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AIPPI conference report day 1: The best kept (trade) secret – a real life scenario

Dominic Adair (Bristows) · Wednesday, October 18th, 2017

The panel sessions of AIPPI Sydney 2017 opened in style with a blockbuster trade secrets double session. Chaired by Annsley Ward (Bristows) and Mark Ridgway (Allen & Overy) with panel guests Lucas Kenny (NetApp, Australia), Catherine Mateu (Armengaud Guerlain, France), Linda Lecomte (Wuersch & Guering, US), Judge Matthias Zigann (Munich regional Court, Germany) and Justice David Yates (Judge of the Federal Court of Australia) the session comprised a panel discussion on trade secrets law and a carefully crafted mock litigation scenario revolving around a possible trade secrets breach at ZenTech – a bioinformatics company based in New York City with research centres in Silicon Valley.

The first 90 minute session dealt with the trade secrets landscape at a high level and sought to identify trends. The panel identified some important and interesting points. In Germany, there is no law on trade secrets as such. Alleged breaches are handled as employment matters before the labour courts. The protection of trade secret information in legal proceedings is secondary to the need to establish the breach, which means providing details of what the secret information comprises. In contrast, France takes a more flexible approach to alleged breaches of trade secrets and provides procedural means such as search orders to obtain evidence in support of the allegations made. Confidential information can be protected in court proceedings. Some minimum harmonisation will be achieved across Europe in June 2018 with the implementation of the Trade Secrets Directive. In the US, the increasingly negative patent legal landscape is driving more and more companies to consider trade secret protection, particularly in some high-tech and data driven areas.

After the coffee break, the second 90 minutes kicked off with a Hollywood-style video, starring judges Mr Justice Arnold and Mr Justice Carr from England and Wales and Judge Kleinberg (retired) from California. It told the story of Emilia Riley, head of R&D (oncology) at ZenTech, a company with significant security around its research information (prudent or paranoid, depending on one's perspective). Emilia engaged in abnormal data accessing behaviour and then went missing. Was this enough to secure an *ex parte* injunction? “No”, agreed the judges, unanimously. Mr Justice Carr gave the application particularly short shrift. He happened to have spent the entire morning dealing with urgent applications of this sort, or “swimming in a sea of villainy”, as he put it.

But wait, there was more. Further facts revealed that Emilia Riley had absconded to Australia – the phone went straight to voicemail, the house was stripped bare. Emails had been sent to

headhunters. Files had been accessed beyond the scope of her responsibilities. Was this now enough for an *ex parte* preliminary injunction?

“No”, said Kleinberg again. But the procedure in the Northern District of California would allow him to grant an order allowing Zen Tech to obtain further evidence. Mr Justice Arnold said the case was now better, but he would resist ordering a restraining injunction. Instead, he would allow for the preservation of evidence via an “imaging order”, capturing the hard drives of Emilia’s electronic devices and order an *inter partes* hearing of the application at the first available opportunity. Mr Justice Carr was irritated by the fact that Zen Tech had been monitoring Emilia’s keystrokes on her computer yet had not disclosed this in its *ex parte* application – contravening its duty of full and frank disclosure. Nevertheless, he granted a preliminary injunction in very limited terms. One of the benefits of being an English judge was great flexibility in the form of Order granted.

The case finally came to trial. Emilia’s defence was the information taken was a mere collocation of already known information and that ZenTech was mothballing important bioinformatic research that the public deserved to know. The judges were not particularly impressed with this public interest defence. “Making a virtue out of theft” was how Mr Justice Yates described it. Although granting an injunction to restrain use of combination information was difficult, Mr Justice Carr suggested the solution might be to grant a springboard injunction for the period of time which it would have taken Emilia to make the combination from publicly accessible sources, an idea of which Mr Justice Yates approved.

The session finished with a look at what ZenTech could have done better. Staff training, contractual provisions and even locking the information in a safe were mentioned. Not mentioned, although perhaps implicit was what Emilia Yates could have done better: not getting caught!

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