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Search of evidence in France: the new legal tools offered by the French law on trade secrets

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The transposition of the "trade secrets" directive in France allowed the introduction of new legal tools that apply to *ex parte* investigation measures and infringement seizures ("*saisie-contrefaçon*"). We propose here a panorama of the first decisions in this area.

When it transposed the so-called "Trade Secrets" Directive (EU) 2016/943 of 8 June 2016, French Law No. 2018-670 of 30 July 2018 and implementing Decree of 11 December 2018 introduced a specific trade secrets protection regime. This regime provides new legal tools that apply to *ex parte* investigations and infringement seizures, with the aim of striking a balance between the plaintiff's right to evidence and the seized party's trade secrets, be it before the operations (i.e. in the judge grants the order authorizing the operations) and after them (i.e. when the judge decides what should be done with the seized documents).

Before the operations: the possibility of a "provisional escrow"

The French Decree of 11 December 2018 introduced a new mechanism of placing the seized documents under "provisional escrow", which may apply to *ex parte* investigation measures **[1]** and infringement seizures **[2]**: "the *judge may automatically order that the requested documents be put under provisional escrow in order to ensure the protection of trade secrets*" **[3]**. This escrow is only "provisional": if he wishes to resist to the opening of the escrow, the seized party has to request the withdrawal or the amendment of the order in summary proceedings before the judge who granted the order not later than one month after the operations in order to initiate an adversarial debate on the seized documents before the Court. This mechanism seems beneficial both for the seized party (as he can temporarily protect his trade secrets) and for the plaintiff (as the sorting of the seized documents is strictly limited within a short time-frame).

We may wonder whether this mechanism will be systematically applied or not, i.e. whether all the seizure orders should include a "provisional escrow". Before the French Decree, the judge had the possibility to impose that all the seized documents be put under escrow. In practice, the French Commercial Court (having jurisdiction for unfair competition) and the French *Tribunal de grande instance* (having jurisdiction for IP) had different view on escrow. For *ex parte* investigation measures, which often require that the bailiff seizes files and emails to prove acts of unfair competition, the Commercial Court seemed to impose of an "automatic" escrow. For *ex parte* infringement seizures ("*saisie-contrefaçon*"), where the bailiff usually seeks products, catalogues and accounting records to evidence the infringement and the harm resulting from the infringement,

the *Tribunal de grande instance* seemed to prefer a case-by-case approach – which in any event did not prevent the bailiff from often putting the seized documents under seals during the seizure operations in case the seized party protests that the seized documents contain many confidential information.

To date, this new mechanism has not disrupted the practice of the Commercial Court: the "provisional escrow" is in line with the escrow used so far. For its part, the *Tribunal de grande instance* seems to maintain a certain margin of appreciation. Thus, in a first case where a seizure order was granted with neither escrow nor provisional escrow, the Court acknowledged that the judge who granted the order did not have to provide "*such modalities of secret protection*", and added that it belonged to the judge "*to order only justified and proportionate measures, taking into account the conflicting rights and interests involved*" **[4]**. In a second case, the same Court explicitly confirmed that "*imposing a provisional escrow is only a possibility for the judge examining the seizure request*", and that the judge can even "*modulate the practical application* [of the provisional escrow] *according to the specifics of the case and the legal criteria*". The provisional escrow ordered was followed by three exceptions, in the form of three categories of seized documents that would escape the provisional escrow. All of these exceptions were validated by the Court **[5]**.

Therefore, when it comes to infringement seizures the provisional escrow is neither mandatory nor systematic, and it can be adjusted by the judge. The degree of discretion of the judge – which already existed before the Decree of 11 December 2018 – should allow to limit the flow of additional summary proceedings to challenge the order. Indeed, if the provisional escrow is systematically ordered, the seized party will be urged to also "systematically" challenge the order within one month after the seizure to protect its trade secrets.

On another note, it should be mentioned that this "provisional escrow" mechanism does not solve the issue already existing when the seized party is a third party (e.g. for a pharma case, the National Agency for Medicines, known in France as ANSM), the actual holder of the trade secrets (in this case, the generics company) may not be informed that a seizure was carried out and may thus not be in position to challenge the order within one month to protect its trade secrets. The judge who will grant the order and the bailiff who will carry out the seizure will thus have to be vigilant in this regard.

After the operations: the fate of the seized documents

The French legislator took the opportunity of the EU Directive implementation to set up a brand new mechanism to protect trade secrets for all civil and commercial proceedings **[6]**. If a document to be filed with the Court contains sensitive information, this new mechanism provides that the judge may decide to redact this information from the document and/or to restrict the access to this document to a small group, depending on whether he considers that this document is "*necessary for the resolution of the dispute*" and is "*likely to affect a trade secrets*" **[7]**.

In practice, the question that arises is whether the seized documents (be it partially redacted or not) may be used in the context of the French proceedings and/or foreign proceedings. This question arises especially in IP litigation, where the marketing of the same product may amount to an act of infringement in several countries.

Concerning the use in the French proceedings, before the French law on trade secrets, the seized

party had to start summary proceedings "*without delay*" to preserve the confidentiality of the seized documents **[8]**. This possibility was deleted by the French Decree of 11 December 2018. The situation is now different depending on whether or not the seizure order provided a provisional escrow and whether the bailiff put of not the seized documents under escrow or seals. On one hand, if the order provided a provisional escrow, the judge having jurisdiction to rule on the release of the seized documents is the judge who granted the order and before whom the order was challenged within the one-month period **[3]**. However, in practice, even if a provisional escrow was ordered, in case the bailiff put no document under provisional escrow (e.g. because the provisional escrow ordered was followed by exceptions which escaped the escrow), "*claims relating to the future of the documents under escrow are inapplicable*" **[5]**. On the other hand, if the order did not provide a provisional escrow, the judge before whom the order was challenged should have jurisdiction only if the bailiff however put documents under seals on its own initiative **[4]**. In any case where the judge before whom the order was challenged has no jurisdiction, the only legal step to seek the protection of seized documents seems now to be the common summary proceedings **[9]**. The seized parties will have to be caution when it will come to which judge they need to refer to.

Concerning the use in foreign proceedings, before the French law on trade secrets, it was already recognized that non-confidential documents could be freely used to evidence the alleged infringement **[10]**, and that the duly seized documents could be freely used outside France "*provided that these elements are necessary to demonstrate the alleged infringement and that the use of these documents respects the principle of proportionality*" **[11]**.

The recent case-law shows that when the judge rules on the use of the seized documents, he assesses whether the documents contain confidential information and whether their use is justified and proportionate. Thus, in a recent decision, the judge authorized the use of certain non-confidential documents on the ground that such use "*does not amount to a disproportionate violation of trade secrets*", but then he ordered that a "confidentiality circle" be set up for another document due to its sole "*confidential*" labeling and regardless of its content **[12]**. In another decision, the access – and thereby the use – to a seized document was refused on the ground that it "*does not seem justified and proportionate regarding the information already collected*" **[4]**.

These decisions based on the new French Law and Decree on trade secrets confirm the previous practice, which consisted of determining whether the use of the seized documents is proportionate, i.e. whether the usefulness of these documents prevails on the potential harm that could result from their disclosure. Under the new legislation, the mere confidential nature of a document would thus no longer be sufficient to exempt it from a litigation.

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[1] Articles 145 (before the litigation) and 812 (during a litigation) of the French Code of Civil Procedure.

[2] See notably articles L.521-4 (designs), L.615-5 (patents) and L.716-7 (trademarks) of the French Intellectual Property Code.

[3] Article R.153-1 of the French Commercial Code (investigation measures). See notably articles R.521-2, R.615-2 and R.716-2 of the French Intellectual Property Code (infringement seizures, for designs, patents and trademarks, respectively).

[4] *Tribunal de grande instance de Paris*, Summary proceedings, 21 May 2019, *Ceva Santé v. Bayer*, Docket No. 19/54542.

[5] *Tribunal de grande instance de Paris*, Summary proceedings, 28 August 2019, *NRF v. Valeo*, Docket No. 19/06/869 (we represented the defendant in this case).

[6] Article L.153-1 of the French Commercial Code.

[7] Articles R.153-5 and 6 of the French Commercial Code.

[8] Articles R.521-5 (designs), R.615-4 (patents), and R.716-5 (trademarks) of the French Intellectual Property Code.

[9] Article 809 of the French Code of Civil Procedure.

[10] *Tribunal de grande instance de Paris*, Summary proceedings, 23 August 2013, *Vringo v. ZTE*, Docket No. 13/55102.

[11] *Tribunal de grande instance de Paris*, Summary proceedings, 5 October 2018, *Sanofi-Aventis v. Mylan*, Docket No. 18/07140 – recently confirmed by the Paris Court of Appeal, 4 October 2019, Docket No. 18/23120.

[12] *Tribunal de grande instance de Paris*, Summary proceedings, 28 August 2019, *HEF v. SIBO*, Docket No. 18/07635 (we represented the defendant in this case).

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