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Confidential Information, In house lawyers and former employees – who has the burden of proof?

Generics (UK) Ltd v Yeda Research & Development Co Ltd & Teva Pharmaceutical Industries[2012] EWCA Civ 726

The Court of Appeal has overturned an injunction that prevented an in-house patent attorney from advising and assisting with litigation against her former employer. The judgment raises important questions as to the way in which an in-house patent attorney or solicitor is to be treated when a former employer alleges a breach of confidence (or potential breach of confidence) due to the nature of the duties to be performed for the new employer. In particular it raises questions over who (former employer/former employee) is to discharge the burden of proof when injunctive proceedings are brought to restrain that in-house lawyer from performing such duties.

In the substantive proceedings, Generics (UK) Ltd (trading as “Mylan”) sought a declaration of non-infringement and revocation of Yeda’s European patent concerning the pharmaceutical Copaxone, for which Teva Pharmaceuticals Limited “Teva” are exclusive licensees.

Teva sought an injunction to prevent a senior in-house patent attorney at Mylan, who was formerly employed by Teva, from advising in relation to the Copaxone proceedings. At first instance, Floyd J granted the injunction. Mylan appealed. The Court of Appeal considered the alleged confidential information and addressed the question of whether there was a “real risk” that confidential information would be disclosed. All three Lord Justices agreed that there was not such a “real risk” and discharged the injunction.

The key point of interest in this judgment does not however stem from the assessment of the confidential information (indeed this cannot really be commented upon as it lies within a confidential annex to the judgment) but in the differing tests that the Lord Justices considered should apply to in-house patent attorneys and solicitors when faced with such injunctive proceedings.

Sir Robin Jacob considered that the overriding interest in the administration of justice required that the former employer is entitled to just as much protection from the ex-employee litigator acting against him as if the litigator has been independently engaged. Therefore, and in accordance with the principles set out in *Prince Jefri Bolkiah v KPMG* [1999] 2 AC 222, Sir Robin Jacob considered that burden lay with the former employee to show that there was no risk of disclosure or other unauthorised use of confidential information acquired while working for the former employer.

Etherton LJ and Ward LJ were, however, of a different view. They considered that the burden should instead lie with the former employer. This view stemmed from what was seen to be material differences between the positions of an employee (whether patent attorney or solicitor) and of such a professional in private practice. These differences included (a) that the relationship between employer and employee is governed by a contract of employment including express and implied terms as to confidential information; (b) that the employer could have elected to include restrictive covenants into such a contract; and (c) the employee can expect to perform similar functions for various employees and will need to be able to rely upon their skill and knowledge as a professional in order to progress their career.

This difference of opinion was not relevant to the decision in the case at hand, as on either interpretation the burden was discharged following the aforementioned review of the confidential information by the Court. The question of where the burden lies for all in-house lawyers therefore remains open. It is not unlikely that this issue will arise again and the court faced with such injunctive proceedings will have to resolve this issue, with the differing opinions of their Lord Justices making any decision likely destined for the appellate courts. Until that time, however, this important question of burden of proof will remain an unwanted area of uncertainty for in-house lawyers.

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