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Legal Updates â€“ Trade Secrets

Employment Law – Commercial – IP Law – Trade Secrets – Confidentiality – *Vestergaard Frandsen A/S and others v Bestnet Europe Limited*

In the recent case of *Vestergaard Frandsen A/S and others v Bestnet Europe Limited and others* [2013] UKSC 31, the UK Supreme Court upheld the Court of Appeal's earlier decision that a former employee of one the claimant was not liable for misuse of the claimant's confidential information because she had not had actual or objective knowledge of the confidential information in question, either during her employment or afterwards.

索赔人的一名前雇员对滥用索赔人的保密信息不承担责任, 因为她在受雇期间或受雇后对有关保密信息都没有实际或客观的了解

Background

- Vestergaard Frandsen A/S and others ("V") appealed against the Court of Appeal's decision that a former employee ("Mrs Sig") was not liable for breach of confidence in relation to the misuse of confidential information.
- V's business was the development, manufacture and marketing of insecticidal bed-nets, which were designed to do two things: (i) Protect the sleeper from being bitten by mosquitos; and (ii) reduce the mosquito population.
- V had developed certain techniques to manufacture and sell long-lasting nets.
- Mrs Sig joined V in 2000.
- In Mrs Sig's employment contract, there was a clause which required her to "keep absolutely confidential" all information relating to the employment and any knowledge gained in the course of her employment which inherently should not be disclosed to any third party.
- The aforementioned clause expressed that the duty of confidentiality was to continue to apply after Mrs Sig's employment had terminated.
- V also employed a consultant biologist, Dr Skovmand ("Dr S").
- Dr S played an integral part in developing the techniques used to manufacture long lasting nets.
- Said information was kept in a database, which was maintained by V.
- Prior to her leaving V, Mrs Sig had worked with Dr S.
- Upon leaving V's employment, Mrs Sig and another former employee of V set up their own company manufacturing and selling long-lasting nets.
- Dr S agreed to work with Mrs Sig on the venture and successfully tested a product, using confidential information taken from V's database.
- Mrs Sig was not aware of the confidential information, or of the fact that Dr S used it in developing the product for Mrs Sig.
- V tried to stop the testing and marketing of the product.

批判思考: 我们拿到现成的数据, 材料也不能直接用, 也要考虑数据相关的性质

High Court

- In 2009, the High Court ruled that Dr S had breached his duty not to use any confidential information acquired whilst working for V.
- The High Court also found Mrs Sig liable.
- During an injunction hearing, the court further found that due to an obligation of confidentiality under her employment contract, she could be liable even if she was not aware that she had misused confidential information.

Court of Appeal

- The Court of Appeal disagreed. It held that Mrs Sig could not be liable for misusing confidential information of which she had no knowledge.
- V appealed this decision.

Outcome

- V's appeal was dismissed.
- V's three main grounds for contending that Mrs Sig was liable for breach of confidence, were as follows:

    - Under the terms of her employment contract;
    - On the basis that she was party to a “common design”, namely design, manufacture and marketing of the nets, which involved the misuse of V’s trade secrets;
    - Liable for being party to the breach of confidence as she had worked for V and subsequently formed and worked for the competing company, which was responsible for the design, manufacture and marketing of the nets.
- The Supreme Court held that each of the above grounds failed because of two crucial facts:
    - Mrs Sign did not herself acquire the confidential information, whether during her employment of afterwards;
    - Mrs Sig was unaware (until well into proceedings) that her product had been developed using V’s trade secrets.
- The Supreme Court stated that it would have been “*surprising if Mrs Sig could be liable for breaching V’s rights of confidence through the misuse of its trade secrets, given that she did not know (i) the identity of those secrets, and (ii) that they were being, or had been, used, let alone misused.*”

Ground 1: Employment Contract

- The express clause was of no help to V because the confidential information used by Dr S was not information relating to *her* employment, nor knowledge gained in the course of *her* employment.
- In the judge’s opinion, a term more restrictive than the express term already present, could not be implied into Mrs Sig’s employment contract.

Ground 2: Common Design

- Although the judge accepted that common design can be invoked against a defendant in a claim based on misuse, the judge disagreed that there had been common design between Mrs Sig and Dr S to misuse the trade secrets, given her state of mind.
- For Mrs Sig to be liable by common design, she had to share with Dr S all of the features which make it wrongful. In this case, she did not have the trade secrets, nor did she know they were being misused.

Ground 3: Mrs Sig’s position

- The judge interpreted this ground as V contending either (i) Mrs Sig had “blind-eye knowledge” that Dr S was using V’s trade secrets, or (ii) Mrs Sig must have appreciated the risks when she started up her new business and employed Dr S.
- These arguments failed due to the findings of fact.

Comments

- The judge noted the need for the law to maintain a “realistic and fair balance” between protecting intellectual property, including trade secrets, and not unreasonably inhibiting competition in the market place.

For any queries on trade secrets, other IP law issues, confidentiality or employment contracts, you may contact us by email enquiries@rtcooperssolicitors.com. Visit http://www.rtcoopers.com/practice_intellectualproperty.php, http://www.rtcoopers.com/practice_employment.php, http://www.rtcoopers.com/practice_corporatecommercial.php.

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