



## Unveiling the Vital Role of Trade Secrets in Sustaining Culinary Businesses for MSMEs

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### Abstract

This article explores the critical role of trade secrets in enhancing the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector. It emphasizes the confidential nature of corporate information, essential for shielding against unauthorized access by the public or even employees. Given the significant economic value of Indonesia's local products, legal safeguards are imperative to protect these assets from unfair competitive practices in the market. Utilizing a normative juridical method, this study conducts a comprehensive literature review to investigate the legal framework surrounding trade secrets and its implications for MSMEs. The findings underscore a prevalent lack of awareness among MSMEs regarding intellectual property laws, highlighting the necessity for concerted efforts from various stakeholders to ensure effective implementation of these legal protections.



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### A. INTRODUCTION

The global trade globalization has significantly impacted the development of the food industry, which has progressively grown over time. Various types of food and beverages are now available both directly and through online ordering. In the food industry, the unique flavors of processed products originate from recipes created by their owners, which are considered intellectual property. Recipes in the food industry are trade secrets of their owners or trade secret holders. Some examples of food industries protected by trade secrets include Coca Cola, Pizza Hut, KFC, and others (Nurhayati, 2020). Indonesia has an extraordinary vision and economic goals for the future. To achieve its goal of becoming a giant in the ASEAN Free Trade Zone, Indonesia requires significant efforts and planning. This indicates that Indonesia must already be able to compete with foreign products. Enhancing local creativity and strengthening a strong market identity can enhance the competitiveness of Indonesian entrepreneurs. Both of these can be driven by strengthening the existing intellectual property protection in Indonesia (Sinaga, 2020).

Enforcement of intellectual property law is crucial as it reflects the business culture and consumer behavior of Indonesian society (Disemadi, 2022). Entrepreneurs in various markets in Indonesia will compete in creativity and always try to highlight their respective business identities if intellectual property protection is working well (L. M. T. Putra et al., 2021). This will also influence public perception of intellectual property rights and make Indonesian consumers more appreciative of innovation and creativity when purchasing goods (M. D. R. Putra & Disemadi, 2022). Intellectual property protection can contribute to the growth and development of various local products (Siregar, 2021). The growth and development of local products will directly affect the national economy and may even encourage Indonesians to start their own businesses and create many job opportunities (Kuasa et al., 2022). The prestige of quality local products will increase as a result of intellectual property protection. Indonesia can prepare its local businesses to compete with businesses from other countries through these measures (Sudirman & Disemadi, 2021). Quality local products in Indonesia have high economic value, so legal protection is necessary to protect these commodities from unfair trade practices (N. A. Thalib et al., 2020).

All enterprises harbor confidential information that must remain beyond the purview of the general public or even all of its employees. Safeguarding this trove is paramount to fostering healthy competition within the corporate landscape. Such trade secrets epitomize the distinctiveness of enterprises and the products they craft within Indonesia. Trade secrets stand as invaluable assets, capable of yielding substantial economic gains (Wijaya 2023). Presently, Micro, Small, and Medium Enterprises (MSMEs) grapple with a fundamental lack of understanding concerning intellectual property law. Among the intellectual riches often left vulnerable is the trade secret, frequently slipping into the hands of MSMEs or other scaled enterprises, thereby contributing to the deterioration of Indonesia's intellectual property legal culture (Ramli et al., 2021). This phenomenon also reverberates through consumer behavior within Indonesian markets, particularly amid the digitization of myriad economic processes via the burgeoning e-commerce ecosystem.

Digitization concurrently catalyzes the emergence of the gig economy, replete with manifold benefits (Tan, 2021). On one hand, the abundance of professional labor in the workforce market has and will continue to aid MSMEs across various business operational processes. On the other hand, the burgeoning gig economy poses inherent risks, with its transient workforce potentially exacerbating the dissemination of trade secrets from one MSME to another or to alternative business forms. Coordinated and earnest engagement from diverse stakeholders is imperative to ensure the effective implementation of intellectual property rights systems as envisaged (A. Thalib et al., 2023). Enterprises can safeguard their proprietary interests by structuring agreements with their

employees to refrain from disclosing personal information, both during and after employment. Deliberate disclosure of business secrets, contravention of agreements, or failure to uphold implicit or explicit obligations to preserve such information's confidentiality constitutes a breach of trade secrets (Wijaya 2023).

## B. RESEARCH METHOD

This research employs a normative legal research method to analyze the role of trade secrets in fostering sustainability within Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector, from a legal perspective in Indonesia. Normative legal research involves examining legal principles, doctrines, and statutes to understand how trade secrets contribute to the sustainability of MSMEs. This approach focuses on interpreting and applying existing legal frameworks and jurisprudence related to intellectual property rights and trade secrets, aiming to provide insights into the legal protections available and their effectiveness in safeguarding MSMEs' interests in the culinary industry.

## C. RESULTS AND DISCUSSIONS

### The Contribution of Trade Secrets in Driving Sustainability of Micro, Small, and Medium Enterprises (MSMEs)

Since 2000, the 26th of April has been designated as World Intellectual Property Day to promote the significance of safeguarding intellectual property and ensuring the benefits of possessing intellectual property rights. The adequacy of intellectual property protection, whether good or bad, will impact various entities, including official government institutions, international organizations, national and multinational corporations, law firms, and individuals (Kusuma & Roisah, 2022). Intellectual Property (IP) protection not only affects large corporations but also MSMEs (Baskoro, 2022). From literary works or other visual creations, sounds and music, various commercial brands, products depicting or having association with geographical indications, plant varieties, or even trade secrets. The classification of types of intellectual property rights recognized by law includes copyrights, patents, trademarks, geographical indications, and the like. This classification enables intellectual property rights to be registered and legally protected. Due to the smaller scale of MSMEs, their income is also smaller, which is a direct and indirect consequence of limited production capacity, number of employees, and import-export capability. This condition makes MSMEs more vulnerable to unhealthy competition and financial issues. Therefore, intellectual property protection will have a significantly positive impact on the growth of existing MSMEs in Indonesia.

Intellectual property is omnipresent in the business sector. Every enterprise inevitably possesses intellectual property. Trademarks and trade secrets are examples of intellectual property. Similarly, most MSMEs have trademarks and

trade secrets for the trade of goods and services, albeit their business scale not being overly large (Betlehn & Oktaviani, 2018). Small-scale industries of MSMEs persist in arguing that intellectual property protection is not crucial. This is evidenced by the fact that only a few MSME trademarks are registered with the DGIP. Statistical data from DGIP registrations show that Non-MSME trademarks dominate at 91.45% from 2016 to April 2018, while MSME trademarks comprise only 8.55%. WIPO asserts that MSMEs have ample potential to enhance innovation and creativity in their products. However, MSME entrepreneurs still lack awareness of the importance of leveraging Intellectual Property Rights to aid their businesses (Sardjono, 2014).

The significant impact of MSMEs on national economic resilience cannot be overstated, despite their small scale. Recognizing their substantial influence and relevance in the broader picture of Indonesia's economic blueprint, such as in the year 2030, the Indonesian government considers MSMEs as one of the frontlines of Indonesia's economy (B, 2023). This holds true worldwide, not just in Indonesia. Many countries and regional areas prioritize MSMEs in their legal and economic policies. MSMEs play a crucial role in job creation and equalizing business opportunities. They also attract employment, reduce poverty, and contribute to the national economy through taxes, royalties, and other forms of income. Furthermore, MSMEs are the pioneers in the domestic industry. Therefore, MSMEs play a significant role in Indonesia's economic landscape (Sulasno & Dwisvimiari, 2022).

Engagement in MSMEs is expected to equip individuals with high skills, innovation, and productivity to compete. Businesses that produce high-quality goods have the ability to penetrate both local and international markets. International business competition demands Indonesian communities to improve their business strategies to compete with foreign goods (Sulasno & Dwisvimiari, 2022). Various products made by MSMEs have good quality. This is due to their desire to compete in the market. Although these businesses are classified as MSMEs, they consider quality aspects before selling their products. MSME business owners pay close attention to quality aspects because they must compete to be favored by the market and to compete with large companies. This is likely because they have a better understanding of their customers and potential customers before making purchasing decisions (Sulasno & Dwisvimiari, 2022). In Article 16 of the Republic of Indonesia Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, it is explicitly stated (Fajar, 2016) that: 1. The Government and Regional Governments shall facilitate the development of businesses in the fields of: a. Production and processing; b. Marketing; c. Human resources; and d. Design and technology. 2. The business world and society actively participate in the development as referred to in paragraph (1).

As for the benefits of Intellectual Property (IP) for MSMEs (Fajar, 2016), they are as follows: 1. Products made by SMEs in Indonesia have high economic value, distinct characteristics, rapid growth potential, and competitive prices; 2. More than 90% of SMEs in all economies significantly contribute to economic growth, trade, investment, and employment; 3. SMEs have proven to function as catalysts for innovation and are responsible for much technological advancement; 4. In the management of economies related to new knowledge, intangible assets, including innovative ideas, know-how, and information, have become central to business assets; 5. They can be considered as company assets. IP can be an asset for companies because it has economic value beneficial to the company. As intellectual property, IP provides opportunities for MSMEs to gain economic benefits from IP ownership.

In addition to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), the Minister of State for Cooperatives and MSMEs has enacted additional regulations specifically designed for MSMEs. Some of these include: 1. Minister of Cooperatives and SMEs Regulation Number 08/PER/M.KUKM/VII/2017 concerning the Organization and Work Procedures of the Management Agency for Revolving Funds for Cooperatives and Micro, Small, and Medium Enterprises; 2. Minister of Cooperatives and SMEs Regulation Number 06/PER/M.KUKM/V/2017 concerning the Implementation of Principles of Recognizing Service Users for Cooperatives Engaged in Savings and Loan Activities; 3. Minister of Cooperatives and SMEs Regulation Number 01/PER/M.KUKM/I/2017 concerning Guidelines for the Implementation of Activities and Budgets for Decentralization of the Ministry of Cooperatives and Small and Medium Enterprises for the Year 2017; 4. Minister of Cooperatives and SMEs Regulation Number 02/PER/M.KUKM/II/2017 concerning Amendments to the Minister of Cooperatives and Small and Medium Enterprises Regulation Number 15/PER/M.KUKM/IX/2015 concerning Savings and Loan Activities by Cooperatives.

The impact of changes and regulations in Indonesia's legal framework on its economy is a unique subject in economic law. As economic growth has paralleled the country's development, this sector continues to attract Indonesia's political attention. This indicates that governmental legal actions and economic advancements long before the Indonesian crisis also benefitted the economy (Weynanda et al., 2023). According to Article 1 numbers 1, 2, and 3, as well as Article 6 paragraphs (1), (2), and (3) of Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs), MSMEs play a crucial role in the national economy. This is due to the fact that MSMEs offer access to job opportunities in various industries, ranging from manufacturing, services, to agriculture and plantations, where labor is most needed. MSMEs face many

challenges. Many large companies in Indonesia were forced into bankruptcy during the 1997/1998 monetary crisis (Sulasno & Dwisvimiari, 2022).

Nevertheless, MSMEs still exist and even become a crucial component of Indonesia's economy. Compared to the same period, MSMEs have grown significantly from year to year. However, MSME business owners face challenges on their path to progress. Therefore, to promote the desired development for everyone, governmental and private sector actions are needed (Sulasno & Dwisvimiari, 2022). As part of Indonesia's economy, MSMEs are a focal point for cultural growth and economic trends in Indonesia's existing markets. According to regulations set forth in the MSME Law, the government has made fairly active efforts to encourage MSMEs to register their intellectual property. However, the government often avoids issues of intellectual property infringement. Article 14 paragraph (1) letter d and Article 20 paragraph e of the MSME Law state that the government is responsible for facilitating the registration of intellectual property. However, unfortunately, the law does not regulate the enforcement of intellectual property rights in the MSME sector and does not address business ethics. Yet, the law discusses the development of MSMEs and the importance of a conducive and supportive business climate (Sudirman & Disemadi, 2021). With its status as the most robust economic sector in society, MSMEs still grapple with numerous issues. The majority of MSME players hail from marginalized communities, often lacking an understanding of the significance of safeguarding their economic rights. One pivotal form of protection for these rights is intellectual property. Frequently, those surrounding MSMEs fail to grasp the criticality of registering their products under Intellectual Property. Unawareness of this facet leads to granting unrestricted access to individuals who frequently exploit Intellectual Property. Trademarks and trade secrets stand as two among many facets of intellectual property that can be registered by MSMEs.

Before MSMEs are tasked with competing against larger corporations in Indonesia, the reality is their growth has been stymied by various internal challenges such as limited capital and others (Jefri & Ibrohim, 2021). Hence, it is imperative that legal and economic policies align with a myriad of efforts to shield MSMEs from various external challenges like unfair business competition, allure towards quality human resources, and access to raw materials and technology (Jaya & Disemadi, 2022). Regulations such as Amendments to Law Number 11 of 2008 Concerning Electronic Information and Transactions (ITE Law) and Government Regulation (PP) Number 80 of 2019 Concerning Trading through Electronic Systems (E-commerce PP) exemplify laws crafted by the government to support competitive equality in Indonesia, particularly for internet-based businesses (Christian & Hidayat, 2020). The legal development and protection of MSMEs must be bolstered by the government's goal to create an equal playing field.

This can be achieved through the reinforcement of intellectual property protection, particularly trade secrets.

Intellectual property rights can aid MSMEs in safeguarding various ideas and creations they produce, encouraging them to continue generating innovations and new creations. Both of these aspects can significantly assist MSMEs by providing commercial opportunities. For instance, trademarks enable MSMEs to distinguish themselves from other brands and promote the quality, safety, originality, authenticity, and allure of their products among potential customers. Moreover, intellectual property rights will shield MSMEs from accusations by larger corporations regarding intellectual property infringement. Thus, intellectual property rights will prevent consumers from questioning the origin of the goods they purchase. Currently, companies also must ensure the advancement of technology, innovation, and tools that support digitalization, such as icons and GUIs. Registering Intellectual Property yields numerous benefits for business development, with fewer individuals cognizant of its advantages for MSMEs.

The enhancement of competitiveness, business growth, and the potential expansion of MSMEs are imperative for active participation in the local, national, regional, and even global economy (Gea & Disemadi, 2022). Traditional wisdom and innovation, when commercialized by MSMEs, augment the GDP and job opportunities, escalate international trade prospects, and even influence bilateral and multilateral trade agreements. Given Indonesia's extraordinary traditional wealth, the amalgamation—also known as “fusion”—of existing cultures with other cultures or new trends presents opportunities for innovative ideas that can foster the development of various markets in Indonesia. Considering all forms of barriers impeding or obstructing MSMEs in developing these ideas, such notions must be recognized as trade secrets. The food processing industry stands as one of the most favored sectors by MSME operators. Those engaged in this industry possess secret recipes of spices and various processing techniques that endow their food products with a unique flavor distinguishing them from others (Manurung & Heliany, 2021). Similarly, in the batik industry, where MSMEs hold secrets regarding color blending or specific batik techniques with different canting compared to other batik MSMEs. To showcase their own colors and creativity while averting intellectual property disputes with larger corporations, MSMEs must have distinctive characteristics setting their batik productions apart from others (Setiawan et al., 2019).

Bhakti asserts that innovative recipes in cuisine are the cornerstone of success in the culinary business. Innovation in food recipes renders them unique compared to competitors. These recipes are considered secrets and should not be disclosed to others. Besides recipes, culinary entrepreneurs typically possess products and trademarks. They can license these trademarks to prevent other entrepreneurs from utilizing their trade secrets to compete with them (Anggraeni

et al., 2021). Trade secret owners are authorized to safeguard the confidentiality of their intellectual property. This is because the information contained within intellectual property holds economic value and is highly valuable for enhancing the quality of life of its owners. Owners of intellectual property can obtain trade secrets through processes regulated by the Trade Secret Law (PRANATA, 2023).

### **Legal Protection for Trade Secrets for Micro, Small, and Medium Enterprises (MSMEs)**

In the increasingly competitive world of business amidst globalization, gaining a competitive edge is paramount. Businesses are constantly striving to innovate, whether through new products or services. However, the success of such endeavors often hinges on closely guarded secrets such as production methods, recipes, formulas, and unique designs that set a product or service apart. Recognizing the economic value of these trade secrets, the Indonesian government has enacted laws to protect them. These laws define trade secrets and provide a clear legal framework on how companies, especially SMEs, can safeguard their confidential information (Simanjuntak, 2023). Essentially, the protection of trade secrets is a state obligation, and regulatory measures governing trade secrets serve as legal instruments in fulfilling this duty (PRANATA, 2023).

In Indonesia, the protection of trade secrets is governed by the Trade Secrets Law Number 30 of 2000, as stipulated in Article 1, which defines trade secrets as "information that is not known to the public in the field of technology or business, has economic value because it is useful in business activities, and its confidentiality is maintained by the owner of the trade secret (Agustina & Nurmawati, 2018)." Provisions regarding trade secrets are not only regulated in this law but also in Article 23 of Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. This legal protection aims to prevent monopolistic behavior or unfair competition (Sanjaya et al., 2023).

The enactment of this regulation fosters the development of protected subjects within trade secrets in line with the trends of industrialization characterized by a competitive and individualistic culture. Initially, this legal protection only concerned any form of competitive practices conducted in an unhealthy manner, as stipulated by legal norms in Article 1365 of the Civil Code and Article 382 bis of the Criminal Code. The intended legal protection here for Trade Secret Owners is a more specific and particular safeguard for information in the fields of technology and commerce that are confidential and highly economically valuable to their owners in conducting their business endeavors. Meanwhile, the recognition and acknowledgment of trade secrets as part of Intellectual Property Rights (IPR) must be equally significant as the protection of other objects (Subagio, 2022).

Trade secrets hold substantial economic value due to the rapid advancement of technology, as mentioned in the preceding paragraph, resulting in fierce and



unhealthy competition among business entities in the commercial world. Any discovery or information possessing economic value is deemed an immeasurable asset to a company, hence requiring protection against the malicious intent of competitors. The types of information typically protected by law in several countries include: a. Customer Lists; b. Market Research; c. Technical Research; d. Recipes or formulations used to produce a specific product; e. Specific operational systems yielding significant benefits; f. Ideas or concepts underlying advertising or marketing campaigns.

While Article 2 of the Trade Secret Law stipulates: The scope of trade secret protection encompasses production methods, processing methods, sales methods, or other information in the field of technology or business that holds economic value and is unknown to the public. Furthermore, the legal protection provided not only covers trade secrets but also industrial knowledge. The information to be kept confidential lies within the realms of technology and business. Technology referred to herein denotes the processes of manufacturing goods, which, if meeting patent acquisition requirements, can be patented (Hidayanti & Ridwan, 2021).

Trade secrets are inherently intertwined with MSMEs. In the Republic of Indonesia Law Number 20 of 2008 concerning MSMEs, Article 1 stipulates that micro-enterprises are productive endeavors conducted by individuals or sole proprietorships that meet the micro-enterprise criteria as regulated in the aforementioned law. Meanwhile, small enterprises are independent productive economic endeavors conducted by individuals or sole proprietorships that are not part of government organizations (Salam et al., 2021). Indonesia relies significantly on MSMEs for its income, thus MSMEs play a crucial role in bolstering the nation's foreign exchange reserves. Products manufactured by MSMEs in Indonesia often possess high economic and unique value, especially when sold in international markets (Toguan, 2021).

MSMEs constitute one of the driving forces of the Indonesian economy. Since the monetary crisis of 1997–1998, nearly 80% of large corporations have faced bankruptcy. However, MSMEs, despite their limitations and capacities, have remained resilient. With a significant portion of Indonesia's population having low levels of education and engaged in both modern and traditional small-scale enterprises, MSMEs are consistently portrayed as a sector playing a vital role in Indonesia's economic development. One of the government's efforts to boost the community's economy is the development of MSMEs. Fundamentally, the development of MSMEs is a shared responsibility between the government and society (Salam et al., 2021).

MSMEs also represent a strategic force in accelerating development, as emphasized by Abdullah Abidin, stating that MSMEs hold a crucial position not only in job creation and regional welfare but also serve as cohesive elements addressing social disparities. The undeniable existence of MSMEs has proven their

ability to endure and drive economic growth, particularly in the aftermath of economic crises (Safitri, 2022). A significant portion of MSMEs operates in the culinary sector. Among them, recipes crafted by MSMEs carry economic value aimed at enhancing the income of their proprietors. With intellectual creativity embedded in these trade secrets, information regarding recipes from an MSME is incorporated into Intellectual Property Rights as such recipes constitute confidential information (Faramukti, 2021).

Here are some examples of both internal and external measures to protect trade secret recipes: 1. Storing documents related to the recipe in a locked safe; 2. Keeping written secret documents in separate labeled folders marked "confidential"; 3. Labeling folders "for authorized personnel only" on all documents related to the recipe; 4. Avoiding duplication of important documents at copy centers; 5. Regularly reminding employees not to disclose any information regarding the company's recipes and food processing procedures; 6. Posting signs such as "no entry for non-employees" or similar phrases. These measures are taken to ensure that the information remains confidential.

Contractual efforts are made to safeguard the confidentiality of recipes from MSMEs in the culinary field by utilizing Non-Disclosure Agreements or specialized Employment Agreements for agreements made between Culinary Entrepreneurs and Employees (Subagio, 2022). If the solution to maintaining confidentiality has been executed in accordance with the Trade Secrets Act, then in the event of the use or disclosure of such confidential information to third parties for commercial purposes, a violation of trade secrets may be presumed. Owners of Trade Secret Rights from MSMEs can take civil legal action in accordance with Article 11 of the Trade Secrets Act against anyone who intentionally and without authority violates trade secrets by disclosing them, breaching agreements, or breaching written or unwritten obligations to intentionally maintain the confidentiality of the relevant trade secrets. Violation also occurs when someone obtains or acquires such trade secrets in a manner contrary to applicable laws and regulations (Anita & Triasavira, n.d.). Meanwhile, various internal issues faced by MSMEs such as limited funds and other forms of constraints are significantly hindering their development, especially considering they must compete with numerous large companies in Indonesia. Therefore, by protecting MSMEs from external issues such as unhealthy business competition, attraction of skilled human resources, and access to raw materials and technology, legal and economic policies must align (Sudirman & Disemadi, 2021).

Trade secrets are valuable assets in a company and must be protected for their confidentiality (Tanaya et al., 2021). Legal protection of Trade Secrets is provided by the state to the owners of trade secrets to offer legal protection for the creativity, innovation, and new ideas they possess (Faramukti & Sukirno, 2022), as well as to prevent them from being stolen by others, since these are the results of

their efforts with adequate protection. Without this protection, the motivation for innovation and creativity among MSMEs will diminish, leading to unhealthy competition within society (Faramukti, 2021). In Article 1 paragraph (1) of the Trade Secrets Law, trade secrets are defined as information not known to the public in the field of technology and/or business, having economic value because it is beneficial to business activities, and kept secret by the owner of the trade secret. From this explanation, three main components of trade secrets emerge: a. Trade secrets must be "information" in the field of technology or business, such as customer lists, food and beverage recipes, drug compositions, and internal processes for producing a product or service; b. Trade secrets must have economic value useful in business activities; c. The trade secret must be kept confidential by the owner of the trade secret. This confidentiality must also be maintained properly, meaning all steps that, according to reasonable, feasible, and appropriate standards, must be taken.

Trade secrets can obtain legal protection if these three conditions are met. If any of the three conditions are met, the protection of the trade secret itself functions automatically without the need for registration. Furthermore, trade secret protection does not establish a duration period. According to Sudarmanto, legal protection applies as long as the trade secret owner remains secretive and makes efforts to protect it (Tanaya et al., 2021). The lack of protection for trade secrets can have a negative impact on business continuity. Considering that for MSMEs, the only way for a business to survive in the business world is by winning the existing competition (Hidayanti & Ridwan, 2021).

The legal protection of trade secrets, especially for MSMEs, is created to safeguard the rights of innovation owners. This sense of security enables innovators to develop contemporary ideas or innovations, allowing them to continue generating new innovations and discoveries in the business field. Owners of MSME trade secrets can feel secure because there is legal assurance for the public, and they can enjoy or use them on a permission basis, or even further develop them. As protection and recognition are only granted to those who possess this wealth, this wealth is considered an exclusive right (Faramukti & Sukirno, 2022).

Regarding legal protection for trade secrets, Article 3 paragraph (1) of the UURD states that the information in question is confidential, has economic value, and is kept confidential in an appropriate manner. The efforts of the provisions in Article 3 paragraph (1) are provisions that, although written in various styles, are consistently or widely applied by other countries. However, the components of trade secrets remain the same (Sugeng & Hadiyanto, 2021). With the existence of the UURD currently, legal protection for holders of trade secret rights becomes stronger. Related to Article 1365 of the KUHPerdata, the protection is strengthened by the right to sue parties that violate trade secret rights. Also, civil

protection is increasingly gaining legal certainty. This means that anything that can be demanded in a civil lawsuit, for what reasons, and where the lawsuit is filed has been regulated. Because violations of the UURD can also be based on Article 1365 of the BW as a general rule for such violations (Anita & Triasavira, n.d.).

#### D. CONCLUSION

The protection of Intellectual Property (IP) not only impacts large corporations but also MSMEs. Over 90% of MSMEs across all economies significantly contribute to economic growth, trade, investment, and employment. Similarly, MSME-produced products in Indonesia possess high economic value, distinct characteristics, rapid growth potential, and competitive prices. MSMEs have proven to function as catalysts for innovation and are responsible for numerous technological advancements. The significance of legal protection for Trade Secrets granted by the state to MSMEs is to provide legal safeguarding for their creativity, as well as a sense of security for small and medium enterprises, enabling innovators to develop their ideas or new innovations. This allows them to continuously generate novel concepts within the business realm.

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#### COMPETING INTEREST

None.

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