

Trade Secrets and Employee Mobility

In the increasingly knowledge- and innovation-based economy in which the mobility of the workforce is vital, employees and ex-employees are considered to be the biggest threats to the existence of trade secrets. The interests of the former parties to the employment relationship are contradictory: employers want to safeguard their competitive position by limiting use of information and employees want to use that information to pursue their professional career. Magdalena Kolasa analyses existing guidelines that determine the extent to which former employees may use information learned during service. She proposes criteria for a balanced enforcement of trade secrets, discussing the statutory and implicit confidentiality duties, contractual protection and remedies. Drawing from the laws of Germany, the United Kingdom and the United States, and considering the EU Trade Secrets Directive, this book advocates an approach that recognises the value and functions of trade secrecy both within companies and in the context of public policy.

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Trade Secrets and Employee Mobility

In Search of an Equilibrium

Magdalena Kolasa



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Preface

Former employees are widely considered as the biggest threat to the maintenance of trade secrets, which are one of the central mechanisms for protecting a company's intangible assets. This is an issue of growing importance due to the rising value of information in our increasingly knowledge- and innovation-based economy. In this environment, interests of the former parties to the employment relationship are contradictory: employers want to safeguard their competitive position by limiting use of information and their former employees want to use that information to pursue their professional careers. This conflict of interests is a major issue in the enforcement of trade secrets. This book critically analyses the law relating to the extent to which former employees may use information learned during service. It proposes criteria for a balanced approach to enforcement of trade secrets discussing the statutory and implicit confidentiality duties, contractual protection of trade secrets, as well as application of remedies. Drawing from the laws and experience of Germany, the United Kingdom and the United States and considering the EU Trade Secrets Directive, this book proposes an approach to trade secrets enforcement which recognises the value and functions of trade secrecy on a private level and in the context of public policy relating to innovation, economic growth and welfare.

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Abbreviations

Am Bus L J	<i>American Business Law Journal</i>
Ann/Loschelder/ Grosch	Ann C, Loschelder M and Grosch M, <i>Praxishandbuch Know-how-Schutz</i> (1st edn, Carl Heymanns Verlag 2010)
ArbnErfG	Gesetz über Arbeitnehmererfindungen [ArbnErfG] [Act on Employee Inventions], 25 July 1957, BGBl I 2521 as amended
B2B	business to business
BAG	Bundesarbeitsgericht (Federal Labour Court of Germany)
Baker&McKenzie Study	Study on Trade Secrets and Confidential Business Information in the Internal Market, Baker & McKenzie – Milan MARKT/2011/ 128/D http://ec.europa.eu/internal_market/ iprenforcement/docs/trade-secrets/130711_ final-study_en.pdf accessed 1 June 2017
Bauer/Diller	Bauer J-H and Diller M, <i>Wettbewerbsverbote</i> (7th edn CH Beck 2015)
BGB	Bürgerliches Gesetzbuch [BGB] [Civil Code], 18 August 1896, RGBl at 195 as amended
Busche/Stoll/Wiebe	Busche J, Stoll P-T and Wiebe A, <i>TRIPs: Internationales und europäisches Recht des geistigen Eigentums. Kommentar</i> (2nd edn, Carl Heymanns Verlag 2013)
BVerfG	Bundesverfassungsgericht (Federal Constitutional Court of Germany)
CA 1998	Competition Act 1998
Cal Bus & Prof Code	California Business and Professions Code
CDPA	Copyright, Designs and Patents Act 1988
CJEU	Court of Justice of the European Union. Until 2009: European Court of Justice

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CJQ	<i>Civil Justice Quarterly</i>
Comm	High Court of Justice Queen's Bench Division Commercial Court
Cov L J	<i>Coventry Law Journal</i>
CSOH	Outer House Scottish Court of Session
CTLR	<i>Computer and Telecommunications Law Review</i>
Database Directive	Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases [1996] OJ L77/20
DB	<i>Der Betrieb</i>
Del Ch	Court of Chancery of Delaware
DTSA	Defend Trade Secrets Act
ECHR	European Convention on Human Rights of 4 November 1950
Enforcement Directive	Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 157
GC	General Court
DesignG	Gesetz über den rechtlichen Schutz von Design [DesignG] [Design Act] 12 March 2004, BGBl I 122 as amended
GewO	Gewerbeordnung [GewO] [Act on Trade], 21 June 1896, BGBl I 202 as amended
GG	Grundgesetz für die Bundesrepublik Deutschland [GG] [Basic Law for the Federal Republic of Germany], 23 May 1949, BGBl III 100–1 as amended
Goulding	Goulding P, <i>Employee Competition. Covenants, Confidentiality and Garden Leave</i> (3rd edn, Oxford University Press 2016)
GRUR	<i>Gewerblicher Rechtsschutz und Urheberrecht</i>
GRUR-Int	<i>Gewerblicher Rechtsschutz und Urheberrecht – Internationaler Teil</i>
GRUR-RR	<i>Gewerblicher Rechtsschutz und Urheberrecht – Rechtsprechungs-Report</i>
Gurry on Breach of Confidence	Aplin T and others, <i>Gurry on Breach of Confidence: The Protection of Confidential Information</i> (2nd edn, Oxford University Press 2012)
GWB	Gesetz gegen Wettbewerbsbeschränkungen [GWB] [Act against Restraints of Competition], 26 August 1998, BGBl I 1750, 3245 as amended

Abbreviations

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Harte/Henning	Harte-Bavendamm H, Henning-Bodewig F, <i>Gesetz gegen den unlauteren Wettbewerb (UWG)</i> (4th edn, CH Beck 2016)
Harv J L Techn	<i>Harvard Journal of Law & Technology</i>
HGB	Handelsgesetzbuch [HGB] [Commercial Code], 5 May 1897, BGBl III at 4100–1 as amended
Hogan Lovells Report	Report on Trade Secrets for the European Commission, Hogan Lovells International LLP, Study on Trade Secrets and Parasitic Copying (Look-alikes) MARKT/2010/20/D http://ec.europa.eu/internal_market/iprenforcement/docs/parasitic/Study_Parasitic_copying_en.pdf accessed 1 June 2017
HRA	Human Rights Act
HTLJ	<i>High Technology Law Journal</i>
IBLJ	<i>International Business Law Journal</i>
IDS Emp L Brief	<i>IDS Employment Law Brief</i>
ILJ	<i>Industrial Law Journal</i>
IP	intellectual property
IPR/IPRs	intellectual property right/rights
IT	information technology
JA	<i>Juristische Arbeitsblätter</i>
JBL	<i>Journal of Business Law</i>
JuS	<i>Juristische Schulung</i>
Kalbfus	Björn H Kalbfus, <i>Know-how-Schutz in Deutschland zwischen Strafrecht und Zivilrecht – welcher Reformbedarf besteht?</i> (Carl Heymanns Verlag 2011)
LQR	<i>Law Quarterly Review</i>
Milgrim on Trade Secrets	Milgrim RM and Bensen EE, <i>Milgrim on Trade Secrets</i> (102nd edn, Lexis Nexis 2013)
MMR	<i>MultiMedia und Recht</i>
MPI Position Paper	Stellungnahme des Max-Planck-Instituts für Innovation und Wettbewerb vom 3 Juni 2014 zum Vorschlag der Europäischen Kommission für eine Richtlinie über den Schutz vertraulichen Know-hows und vertraulicher Geschäftsinformationen (Geschäftsgeheimnisse) vor rechtswidrigem Erwerb sowie rechtswidriger Nutzung und Offenlegung vom 28.11.2013, COM (2013) 813 final www.ip.mpg.de/fileadmin/ipmpg/

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MünchKommBGB	<i>Münchener Kommentar zum Bürgerlichen Gesetzbuch</i> (6th edn, CH Beck 2012)
NCA	agreement not to compete
NDA	agreement not to disclose
NSA	agreement not to solicit (clients or employees)
NJ Super	Superior Court of New Jersey, Chancery Division
NStZ	<i>Neue Zeitschrift für Strafrecht</i>
NVwZ	<i>Neue Zeitung für Verwaltungsrecht</i>
NZA	<i>Neue Zeitschrift für Arbeitsrecht</i>
NZA-RR	<i>NZA-Rechtsprechungs-Report Arbeitsrecht</i>
NZG	<i>Neue Zeitschrift für Gesellschaftsrecht</i>
Ohly/Sosnitza	Ohly A and Sosnitza O, <i>UWG: Gesetz gegen den unlauteren Wettbewerb</i> (7th edn, CH Beck 2016)
PatG	Patentgesetz [PatG] [Patent Act], 5 May 1936, BGBl 1981 I 1 as amended
PC	Paris Convention for the Protection of Industrial Property of 20 March 1883, as revised and amended
Peterson	Peterson GR, <i>Trade Secret Protection in an Information Age</i> (Glasser Legal Works 1997)
PI	preliminary injunction
Pooley	Pooley J, <i>Trade Secrets</i> (6th edn, Law Journal Press 2002)
Quinto/Singer	Quinto DW, Singer SH and McCauley CA, <i>Trade Secrets: Law and Practice</i> (Lexis Nexis 2016)
R&D	research and development
RDBER	Commission Regulation (EC) No 1217/2010 of 14 December 2010 on the application of Article 101(3) TFEU to certain categories of research and development agreements [2010] OJ L355/36
Schlötter	Schlötter R, <i>Der Schutz von Betriebs- und Geschäftsgeheimnissen und die Abwerbung von Arbeitnehmern</i> (Carl Heymanns Verlag 1997)
Sherman Act	Sherman Act, US Code Title 15
SMEs	small and medium-sized enterprises

Abbreviations

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Stanley	Stanley P, <i>The Law of Confidentiality: A Restatement</i> (Hart Publishing 2008)
StGB	Strafgesetzbuch [StGB] [Criminal Act] 15 May 1871, BGBl I 3322 as amended
SVP	Senior Vice President
TFEU	Treaty on the Functioning of the European Union, consolidated version [2012] OJ C 326
Toulson/Phipps	Roger G Toulson and Charles M Phipps, <i>Confidentiality</i> (3rd edn, Sweet&Maxwell 2012)
Trade Secrets Directive	Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure [2016] OJ L 157
TRIPS	Agreement on Trade-related Aspects of Intellectual Property Rights
TSD	Trade Secrets Directive
TTBER	Commission Regulation (EU) No 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements [2014] OJ L 93/17
UNCTAD	United Nations Conference on Trade and Development
UrhG	Gesetz über Urheberrecht und verwandte Schutzrechte [UrhG] [Copyright Act], 9 September 1965, BGBl I 1273, as amended
US Patent Act	US Patent Act, US Code Title 35
USCA	US Copyright Act, US Code Title 17
USDC	United States District Court
UTSA	Uniform Trade Secrets Act 1985
UWG	Gesetz gegen den unlauteren Wettbewerb [UWG] [Act against Unfair Competition], 3 March 2010, BGBl I at 254, as amended
WL	Westlaw
WLR	<i>Wisconsin Law Review</i>
ZPO	Zivilprozessordnung [ZPO] [Civil Procedure Statute], 12 September 1950, BGBl at 455 as amended