



# **When Trade Secrets Cross Borders, Do Remedies Follow?**

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## Why do we have trade secrets law?

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- “Promotes the sharing of knowledge and the efficient operation of industry”
- “Permits the individual inventor to reap the rewards of his labor by contracting with a company large enough to develop and exploit it”
- “The holder of the secret may disclose information he would otherwise have been unwilling to share,” permitting negotiations that can lead to commercialization

## Unlike other IPRs

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- Trade secrets rights are not issued by a government
- Are not (necessarily) territorial rights

## Substance isn't everything

- Even though substantive laws concerning trade secrets are bumping toward standardization,
- Trade secrets misappropriation tends to occur in secret
- Without the ability to conduct discovery into misappropriation, some early remedies (temporary restraining orders, preliminary injunctions) may be unavailable

## Thinking about discovery/remedies

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- Legislatures
- Litigants

## Potential re-sets

- The absence of early injunctive relief
  - Puts a premium on early detection
  - Incentivizes alternative requests for early relief
    - Preservation notices
  - Necessarily increases focus on monetary remedies

## Not all threats are alike

- Wrongful disclosure
  - Misappropriator may have incentives to keep information secret from its competitors
  - Onward disclosure to affiliates may be as dangerous as widespread disclosure to audiences who cannot exploit the information
  
- Wrongful use
  - Quantifiable?
  - Incalculable?

## At the end of the day

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- With preservation notices in place, failure to come forward with evidence at trial can be outcome determinative on liability as defendant will not make out its defense
- Aggrieved party may be able to preserve secrecy going forward and receive robust relief



## Legislation is not enough

When sharing information with others, trade secrets owner may want to incorporate remedial considerations or even discovery considerations into the contract granting access

- Escrow accounts
- Liquidated damages
- Specification of types of damages—avoided development costs, lost profits, unjust gains, erosion of market share
- Responsibility for acts of affiliates and agencies
- Dispute resolution/information sharing procedures

## Court orders are not always enough

- While greater harmonization of substance may prevent a claim that enforcement of a judgment by one nation's courts offends the public policy of another nation
  - A “worldwide” injunction may not be
  - Equitable relief may not be enforceable across some jurisdictions without further litigation
  - Money damages may not be collectable

## The upshot

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- Trade secrets owners will want to arbitrate procedural and substantive protections offered by multiple jurisdictions
- Trade secrets owners will want to focus on financial remedies as well as injunctive remedies
- Trade secrets owners will want to consider negotiating contracts providing protections not all nations are able to provide in court such as by incorporating presumptions that may not be explicit in legislation
- Trade secrets owners will want to consider incorporating compliance procedures in proposed final orders

## A dynamic area

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- Much more to discuss

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