Neutral Citation Number: [2020] EWCA Civ 1293

Case No: A3/2020/1412

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY COURTS, INTELLECTUAL PROPERTY LIST (CHANCERY DIVISION)
Trower J
[2020] EWHC 2072 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 9 October 2020

Before :

LORD JUSTICE DAVIS
LORD JUSTICE ARNOLD
and
LORD JUSTICE POPPLEWELL

- -

Between :

SHENZHEN SENIOR TECHNOLOGY MATERIAL CO LTD	**Appellant**
- and -	
CELGARD, LLC	**Respondent**

- -
- -

James Abrahams QC and **Josephine Davies** (instructed by **Taylor Wessing LLP**) for the **Appellant**
Nicholas Saunders QC and **Max Schaefer** (instructed by **Bird & Bird LLP**) for the **Respondent**

Hearing date : 29 September 2020

- -

Approved Judgment

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email, release to BAILII and publication on the Courts and Tribunals Judiciary website. The date and time for hand-down is deemed to be at 10:30am on 9 October 2020.

Lord Justice Arnold:

Introduction

1. This is an appeal by Shenzhen Senior Technology Material Co Ltd ("Senior"), a company incorporated in the People's Republic of China, against an order made by Trower J on 6 August 2020 granting Celgard, LLC ("Celgard"), a company incorporated in the State of Delaware, and based in the State of North Carolina, in the United States of America, (i) permission to serve the claim form in the proceedings on Senior outside the jurisdiction of the courts of England and Wales and (ii) an interim injunction to restrain Senior from importing battery separator film into, or marketing such battery separator film in, the United Kingdom. Celgard alleges that the importation and marketing by Senior of such battery separator film involves the misuse of Celgard's trade secrets.

2. Senior contends that the judge fell into error in concluding, first, that Celgard had established a serious issue to be tried assuming that English law applies to its claim and, secondly, that England is the proper forum to try the claims. The first conclusion involved an assessment of extensive factual and expert evidence served by the parties, while the second involved a multi-factorial evaluation of the factors connecting the claim to England rather than China. At first blush, these are unpromising conclusions for a party to seek to challenge on appeal. Senior contends, however, that the judge made three errors of principle which require this Court to intervene: first, he failed to recognise that Celgard had not identified the alleged trade secrets it alleged had been misused; secondly, he wrongly accepted that, by limiting its claims to remedies in respect of acts in the UK, Celgard could establish the requisite degree of connection to England; and thirdly, he wrongly concluded, as part of his consideration of the proper forum, that the law applicable to Celgard's claims was English law when he should have concluded that it was Chinese law.

3. Although logically the issue as to the applicable law might be said to come first, the parties argued it last. For my part, I shall consider it second.

Factual and procedural background

4. The factual and procedural background to the matter is set out in the judge's detailed and careful judgment dated 30 July 2020 ([2020] EWHC 2072 (Ch)). For the purposes of this appeal, the following brief summary will suffice.

5. Both Celgard and Senior make battery separators. Celgard does so in the USA, while Senior does so in China. Battery separators are used in lithium-ion batteries to separate the anode and the cathode of the battery. They can be classified as wet separators or dry separators, depending on the way in which they are made. Dry battery separators, which are the type with which these proceedings are concerned, are highly engineered sheets of microporous polymer which may be coated on one or both sides. They are critical to the performance, product life and safety of batteries, because they allow ions to flow between the electrodes, but prevent the electrodes coming into contact, which can cause the cell to short circuit and overheat. Both companies supply their separators to battery manufacturers, including manufacturers of batteries for electric vehicles.

6. From July 2005 to October 2016 Dr Zhang Xiaomin (a.k.a. Steven Zhang) was employed by Celgard successively as Staff Engineer, Technical Associate and Polypore Fellow (Celgard being a subsidiary of a company which is now Polypore International, LP) on terms that included a written Confidentiality and Nonsolicitation Agreement ("the NDA"). As such, Celgard says that Dr Zhang had access to a body of trade secrets concerning its battery separators.

7. Celgard's evidence is that, when Dr Zhang left Celgard, he told its then Chief Operating Officer (now President), Lie Shi, that he was going to work for General Electric ("GE") in California, which does not compete with Celgard in the field of battery separators, but it later transpired that he had in fact joined Senior in China, where he was using the false name "Bin Wang".

8. Although Dr Zhang says that he only told Mr Shi that a move to GE was one of his possible options, Senior has admitted that it asked Dr Zhang to use a different name in order to avoid drawing Celgard's attention to his work for Senior. In addition, Dr Zhang has admitted that, although he told Mr Shi of the possibility of a move to GE in August 2016, he did not at the same time say that he was also thinking of a return to his native China, a step which he took when he accepted an offer from Senior in January 2017.

9. When Mr Shi was at a trade fair 18 months later, he asked a representative of Senior about Dr Zhang, because he had heard rumours that Dr Zhang was working for them. His evidence is that he was told that nobody of that name worked for Senior. It is Senior's case that their employees were approached by Mr Shi with a request for a meeting with Dr Zhang; they simply told him that Dr Zhang was not there. Afterwards, Dr Zhang contacted Mr Shi and said that he was not working on battery separators, but on reverse osmosis. Celgard contends that the untruthfulness of this became apparent when a picture was published of Dr Zhang at a visit made by Senior employees to Panasonic.

10. Senior sought to explain its behaviour by characterising Celgard as an aggressive litigator, but the judge's assessment was that the evidence relied upon by Senior did not bear this out.

11. Prior to the commencement of these proceedings, Celgard believed that it was on the point of concluding a contract with a UK manufacturer of lithium-ion batteries ("the UK Customer") for the supply of a battery separator to the UK Customer. The UK Customer makes batteries for a well-known manufacturer of electric vehicles. During the course of the negotiations for that contract, Celgard learnt that the UK Customer might be starting the process of evaluating the suitability of a battery separator manufactured by Senior. This could lead to Senior becoming "qualified" for the purpose of supplying its separator to the UK Customer. Celgard is concerned that qualification can only be achieved by Senior with the assistance of Celgard's trade secrets, the misuse of which will facilitate the ability of Senior to enter the UK market by undercutting Celgard. Its case is that, if it then loses the contract with the UK Customer, it will suffer damage that will be very difficult to quantify.

12. On 30 April 2020 Celgard applied, formally without notice, but on informal notice to Senior, for an interim injunction. On 7 May 2020 Mann J made an order until 21 May 2020 or further order that Senior "shall not make, offer, put on the market, import,

export or store for any of those purposes the Battery Separator in the United Kingdom". Battery Separator was defined to mean all battery separator film to be supplied to the UK Customer. At the time this application was made, Celgard understood that the shipment was about to be made. It subsequently transpired that the shipment had in fact been delivered to the UK Customer before the injunction was granted. The judge found that the impression given by Senior's correspondence prior to the application was wholly misleading. Fortunately, no damage was done, because the UK Customer agreed to deliver the shipment into the custody of Celgard's solicitors, where it remains.

13. The injunction was continued by consent until the determination of Celgard's application for an interim injunction. Sensibly, that application was heard together with Celgard's application for permission to serve the claim form outside the jurisdiction. The injunction granted by Trower J was in the same form as that granted by Mann J.

14. For reasons that have not been explained, Celgard did not issue its claim form until 4 August 2020. The claim form has not yet been served, since Senior's present stance is that, even though it has instructed English solicitors, it declines to instruct them to accept service, but insists upon service under the Hague Convention, a process which it is estimated will take up to 12 months to complete, and since the judge refused an application by Celgard for permission to serve the claim form by an alternative means.

15. Celgard has brought proceedings against Senior and Dr Zhang for misuse of trade secrets before the District Court of the Western District of North Carolina, while Senior has brought proceedings against Celgard and others for what we were told amounts to a declaration of non-infringement before the Shenzhen Intermediate People's Court. It is not necessary to say anything more about these proceedings save that they confirm the multi-national nature of the dispute.

Celgard's claims

16. Celgard's claims are now set out in Particulars of Claim dated 11 August 2020 and a Confidential Annex thereto. The final version of the Particulars of Claim and Confidential Annex do not differ materially from the drafts which were before the judge. Celgard's case is pleaded in the Particulars of Claim on the assumption that the applicable law is English law. Celgard advances two claims, referred to in argument as the Direct Claim and the Vicarious Claim.

17. The Direct Claim is a claim that Senior is liable for importing into, and marketing (or threatening to market) in, the UK battery separators whose design, characteristics, functioning and/or production process benefit significantly from Celgard's trade secrets on the grounds that such acts amount to a breach of an equitable obligation of confidence and/or a breach of regulation 3 of the Trade Secrets (Enforcement, etc) Regulations 2018 (SI 2018/597) ("the Regulations") which (partially) implement European Parliament and Council Directive 2016/943/EU of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure ("the Trade Secrets Directive").

18. The Vicarious Claim is a claim that Senior is vicariously liable for the wrongdoing of Dr Zhang in disclosing Celgard's trade secrets to Senior in breach of an equitable obligation of confidence and/or regulation 3 of the Regulations. Although Celgard pleads that Dr Zhang was subject to an express contractual obligation of confidence pursuant to the NDA in support of its case that its trade secrets are confidential information, it does not allege breach of the NDA by Dr Zhang.

19. Although Senior has yet to serve its Defence, it has made it clear that it vigorously disputes Celgard's claims. In short, Senior says that it did not acquire any of Celgard's alleged trade secrets from Dr Zhang, but is exploiting its own technology, which was largely, if not entirely, developed before Dr Zhang's arrival.

Protection of trade secrets under English law

English law prior to the Trade Secrets Directive

20. Prior to the implementation of the Trade Secrets Directive in the UK, trade secrets could be protected under English law by contractual and equitable obligations of confidence. Contractual protection is not relevant to this appeal, and therefore I shall say no more about it.

21. The clearest statement of the elements necessary to found an action for breach of an equitable obligation of confidence remains that of Megarry J in *Coco v A.N. Clark (Engineers) Ltd* [1969] RPC 41 at 47:

> "First, the information itself ... must 'have the necessary quality of confidence about it'. Secondly, that information must have been communicated in circumstances importing an obligation of confidence. Thirdly, there must have been an unauthorised use of the information to the detriment of the party communicating it."

22. This statement of the law has repeatedly been cited with approval at the highest level: see Lord Griffiths in *Attorney-General v Guardian Newspapers Ltd (No 2) ("Spycatcher")* [1990] 1 AC 109 at 268, Lord Nicholls of Birkenhead in *Campbell v MGN Ltd* [2004] UKHL 22, [2004] 2 AC 457 at [13] and Lord Hoffmann in *Douglas v Hello! Ltd (No 3)* [2007] UKHL 21, [2008] 1 AC 1 at [111]. (It is not, however, a complete statement of the ingredients of a successful claim: there is a further requirement, namely that the unauthorised use of information was without lawful excuse.)

23. I would add two points. The first is that, whatever its origins may have been, in its contemporary incarnation the doctrine of misuse of confidential information is, as Lord Hoffmann made clear in *Douglas v Hello!,* all about the control of information. The second is that misuse of confidential information is a species of unfair competition: see Article 10*bis* of the Paris Convention for the Protection of Industrial Property read together with Article 39 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), and the discussion below of the Trade Secrets Directive and of Article 6 of European Parliament and Council Regulation 864/2007 of 11 July 2009 on the law applicable to non-contractual obligations ("the Rome II Regulation").

24. These points apply with particular force to trade secrets. Under English law prior to the implementation of the Trade Secrets Directive, trade secrets constituted a particular category of confidential information. The principal distinguishing characteristic of trade secrets, as opposed to other forms of confidential information, was that a former employee could be restrained from using or disclosing their former employer's trade secrets after the termination of the employment: see in particular *Faccenda Chicken Ltd v Fowler* [1987] 1 Ch 117 and *Lancashire Fires Ltd v SA Lyons & Co Ltd* [1996] FSR 629. Now, trade secrets are also to be distinguished from other confidential information in that they are subject to the Regulations and the Trade Secrets Directive.

The Trade Secrets Directive

25. The Trade Secrets Directive harmonises the protection against the unlawful acquisition, use and disclosure of trade secrets in the European Union. It is not an exhaustive harmonisation: Article 1(1) provides that Member States may provide for more far-reaching protection than that required by the Directive provided that compliance with a number of provisions of the Directive is ensured. Thus the Directive provides both a floor and a ceiling.

26. Although the Trade Secrets Directive has similarities to European Parliament and Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights ("the IP Enforcement Directive"), it is clear from recitals (2), (16), (17) and (39) and Article 3(1)(d) that it does not create a species of intellectual property right, but rather forms part of the law of unfair competition. Furthermore, recital (39) states that, where the scope of application of the Trade Secrets Directive overlaps with that of the IP Enforcement Directive, the Trade Secrets Directive takes precedence as *lex specialis*.

27. The following provisions of the Directive are particularly relevant for present purposes:

> "*Article 1*
>
> **Subject matter and scope**
>
> …
>
> 3. Nothing in this Directive shall be understood to offer any ground for restricting the mobility of employees. In particular, in relation to the exercise of such mobility, this Directive shall not offer any ground for:
>
> (a) limiting employees' use of information that does not constitute a trade secret as defined in point (1) of Article 2;
>
> (b) limiting employees' use of experience and skills honestly acquired in the normal course of their employment;

(c) imposing any additional restrictions on employees in their employment contracts other than restrictions imposed in accordance with Union or national law.

Article 2

Definitions

For the purposes of this Directive, the following definitions apply:

(1) 'trade secret' means information which meets all of the following requirements: (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) it has commercial value because it is secret; (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret;

(2) 'trade secret holder' means any natural or legal person lawfully controlling a trade secret;

(3) 'infringer' means any natural or legal person who has unlawfully acquired, used or disclosed a trade secret;

(4) 'infringing goods' means goods, the design, characteristics, functioning, production process or marketing of which significantly benefits from trade secrets unlawfully acquired, used or disclosed.

Article 3

Lawful acquisition, use and disclosure of trade secrets

1. The acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means:

…

(d) any other practice which, under the circumstances, is in conformity with honest commercial practices.

2. The acquisition, use or disclosure of a trade secret shall be considered lawful to the extent that such acquisition, use or disclosure is required or allowed by Union or national law.

Article 4

Unlawful acquisition, use and disclosure of trade secrets

1. Member States shall ensure that trade secret holders are entitled to apply for the measures, procedures and remedies provided for in this Directive in order to prevent, or obtain redress for, the unlawful acquisition, use or disclosure of their trade secret.

2. The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, whenever carried out by:

   (a) unauthorised access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;

   (b) any other conduct which, under the circumstances, is considered contrary to honest commercial practices.

3. The use or disclosure of a trade secret shall be considered unlawful whenever carried out, without the consent of the trade secret holder, by a person who is found to meet any of the following conditions:

   (a) having acquired the trade secret unlawfully;

   (b) being in breach of a confidentiality agreement or any other duty not to disclose the trade secret;

   (c) being in breach of a contractual or any other duty to limit the use of the trade secret.

4. The acquisition, use or disclosure of a trade secret shall also be considered unlawful whenever a person, at the time of the acquisition, use or disclosure, knew or ought, under the circumstances, to have known that the trade secret had been obtained directly or indirectly from another person who was using or disclosing the trade secret unlawfully within the meaning of paragraph 3.

5. The production, offering or placing on the market of infringing goods, or the importation, export or storage of infringing goods for those purposes, shall also be considered an unlawful use of a trade secret where the person carrying out such activities knew, or ought, under the circumstances, to have known that the trade secret was used unlawfully within the meaning of paragraph 3.

Article 5

Exceptions

Member States shall ensure that an application for the measures, procedures and remedies provided for in this Directive is dismissed where the alleged acquisition, use or disclosure of the trade secret was carried out in any of the following cases:

…

(d) for the purpose of protecting a legitimate interest recognised by Union or national law.

Article 9

Preservation of confidentiality of trade secrets in the course of legal proceedings

…

2. Member States shall also ensure that the competent judicial authorities may, on a duly reasoned application by a party, take specific measures necessary to preserve the confidentiality of any trade secret or alleged trade secret used or referred to in the course of legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret. Member States may also allow competent judicial authorities to take such measures on their own initiative.

The measures referred to in the first subparagraph shall at least include the possibility:

(a) of restricting access to any document containing trade secrets or alleged trade secrets submitted by the parties or third parties, in whole or in part, to a limited number of persons;

(b) of restricting access to hearings, when trade secrets or alleged trade secrets may be disclosed, and the corresponding record or transcript of those hearings to a limited number of persons;

(c) of making available to any person other than those comprised in the limited number of persons referred to in points (a) and (b) a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.

The number of persons referred to in points (a) and (b) of the second subparagraph shall be no greater than necessary in order to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one natural person from each party and the respective lawyers or other representatives of those parties to the legal proceedings.

…"

The Regulations

28. Although the Regulations implement the Trade Secrets Directive, they do not specifically transpose all of its provisions: in particular, although regulation 2 of the Regulations contains definitions which are almost identical to those contained in Article 2 of the Directive, the Regulations do not transpose Articles 3, 4 or 5 of the Directive. For present purposes, the only provision of the Regulation which it is necessary to set out is regulation 3:

> "**Wider protection**
>
> (1) The acquisition, use or disclosure of a trade secret is unlawful where the acquisition, use or disclosure constitutes a breach of confidence in confidential information.
>
> (2) A trade secret holder may apply for and a court may grant measures, procedures, and remedies available in an action for breach of confidence where the measures, procedures and remedies—
>
> (a) provide wider protection to the trade secret holder than that provided under these Regulations in respect of the unlawful acquisition, use or disclosure of a trade secret, and
>
> (b) comply with the safeguards referred to in Article 1 of [the Trade Secrets Directive].
>
> (3) A trade secret holder may apply for and a court may grant the measures, procedures and remedies referred to in paragraph (2) in addition, or as an alternative, to the measures, procedures and remedies provided for in these Regulations in respect of the unlawful acquisition, use or disclosure of a trade secret."

29. It is not necessary for the purposes of this appeal to consider in detail the effect of this curious provision, but it appears to be primarily intended to ensure that, if and in so far as English law prior to the implementation of the Trade Secrets Directive was more favourable to the trade secret holder (as defined in regulation 2 and Article 2) than the minimum level of protection required by the Directive, then that greater level of protection shall continue to be available, but only in so far as is consistent with the safeguards (i.e. for the defendant and third parties) required by the Directive. Regulation 3 does not appear to address the position if the Directive confers greater protection than English law did previously; but presumably English law must, in accordance with well-established principles of EU law, be interpreted and applied, so far as possible, consistently with the Directive despite the failure of the UK to transpose Articles 3, 4 or 5.

Serious issue to be tried?

30. In order to obtain the permission of the court to serve the claim form on Senior out of the jurisdiction in China, Celgard has to establish in respect of each claim it advances that: (i) it has a "good arguable case" that one of the jurisdictional gateways set out in paragraph 3.1 of CPR Practice Direction 6B applies; (ii) there is a serious issue to be tried on the merits of its claim; and (iii) England is the proper place in which to bring the claim. Equally, in order to obtain an interim injunction, Celgard must establish that its claims raise a serious issue to be tried. Thus this requirement is common to both of Celgard's applications, assuming for this purpose that English law is the applicable law as Celgard contends. As is common ground, in both contexts, the requirement for a serious issue to be tried is to be equated with a real (as opposed to a fanciful) prospect of success.

31. The judge concluded that Celgard had established a serious issue to be tried on each of its claims. Senior contends that this conclusion was not open to him because Celgard has not identified the trade secrets which it contends have been misused.

32. It is well established that, in a claim for misuse of trade secrets, it is important for the claimant properly to particularise the information which is alleged to be a trade secret and to have been misused. The reasons for this were clearly and forcefully articulated by Laddie J, who had considerable experience in this field, in two judgments. First, in *Ocular Sciences Ltd v Aspect Vision Care Ltd* [1997] RPC 289 he said at 359-360:

> "The rules relating to the particularity of pleadings apply to breach of confidence actions as they apply to all other proceedings. But it is well recognised that breach of confidence actions can be used to oppress and harass competitors and ex-employees. The courts are therefore careful to ensure that the plaintiff gives full and proper particulars of all the confidential information on which he intends to rely in the proceedings. If the plaintiff fails to do this the court may infer that the purpose of the litigation is harassment rather than the protection of the plaintiff's rights and may strike out the action as an abuse of process. Such a case was *John Zink & Co. Ltd. v. Wilkinson* [1973] R.P.C. 717 in which the Court of Appeal ordered particulars before defence. The case returned to the High Court on a successful application to strike out. This is reported under the name *John Zink & Co. Ltd. v. Lloyds Bank Ltd.* [1975] R.P.C. 385.
>
> …
>
> The normal approach of the court is that if a plaintiff wishes to seek relief against a defendant for misuse of confidential information it is his duty to ensure that the defendant knows what information is in issue. This is not only for the reasons set out by Edmund Davies L.J.in *John Zink* [namely, that an allegation of misuse of trade secrets is a serious allegation] but for at least two other reasons. First, the plaintiff usually seeks an injunction to restrain the defendant from using its

> confidential information. Unless the confidential information is properly identified, an injunction in such terms is of uncertain scope and may be difficult to enforce: …. Secondly, the defendant must know what he has to meet. He may wish to show that the items of information relied on by the plaintiff are matters of public knowledge. His ability to defend himself will be compromised if the plaintiff can rely on matters of which no proper warning was given. It is for all these reasons that failure to give proper particulars may be a particularly damaging abuse of process."

33. Secondly, in *CMI-Centers for Medical Innvovation GmbH v Phytopharm plc* [1999] FSR 235 Laddie J said, when considering an application for an interim injunction, at [27]:

> "As to the first of these four matters [namely 'the plaintiff must identify clearly what is the information he is relying on'], the fact that the proceedings are only at an interlocutory stage does not justify less precision. The defendant must be told what it is he is accused of misusing. He must be told precisely what it is that he will be prevented from doing or using by the injunction sought. This does not mean that the plaintiff is locked into his case at the interlocutory stage. He may find that additional information has been taken or misused by the defendant in which case he will be able to amend his claim to include additional material. He may find that some of the information which he had thought was confidential is not or has not been used by the defendant. In that case he can restrict his claim. But this does not affect his obligation to set out precisely what, at the interlocutory stage, is the confidential information he wishes to rely on."

34. There is no dispute that the considerations identified by Laddie J apply with equal force to a claim brought under the Regulations as they do to a claim brought purely in equity.

35. In the present case the trade secrets relied on by Celgard are set out in paragraphs 5–15 of the Confidential Annex. Those paragraphs are structured as follows:

    i) Paragraphs 5–6 address the specific combinations of properties that Celgard requires to be achieved in the manufacture of its battery separators and coatings, and in the final products.

    ii) Paragraphs 7–15 address the production of those separators. They explain that specific combinations of materials, processes and equipment configurations – as it were, specific recipes – are used to achieve each of the particular combinations of properties described in paragraphs 5–6. They further explain that the detail of those recipes are set out in identified categories of documents maintained by Celgard: materials in Bills of Materials (paragraph 9), processes in Standard Operating Procedures (paragraph 10), and equipment configurations in Standard Operating Conditions (paragraphs 11–15).

iii) The nature of those recipes is particularised in detail. For example, paragraph 5 lists eighteen categories of property included in the product specifications, including Gurley (a measure of air permeability), shrinkage, thickness and basis weight; and paragraph 12 lists around thirty operating condition variables, including annealing string-up, tension stretch profiles, and line speed set.

36. Celgard does not dispute that, with one exception, it has not pleaded the actual recipes, as opposed to the nature of the recipes and the documents in which they are recorded. The exception is in paragraph 9(4), which states that Celgard's trade secrets include:

> "the make-up of the coating slurries used by Celgard as part of the ceramic coating process, including the use in certain slurries of specific binders made by [Supplier A], in turn including a specific [constituents B and C]-based binder developed by [Supplier A] in collaboration with Celgard and known as [Code D], and the particular properties of that binder that makes it suitable" [redactions applied].

37. The judge addressed the question of whether there was a serious issue to be tried in his judgment at [23]-[59]. His approach to this question may be summarised as follows:

i) First, at [23]-[28], he considered the genesis of the dispute (summarised in paragraphs 7-10 above).

ii) Next, at [28]-[31], he considered Senior's conduct at the outset of this litigation (summarised in paragraph 12 above).

iii) Against that background, he turned at [32]-[42] to Celgard's pleaded case. He set out Senior's argument that the trade secrets allegedly misused had not been identified and Celgard's response to that argument, which was to accept that its case was imprecise but nevertheless to contend that it was sufficient to establish a serious issue to be tried.

iv) He then considered at [43]-[53] a three-stage argument advanced by Celgard in support of its case that the shipment to the UK Customer constituted infringing goods within the meaning of the Regulations and the Trade Secrets Directive. The first stage was to contend that Senior's share of the dry separator market had gone up sharply after Dr Zhang`s arrival from Celgard. The second stage was to contend that this increase was due to an improvement in the range and quality of Senior`s products. The third stage was to contend that the improvement in quality was as a result of Senior's acquisition and use of Celgard's trade secrets through Dr Zhang.

v) Finally, at [54]-[58], he addressed Celgard's specific case on the binder referred to in paragraph 9(4) of the Confidential Annex.

vi) The judge's overall conclusion, at [59], was that Celgard had adduced sufficient evidence to establish a serious issue to be tried that its trade secrets

have been used in the development and manufacture by Senior of battery separators since the time of Dr Zhang's arrival as its employee.

38. Counsel for Senior submitted to this Court that Celgard's failure to set out the actual recipes meant that they had not identified the trade secrets relied upon, and that this failure was compounded by Celgard's failure to disclose copies of the Bills of Materials, Standard Operating Conditions and Standard Operating Procedures, let alone to identify the relevant parts of those documents (although he accepted that Senior had not specifically requested Celgard to do this). Furthermore, he submitted that, despite reciting counsel's submissions on this issue, the judge had not grappled with them, and in particular had not made any finding that Celgard had adequately identified the trade secrets relied on.

39. At first blush, these are powerful submissions. Counsel for Celgard advanced two main answers to them, however.

40. First, he pointed out that Senior did not dispute that recipes of the kind described in the Confidential Annex could in principle constitute trade secrets, and he submitted that: (i) Celgard had provided the best particulars of the trade secrets it could at this stage; (ii) it was Senior's fault that Celgard could not provide better particulars; and (iii) Celgard would provide better particulars at a later stage, which was sufficient to discharge its obligations in that respect.

41. So far as point (i) is concerned, counsel for Celgard pointed out that it was Celgard's evidence that Dr Zhang had had access to a wide range of its trade secrets, and he informed this Court on instructions that the documents occupied 20 filing cabinets (but it is not alleged that Dr Zhang took copies of such documents with him when he left Celgard).

42. As to point (ii), counsel for Celgard relied upon the facts that (a) Celgard had been unable to analyse the shipment from Senior to the UK Customer because Senior had instructed Celgard not to touch it and (b) Senior had served an exhibit (DG2) to one of its witness statements setting out the key to the code used in the shipping documents that accompanied that shipment which Senior had designated "external eyes only", meaning that it could not be inspected by any representative of Celgard. Counsel for Celgard submitted that this did not comply with Article 9(2) of the Trade Secrets Directive (implemented by regulation 10(6) of the Regulations), which made it clear that at least one representative from each party had to be included in any confidentiality club (and such a confidentiality club had been established for this case). Be that as it may, counsel for Celgard submitted that not having access to the key to the code had made it difficult for Celgard to be specific about which trade secrets it relied upon.

43. As to point (iii), counsel for Celgard submitted that it would probably be able to provide better particulars once Celgard had been able to inspect DG2 and certainly once it had been able to analyse the shipment. Although he did not commit himself, he appeared to accept that further particulars should be provided before Senior was obliged to give disclosure of documents.

44. Counsel for Senior's response to all of these points was to point out that Celgard plainly knew what information it claimed to be trade secrets and to argue that Celgard

must have some idea as to which had allegedly been misused, otherwise the claim would be speculative. Furthermore, he made the point that the burden lay on Celgard to establish a serious issue to be tried, and it did not lie on Senior to show that there was no such issue: see *VTB Capital pc v Nutritek International Corp* [2013] UKSC 5, [2013] 2 AC 337 at [90] (Lord Neuberger of Abbotsbury).

45. Counsel for Celgard's second main answer was to submit that Celgard had sufficiently particularised its case on the binder in paragraph 9(4) of the Confidential Annex, and that that was sufficient for the purposes of establishing a serious issue to be tried. He pointed out that counsel for Senior had accepted before the judge that the binder was sufficiently identified, and that the judge had concluded, after reviewing the evidence, that Celgard had established serious issues to be tried as to whether use of the binder (or a binder with the properties of that binder) was a trade secret and as to whether Senior were using that binder (or one with equivalent properties).

46. Counsel for Senior's response to this submission was two-fold. First, he challenged the judge's conclusions with respect to the binder. Secondly, he submitted that, in any event, a claim in respect of the binder would not justify an injunction of the breadth that Celgard had sought and obtained.

47. In my judgment the judge was correct to conclude that Celgard had established a serious issue to be tried despite the failure of Celgard to particularise its trade secrets other than the binder at this stage. The case on the binder is adequately pleaded, and I do not accept either of the arguments advanced by counsel for Senior in relation to it. In the first place, neither is strictly open to Senior since neither was the subject of a ground of appeal. Secondly, neither argument is a good one anyway. Counsel for Senior rightly accepted that he could not ask this Court to review the judge's assessment of the evidence. That being so, there is no basis for impeaching his conclusion that it established serious issues to be tried in relation to the binder. As for the breadth of the injunction, as counsel for Senior accepted, the form of the injunction was plainly intended to ensure that Senior knew what it could not do and not to require the determination of issues arising at trial in order to establish whether or not it had been complied with (see *Staver Co Inc v Digitext Display Ltd* [1985] FSR 512). The scope of that injunction was a matter for the discretion of the judge, and no basis has been established for this Court to interfere with it.

48. Given that Celgard's case in relation to the binder is adequately pleaded and that Celgard has established a real prospect of success in relation to that case, it is not necessary for me to reach a conclusion with respect to Celgard's argument that it has given sufficient particulars of its other trade secrets at this stage. In my opinion, however, the argument has merit. I do not wish in any way to diminish the importance of proper particulars of trade secrets being provided in cases of this nature. What amounts to sufficient particularisation must depend on the circumstances of the individual case, however. Furthermore, a lesser degree of particularisation may be acceptable at the outset of a case than at later stages of the case. Still further, I accept that it is relevant to take into account the claimant's ability to provide further particulars, and the extent to which the claimant has been hampered by obstructiveness, or at least non-cooperation, on the part of the defendant. In the circumstances of the present case, I consider that Celgard has done enough for now, although it will undoubtedly have to give further particulars at a later stage.

49. I would add by way of a footnote that, as Popplewell LJ pointed out during the course of argument, Celgard does not appear to have a real of prospect of success in obtaining an injunction to restrain importation of infringing goods, or damages or an account of profits in respect of such importation, by virtue of its Vicarious Claim, as opposed to its Direct Claim, for a completely different reason. This is because, as presently formulated, the Vicarious Claim is solely concerned with Dr Zhang's disclosure of Celgard's trade secrets to Senior in China, and not with the subsequent use of those secrets by Senior to manufacture infringing goods, let alone to import them into the UK. Counsel for Senior sensibly accepted, however, that if Celgard was given permission to serve out in respect of the Direct Claim, it should also have permission in respect of the Vicarious Claim.

Applicable law

50. Although, as noted above, Celgard's case on the merits assumes that the applicable law is English law, the issue as to what law is the applicable law was debated by the parties as a factor in the assessment of the proper forum. Since it stands apart from the other factors, it is convenient to address it separately.

51. As the judge recorded in his judgment, it is common ground that Celgard's claims fall within the scope of the Rome II Regulation. It is also common ground that the non-contractual obligation on which the claims are based arises out of an act of unfair competition within the meaning of Article 6 of the Regulation; and that Article 6(2) applies because Celgard's claims are concerned with an act of unfair competition affecting exclusively the interests of a specific competitor, namely Celgard. In such circumstances, Article 6(2) provides that "Article 4 shall apply". Article 4 applies even though it is concerned with the law applicable to a non-contractual obligation arising out of a tort/delict, and, as a matter of English law, claims for breach of equitable obligations of confidence are not claims in tort: see *Kitechnology BV v. Unicor GmbH* [1995] FSR 765 at 777 (Evans LJ). Finally, it is also common ground that the applicable law will govern, among other things, "liability for the acts of another person": see Article 15(g).

52. Article 4(1) of the Rome II Regulation provides:

> "Unless otherwise provided for in this Regulation, the law applicable to a non-contractual obligation arising out of a tort / delict shall be the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur."

53. Although Article 4(2) and (3) set out two exceptions to Article 4(1), neither party contended that either exception applies in the present case.

54. It can be seen from Article 4(1) that the applicable law is the law of the country in which the damage occurs, not the country in which the event giving rise to the damage occurred or the country in which indirect consequences of that event occur. Thus the connecting factor is the direct damage caused by the wrongdoing: see recital (16) and Case C-350/14 *Lazar v Allianz SpA* [EU:C:2015:802].

55. Celgard's case is that Article 4(1) leads to English law being the applicable law because the direct damage caused by the wrongdoing it complains of has occurred (and will, if not restrained, continue to occur) in the UK, that being the country into which the infringing goods (namely the shipment to the UK Customer and any future shipments of the same separator) have been (and will be) imported, causing damage to Celgard's market here.

56. The judge accepted Celgard's case. Senior contends that he was wrong to do so, and that he should have concluded that the applicable law is Chinese law.

57. Counsel for Senior submitted that confidential information was intangible property and that damage to intangible property was located at the time and place it became irreversible. In support of this argument he relied upon the suggestion made by Andrew Dickinson in *The Rome II Regulation: The Law Applicable to Non-Contractual Obligations* (OUP, 2008) at 4.68 that the country of damage was "where the confidentiality of the claimant's information was first compromised and diluted by [the] defendant's actions". He also relied upon the similar suggestion made in Dicey, Morris and Collins, *The Conflict of Laws* (15th ed) at 35-016 (in a chapter edited by Professor Dickinson) that "[i]n misappropriation cases, it seems appropriate to locate damage at the place where an asset (tangible or intangible) is taken from the claimant's control", a statement cited with apparent approval by Flaux J in *Fortress Value Recovery Fund 1 LLP v Blue Skye Special Opportunities Fund LP* [2013] EWHC 14 (Comm), [2013] 1 All ER 973 at [68]. Finally, he relied upon the conclusion of Jonathan Hirst QC in *Ashton Investments Ltd v OJSC Russian Aluminium (RUSAL) al* [2006] EWHC 2545 (Comm), [2007] 1 All ER 857 at [62] that, where confidential information was downloaded from a server in London, the damage occurred in London notwithstanding the fact that the information was transmitted almost instantly to Russia.

58. I do not accept this submission, for a number of reasons. First, confidential information is not property: see *Force India Formula One Team Limited v 1 Malaysia Racing Team SDN BHD* [2012] EWHC 616 (Ch), [2012] R.P.C. 29 at [376] and the authorities cited. There is nothing in the Trade Secrets Directive to suggest that trade secrets should be treated any differently in this respect. On the contrary, recital (16) is explicit that "the provisions of this Directive should not create any exclusive right to know-how or information protected as trade secrets". As noted above, this is one of the indications in the Directive that it does not create a species of intellectual property, but instead recognises a particular species of unfair competition. Moreover, it is precisely for this reason that Article 6 of the Rome II Regulation applies, and hence Article 4 applies the *lex loci damni*. (If trade secrets were intellectual property, Article 8 of the Regulation would apply the *lex loci protectionis*.)

59. Secondly, *Fortress Value* was not a case concerning confidential information, but one concerning the business and assets of a partnership.

60. Thirdly, the issue in *Ashton Investments* was whether a claim for breach of confidence fell within what is now Practice Direction 6B paragraph 3.1(11), not applicable law under Article 4(1) of the Rome II Regulation. Furthermore, the defendant did not dispute that confidential information stored on the server was property located in London, and as a result the relevant authorities were not cited.

61. Fourthly, although counsel for Senior argued that it was desirable to locate the direct damage caused by misuse of confidential information in a single country, that is contrary to the approach laid down by both Article 4 and Article 6. This was the legislative intention: the European Commission's Explanatory Memorandum accompanying the proposal for the Rome II Regulation stated at page 11 that the rule in what is now Article 4(1) "entails, where damage is sustained in several countries, that the laws of all the countries concerned will have to be applied on a distributive basis, applying what is known as 'Mosaikbetrachtung' in German law". Similarly, it stated at page 16 what is now Article 6 "provides for connection to the law of … the market where competitors are seeking to gain the customer's favour". It went on to state that it was important that "only the direct substantial effects of an act of unfair competition" should be taken into account in international situations "since anti-competitive conduct commonly has impact on several markets and gives rise to the distributive application of the laws involved".

62. Fifthly, the act of unfair competition which is the subject of Celgard's Direct Claim is the importation into, and marketing in, the UK of infringing goods (as defined in regulation 2 of the Regulations and Article 2 of the Trade Secrets Directive). That is the market which is affected by that act of unfair competition and that is where the direct damage is sustained. The fact that the infringing goods were manufactured in China is immaterial. I accept that, as counsel for Senior pointed out, this analysis does not apply to the Vicarious Claim. In itself, I do not consider that this matters, given that the Direct Claim is the main claim; but this point is connected with the point concerning Article 4(5) of the Trade Secrets Directive considered below.

63. Sixthly, as counsel for Celgard submitted, this analysis is supported by the reasoning of Evans LJ in the *Kitechnology* case. He held that only direct damage was a "harmful event" within the meaning of Article 5(3) of the Brussels Convention, and that the plaintiffs in that case could not show direct damage as a result of the alleged misuse of their confidential information. As he explained at 780:

> "I for my part find it impossible to hold that the plaintiffs … have shown that there has been an 'harmful event' in England, in the sense of damage directly caused to them here by the alleged activities of the defendants in Germany. There is no evidence that their commercial interests have suffered in England, as might be the case, for example, if the defendants were alleged to have imported into this country pipes or machinery which they had produced in breach of confidence in Germany or elsewhere."

The distinction between direct and indirect damage which Evans LJ drew is the same distinction as applies in the context of Article 4 of the Rome II Regulation, and his counter-example of importation into the UK of products manufactured elsewhere by misusing confidential information corresponds precisely to the present case.

64. Seventhly, as counsel for Celgard pointed out, the effect of Senior's argument is that, where party A based in country X, which has weak trade secrets protection, misuses party B's trade secrets to manufacture goods, and then puts the goods on the market in an EU country, the law of country X would apply to the exclusion of the law of the EU country. As counsel for Celgard submitted, this is an improbable result given that

the Trade Secrets Directive is designed to strengthen protection against misuse of trade secrets "whether from within or from outside the Union" (recital (4)) and that it explicitly contemplates that measures should be granted which include "the prohibition of the importation of [infringing] goods into the Union" (recital (28)). Admittedly, the Rome II Regulation and the Trade Secrets Directive are different pieces of legislation, but it seems unlikely that one should be interpreted in a way that undermines the objectives of the other unless this is mandated by the wording, which is not the case.

65. Although I do not accept the submission advanced by counsel for Senior, that is not the end of the matter, since it remains necessary to consider a question which was not addressed by either of the parties prior to the hearing before this Court, and was therefore not considered by the judge, which is the effect of Article 4(5) of the Trade Secrets Directive. This makes importation of infringing goods an unlawful use of a trade secret "where the person carrying out such activities knew, or ought, under the circumstances, to have known that the trade secret was used unlawfully within the meaning of paragraph 3". One of the possibilities embraced by paragraph 3 is (a), the person "having acquired the trade secret unlawfully". But what law is to be applied to determine whether it was acquired "unlawfully"?

66. When asked this question, counsel for Senior's response was that it was the law of the place where the trade secret was acquired (here China), and hence that Article 4(5) read together with Article 4(3)(a) was an implicit choice of law rule. Counsel for Celgard submitted that "unlawfully" must be given an autonomous interpretation, since these provisions did not refer to national law, and therefore the applicable law was EU law (which also amounts to treating them as implicit choice of law rule). In the alternative, he submitted that the applicable law for this purpose was that determined by the Rome II Regulation, here English law. Although he was not explicit, I understood him to contend that it did not matter whether the law applicable to this issue was EU law or English law, since the substantive content of the law would be essentially the same either way.

67. In my view, this is a very difficult question. It is one which may well have to be answered (for the Member States of the EU) by the Court of Justice of the European Union in due course, and it is one on which I would prefer to have had the benefit of more considered and detailed submissions. Fortunately, it is not necessary at this stage of the proceedings to reach a conclusion as to the correct answer. My provisional view is that the applicable law is that determined by the Rome II Regulation. There is nothing in the Trade Secrets Directive to indicate that it is intended to include a choice of law rule; but that is the function of the Regulation. I am doubtful that EU law can be the applicable law given that (i) Article 1(1) of the Directive is explicit that national law may, up to a point, confer more far-reaching protection, (ii) Article 3(2) provides that the acquisition of a trade secret shall be considered lawful if it is required or allowed by national law and (iii) Article 5(d) requires exceptions to protect interests recognised by national law. I am also doubtful, for the reasons explained above, that it is consistent with the objectives of the Directive to apply the law of the country of acquisition if that is different to the law which would be applied by the Regulation.

68. This still leaves the question of what law should be applied to the claim against Dr Zhang which forms the basis for the Vicarious Claim. As noted above, Celgard's case

against Dr Zhang is not based on breach of the NDA, which is governed by the law of South (not North) Carolina (a case which would fall within Article 4(3)(b) or (c) of the Trade Secrets Directive), even though it relies on the NDA as supporting its case that the trade secrets were confidential, but that he acted in breach of an equitable obligation (a case which falls within Article 4(3)(a)). Given the way this claim is formulated, it is difficult to escape the conclusion that the law applicable to it is Chinese law, because the direct damage caused by Dr Zhang's disclosure of trade secrets to Senior, in so far as there was any, was sustained in China. This is unaffected by the fact that, as counsel for Celgard confirmed to the judge, Celgard only seeks relief in respect of the importation and marketing of infringing goods in the UK: that simply reflects the mismatch between the Vicarious Claim and the relief claimed by Celgard noted in paragraph 49 above. It would seem odd to apply different laws to Dr Zhang's disclosure of trade secrets on the one hand and Senior's acquisition of those secrets on the other hand, given that these are just different descriptions of the same act as a result of looking at it from different ends of the telescope. The answer to this may be, however, that it is simply a consequence of the way in which different claims involving different primary actors are framed, and that there is nothing wrong in Senior being held liable for its own actions even if it is not liable for the actions of Dr Zhang.

69. I therefore conclude that it is probable that the applicable law, at least in the case of the Direct Claim including the issue arising under Article 4(5) of the Directive, is English law.

Proper forum

70. The court will not give permission to serve the claim out of the jurisdiction "unless satisfied that England and Wales is the proper place in which to bring the claim": see CPR rule 6.37(3). This means that Celgard must satisfy the court that in all the circumstances England "is clearly or distinctly the appropriate forum for the trial of the dispute, and that in all the circumstances the court ought to exercise its discretion to permit service of the proceedings out of the jurisdiction": see *Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2011] UKPC 7, [2012] 1 WLR 1804 at [71] (Lord Collins of Mapesbury).

71. The "dispute" for this purpose is not restricted to an analysis of the claim and the relief sought by the claimant: one must have regard to the totality of the dispute, including where necessary the defendant's answer to the claim: see *Huawei Technologies Co Ltd v Conversant Wireless Licensing SARL* [2019] EWCA Civ 38, [2020] RPC 6 at [32]-[35] (Floyd LJ) and *Unwired Planet International Ltd v Huawei Technologies Co Ltd* [2020] UKSC 37 at [94] (Supreme Court).

72. The factors involved in identifying the proper forum were conveniently summarised by Lord Briggs of Westbourne in *Lungowe v Vedanta Resources plc* [2019] UKSC 20, [2019] 2 WLR 1051 at [66]:

> "The best known fleshed-out description of the concept is to be found in Lord Goff of Chieveley's famous speech in the *Spiliada* case [1987] AC 460, 475–484, summarised much more recently by Lord Collins JSC in the *Altimo* case [2012] 1 WLR 1804, para 88 as follows: 'the task of the court is to

> identify the forum in which the case can be suitably tried for the interests of all the parties and for the ends of justice …' That concept generally requires a summary examination of connecting factors between the case and one or more jurisdictions in which it could be litigated. Those include matters of practical convenience such as accessibility to courts for parties and witnesses and the availability of a common language so as to minimise the expense and potential for distortion involved in translation of evidence. Although they are important, they are not necessarily conclusive. Connecting factors also include matters such as the system of law which will be applied to decide the issues, the place where the wrongful act or omission occurred and the place where the harm occurred."

73. Senior accepts that the judge directed himself correctly as to the law, and that he considered the various connecting factors identified by the parties before concluding that England was the proper forum for the dispute. Senior also accepts that that was an evaluative conclusion which cannot be reconsidered by this Court unless Senior can demonstrate that the judge made an error of principle.

74. Senior contends that the judge did make two errors of principle. The first I have already addressed, namely in concluding that the applicable law was English law, and therefore a factor connecting the claim to this forum. As to that, I have concluded that the judge was probably right, at least in relation to the Direct Claim, which is the main claim.

75. Secondly, Senior contends that the judge erred in the way in which he characterised the dispute for the purposes of his consideration of the proper forum. The judge characterised the dispute at [74] as "whether Senior's efforts to compete with Celgard for the UK Customer's business in England are tainted by the use of Celgard's trade secrets in the product sought to be sold". Senior submits that it should be characterised as a dispute concerning the manufacture of battery separators by Senior in China, allegedly using Celgard's trade secrets disclosed by Dr Zhang in China. Senior argues that the judge was distracted by Celgard's limitation of its claim to remedies for acts done in the UK, when those acts were a minor part of the alleged wrongdoing, the principal part of which occurred in China, and involved Chinese witnesses and documents. Celgard could and should bring a claim for unfair competition in China. That would give Celgard substantial justice because, if that claim was successful, Celgard could obtain both an injunction to restrain manufacture in China, which would cut off the supply of infringing goods at source, and damages.

76. In support of this argument, counsel for Senior relied upon the decision of this Court in *Re Harrods (Buenos Aires) Ltd* [1992] Ch 72. In that case Ladenimor SA, a company incorporated in Switzerland, owned 49% of the shares in the subject company, which was incorporated in England, but whose business was carried on exclusively in Argentina and whose central management and control was exercised in that country. 51% of the shares were owned by Intercomfinanz SA, another company incorporated in Switzerland. Ladenimor alleged that the affairs of the English company were being conducted in a manner unfairly prejudicial to it and brought a petition under sections 459 and 461 of the Companies Act 1985 for an order that

Intercomfinanz purchase its shares in the English company, alternatively an order that the English company be wound up compulsorily under the Insolvency Act 1986. By statutory rules the English company was a necessary party to the proceedings. The registrar having given permission pursuant to RSC Order 11 rule 1, the petition was served on Intercomfinanz out of the jurisdiction. Intercomfinanz applied for orders that the registrar's order and service of the petition be set aside and that the petition be stayed on the ground that Argentina was a more appropriate forum for the trial of the issues raised. Harman J held that it was "blindingly obvious" that England was the proper forum for the claim, because it concerned the regulation of an English company. The Court of Appeal (Stocker and Bingham LJJ, Dillon LJ dissenting) allowed Intercomfinanz's appeal.

77. As counsel for Senior pointed out, the majority held that Harman J had fallen into error because his characterisation of the dispute had pre-empted the answer as to the appropriate forum. Moreover, he had wrongly focussed on the remedy claimed by Ladenimor, and in particular the remedy of an order for a buy-out, it being common ground that that remedy would not available if Ladenimor brought a claim in Argentina and the court applied Argentinian law (as it appears to have been assumed it would do). When one considered the dispute, however, it was all about what had been done in Argentina, and that was where the witnesses (who mainly spoke Spanish) and the documents (which were in Spanish) were. Thus the connecting factors pointed overwhelmingly to Argentina being the appropriate forum. The remedies available to Ladenimor in Argentina went to the question of whether it could obtain substantial justice there. The non-availability of the remedy of a buy-out did not lead to the conclusion that Ladenimor could not obtain substantial justice in Argentina, because it could obtain damages and an order for winding up.

78. In my judgment the reasoning in the *Harrods* case does not show that the judge wrongly characterised the dispute in the present case. The judge did not pre-empt the identification of the appropriate forum by characterising the dispute in a way that only admitted of one answer to that question. Nor did he focus on the remedies claimed by Celgard. Rather, he focussed on the substance of the dispute raised by Celgard's main claim, the Direct Claim. As he correctly concluded, that is a dispute about whether Celgard's UK market for battery separators has been (or would be, if not restrained) damaged by the importation into, and marketing in, the UK of what are alleged to be infringing goods. Thus the location of the wrongful acts and of the loss, as well as the probable applicability of English law, point to England as being the appropriate forum. It is quite true that, as the judge recognised, the question of whether the goods are infringing goods depends on what was done in China, which involves Chinese documents and witnesses, although the judge considered it probable that Dr Zhang himself had good enough English to give evidence without the assistance of an interpreter. But the dispute also involves American documents and witnesses, because they will speak to whether the information relied upon by Celgard qualifies as trade secrets. Moreover, Senior had chosen to use two English-speaking expert witnesses based outside China (one in Massachusetts and one in Paris).

79. Furthermore, I accept the submission of counsel for Celgard that the judge's characterisation of the dispute is supported by the subsequent decision of the Supreme Court in the *Unwired Planet* case. The Supreme Court held that, where the court would otherwise have jurisdiction over claims concerning the infringement and

validity of European patents (UK) which are essential to compliance with a telecommunications standard ("standard-essential patents"), it makes no difference that the claimant seeks an injunction to restrain infringement of the patents unless the defendant enters into a global (as opposed to United Kingdom) licence of an international portfolio of patents (including the UK patents) which is compliant with the claimant's undertaking to the relevant standards setting organisation to license the patents on fair, reasonable and non-discriminatory (FRAND) terms. The Supreme Court rejected a similar argument to that advanced by Senior in the present case for the following reasons:

> "95. The question how the dispute should be defined has been the main bone of contention between the parties, both in this court and in the courts below. Is it, as the appellants say, in substance a dispute about the terms of a global FRAND licence, or is it, as the respondent maintains, both in form and in substance about the vindication of the rights inherent in English patents, and therefore about their validity and infringement, with FRAND issues arising only as an aspect of an alleged contractual defence? Thus far the respondent has had the better of that argument, both before the judge and the Court of Appeal. At the heart of the analysis which has thus far prevailed is the recognition that the owner of a portfolio of patents granted by different countries is in principle entitled to decide which patents (and therefore in which country or countries) to seek to enforce, and cannot be compelled to enforce patents in the portfolio granted by other countries merely because a common FRAND defence to the enforcement of any of them raises issues which might more conveniently be determined in another jurisdiction than that which exclusively regulated the enforcement of the chosen patents.
>
> 96. Were it necessary to choose between the rival characterisations of the substance of the dispute, we would have agreed with the choice made by the courts below. But we think, like the judge, that there is a compelling reason why the appellants must fail on this issue which would apply even if the appellants' characterisation had been correct, so that the dispute was in substance about the terms of a global FRAND licence. A challenge to jurisdiction on forum conveniens grounds requires the challenger to identify some other forum which does have jurisdiction to determine the dispute. Even in a case where permission is required to serve out of the jurisdiction, so that the burden then shifts to the claimant to show that England is the more appropriate forum, that still requires there to be another candidate with the requisite jurisdiction. In the present case, China is the only candidate which the appellants have put forward. …
>
> 97. After hearing extensive expert evidence, the judge found that the Chinese courts do not, at present, have jurisdiction to

> determine the terms of a global FRAND licence, at least in the absence of agreement by all parties that they should do so. Even in the event of such an agreement, he described the prospect that the Chinese courts would embark on the exercise as no more than speculative. Notwithstanding the admission of fresh evidence on this issue, the Court of Appeal reached the same conclusion. …
>
> 98. We therefore agree with the judge that the forum conveniens challenge falls at this first hurdle …"

80. As can be seen, the Supreme Court concluded that China was not an available forum to try the dispute even as characterised by Huawei, and therefore Huawei's challenge fell at the first hurdle. Celgard contends that the same is true of the dispute in the present case (and that the judge so found at [113]), but it is not necessary to consider that contention. It is sufficient to note that the Supreme Court was clear that it would, if necessary, have upheld the lower courts' characterisation of the dispute.

81. Counsel for Senior submitted that the present case was to be distinguished from the *Unwired Planet* case on the grounds that patents are territorial, and that patents covering different territories are independent property rights, whereas this is not true of trade secrets. I do not accept this submission. It is quite true that information not only is not property, but also has no *situs*. It does not follow that legal rights to control information have no *situs*. Celgard's claims in the present case, and in particular the Direct Claim, involve its rights under the applicable law, which I have concluded is probably English law. Those are distinct legal rights from any rights which Celgard may have under Chinese law. I accept that rights in respect of trade secrets do not stand in precisely the same position as patents, because patents are registered rights which are inextricably connected with the country in which they are registered, whereas that is not true of rights in respect of trade secrets. Furthermore, I accept that that is a difference which may well be relevant to questions of jurisdiction, just as the difference between rights in respect of trade secrets and intellectual property rights is relevant to which provision of the Rome II Regulation is applicable. What I do not accept is that this difference means that the judge erred in his characterisation of the dispute for the purposes of considering the proper forum.

Conclusion

82. For the reasons given above, I would dismiss this appeal.

Popplewell LJ:

83. I agree.

Davis LJ:

84. I also agree with the judgment of Arnold LJ.

85. On the issue of forum non conveniens, I saw force in the arguments of Mr Abrahams by reference to the *Harrods* (*Buenos Aires*) case: particularly in circumstances where Celgard has elected to include the Vicarious Claim in these proceedings. But on the

whole I think that the answer is to be found in what was said in the *Unwired Planet* case; and I do not think that Celgard is required to be treated, in effect, as having made direct claims of a kind which it in fact has elected not to make in the present proceedings.