focusing on trade secret theft between the U.S. and China, this issue poses substantial risks to companies throughout Asia. We suggest that companies assess and manage trade secret risks from an enterprise level, and proactively ensure their trade secret programs are given the appropriate resources, support, strategies, and priorities.

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Authors

Steven Grimes

Gino Cheng

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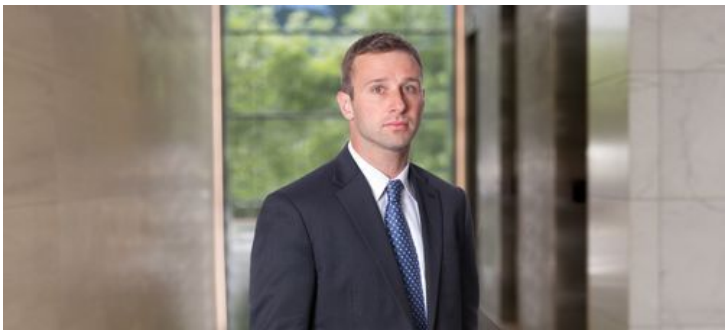

Steven Grimes

Gino Cheng

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