ANTITRUST - IP - DATA

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Strategy and Tactics in Trade Secret Litigation

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1. What is the best forum to litigate in?

GM noted that forum selection requires evaluating the full scope of claims and any IP aspects involved, identifying the primary focus, and determining whether to run all aspects together or separately. TM explained that disputes about confidential information rarely arise in isolation, typically involving breaches of good faith and fidelity, fiduciary obligations, and post-termination restrictions. Forum considerations include:

- **King's Bench Division:** TM's preference for interim relief applications. KBD judges are accustomed to cases that may not be perfectly formulated due to time pressures and regularly handle matters with a "human" element.

- **Chancery Division:** GM noted certain cases must start in ChD (e.g. patent disputes). ChD judges are well-versed in technical IP matters and regularly deal with these disputes.

- **Arbitration:** TM noted most LLP agreements in the professional services context now contain compulsory arbitration provisions. Employers should consider including arbitration provisions in employment contracts, particularly for senior employees, as arbitration allows confidential or potentially embarrassing disputes to be resolved privately.

- **Employment Tribunal:** TM noted this is a further option where employees are concerned. If litigating against an employee or former employee, there is a strong possibility they will issue employment tribunal proceedings. Theoretically, breach of confidence claims can be brought against an employee, but only as a counterclaim and capped at £25,000.

2. The extent to which the protection conferred by the Trade Secrets Regulations differs from common law protection

GM explained that in IP disputes, trade secrets are typically added to breach of confidence claims. Key differences are:

- **Higher threshold**: Trade secrets require commercial value and reasonable steps to maintain secrecy; breach of confidence does not require commercial value.

- **Acquisition vs use**: Under the Trade Secrets Regulations, acquisition alone is enough for a Defendant to have acted unlawfully, whereas breach of confidence requires use to the owner's detriment (though damages for acquisition without use would likely be minimal).

- **Limitation periods**: Trade secrets have a 6-year limitation period. Breach of confidence has no limitation period in theory, though analogous claims (e.g. breach of NDA) usually trigger one. See *Kieran Corrigan & Co Ltd v OneE Group Limited*.

- **Practical application**: Breach of confidence claims commonly proceed without trade secrets claims, but rarely vice versa.

TM referenced *Faccenda Chicken*, which identified three categories of information: trivial, mere confidential, and true trade secrets. In *Playtech Software Ltd v Games Global Ltd*, Thompsell J held Trade Secrets Regulations claims essentially stood or fell with equitable duty of confidence claims. In practice, the regulations are rarely pleaded separately in employment claims.

3. Developments in ancillary claims, including wrongful procurement of breach and unlawful means conspiracy;

GM discussed how the Supreme Court's decision in *Lifestyle Equities v Ahmed* made joint tortfeasor claims harder by requiring accessories to know (or deliberately turn a blind eye to) the essential facts making the act wrongful.

TM noted economic torts are frequently used to bring new employers into proceedings. Key points on inducement:

- **Low threshold for inducement**: Relying on or facilitating the breach suffices. In *Northamber Plc v Genee World Ltd*, placing orders was enough if the Defendant knew of a breach of exclusivity agreement, regardless of whether the third party would have acted without encouragement.

- **Low threshold for knowledge**: Consciously deciding not to enquire can amount to knowledge. In *East of England Schools v Palmer*, the High Court held turning a blind eye satisfies the knowledge element.

TM noted suing new employers has become less fashionable – it means fighting two opponents with double costs and more respondents accessing the cross-undertaking in damages.

4. UK trade secrets litigation as part of wider international disputes and the recast Brussels regulation;

TM explained that employees living and working in the UK must be sued here. This affects City employers whose employees participate in share plans governed by other jurisdictions. TM discussed his firm's work on *Gagliardi v Evolution Capital Management*, the first post-Brexit anti-suit case preventing New York proceedings.

GP noted trade secrets litigation appears more local than patent law, which focuses significantly on the long arm and FRAND cases.

5. Immediate steps if someone is misusing your trade secret; and

GM highlighted that Regulation 12 sets out factors courts must consider before granting interim injunctions for trade secrets, a higher standard than *American Cyanamid*. However, proceeding on breach of confidence using *American Cyanamid* covers information that is also a trade secret. The confidential nature of trade secrets can support arguments that damages are not an adequate remedy.

TM discussed investigatory steps for current employees:

- Employers can suspend employees and conduct forensic examination of company devices and accounts. Under GDPR, employers have relatively free rein investigating their own information.

- Investigatory meetings are permitted. Employees have an obligation of good faith to give accurate answers; senior employees have a fiduciary duty to disclose potential threats.

- Personal data breaches must be reported within 72 hours.

6. Remedies including springboard relief.

GM explained injunctions follow as of right once breach is established. Springboard injunctions are relatively uncommon in IP context. Such injunctions are time-limited to cover the springboard advantage, though damages are more commonly awarded as defendants often catch up by trial.

TM noted *Dyson v Pellerey* established that a clause requiring employees to inform employers about job offers could found springboard relief. While barring-out relief is unavailable absent an enforceable non-compete clause, springboard relief may be available and appears to be granted more frequently in employment cases.

GP observed that much depends on practitioners' familiarity with particular types of relief and the forums in which they typically operate.