

Lydia Lundstedt, *Cross-Border Trade Secret Disputes in the European Union: Jurisdiction and Applicable Law*, Elgar Monographs in Private International Law (Edward Elgar Publishing October 2023) ISBN: 978 1 03531 510 9 Extent: 334 pp

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BIOGRAPHY



Lydia Lundstedt is an associate professor (*Docent*) and senior lecturer in private international law at Stockholm University and a senior lecturer in intellectual property law at Linköping University. Her research focuses on the interface between private international law and intellectual property law with comparative and international law perspectives. Lydia's latest monograph, *Cross Border Trade Secret Disputes in the European Union: Jurisdiction and Applicable Law* (Edward

Elgar Publishing 2023), examines how trade secret protection can differ across jurisdictions, where trade secret holders can bring proceedings, and which country's law is applicable, and provides a prospective view on how this specialized legal area could be improved in the future. Lydia has also written several articles and book chapters for renowned journals such as *IIC-International Review of Industrial Property and Copyright Law* and *GRUR International* in addition to her dissertation, *Territoriality in Intellectual Property Law: A comparative study of the interpretation and operation of the territoriality principle in the resolution of transborder intellectual property infringement disputes with respect to international civil jurisdiction, applicable law and the territorial scope of application of substantive intellectual property law in the European Union and the United States* (Stockholm University 2016).

Lydia has an LL.D. and an LL.M. from Stockholms University, a J.D. from the Washington College of Law, American University, and a B.A. from George Washington University. She is a member of the New York and Washington, D.C. bar. In addition, Lydia is the general editor of the book series *Scandinavian Studies in Law*, which is affiliated with the Faculty of Law at Stockholm University.

In today's knowledge-based and data-driven economy, information is a company's most valuable asset. The most common form of legal protection for information are laws that protect trade secrets. In contrast to patents, copyright, and trademarks, whose importance for protecting intangible assets is well-recognised, trade secret protection has often come in their shadow as the less important form of protection. The importance of legal protection for trade secrets is however gaining acceptance and many Member States of the European Union (EU) have sharpened their laws on trade secret protection. In determining the form and level of trade secret protection, States consider (often constitutional) rules on the freedom of

information, the freedom to compete and operate a business, employee mobility, and privacy. Depending on the social, political, and economic environment of the State, the form and level of protection may vary considerably.

To ensure a 'sufficient and consistent level' of protection under the laws of all the Member States, the EU enacted Directive 2016/943 on the Protection of Undisclosed Know-how and Business Information (Trade Secrets) against their Unlawful Acquisition, Use and Disclosure. The Directive is in the form of a minimum directive, so Member States may provide for more far-reaching protection. Complicating matters is the fact that trade secret protection is a bit of a 'strange bird', which is reflected in

the diverging doctrinal bases for trade secret protection. This divergence continues even after the implementation of the Trade Secret Directive, where some Member States continue to provide protection under unfair competition law, others have introduced a *sui generis* form of protection, and one Member State protects trade secrets as an intellectual property (IP) right. In addition, all Member States continue to protect trade secrets under contract law, and under the legal systems of some Member States, a trade secret holder may raise concurrent claims based on contractual and non-contractual grounds.

Trade secret protection is even more diverse on the international level. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) guarantees only a minimum level of protection for 'undisclosed information' and leaves a wide margin of discretion with respect to how Members can afford protection. The inclusion of trade secret protection in a treaty on intellectual property adds to the confusion about the correct classification of trade secrets.

With the ease of digital communications, employee migration, and international trade, trade secret violations can easily have a cross-border, and even a global dimension. Unlike physical assets, information can move at the speed of light and become ubiquitous instantaneously. In this respect, trade secrets are like (traditional) IP rights in that trade secrets and IP rights consist of commercially valuable information that are often exploited over national borders in order to take full advantage of their economic potential. In another respect, however, trade secrets differ from IP rights, which pursuant to the territoriality principle, may be in the public domain in some States without affecting their protection in others. This is not the case for trade secret protection because if the information becomes freely accessible, it will no longer fulfil the criterium of secrecy that is required for its continued protection.

Within the EU, one would expect that the environment would be conducive for the litigation of cross-border trade secret disputes because the rules on private international law are harmonised at the EU level. Despite this, cross-border litigation and enforcement of trade secrets is considered to be extremely difficult and is also rare. This may be due to the varying doctrinal bases for trade secret protection and the fact that trade secret violations can take place in contractual and non-contractual contexts. Moreover, if the trade secret holder brings proceedings against a former employee, weaker party rules will affect the choice of forum and applicable law. Another complicating factor is that in some cases, jurisdiction and the applicable law is based on the location of damage, which is difficult to localise as trade secrets are intangible and can be acquired, disclosed, and used everywhere. What is more, there may be a number of potential defendants located in different countries that allegedly violated the trade secrets, and it may be difficult to join them all in one proceeding and under one law.

The book investigates how the EU private international law rules can be interpreted to facilitate the objectives of the EU Trade Secret Directive when trade secrets are litigated and enforced over national borders. A basic assumption is that effective and consistent protection of trade secrets in cross-border situations is facilitated when the parties can resolve their dispute before one court that has jurisdiction over the entire dispute and under one law, resulting in a judgment capable of being enforced in all Member States. When analysing which Member States have jurisdiction and which law or laws are applicable as well as the scope of the jurisdiction and of the applicable law, the book considers the competing interests of the parties and the EU public interest in general.

The book is divided into two parts. Part I (chapters 1–4) provides the necessary factual, theoretical and substantive law background for the book. Following a brief introduction in chapter 1 which lays out the research questions and method, chapter 2 describes the most common factual scenarios involving civil law trade secret disputes, i.e., disputes with contractual parties, employees, and competitors, and the different justifications and doctrinal bases for trade secret protection. Chapter 3 investigates the public international law framework for the protection of trade secrets. It describes the international minimum standard of protection to which states must adhere and investigates whether this framework contains any guidance on how protection must be afforded in cross-border situations. Chapter 4 describes the substantive law on the protection of trade secrets under EU law. It describes the EU minimum standard of protection and investigates whether the Trade Secret Directive contains any guidance on how protection must be afforded in cross-border situations. It also provides a brief comparative outlook over trade secret protection in two non-EU legal systems.

Part II (chapters 5–10) focuses on the private international law aspects. Chapter 5 provides a theoretical background to the process of characterisation. Chapter 6 briefly describes the (albeit limited) international framework for the protection of trade secrets in private international law. Chapter 7 analyses the application of the EU rules on jurisdiction in relation to the three categories of defendants described in chapter 2. Chapter 8 analyses the application of the EU rules on choice of law in relation to the three categories of defendants. Chapter 9 analyses the application of overriding mandatory rules, public policy and non-excludable rules. Finally, Chapter 10 answers the research questions and provides some final conclusions.

The book fills a lacuna in the existing legal literature, which has mostly focused on the substantive law of trade secrets and ignored their treatment under private international law. The book offers an academic perspective on a complex area of law but takes a practical hands-on approach which makes the book accessible to academics and practitioners alike.