

# Cross-Border Litigation of Trade Secret Misappropriation: a Critical Appraisal of Tort Jurisdiction Under Brussels I Recast

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*Abstract:* This article tests whether Article 7(2) of the Brussels I Recast Regulation provides predictable jurisdiction for cross-border trade-secret disputes. By mapping unlawful acquisition, disclosure, and use as distinct torts, it shows how the rule's current operation multiplies available fora, fragments claims, and raises uncertainty and costs. It then proposes a calibrated reinterpretation of the *locus damni*, based on treating the holder's establishment as the place of primary damage (loss of control and asset devaluation) across all secrecy offences, thus consolidating jurisdiction and improving foreseeability. The analysis then examines alignment with the Rome II Regulation's scheme and contends it can be preserved by channelling secrecy infringements through Article 6 on unfair competition, which supplies an alternative connecting factor and thereby averts potential consistency issues stemming from the proposed reinterpretation. This approach thus maintains systemic coherence, enhances legal certainty for innovators, and contributes advancing the goals of Directive 2016/943.

*Keywords:* trade secrets – confidential information Brussels I Recast jurisdiction tort *forum delicti commissi* Rome II interpretative consistency

*Received:* November 27, 2025- *Accepted:* December 17, 2025.

## (A) INTRODUCTION

1. Trade secrets have become a widely used mechanism for protecting companies' intellectual assets.<sup>1</sup> Their appeal lies in several distinctive advantages: they offer broad, flexible, and time-unlimited protection across sectors, cover diverse types of information (from technical know-how to business strategies), and do so without imposing burdensome formalities. Moreover, trade secrets complement traditional IP rights by safeguarding information during early stages of innovation and may even replace them by protecting assets not eligible for patent or copyright (such as digital data, increasingly critical in the Fourth Industrial Revolution<sup>2</sup>). Recognizing the strategic value of trade secrets, major global economies have introduced

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<sup>1</sup> EUIPO, 'Protecting Innovation Through Trade Secrets and Patents: Determinants for European Union Firms' (2018), at 28-30; WIPO, 'WIPO Guide to Trade Secrets and Innovation' (2024), at 12-17.

<sup>2</sup> For a deeper discussion on this precise topic, see: A. Radauer *et al.*, 'Study on the Legal Protection of Trade Secrets in the Context of the Data Economy' (2022) [doi: 10.2826/021443]; J. Drexler, 'Data Access and Control in the Era of Connected Devices' (2018), at 92; T. Aplin, 'Trading Data in the Digital Economy: Trade Secrets Perspective', in S. Lohsse, R. Schulze and D. Staudenmayer (eds), *Trading Data in the Digital Economy: Legal Concepts and Tools: Münster Colloquia on EU Law and the Digital Economy III* (Nomos, Baden-Baden, 2017) 59, at 68 [doi: 10.5771/9783845288185]; A. López-Tarruella, *Propiedad Intelectual e Innovación Basada en Datos* (Dykinson, Madrid, 2021), at 67-68; A. Suñol, 'La Protección de los Datos Como Secreto Empresarial en la Era de la Inteligencia Artificial', 41 *Actas de Derecho Industrial y Derechos de Autor* (2020) 193-220, at 196-198 [doi: 10.2307/j.ctv2zp4xvk]; F. Giordanelli, 'IPRS and Big Data: a Proposal for a

or revised legislation to strengthen their legal frameworks. This is evident in jurisdictions such as the United States, China, and India, and notably within the European Union, which adopted Directive (EU) 2016/943<sup>3</sup> (from now on, “Trade Secrets Directive” or “TSD”), with the aim to harmonize judicial protection across Member States to ensure the smooth functioning of the internal market.

At the same time, the activities of businesses built on intellectual assets are becoming more international in scope, largely because cross-border collaboration and exchange of information now play a vital role in innovation and strategic advancement. Indeed, global partnerships allow firms to make more efficient use of resources, accelerate the creation of new products and services, expand their reach, and adapt to rapidly evolving market demands. In many cases, such international engagement not only enhances competitiveness but may even play a critical role in ensuring their long-term viability and survival.<sup>4</sup>

2. The convergence of these two trends highlights the need to assess the private international law (“PIL”) framework governing cross-border confidentiality infringements. As violations of trade secrets are increasingly likely to involve multiple countries (whether in terms of the actors involved, the conduct at issue, or the effects produced),<sup>5</sup> a robust and predictable PIL regime is essential to ensure effective legal protection and guarantee that trade secret holders have adequate safeguards in place. In fact, such regime becomes relevant even for companies operating solely within national borders, as they may nonetheless be exposed to cross-border risks through digital infrastructures, supply chain dependencies, or cyberattacks enabled by modern digital technologies.<sup>6</sup>

Directive 2016/943, however, remained silent on this matter. This omission may be understandable, since EU directives are usually not the preferred legislative vehicle for laying down conflict-of-law rules. Nonetheless, the European legislator could have taken the opportunity, at least in the preparatory materials,<sup>7</sup> to provide

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Fair Balance between Businesses’ Legitimate Interests and Data Sharing in the Light of the EU Data Act’, 42 *Actas de Derecho Industrial y Derechos de Autor* 107-130, at 117-118.

<sup>3</sup> 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 (OJ L157/1).

<sup>4</sup> M. d. M. Bustillo, *Protección del Secreto Empresarial en la Directiva (UE) 2016/043 y en la Ley 1/2019* (Marcial Pons, Madrid, 2020), at 15-21.

<sup>5</sup> Notably, a study published by EUIPO in 2023 indicates that approximately 9% of analysed legal actions concerning secrets violations involved parties located in different EU Member States. The report also acknowledges a few instances, albeit fewer in number, where a party from outside the Union was implicated [EUIPO, ‘Trade Secrets Litigation Trends in the EU’ (2023), at 29 [doi: 10.2814/565721]].

<sup>6</sup> WIPO, *supra* n. 1, at 142; D. S. Almeling, ‘Seven Reasons Why Trade Secrets Are Increasingly Important’, 27 *Berkeley Technology Law Journal* 1091-1118, at 1098-1112.

<sup>7</sup> In fact, the EU legislator deliberately avoided creating bespoke private international law rules for trade secrets disputes, instead deferring (via Recital 37 TSD) to the general EU PIL framework. This choice diverged from earlier studies and consultation outputs in the legislative process, which highlighted practical enforcement hurdles in cross-border cases and recommended common jurisdictional rules and remedies to streamline and reduce litigation costs [Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, ‘Study on Trade Secrets and Confidential Business Information in the Internal Market’ (2013), at 7, 42-43, 152; Directorate-General Internal Market and Services, ‘Public Consultation on the Protection against Misappropriation of Trade Secrets and Confidential Business Information

some guidance on the application of existing criteria, or to signal a potential future reform through a more appropriate legislative avenue. In the absence of such guidance, stakeholders must turn to the common rules within the EU PIL framework. This, however, prompts a key question: how well do these existing standards accommodate disputes involving the misappropriation of trade secrets? More specifically, do they offer sufficient legal certainty, or do they risk creating ambiguity that could compromise the effective protection of trade secrets across borders, thereby potentially deterring innovation and cross-border cooperation?

3. The purpose of this paper is, precisely, to examine such issue through the lens of international jurisdiction. The analysis proposed will focus on the tortious criteria established under Regulation No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“Brussels I Recast Regulation” or “BIRR”),<sup>8</sup> and their applicability to cross-border instances of trade secret misappropriation, with the aim of identifying potential shortcomings that could require amendment for the sake of legal certainty.

Indeed, a preliminary analysis of these standards makes evident that the adaptation of existing rules to the particularities of trade secrets and the varied forms their misappropriation can take, is neither simple nor universally accepted. On the contrary, significant issues emerge, which may undermine legal certainty and weaken the position of trade secret holders in the international arena. In turn, this might jeopardize the very goals of fostering cross-border innovation and cooperation set out in Directive 2016/943.

Accordingly, this contribution proceeds in three stages: first, it maps the frictions that art. 7.2 BIRR generates in cross-border secrecy disputes; second, it weighs potential alternatives (broadly, the creation of new fora versus a reinterpretation of existing connecting factors) that could circumvent these issues; and third, it tests the selected solution for coherence within the conflict-of-laws framework to draw out its practical implications.

This inquiry is particular timely in light of the anticipated reform of the Brussels I Recast Regulation. Indeed, June 2025 marked a turning point with the publication of the European Commission’s long-awaited Report on the application of the

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Summary of Responses’ (2013), at 4-5.]. Although the Commission’s Impact Assessment acknowledged that trade-secret misappropriation often has a cross-border dimension and mapped potential litigation issues, it largely endorsed existing criteria, asserting they facilitate cross-border proceedings, and offered only a cursory review of their application [European Commission, ‘Impact Assessment Accompanying the Document: Proposal for a Directive of the European Parliament and of the Council on the Protection of Undisclosed Know-How and Business Information (Trade Secrets) against Their Unlawful Acquisition, Use and Disclosure’ (2013), at 225]. The Commission’s proposal therefore did not revise jurisdiction or conflicts criteria, and the European Parliament maintained that stance, leaving the general regime intact [European Parliament, ‘Position Adopted at First Reading on 14 April 2016 with a View to the Adoption of Directive (EU) 2016/... of the European Parliament and of the Council on the Protection of Undisclosed Know-How and Business Information (Trade Secrets) against Their Unlaw, at 22].

<sup>8</sup> Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (OJ L 351/1).

Brussels I Recast Regulation,<sup>9</sup> accompanied by a comprehensive Staff Working Document<sup>10</sup> highlighting several areas of concern. Their publication signals the beginning of a structured and consultative reform process, one in which the reflections developed here may provide useful perspectives and contribute to the broader discussion on future developments.

## (B) THE INADEQUACY OF EXISTING GROUNDS OF JURISDICTION FOR SOLVING TORTIOUS SECRECY DISPUTES AND POTENTIAL WAYS FORWARD

### (1) Ambiguities Inherent in the Current Jurisdictional Scheme

#### (a) *Framing the holder's options: from general grounds to the forum delicti commissi*

4. As per today, in cases of cross-border breaches of secrecy, the information holder can invoke several jurisdictional grounds to seek relief. Under the general framework of the Brussels I Recast Regulation, and irrespective of the case's specific facts, the claimant may sue before the courts of the defendant's domicile, rely on a pre-existing choice-of-court agreement, or (once the dispute has arisen) conclude with the defendant a post-dispute agreement conferring jurisdiction on the courts of a designated Member State. The latter option is, however, unlikely in tort settings, where the parties typically have no prior relationship and, after the wrongful act, are disinclined to reach any agreement.

Although these general provisions are not completely free from interpretative uncertainty and may even prompt questions about their rationale (especially concerning the defendant's domicile forum, which some regard as placing a structural advantage on defendants<sup>11</sup>), their practical applicability is largely uncontested, as acknowledged by the European Commission in the ongoing review of Brussels I Recast.<sup>12</sup> The specific complexities that cross-border trade secret disputes may raise at this level are comparatively limited and, for reasons of economy of exposition, do not warrant detailed examination here.

5. Alongside the general fora, and depending on the specific circumstances of the dispute, recourse may also be had to the special rules of jurisdiction by reason

<sup>9</sup> European Commission, 'Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the application of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast)' (2025).

<sup>10</sup> European Commission, 'Commission Staff Working Document [...] Accompanying the document The Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the application of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast)' (2025).

<sup>11</sup> For a critical review of that forum, see: J. Carrascosa, 'Foro del domicilio del demandado y Reglamento Bruselas "I-bis 1215/2012". Análisis crítico de la regla actor sequitur forum rei', in *Cuadernos de Derecho Transnacional* 112-138 [doi: 10.20318/cdt.2019.4616].

<sup>12</sup> European Commission, *supra* n. 9, at 2.

of subject matter set out in the BIRR, which, *inter alia*, encompass the head of jurisdiction for tortious disputes.

In this regard, it should be acknowledged that there are several instances when a secrecy violation will receive a tortious qualification. This refers, first of all, to those scenarios where there was no previous relationship between the parties to the infringement, which may include cases where a company engages in industrial espionage by hiring hackers to obtain confidential information about a rival firm's business plans, or the marketing of products manufactured using wrongfully acquired confidential information, among others. Indeed, data from EUIPO reveals that roughly 30% of the examined secrecy claims involved parties not bound by contractual ties, underscoring the possibility for such tortious misappropriation to take place.<sup>13</sup> Moreover, it may also occur that a secrecy violation arises within the context of a pre-existing agreement between the parties, yet the holder still opts to pursue a claim based on a non-contractual cause of action.<sup>14</sup>

<sup>13</sup> EUIPO, *supra* n. 5, at 28-29.

<sup>14</sup> A significant degree of legal uncertainty, however, continues to surround the delimitation between contractual and non-contractual matters, also in cross-border secrecy disputes. Indeed, this issue remains one of the most controversial and deeply debated topics within the conflict-of-laws realm, persistently giving rise to extensive doctrinal discussions and divergent interpretative approaches. In earlier works [R. Ruiz, 'Aplicación de la jurisprudencia Wikingerhof del TJUE sobre delimitación entre materia contractual y extracontractual a supuestos de infracción del secreto comercial', in A. Fernández (ed) *El Derecho internacional privado ante la(s) crisis de la globalización* (Aranzadi, Navarra, 2023) 183], the present author has analysed the leading case law on this matter and its potential application to breaches of confidentiality. Drawing on the most recent pronouncement of the ECJ, this is, the *Wikingerhof* ruling [Judgment of the CJEU, 24 November 2020, C-59/19, ECLI:EU:C:2020:950], the conclusion reached was that the decision has effectively revived the *causa petendi* test, which requires the classification of the claim to be determined in light of the nature of the claimant's plea, subject always to the court's subsequent examination of the 'indispensability' requirement. It appears reasonable to assume that where the secret holder initiates a contractual action within the framework of a pre-existing agreement, such action will ordinarily be classified as contractual. This outcome, however, rests on a rather flexible interpretation of the indispensability criterion, a requirement which, in any case, ought to be reconsidered and, in the author's view, ultimately removed. At the same time, in the very same factual context, the holder might also be entitled to pursue a tortious action, a classification that could equally be supported under the substantive framework governing trade secrets. In particular, art. 4.2 and 4.3 of the TSD expressly define as unlawful any acquisition (together with any use or disclosure derived from such acquisition) where it results from unauthorised access, misappropriation, or conduct contrary to honest commercial practices, irrespective of whether or not a prior contractual relationship existed between the parties. That being said, such reliance on tortious jurisdictional grounds appears both unlikely and, from a practical perspective, inadvisable, owing to the considerable interpretative difficulties that continue to surround this head of jurisdiction, as will be discussed in detail later in this paper. What remains clear is that the debate is far from settled, and that further jurisprudential clarification would prove invaluable in assisting holders of trade secrets to identify the most appropriate legal avenue and to secure effective redress for the damages suffered. For further analysis on this point, see: L. Lundstedt, *Cross-Border Trade Secret Disputes in the European Union – Jurisdiction and Applicable Law* (Edward Elgar Publishing, Cheltenham/Northampton, 2023), at 141-156; K. Vollmöller, 'Die Kollisionsrechtliche Behandlung von Geheimnisverletzungen in Vertragsverhältnissen' 41 *IPRax: Praxis des Internationalen Privat- und Verfahrensrechts* (2021) 417-424; M. Desantes, 'Indispensabilidad de la interpretación del contrato: la sentencia del Tribunal de Justicia (Gran Sala) de 24 de noviembre de 2020 (C-59/19), Wikingerhof', 41 *Revista Electrónica de Estudios Internacionales* (2021) 2-9 [doi: 10.17103/reei.41.20]; M. Poesen, 'Regressing into the Right Direction: Non-Contractual Claims in Proceedings between Contracting Parties under Article 7 of the Brussels Ia Regulation', 28 *Maastricht Journal of European and Comparative Law* (2021) 390-398; M. Poesen, 'From Mirages to Aspirations. The Periphery of "Matters Relating to a Contract" in the Brussels Ia Regulation', in A. Bonomi and G. P.

Whatever the case may be, within the BIRR framework, art. 7.2 will be the one in charge of dealing with disputes in matters relating to ‘tort, delict or quasi-delict’. This concept includes a very complex and heterogeneous set of conducts, ranging from environmental pollution to product liability, infringements of personality rights and acts of unfair competition.<sup>15</sup> Doctrine coincides that instances of secrecy violation are also covered by this provision, even in the absence of a confirmatory pronouncement by the CJEU.<sup>16</sup>

6. Having established this, it should be noted that in accordance with the literal wording of the provision, the courts of the place where the harmful event has occurred or may occur<sup>17</sup> will have jurisdiction. In addition, the case law of the CJEU<sup>18</sup> provides that where the event giving rise to the tort/delict occurred in one Member State and the direct and immediate damage<sup>19</sup> in another, the courts of both places may declare that they have jurisdiction to hear the dispute, based on the so-

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Romano (eds), *Yearbook of Private International Law Vol. XXII – 2020/2021* (Verlag Dr Otto Schmidt, Cologne, 2021) 511.

<sup>15</sup> M. Sabido, ‘Capítulo II: Sección 2 (Art. 7.2)’, in P. Pérez-Llorca and others (eds), *Comentario al Reglamento (UE) no 1215/2012 relativo a la competencia judicial, el reconocimiento y la ejecución de resoluciones judiciales en materia civil y mercantil. Reglamento Bruselas I refundido*. (Aranzadi, Navarra, 2016) 188, at 201-203.

<sup>16</sup> A. Ohly, ‘Jurisdiction and Choice of Law in Trade Secrets Cases’ in S. K. Sandeen and R. Kaplans (eds), *Research Handbook on Information Law and Governance* (Edward Elgar Publishing, Cheltenham/Northampton, 2021) 234, at 237; A. Font, *La protección internacional del secreto empresarial* (EUROLEX, 1999), at 165; Lundstedt, *supra* n. 14, at 169; P. A. de Miguel, *Conflict of Laws and the Internet* (Edward Elgar Publishing, Cheltenham/Northampton, 2020), at 369; C. Wadlow, ‘Bugs, Spies and Paparazzi: Jurisdiction over Actions for Breach of Confidence in Private International Law’ 30 *European Intellectual Property Review* (2008) 269-279, at 273; A. Espiniella, ‘Competencia judicial internacional respecto de actos desleales con los competidores’ 10 *Cuadernos de Derecho Transnacional* (2018) 276-305, at 290-291 [doi: 10.20318/cdt.2018.4378]; J. G. Horrach, *Jurisdicción y Ley Aplicable En Materia de Competencia Desleal En El Marco de La Economía de Las Plataformas Virtuales* (Marcial Pons, Madrid, 2022), at 158-161; R. M. Girona, *Las Acciones Civiles En Defensa Del Secreto Empresarial* (Atelier, Barcelona, 2022), at 315-318.

<sup>17</sup> The article allows for preventive actions to be brought in cases where the damage has not yet occurred but could occur in the future [M. Bogdan and M. Pertegás, *Concise Introduction to EU Private International Law* (4th ed., Europa Law Publishing, Amsterdam, 2019), at 50].

<sup>18</sup> Among many others: Judgment of the CJEU, 30 November 1976, C-21/76, ECLI:EU:C:1976:166, para. 25; Judgment of the CJEU, 7 March 1995, C-68/93, ECLI:EU:C:1995:61, para. 33; Judgment of the CJEU, 22 January 2015, C-441/13, ECLI:EU:C:2015:28, para. 18; Judgment of the CJEU, 17 October 2017, C-194/16, ECLI:EU:C:2017:766, para. 31-33.

<sup>19</sup> The notion of direct and immediate damage, as opposed to secondary or consequential damages, has its origin in the *Marinari* jurisprudence [Judgment of the CJEU, 19 September 1995, C-364/93, ECLI:EU:C:1995:289, para. 14]. There, the CJEU refused to grant jurisdiction to the courts of those places where secondary financial harm (decrease of a person’s assets) had occurred because of the victim’s unjustified detention, which was understood as the main damage [A. Briggs, *Civil Jurisdiction and Judgements* (7th edn, Routledge, Oxfordshire, 2021), at 269-272; M. Requejo, E. Wagner and M. Gargantini, ‘Article 7’ in M. Requejo (ed), *Brussels I bis – A commentary on Regulation (EU) No 1215/2012* (Edward Elgar Publishing, Cheltenham/Northampton, 2022) 88, at 122-123; V. Lazić and P. Mankowski, *The Brussels I-Bis Regulation: Interpretation and Implementation* (Edward Elgar Publishing, Cheltenham/Northampton, 2023), at 145-147]. In this manner, the Court reaches the conclusion that the concept of ‘damage’ cannot be interpreted in such a broad manner as to include any location where the adverse consequences of an event that has already caused damage elsewhere can be experienced. Such position has been ratified in later judgments like *Kronhofer* [Judgment of the CJEU, 10 June 2004, C-168/02, ECLI:EU:C:2004:364] or *Universal Music international Holding* [Judgment of the CJEU, 16 June 2016, C-12/15, ECLI:EU:C:2016:449, para. 34].

called ‘principle of ubiquity’.<sup>20</sup> Furthermore, when the damage is located in several Member States, any one of them will have jurisdiction over the local damage caused within the limits of their territory, while the courts of the place of the harmful act will retain jurisdiction to hear about the global damages, according to the ‘mosaic theory’.<sup>21</sup> As usual, all these concepts are autonomous interpretations that do not depend on national law but are adopted for the purposes of avoiding dispersion of criteria among the courts of the Member States and to promote an adequate administration of justice.<sup>22</sup>

The aforementioned criteria broadly delimit the functioning of art. 7.2, but depending on the specific offence, more specialized standards can be found (as is the case, for example, around infringement of personality rights via the internet<sup>23</sup> or IP violations<sup>24</sup>). The CJEU has had the opportunity<sup>25</sup> to confirm that these common tortious criteria also apply to some cases of unfair competition, albeit with minor nuances.<sup>26</sup> However, as discussed above, there is no specialized case law on trade secrets. It will therefore be necessary to look at the general criteria, relying on the doctrinal interpretation of the same regarding cases of secrecy infringements to reach the most likely conclusion. In this respect, it is possible to anticipate that the lack of specific standards within the BIRR and the over-reliance on the complex case law of the CJEU makes the application of the PIL rules to trade secrets misappropriation instances rather difficult<sup>27</sup>.

*(b) The relevance of the alleged infringement for jurisdictional purposes*

7. However, before examining the proper interpretation of this forum in infringement cases, a preliminary clarification is needed. Namely, the secrecy violation invoked must be precisely delimited, since its characterization may condition the interpretation of existing connecting factors and will be pivotal in identifying the relevant court.

<sup>20</sup> A. L. Calvo and J. Carrascosa, ‘Obligaciones Extracontractuales’ in A. L. Calvo and J. Carrascosa (eds), *Tratado de Derecho Internacional Privado, vol III* (2nd ed, Tirant lo Blanch, Valencia, 2022) 3775, at 3803-3807; J. C. Fernández and S. A. Sánchez, *Derecho Internacional Privado* (12th ed, Thomson Reuters-Aranzadi, Navarra, 2022), at 747-750.

<sup>21</sup> M. Lehmann *et al.*, ‘4. Special Jurisdiction’ in A. Dickinson and E. Lein (eds), *The Brussels I Regulation Recast* (Oxford University Press, Oxford, 2015) 131, at 169-170; P. Mankowski, ‘Art. 7’ in P. Mankowski and U. Magnus (eds), *Commentary – Brussels Ibis Regulation, vol I* (2nd ed., Otto Schmidt KG, Cologne, 2023) 108, at 261-263.

<sup>22</sup> Sabido, *supra* n. 15, at 206.

<sup>23</sup> Judgment of the CJEU, 25 October 2011, C-509/09 and C-161/10, ECLI:EU:C:2011:685, para. 52.

<sup>24</sup> See, among others: Judgment of the CJEU, 19 April 2012, C-523/10, ECLI:EU:C:2012:220, para. 39; Judgment of the CJEU, 3 October 2013, C-170/12, ECLI:EU:C:2013:635, para. 47.

<sup>25</sup> Judgment of the CJEU, 5 June 2014, C-360/12, ECLI:EU:C:2014:1318, para. 55-56; Judgment of the CJEU, 21 December 2016, C-618/15, ECLI:EU:C:2016:976, para. 30-32; Judgment of the CJEU, 9 July 2020, C-343/19, ECLI:EU:C:2020:534, para. 39;

<sup>26</sup> For more details on these particularities, see: de Miguel, *supra* n. 16, at 360-369; Requejo, Wagner and Gargantini, *supra* n. 19, at 128; Lundstedt, *supra* n. 14, at 176-181; Mankowski, *supra* n. 21, at 283-286.

<sup>27</sup> Espiniella, *supra* n. 16, at 304-305.



For illustrative purposes, reference shall be made to the Directive 2016/943,<sup>28</sup> which articulates up to three different kinds of illicit behaviours related to secrecy infringements. Indeed, art. 4 TSD covers all forms of illicit conduct for which the holder of confidential information may request the application of the interim or corrective measures outlined in the Directive. This provision is said to create a cascade of infringing acts, distinguishing separate secrecy infringements based on the reach of the misappropriation activity and establishing distinct legal foundations for each of them.<sup>29</sup>

To begin with, the acquisition of a trade secret is considered unlawful if it occurs without the consent of the holder and involves unauthorized access to, appropriation or copying of any documents or materials containing the secret or from which it can be inferred (e.g., hacking into a company's computer system or intercepting telecommunications). The same principle applies to instances where the acquisition contravenes any other honest commercial practice.

Following this, three distinct instances of illicit disclosure or exploitation are outlined. The first pertains to tainted revelations or exploitations, meaning situations where such actions stem from a preceding unauthorized acquisition (e.g., a company that, post hacking a competitor and unlawfully obtaining its confidential data, enhances its product using such information<sup>30</sup> and markets it across multiple states). The subsequent two scenarios involve situations where the alleged infringer had lawful access to the secret but is nonetheless violating a confidentiality agreement, a contractual obligation or any other duty not to disclose or exploit the secret. Take, for instance, a worker who divulges their employer's confidential information to a rival company, contravening the confidentiality terms stipulated in their contract. Here, failure to adhere to such obligations would render their conduct unlawful.<sup>31</sup>

<sup>28</sup> For an in-depth analysis, see: Bustillo, *supra* n. 4, at 139-320; Lundstedt, *supra* n. 14, at 78-82.

<sup>29</sup> EUIPO, *supra* n. 5, at 72-74; J. Massaguer, 'De nuevo sobre la protección jurídica de los secretos empresariales: a propósito de la Ley 1/2019, de 20 de febrero, de Secretos Empresariales', 51 *Actualidad Jurídica Uriá Méndez* (2019) 46-70, at 65-66.

<sup>30</sup> Article 2 TSD defines "infringing products" as items whose design, characteristics, functioning, manufacturing process, or marketing has significantly benefited from trade secrets unlawfully acquired, used, or disclosed.

<sup>31</sup> The last two paragraphs of art. 4 TSD address instances of 'tippee' liability, where a third party (the "tippee") acquires, uses, or discloses a trade secret while either knowing or having reason to know that the confidential information was obtained, directly or indirectly, from another person (the "tipper") who used or disclosed it unlawfully. A typical instance would be a company that hires a competitor's former employee in the expectation that confidential information will be revealed. Paragraph 5 extends this knowledge standard to certain acts involving infringing goods (e.g., their production, import, export, storage, offer, and commercialization) by tying unlawfulness to awareness of the original misuse. Thus, a French company that knowingly imports and sells batteries made with a competitor's misappropriated know-how would be liable; absent such awareness or evidence, its conduct would not be unlawful. In this way, the last two sections of art. 4 TSD introduce a subjective element in assessing the unlawfulness of third-party actions, a consideration absent in direct infringement cases. Importantly, these provisions do not create new forms of unlawful behaviours. Rather, they merely extend liability to third parties and clarify that certain acts (such as exporting, storing, or offering infringing goods) also fall under the category of unlawful exploitation. In other words, the indirect infringement by a third party may not be necessarily rooted in the acquisition of the confidential information itself but may also arise from the acquisition of infringing goods for commercial purposes, such as offering or importation [ICC, 'Protecting Trade Secrets – Recent EU and US Reforms' (2019), at 16; J. Schovsbo, 'The Directive on Trade Secrets



8. In this same context, another enquiry tied to identifying the relevant infringement arises, namely, the need for individual or joint consideration of the various offences that may have been committed.

For instance, if the right holder challenges only an unlawful acquisition, the analysis is relatively straightforward, as a single infringement is at issue. The landscape changes, however, when the acquisition is followed by downstream disclosure or use arising from the initial misappropriation, that is, when the conduct unfolds as a sequence of infringing acts. Should the initial acquisition be subsumed by the subsequent act, or treated as a distinct infringement; and, if distinct, must separate actions be brought for each?<sup>9</sup>

Although not related to a secrecy violation, reference can be made to the *Hi Hotel HCF* judgment from the CJEU, in which a French company transferred, without the author's consent a series of photographs to a German publishing house, which included them in a book distributed throughout Germany,<sup>32</sup> prompting the photographer to file a claim against the French company. In this case, the Court held that the place of the causal event was the place of the transfer of the photographs to third parties, and that the damage materialized at the place of publication of the photographs.<sup>33</sup>

Shall a similar reasoning be applied to cases of unlawful disclosure or use of an illegitimately obtained trade secret? Most authors consider that, contrary to the above scenario, in cases of unlawful disclosure or use of trade secrets following an unlawful acquisition, every single one of the acts in the chain of events “*is separately actionable and the damage must be considered separately for each act*”,<sup>34</sup> since they constitute distinct and independent offences within the scope of unfair competition law.<sup>35</sup>

Assuming the majority doctrinal position as the correct one, it is then necessary to analyse what should be understood by ‘place of the harmful event’ and ‘place of the damage’ in each of these torts related to trade secrets.

(c) *The special tort forum's inadequacy: scope and consequences*

9. Building on the foregoing delimitation of confidentiality offences, the proposed analysis of the non-contractual forum in secrecy-infringement cases necessarily entails distinguishing between: (i) unlawful acquisitions; (ii) unlawful disclosures; and (iii) unlawful uses.

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and its Background’, in J. Schovsbo, T. Minssen and T. Riis (eds), *The Harmonization and Protection of Trade Secrets in the EU – An appraisal of the EU Directive* (Edward Elgar Publishing, Cheltenham/Northampton, 2020) 7, at 18; Bustillo, *supra* n. 4, at 194; Lundstedt, *supra* n. 14, at 80-81].

<sup>32</sup> Calvo and Carrascosa, *supra* n. 20, at 3795.

<sup>33</sup> Judgment of the CJEU, 3 April 2014, C-387/12, ECLI:EU:C:2014:215, para. 37.

<sup>34</sup> Ohly, *supra* n. 16, at 241.

<sup>35</sup> Font, *supra* n. 16, at 187-191; Espiniella, *supra* n. 16, at 290-291; Girona, *supra* n. 16, at 316-317; Wadlow, *supra* n. 16, at 273-274.

These offences may be brought simultaneously before the same court, provided that the rules and criteria set out below point to that particular court in both claims. Nevertheless, it is easy to imagine scenarios in which this may not be the case: for example, an illegal acquisition of the confidential information of a French company that takes place remotely in Spain by a hacker hired by a Belgian business and that is followed by the commercialization of an infringing product in Germany, Italy and Poland. As will be demonstrated below with the analysis of the different connecting factors employed, a case of such characteristics could force the company allegedly affected to divide its claims among an even bigger multitude of courts, making it extremely difficult to protect the holder's interests.

10. For the first category, unlawful acquisitions, the prevailing view is that the conduct injures only the victim's interests and creates no additional locus of impact, since the harm has no external manifestation. Thus, a possible multi-location of the damage in these cases (*ergo*, the application of the mosaic rule) seems to be ruled out.<sup>36</sup> The place of the harmful event will be the place where the offender has accessed the trade secret (e.g., where the espionage is carried out).<sup>37</sup> On the other hand, the place of central administration of the company or the centre of its professional activity in the case of a physical person should be considered as the place where the main damaging consequence manifests itself,<sup>38</sup> the damage being the devaluation of the value of secrecy and the endangering of the position of the undertaking concerned as an economic player in the market.<sup>39</sup> Here, however, evidentiary issues may arise when the espionage has been carried out remotely by telematic means (e.g., by means of hacking).<sup>40</sup> The CJEU's jurisprudence disregards servers' location for reasons of predictability and identifies the place of the causal event to be the place where the technical activity was initiated,<sup>41</sup> but such location will not always be easy to determine.<sup>42</sup>
11. As per the second one, unlawful disclosures, a minority tendency in the doctrine points out that the same criterion should be applied as for cases of illegitimate acquisition.<sup>43</sup> However, most legal scholars seem to consider such a position as misleading, for there is indeed an external manifestation of the harm in the form of the disclosure of the secret to third parties. Therefore, the place of the causal event

<sup>36</sup> de Miguel, *supra* n. 16, at 369; Lundstedt, *supra* n. 14, at 181-184.

<sup>37</sup> Espiniella, *supra* n. 16, at 290-291; Horrach, *supra* n. 16, at 161; A. Font, *supra* n. 16, at 185; Wadlow, *supra* n. 16, at 274; Lundstedt, *supra* n. 14, at 173.

<sup>38</sup> Even though he acknowledges that there are some trade secret infringements that are more akin to privacy or personality cases, a contrasting view is offered by Ohly, who rejects such claimant-friendly approach insofar as it lacks the human dignity rationale present in the 'center of the victim' theory developed by the CJEU [Ohly, *supra* n. 16, at 242-243].

<sup>39</sup> Font, *supra* n. 16, at 185-186; Lundstedt, *supra* n. 14, at 182; de Miguel, *supra* n. 16, at 369; Horrach, *supra* n. 16, at 160.

<sup>40</sup> Ohly, *supra* n. 16, at 242.

<sup>41</sup> See, for example, the *Wintersteiger* or *Hejduk* ruling [Judgment of the CJEU, 19 April 2012, C-523/10, ECLI:EU:C:2012:220, para. 34-37; Judgment of the CJEU, 22 January 2015, C-441/13, ECLI:EU:C:2015:28, para. 24-25], which, although addressing IP matters, can be extrapolated analogously to torts in a broader sense [de Miguel, *supra* n. 16, at 362; Mankowski, *supra* n. 21, at 279-280].

<sup>42</sup> Lundstedt, *supra* n. 14, at 174-175.

<sup>43</sup> Font, *supra* n. 16, at 187-188.

will be the place from where the secret is disclosed (which is likely to coincide with the place of the infringer's establishment<sup>44</sup>), while the harm will be located in all those countries where access<sup>45</sup> to the disclosed secret is possible.<sup>46</sup> Such disclosure can be made in several countries simultaneously, especially when considering the possibility of revealing the secret via the Internet,<sup>47</sup> accessible worldwide. Hence, the application of the mosaic rule<sup>48</sup> cannot be ruled out in these scenarios.<sup>49</sup>

This, as can be imagined, makes litigation more difficult and costly, which can be detrimental particularly in the case of SMEs that have been affected by an unlawful disclosure. In such situations, their options are limited, forcing them to face a lose-lose situation: on the one hand, they will be able to litigate in each of these countries to claim compensation for local damages, although they will not probably have the resources to do so. On the other hand, they will also be able to go to the forum of the causal event (which is likely to be absorbed by the general forum of the defendant's domicile if that location coincides with the place of business of the alleged infringer) which has jurisdiction to hear global damages, but this possibility will nevertheless force them to litigate away from home and could potentially benefit the secrecy violator. Not only that, but it should be noted that only the latter court would have the authority to rule on certain issues such as, for example, the removal of confidential information illegitimately shared on the Internet on a European (or even global<sup>50</sup>) scale, which ultimately further limits the holder's options, for they

<sup>44</sup> Calvo and Carrascosa, *supra* n. 20, at 3837.

<sup>45</sup> Regarding the debate about the mere accessibility of Internet content as criterion for locating the damage in tortious scenarios, there appears to be a consensus based on the CJEU case law on the impossibility of applying the targeting criterion, at least for the time being. However, some legal scholars contend that there could be valid grounds to consider this approach, and that it may be particularly useful in instances of IP infringement or unfair competition actions that disrupt the regular operation of the market [de Miguel, *supra* n. 16, at 364-367; Mankowski, *supra* n. 21, at 305-311, 321-324; European Commission, 'Study to support the preparation of a report on the application of Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels Ia Regulation) Final report' (2023), at 282-283 [doi: 10.2838/14604]; A. López-Tarruella, 'El Criterio de las Actividades Dirigidas Como Concepto Autónomo de DIPr de la Unión Europea para la Regulación de las Actividades en Internet', 69 *Revista Española de Derecho Internacional* (2017) 223-256, at 236-255 [doi: 10.17103/redi.69.2.2017.1.09]]. That was also the opinion of Advocate General Hogan in the recent *Gtfix* case regarding online defamation [Opinion of Advocate General Hogan, 16 September 2021, Case C-251/20, ECLI:EU:C:2021:745, para. 79-93].

<sup>46</sup> de Miguel, *Derecho Privado de Internet* (6th ed., Civitas, Madrid, 2022), at 683; Espiniella, *supra* n. 16, at 290-291; Lundstedt, *supra* n. 14, at 184-185; Horrach, *supra* n. 16, at 160; Girona, *supra* n. 16, at 316-317; Ohly, *supra* n. 16, at 241-242.

<sup>47</sup> D. J. B. Svantesson, *Private International Law and the Internet* (4th ed., Wolters Kluwer, The Netherlands, 2021), at 99-106.

<sup>48</sup> As further explored later on this paper, there are certain instances of unlawful disclosure (e.g., that limited to a single competitor) in which there may still be grounds to place the harm at the premises of the information holder. In these scenarios, the revelation also seems not to engender any observable economic impact or hold the potential to impact a given economic area; rather, the damage can still be interpreted as the loss of control over the information by the holder and the prejudice to their commercial interests. Moreover, this approach could potentially prevent the wrongdoer from circumventing the usual legal framework governing their actions by choosing to reveal the secret in a different location.

<sup>49</sup> de Miguel, *supra* n. 46, at 683.

<sup>50</sup> Indeed, debate is intensifying over how far courts may extend orders to remove unlawful content, whether across the European Union or even globally. The question turns on the territorial scope of jurisdiction, i.e., a court's authority to adjudicate matters beyond its borders, as Advocate General Szpunar noted

will probably feel obliged to turn to said court (again, that of the alleged infringer) to obtain an effective remedy to their situation.

12. Last but not least, reference shall be made to unlawful use scenarios. The approach here should, in principle, resemble that of wrongful disclosures, as there is also an external manifestation occurring beyond the holder's business premises. However, it should be noted that the spectrum of exploitative acts is vaster in comparison to the potential catalogue of wrongful revelations (e.g., the sale of infringing goods, their manufacture, the use of information for decision-making, the discarding of lines of investigation). Therefore, it will be necessary to conduct a nuanced, case-by-case analysis when the time comes to face this question.<sup>51</sup>

Concerning the location of the causal event, it is accepted among most authors that it should typically be situated where the unlawful exploitation of the secret was planned or decided (which, again, will most likely coincide with the place of principal administration of the infringing entity).<sup>52</sup> However, precisely because of the diverse range of exploitative offenses noted, scholars like Font Segura<sup>53</sup> argue that a differentiation should be made when determining the place of action based on the following criteria: if the secret is related to aspects such as clients lists or price policies, then the place of the harmful event will indeed be where the decision to employ the confidential information was taken. On the contrary, in those cases in which the secret refers to a manufacturing or elaboration technique, the harmful event shall be located according to this scholar at the place of production in which such information is effectively employed (e.g., a factory).

While it is accepted that the place of the harmful event may need to be identified case by case, the distinction proposed by the scholar is, in the opinion of this author, not fully convincing. Indeed, in these cases, the fabrication of a marketed

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in his Opinion in *Glawischnig-Piesczek* [Opinion of Advocate General Szpunar, 4 June 2019, C-18/18, ECLI:EU:C:2019:458]. Under traditional CJEU case law (e.g., *Fiona Shevill*), when unlawful information is distributed in print across the internal market, EU-wide relief is assured either before the courts where the harm occurred or before those of the defendant's domicile [Judgment of the CJEU, 7 March 1995, C-68/93, ECLI:EU:C:1995:61, para. 33]. The internet, however, unsettles that template: *eDate Advertising* acknowledges the web's essentially universal reach and allows the court of the causal event to award compensation for all damage, without stating nonetheless whether that competence ends at the EU's borders [Judgment of the CJEU, 25 October 2011, C-509/09 and C-161/10, ECLI:EU:C:2011:685, para. 46]. Likewise, *Bolagsupplysningen* treats online rectification or removal as a single, indivisible claim to be brought before the court competent for the entirety of damage, resorting to a language that does not expressly confine geographic scope to the internal market and may thus be able to accommodate worldwide takedown orders [Judgment of the CJEU, 17 October 2017, C-194/16, ECLI:EU:C:2017:766, para. 48]. Still, absent an explicit ruling to that effect, comity and fundamental rights concerns counsel restraint. For comparison, Australian and Canadian courts have likewise issued worldwide removal orders on reasoning similar to the CJEU's. Notably, however, U.S. courts declined to enforce the Canadian order, underscoring the recognition and public-policy barriers to the extraterritorial reach of such measures [de Miguel, *supra* n. 16, at 387-388].

<sup>51</sup> In this same line, it should be recalled that the location of the place of the harmful event is not contingent upon the framework of the applicable substantive law (i.e., it does not depend on the criteria therein employed), but rather, it is an autonomous concept to be determined on a factual basis depending on the circumstances of the case [Lundstedt, *supra* n. 14, at 173; Mankowski, *supra* n. 21, at 263-264].

<sup>52</sup> Espiniella, *supra* n. 16, at 290; Horrach, *supra* n. 16, at 160.

<sup>53</sup> Font, *supra* n. 16, at 188-190.

product benefiting somehow from secret information should be qualified as a mere preparatory act, which as a rule, is not to be considered for the purposes of determining jurisdiction.<sup>54</sup> Consider, for example, the *Fiona Shevill* judgment, in which when determining the place of the causal event, the Court referred directly and solely to the Member State of the publisher's establishment, ruling out other possibilities such as the place of printing of the magazine containing the defamatory material. An application by analogy of this reasoning to cases of exploitation of trade secrets through the fabrication and marketing of an infringing product seems to confirm as the place of the causal event the location where the decision to use the infringing content is taken (for eventually, it is from such a decision that damage to the holder will materialize) and to rule out the possibility of considering the actual manufacture or development of the infringing product as a causal event<sup>55</sup>. In any case, it is possible that these places (place of decision-making and place of manufacture of the infringing product) coincide, although it will also be common to find cases of outsourcing in which the production is carried out in other countries (which would make the application of the criterion proposed by Font Segura more difficult and could even become problematic if the production is carried out in a third state).

13. As per the place of the damage, here again, it shall be identified according to the unique details of each situation. The most common exploitation scenario will usually imply the distribution of an infringing product. Here, the place of the damage will be the market or markets in which the infringing product is distributed,<sup>56</sup> even if it concerns markets in which the trade secret holder was not active.<sup>57</sup> But one should stop to consider other possibilities, such as that the trade secret is negative information and, therefore, is used for the purpose of ruling out a possible line of investigation or development of products. In this case, could it be possible to argue that the damage is located in the place where the company conducts its investigations? It may also happen that an infringing product does not effectively reach the market, for example, because a legal action has been brought prior to its distribution, which may suggest that damage should be located at the place where the product benefiting from the information was being developed or even manufactured, depending on the specific circumstances.

<sup>54</sup> Calvo and Carrascosa, *supra* n. 20, at 3809, 3921; F. J. Garcimartín, *Derecho Internacional Privado* (7th ed., Civitas, Madrid, 2023), at 118.

<sup>55</sup> Mankowski seems to share the idea that, indeed, when speaking about tortious liability, decision-making should matter for the purposes of determining the place of the harmful event. Nevertheless, he takes his reasoning a step further by claiming that both the place of decision-making and the place of production may be considered as different places in which to locate the harmful event, i.e., “*who deliberately splits the conception and the emanation over a border should bear a risk: without his crossing the border, a reduplication of places of activity would be out of the question*” [Mankowski, *supra* n. 21, at 268-270]. This approach, however, may increase the level of legal uncertainty by unnecessarily duplicating the number of places where the tort event can be located. For this reason, the present author advocates adhering to the place of decision-making as the main place of the tortfeasance, since, as Mankowski himself acknowledges, this is “*the starting point, the initiation, the origin of the ensuing evil*”.

<sup>56</sup> de Miguel, *supra* n. 16, at 369; Lundstedt, *supra* n. 14, at 184-185; Font, *supra* n. 16, at 188-191; Girona, *supra* n. 16, at 316-317; Ohly, *supra* n. 16, at 242-243.

<sup>57</sup> Espiniella, *supra* n. 16, at 291; Horrach, *supra* n. 16, at 160.

In any case, the preliminary recognition of the diverse scenarios that may arise in cases of unlawful exploitation already underscores the context-specific nature of these offenses and the challenges posed by applying European PIL instruments to cross-border secrecy disputes. Additionally, most of these exploitation scenarios will encounter challenges akin to those previously outlined, particularly regarding the disproportionate nature of existing criteria and the multitude of available fora, which could hinder the compensation for the harm inflicted.<sup>58</sup> Indeed, it has long been acknowledged in legal doctrine that the criteria for interpreting art. 7.2 BIRR “*are not entirely operative in cases of wide dispersion of the causes and effects of the damage*”.<sup>59</sup> This drawback is further exacerbated in the case of smaller entrepreneurs, whose limited resources may hinder their ability to pursue legal action across numerous jurisdictions.

14. The application of art. 7.2 BIRR becomes particularly troublesome when dealing with sequences of infringing acts. Indeed, after pinpointing the place of the action and resulting damage for each instance of secrecy violation, it is evident that aligning these locations within a single Member State presents a significant challenge (especially when the chained offense involves multiple individuals). Returning to the scenario sketched at the beginning of this section, if the French holder wanted to sue both the Spanish and the Belgian infringers for the unlawful acquisition, the French courts could be chosen since the damage would be situated there for both actions. Alternatively, the holder could also pursue legal action in either Spain or Belgium based on the location of the harmful event, though this option seems less likely. When it comes to the wrongful disclosure by the Spanish hacker, jurisdiction may lie with either Spanish or Belgian courts, as the place of the harmful event and of the damage, respectively (in principle, French courts would be excluded, unless it is accepted that in the case of limited revelations, the damage can still be traced back to the holder’s location). Lastly, regarding the unlawful exploitation, the holder may bring the claim either before the Belgian courts (where the company decided to exploit the information) or before the German, Italian and Polish ones (where the goods were marketed and therefore the damage produced).

As shown, determining jurisdiction in these settings becomes increasingly complex and does not always yield clear answers. Turning to the courts of the defendant’s domicile, or seeking consolidation through a choice-of-court agreement, may appear sensible; yet these avenues can prove ill-suited to safeguarding the holder’s interests (e.g., the obligation to litigate away from home, which tends to benefit the alleged infringer, or the practical impossibility of reaching an agreement once the dispute has arisen). Accordingly, any reliance on these fora should be approached with caution and measured against the effective protection of the trade secret holder.

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<sup>58</sup> Similar problems emerge in the IP realm, albeit with the particularities arising from the existence of an exclusive forum for the registration or validity of such rights. See, in this respect: P. C. Elmasry and J. S. Bergé, ‘Connections, Disconnections and Fragmentation in International Civil Procedure: The Case of Intellectual Property Rights’ in L. Carpaneto, S. Dominelli and C. Enrica (eds), *Brussels I bis Regulation and Special Rules: Opportunities to Enhance Judicial Cooperation* (Aracne, Rome, 2021), 175.

<sup>59</sup> Sabido, *supra* n. 15, at 190.

## (2) Revisiting the Forum Delicti Commissi: Targeted Revisions for Trade Secrets Violations

15. Having identified the difficulties that the Brussels I Recast jurisdictional head for tort presents in trade secret violations, the next step is to consider potential fixes. These may involve refining existing standards or adopting new rules better suited to the shortcomings revealed in applying this ground of jurisdiction. As previously indicated, this inquiry is not merely prescriptive but also timely, given the regime's iterative development and ongoing debate about its adequacy.<sup>60</sup>

Before turning to the proposed revisions, nonetheless, it is important to recall that the tortious forum under art. 7.2 BIRR constitutes a highly complex and controversial head of jurisdiction<sup>61</sup>. As Mantovani's empirical analysis demonstrates<sup>62</sup> (and as the European Commission itself acknowledges in its Report<sup>63</sup>), this provision has been among the most frequent sources of preliminary rulings since the Regulation's adoption. Precisely because of its sensitive nature, however, the reform proposals advanced thus far have remained timid and limited in scope, deliberately steering clear of structural changes or rigid solutions that might unduly restrict judicial discretion and, in turn, risk producing inadequate outcomes in concrete disputes.

For instance, some scholars highlight the difficulties of determining the place of the causal event and the place of the damage, particularly in cases involving non-tangible harm, and argue that art. 7.2 should not apply to instances of pure economic loss situated in a bank account.<sup>64</sup> Another proposal calls for the incorporation of the 'centre of interests' criterion for online defamation claims directly into the text of the Regulation, through the creation of a specific provision on the protection of privacy rights that would displace the mosaic rule in such cases.<sup>65</sup> These

<sup>60</sup> Within the institutional framework of the Brussels reform, the range of proposed solutions is extensive, spanning revisions to the scope of "civil and commercial matters" through to recognition and enforcement. Among the most significant reforms under consideration, which could also affect trade secret violations in general, is the possible extension of the jurisdictional fora provided for in this instrument to defendants domiciled in third States outside the European Union. This issue, long debated, had already been discussed at the time of adopting the 2001 Regulation but was ultimately abandoned due to the difficulties in reaching consensus. This, however, has not prevented the debate over the adequacy of that decision from continuing throughout the intervening years, gaining more and more momentum given the advantages it could bring (for example, elimination of domestic exorbitant grounds of jurisdiction). Another key proposal concerns a potential revision of the default contractual jurisdictional forum contained in art. 7.1.a BIRR. This would entail replacing the so-called *Tessili* formula (which ties jurisdiction to the place of performance of the obligation forming the basis of the claim) with the theory of characteristic performance. Under this approach, jurisdiction would lie with the courts of the State where the party responsible for the characteristic obligation of the contract is domiciled, paralleling the solution adopted in art. 4.2 of the Rome I Regulation for determining the applicable law. For an overview, see: Hess *et al.*, 'The Reform of the Brussels I bis Regulation', 6 *MPILux Working Paper* 2022 (2022) 1-35 [doi: 10.2139/ssrn.4278741]; Hess *et al.*, 'The Reform of the Brussels I bis Regulation Academic Position Paper (Version as of 22 May 2024)', *Vienna Research Paper* 2024 (2024) 1-48 [doi: 10.2139/ssrn.4853421].

<sup>61</sup> C. Esplugues, G. Palao and J. L. Iglesias, *Derecho Internacional Privado* (16th edn, Tirant lo Blanch, Valencia, 2022), at 689-690; Sabido, *supra* n. 15, at 188-191.

<sup>62</sup> M. Mantovani, 'EU Private International Law before the ECJ: A Look into Empirical Data', in *EAPIL* (19 September 2022).

<sup>63</sup> European Commission, *supra* n. 9, at 6.

<sup>64</sup> For an in-depth debate on this latter issue, see: European Commission, *supra* n. 45, at 130-136, 274.

<sup>65</sup> Hess *et al.*, 'The Reform...', *supra* n. 60, at 20-21; Hess *et al.*, 'The Reform... Academic Position Paper', *supra* n. 60, at 28-29.



clarifications, also reflected in the Commission's Report, are undoubtedly welcome. Nonetheless, they do not appear to entail significant changes to the functioning of the provision. Rather, they aim to eliminate existing sources of uncertainty or to codify established jurisprudential interpretations at the legislative level, thereby enhancing legal certainty and dispelling doubts as to its scope.

At most, the major improvement proposed<sup>66</sup> could be the clarification of issues related to jurisdiction and the extraterritorial scope of injunctions adopted by Member States' courts. Further explanation on this regard would be appreciated since it is not difficult to imagine the importance that this type of measure could have in the secrecy realm. In a scenario of unlawful disclosure through the Internet, would the courts of a Member State have jurisdiction to order a world-wide removal measure? Or shall the scope of such order be limited to the territory of the internal market?

16. Nevertheless, as outlined in the preceding section, questions concerning secrecy infringements remain that call for further clarification and would continue to go unresolved, even if the aforementioned proposals were ultimately implemented.

Firstly, although the doctrine seems to have clearly delimited what is to be understood as the place of the causal event and the place of the damage for the different offences related to trade secrets, these are theoretical postulates that would appreciate ratification by the courts. Similarly, the problems observed in relation to the multiplicity of fora and the distinction between local and global damages persist, obviously exacerbated by the increasing internationalization and technologization of today's society. Moreover, the doctrine's focus on considering possible trade secret torts separately when they are the result of a chained offence (e.g., a wrongful acquisition followed by an unlawful exploitation) makes it difficult to claim damages before a single court (except for that of the domicile of the alleged infringer) and increases the difficulties for the secret holder to redress their interests.

Thus, given the doctrinal and institutional silence on potential amendments to the Regulation that might support such reform, it becomes necessary to consider whether alternative approaches could help to shed light on, or provide clarification of, these unresolved issues. To that end, three avenues will be examined: (i) a *forum victimae*; (ii) a specific head of jurisdiction for secrecy infringements; and (iii) a calibrated reinterpretation of the connecting factor in art. 7.2 BIRR which, as will be argued, seems to be the preferable option.

*(a) The more transformative option: introducing a forum victimae*

17. To begin with the proposed analysis, it is worth highlighting the suggestion advanced by Farnoux concerning a possible revision of the forum in tortious matters.<sup>67</sup> Unlike the more cautious proposals usually considered in classic doctrinal and institutional discussions, Farnoux puts forward a more ambitious and decidedly controversial

<sup>66</sup> Hess *et al.*, 'The Reform...', *supra* n. 60, at 21; Hess *et al.*, 'The Reform... Academic Position Paper', *supra* n. 60, at 29-30.

<sup>67</sup> E. Farnoux, 'Delendum Est Forum Delicti? Towards the Jurisdictional Protection of the Alleged Victim in Cross-Border Torts', in B. Hess and K. Lenaerts, *The 50th Anniversary of the European Law of Civil Procedure* (Nomos, Baden-Baden, 2020) 259.

idea: the elimination of the *forum delicti commissi* and its replacement with a *forum victimae*. Precisely because of its outsider character and the disruptive shift it would entail, this proposal has remained at the margins of mainstream debate, yet it offers an alternative perspective that challenges the traditional approach by proposing a broader reformulation of said provision.

In essence, this author argues that, even though the European lawgiver and judiciary have always defended their willingness not to promote a *favor actoris* principle, this ethic already permeates several of the precepts and jurisprudential interpretations of the European PIL system (e.g., the GDPR's heads of jurisdiction). More specifically, in relation to the non-contractual head of jurisdiction, the CJEU's interpretation has often turned it into kind of a *favor actoris* rule favouring the plaintiff, as can be seen in the *Mines de Potasse d'Alsace* case or in the *eDate Advertising* ruling, among others.<sup>68</sup> Even if one were to argue that these interpretations aim to accurately pinpoint the location of the damage, the reality is that determining the location of elements involved in a tort is often somewhat artificial and may have other underlying justifications. Specifically, in the interpretation of art. 7.2 BIRR, there appears to be a significant emphasis on protecting the alleged victim, despite the alleged sacredness of the general principle of protection of the defendant.<sup>69</sup> According to the aforementioned scholar, the reasons are various and encompass, broadly speaking, the remedial function of tort law<sup>70</sup> and its normative or regulatory purpose, i.e., the desire to become a deterrent mechanism that guarantees the protection of the general interest.

For all these reasons, Farnoux proposes that the *forum delicti* be replaced by *forum victimae*, as it would consolidate this trend towards the protection of the alleged injured party, while at the same time solving many of the problems observed in the application of art. 7.2 BIRR (e.g., location of non-material damages, multiplicity of available fora, etc.) and even removing the issue of the delimitation between contractual and non-contractual matters.

18. Of course, the question arises as to how such a *forum victimae* should be articulated.

It seems, first of all, that this new ground of jurisdiction would work as the counterpart of the general forum of the defendant's domicile and would not have an exclusive character neither. The possibility of requiring the demonstration of a reasonable level of success or at a preliminary procedural stage is also highlighted,

<sup>68</sup> This perspective appears to be shared by Calvo and Carrascosa, Mankowski, and Requejo, Wagner, and Gargantini. However, the latter group emphasizes the importance of interpreting CJEU case law in the context of technological advancements to grasp this trend. [Calvo and Carrascosa, *supra* n. 20, at 3821-3822; Mankowski, *supra* n. 21, at 259-260; Requejo, Wagner and Gargantini, *supra* n. 19, at 111-112].

<sup>69</sup> Even though the applicability of the tort liability forum is not dependent on the factual role of the plaintiff (i.e., alleged tortfeasor or victim), Farnoux highlights how the CJEU's reasoning in many instances (for example, the *eDate advertising* ruling) seems to lean towards the common consideration of the alleged victim as the plaintiff, to the point that it uses the terms 'defendant' and 'alleged tortfeasor' interchangeably [Farnoux, *supra* n. 67, at 275-277].

<sup>70</sup> This reparatory function is also sustained by Mankowski, who claims that even though art. 7.2 is not designed as a forum for protection of the weaker party, its interpretation may be influenced by "victim protection as a goal of tort law" [Mankowski, *supra* n. 21, at 246].

to avoid abuses. Likewise, it would be necessary to delimit whether such a forum would be available to any potential victim or only to those who have the status of a weaker party (i.e., those acting outside their professional activity). Although this alternative approach might mitigate concerns regarding potential violations of the defendant's protection principle to some extent, it would also entail the exclusion of certain professionals and SMEs, which one could argue are not undeserving of the protection provided by this hypothetical forum, especially when considering factors such as litigation costs and resource scarcity.

In any case, it should be remembered that this is a mere doctrinal proposal, the ambitious nature of which casts doubt on whether it will eventually materialize in the future reform of the Regulation, especially in the light of the cautious approach adopted by the doctrine, which suggests refraining from major reformulations of this provision<sup>71</sup>.

(b) *An intermediate path: creating a bespoke forum for secrecy violations*

19. Within the scope of this contribution, a further logical alternative suggests itself, one better suited to the pressing needs identified here than the introduction of an expansive *forum victimae*. This is, the creation of a new jurisdictional ground specifically tailored to cases of trade secret infringement. While scholarly discourse has indeed explicitly explored the notion of introducing a dedicated rule for confidentiality infringements within the conflictual sphere,<sup>72</sup> no similar proposal has been noted in legal literature regarding jurisdictional obstacles linked to secrecy violations. Nonetheless, the author believes it is also worth considering this option, given its potential to effectively address the identified deficiencies in a comprehensive manner. Indeed, such a statutory amendment could offer several advantages.

The first of them lies in the eradication of the problem of delimitation between tortious and contractual matters for the purposes of the application of the BIRR. A forum that would be applicable in any instance of secrecy infringement, irrespective of the context in which such infringement materializes, would solve potential issues regarding the characterization of a given dispute as either contractual or tortious, while also facilitating the work of national courts and the proper administration of justice.

In addition, the creation of such a specialised standard would make it possible to rely on more appropriate connecting factors, such as the place of establishment of the company allegedly affected. For instance, although not the primary focus of this contribution, the use of such a criterion could help overcome the obstacles associated with the forum in contractual matters (namely those stemming from the difficulty, or even impossibility, of determining the place of performance of

<sup>71</sup> M. Weller, 'Conference Report from Luxembourg: On the Brussels Ibis Reform', in *Conflict of Laws* (12 September 2022).

<sup>72</sup> Ohly, *supra* n. 16, at 252-257.

a confidentiality obligation<sup>73</sup>). But most importantly, it would also provide an opportunity of correcting the exacerbated multiplicity of courts with tortious jurisdiction over local damages arising from the spatial dispersion of the harm, especially in cases of wrongful disclosure over the Internet or of exploitation of the secret in several markets. Not only that, but the use of such a connecting factor would enable the consolidation of all pertinent claims arising from a series of infringing actions (e.g., an exploitation resulting from an unlawful acquisition), before a single court. This approach would avoid the need to ascertain the location of the causal event and the damage for each offence, which would only introduce further ambiguity and greatly impede the protection of right holders' interests. This proposal could also circumvent the evidentiary challenges previously mentioned regarding the accurate determination of where the secret was unlawfully acquired through hacking or where the decision to exploit confidential information was made.

20. It is important to acknowledge that implementing such a rule would also necessitate striking a balance between conflicting principles and interests. The primary concern that may arise pertains to how this new jurisdictional basis could potentially lead to a situation of *favor actoris* or *forum victimae*, which the European legislator typically seeks to minimize to avoid giving undue advantage to one party over the other,<sup>74</sup> especially when the substantive issue and the culpability of either litigant have not yet been proven.

However, as previously emphasized, the covert inclination to safeguard the victim evident in the jurisprudential interpretations of the CJEU,<sup>75</sup> particularly regarding art. 7.2 BIRR, indicates that the outright dismissal of the *favor actoris* principle has gradually waned over time and might indeed be justified in certain circumstances.<sup>76</sup> Considering the vital function trade secrets serve as a safeguard for companies' intangible assets and their growing significance in today's globalized technological landscape, the author believes that opposition to this theoretical regulation could be surmounted in this specific instance and that the implementation of such a forum may thus be adequately justified. This is so, insofar as such claimant-friendly principle would not have a general horizontal nature, but rather be limited only to instances of confidentiality violations. In this same line, the doctrine points out how sometimes the protection of trade secrets can have a rationale similar to that of infringement of personality rights (e.g., disclosure of confidential information affecting the company's reputation or acquisitions through industrial espionage).<sup>77</sup> Following this reasoning, utilizing the proposed new forum would result in a similar outcome to the application of the centre of interest principle as defined in

<sup>73</sup> On this matter, see note 61.

<sup>74</sup> Calvo and Carrascosa, *supra* n. 20, at 3791, 3805-3806; Requejo, Wagner and Gargantini, *supra* n. 19, at 111-112; Sabido, *supra* n. 15, at 191-192.

<sup>75</sup> Mankowski, *supra* n. 21, at 258-263; Requejo, Wagner and Gargantini, *supra* n. 19, at 111-112.

<sup>76</sup> Lehmann *et al.*, *supra* n. 21, at 140-141.

<sup>77</sup> Nevertheless, said doctrine also highlights how other secrecy infringement cases may be more market-oriented, such as the commercialization of infringing products in several Member States, and ends up rejecting the adoption of a claimant-friendly approach because it considers it to be excessive [Ohly, *supra* n. 16, at 242-243].

the *eDate Advertising* case law, thereby mitigating any potential sense of peculiarity or strangeness associated with this theoretical new connecting factor. Last but not least, as proposed by Farnoux,<sup>78</sup> to curb accusations of excessive favouring of the alleged injured party, the use of the *favor victimae* principle could be mitigated through various mechanisms, such as the requirement of proof of a certain likelihood of success of the claim.<sup>79</sup>

21. All in all, the above proposal could enhance legal certainty in international litigation concerning cross-border trade secret disputes. Yet, it also presents certain shortcomings (akin to those identified by Farnoux) and ambiguities that require further clarification by the lawmaker to ensure full compatibility with the fundamental principles of the Brussels I Recast Regulation. A pragmatic reading of the role of PIL rules, combined with the European legislator's cautious approach and limited willingness to innovate, tempers expectations, particularly in light of the European Commission's published report. Ultimately, the practical obstacles to implementing such a forum (such as the need for a high degree of specialization and the legislator's reluctance to endorse an explicit *favor actoris* principle) make its adoption unlikely.

(c) *The preferred alternative: a targeted reinterpretation of the locus damni*

22. Perhaps a less problematic solution, but one that would bear some similarity to the aforementioned proposals, could be to reinterpret the connecting factors proposed for the application of art. 7.2 BIRR to cases of secrecy infringements in a way that considers the seat of the secret holder affected as the place of materialization of the damage for all offences, whether it is an unlawful acquisition, exploitation or disclosure. Various arguments could lend support to this notion.

Firstly, as mentioned earlier, legal doctrine already suggests that in cases of unlawful acquisition, the harm to the holder stems from the loss of control over the secret and its subsequent devaluation, which eventually designates the holder's establishment as the locus of the damage. This logic may as well be replicated in cases of illicit disclosures and uses. Whether the breach occurs through public disclosure of the secret or its commercialization via an infringing product, the affected company still endures a reduction in the value of the confidential information and a diminishment of control over it. The presence of additional external effects does not necessarily mean they constitute the primary original damage resulting from the unlawful act (which is not to say that they should be completely disregarded neither<sup>80</sup>).

<sup>78</sup> Farnoux, *supra* n. 67, at 282.

<sup>79</sup> Another aspect worth contemplating is the potential interaction of this new regulation with the fora outlined in Sections 3 to 5, particularly those concerning individual employment contracts. Presumably, being a special forum by reason of subject matter, this new rule would not hold exclusive status, implying that the special regulations for protecting the weaker party would prevail. This preference is justified by the goal of safeguarding such parties and is even preferred due to the simplicity afforded by the application of this latter group of rules, as previously demonstrated. Such simplicity stems from the broad scope of these jurisdictional grounds (encompassing both contractual and tort-related matters) and the connecting factors utilized (such as the domicile of the employee under art. 22 BIRR).

<sup>80</sup> Indeed, those locations can still be considered for local limited jurisdiction, similar to the current practice in online defamation cases following the *eDate Advertising* jurisprudence. However, there are

Following this line of reasoning, the uniform application of this criterion would preserve the existence of a strong connection between the claim and the connecting factor employed, while providing the parties with a higher degree of foreseeability (especially considering that the place of establishment of the holder is easily ascertainable<sup>81</sup>). This stance would also adhere to the ethos of the Rome II Regulation, which seems to perceive most secrecy violations as unfair actions primarily affecting individual competitors rather than directly influencing the market (although specific nuances will be delved into in this discussion later on). Moreover, it would solve most of the problems arising from the current application of art. 7.2 BIRR, i.e., the existence of multiple competent courts, the distinction between global and local damages<sup>82</sup> and, above all, it would allow the grouping before a single court of all claims in those cases where the tort derives from a chained offence (e.g., an unlawful exploitation arising from an unlawful acquisition).<sup>83</sup>

While this interpretation would still leave the problem of distinguishing between contractual and non-contractual matters, it would make it much easier to determine which courts have jurisdiction in cases of tortious breaches of confidential information. As it was the case with previous proposals, the question arises as to whether such an interpretation would not be too beneficial to the secrecy holder. However, as already stated, this criterion would follow the already existing tendency in some cases to favour the alleged victim and, moreover, it would be restricted only to instances of secrecy infringement, which would reduce by itself the allegations about its exorbitantly biased nature.

The Higher Regional Court of Düsseldorf appeared to adopt a similar perspective in its ruling on November 25, 2021, concerning the misappropriation of confidential information and the use of that information to market infringing goods.<sup>84</sup> Although

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voices who, even in such cases, advocate for reducing the number of competent courts by eliminating local jurisdiction (see, for instance, Advocate General Bobek's Opinion in the Bolagsupplysningen case [Opinion of Advocate General Bobek, 13 July 2017, C-194/16, ECLI:EU:C:2017:554, para. 73-90]. In any event, it seems unlikely that the holder would resort to these local courts if they had the option to file a claim at the courts of their own seat to seek global damages.

<sup>81</sup> However, there are authors who argue that in the scenarios depicted in art. 4.5 TSD, this is, where the alleged infringer did not have direct access to the secret information and may not be aware of the holder's place of establishment, the attribution of jurisdiction to such courts should be excluded, granting it solely upon the courts of those states where the indirect infringer may have marketed the infringing goods. While this suggestion may find justification in the pursuit of predictability, it is not without its uncertainties, insofar as it introduces a highly context-dependent exception that moreover assumes a level of innocence on the part of the indirect infringer that might not be warranted until a comprehensive assessment of the case's merits is undertaken [Lundstedt, *supra* n. 14, at 185].

<sup>82</sup> At the same time, this may also allow the court of the place where the damage is located to adopt measures related to the removal of infringing content (either on a European scale or at a world-wide level). Such possibility gives the holder some additional leeway when deciding where to file a lawsuit, for the territorial scope of the remedies adopted will not depend on the court chosen.

<sup>83</sup> Certainly, Lundstedt presents a viewpoint akin to the one expressed here, suggesting that centralized global jurisdiction should be granted to the courts located where the holder is established, particularly in instances of sequences of infringing acts. Nevertheless, she also advocates for retaining jurisdictional attribution to address local damages in the courts of regions where commercial interests might have been affected [Lundstedt, *supra* n. 14, at 184-185].

<sup>84</sup> Judgment of the OLG Düsseldorf, 25 November 2021, 15 SA 1/21, ECLI:DE:OLGD:2019:1121.12U34.19.00, para. 33, 39-40.

it is true that these products were sold in the same market of establishment of the holder, the Court's reasoning aligns with the one proposed here, insofar as it concludes that the damage occurred in Germany, not because it was the location of the sale of the infringing goods, but because the infringement impacted the trade secrets of the owner, who was based and economically active in such country.<sup>85</sup>

23. Certainly, the consideration of the place of the establishment of the holder as the main place of damage for all trade secrets offences may entail a legal fiction. Nevertheless, if the analysis of PIL rules has revealed anything, it is precisely that their application and interpretation are rife with fictional readings adopted for the purposes of achieving the main objectives pursued by said rules, broadly speaking, predictability, the sound administration of justice and facilitating access to the courts. In this way, the proposal seems to be in line with the teleological methodology already employed on several occasions by the national and European judges and it is not to be regarded as an unconventional or unusual technique.

However, betting on this less intrusive option of reinterpreting an existing connecting factor rather than creating a new, overly specific forum for trade secrets would also entail the need to pay attention to a particular issue: the consistency of such a reinterpretation with the prevailing understanding of European rules on applicable law, particularly those laid down in the Rome II Regulation. The next section takes up that inquiry.

### (C) THE INTERPRETATIVE CONTINUITY BETWEEN THE BRUSSELS AND THE ROME REGULATIONS AND ITS IMPLICATIONS FOR THE PROPOSED REVISION

24. Indeed, before affirming the adequacy of the proposed reinterpretation of the tortious ground of jurisdiction under the Brussels I Recast Regulation, it is necessary to address a previous question, namely, that of the compatibility of the proposal with the current architecture of EU conflict-of-laws rules, notably the Rome II Regulation on the law applicable to non-contractual obligations.

The particular significance of said issue for the purposes of this contribution lies in the reliance of all these instruments on homogeneous connecting factors. Indeed, it appears that the tortious fora under the BIRR and certain conflict rules in Rome II make use of analogous connecting factors when addressing their respective PIL areas. A closer look at the general rule enshrined in art. 4 of said Regulation reveals that the principal criteria for determining the applicable law in tortious matters is the law of the country where the damage occurs. While disregarding the law of the place where the harmful event originated, this approach confirms (up to some point) the reliance on a homogeneous connecting factor across these European instruments.

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<sup>85</sup> For an opposing perspective and a critique of the Düsseldorf court's judgment, see: Judgment of the OLG Karlsruhe, 31 March 2022, 6 W 15/22, ECLI:DE:OLGKARL:2022:03316W152200, para. 12.



This overlap prompts the question whether the interpretation of the tort connecting factor advanced at the jurisdictional stage (namely, treating the secret holder's place of business as the *locus damni* for all secrecy violations) should likewise inform the applicable law analysis, or whether extending it to Rome II would encounter objections weighty enough to militate against such transposition, thereby risking inconsistency between the instruments.

(a) *The case for systemic consistency and its potential drawbacks*

25. Resolving this issue requires, as a preliminary step, an inquiry into whether (and to what extent) any obligation of consistent interpretation might exist between the BIRR and the Rome Regulations<sup>86</sup>.

As legal literature points out, all these instruments together constitute the “*internal hermeneutic circle of European private international economic law*”,<sup>87</sup> this is, a group of regulations that considered jointly have the capacity to provide a response to almost any private international situation that arises regarding commercial matters.

Following this line of reasoning, the existence of a certain principle of continuity among these instruments is presupposed. This can be seen, for example, in Recital 7 of the Rome I Regulation, which states that:

*The substantive scope and the provisions of this Regulation should be consistent with Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels I) [BIRR today] and Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II).*<sup>88</sup>

A similar statement is to be found in Recital 7 of the Rome II Regulation, which comes to show the overall willingness of the European Union legislature to ensure that these three regulations are interpreted in a holistic way, reducing the room for divergencies, and ensuring that a uniform understanding is preached all throughout the internal market.<sup>89</sup>

<sup>86</sup> The expression “Rome Regulations” is often taken to include, in addition to the private international law instruments on contractual and non-contractual obligations, Regulation No 1259/2010 on the law applicable to divorce and legal separation (Rome III). In this contribution, Rome III is not considered, as it falls outside the scope of the analysis. Accordingly, references to the “Rome Regulations” are to the Rome I and Rome II instruments only.

<sup>87</sup> Garcimartín, *supra* n. 54, at 370; Esplugues, Palao and Iglesias, *supra* n. 61, at 714.

<sup>88</sup> Likewise, a similar statement can be found in Recital 7 of the Rome II Regulation.

<sup>89</sup> Despite the perceived desire for a common assimilation, the truth is that this statement is not completely free from discussion. The existence of a certain consensus does not prevent the doctrine from pointing out the need to introduce nuances in relation to this alleged consistency for some of the issues covered by these instruments, especially in view of the different objectives pursued by each of them [C. Schmon, *The Interconnection of the EU Regulations Brussels I Recast and Rome I – Jurisdiction and Law* (TMC Asser Press, The Hague, 2020), at 141-142.]. Similarly, the CJEU has acknowledged that although the goal of consistency is laudable and should be promoted as much as possible, it “*cannot, in any event, lead to the provisions of Regulation No 44/2001 [BIRR today] being interpreted in a manner which is unconnected to the scheme and*

26. On this premise, where two instruments rely on analogous connecting factors, considerations of coherence and consistency seem to militate in favour of a uniform understanding. Indeed, a divergent interpretation may be incongruous: to claim that the damage is located in different places for the purposes of application of the various PIL instruments could undermine any principle of predictability for the parties and increase existing legal uncertainty.

This seems to be the doctrine's approach<sup>90</sup> as well as the jurisprudential understanding. Although no preliminary questions have been raised on this particular issue, the CJEU has had the opportunity to deal with the subject in judgments such as *flyLAL-Lithuanian Airlines*,<sup>91</sup> related to anticompetitive conduct based on the application of predatory prices. When determining what is to be considered the place of the damage of such conduct for the purposes of jurisdiction, the Court bets on the consideration of the specific market(s) affected as such place, arguing in para. 41 that “*determining the place where the damage occurred in such a manner satisfies the requirement of consistency laid down in recital 7 [of Rome II Regulation], in so far as, under Article 6(3)(a) of that regulation, the law applicable to actions for damages based on an act restricting competition is that of the country where the market is, or is likely to be, affected.*” A similar assessment was also conducted by the CJEU in the *Koelzsch*<sup>92</sup> judgment, in relation to the criterion of the country in which the employee “*habitually carries out his work*” to which both art. 21 BIRR and art. 8 Rome I resort to. Hence, there seems, therefore, to be a clear (albeit modest) commitment on the part of the Court to a uniform interpretation in cases where different instruments make use of the same connecting factors.

Based on this premise, if the proposed reinterpretation of the connecting factor in art. 7.2 BIRR were ultimately adopted, it would most likely entail applying, in all secrecy infringements, the law of the right holder's place of business, on the ground that the primary and initial damage is felt there and irrespective of any subsequent harm arising elsewhere.<sup>93</sup>

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*objectives pursued by that regulation*” [Judgment of the CJEU, 16 January 2014, C-45/13, ECLI:EU:C:2014:7, para 20].

<sup>90</sup> See, among others: J. von Hein, ‘Article 4 Rome II’, in G. P. Calliess and M. Renner (eds), *Rome Regulations – Commentary* (Wolters Kluwer, The Netherlands, 2020) 532, at 536-537; A. Dickinson, *The Rome II Regulation – The Law Applicable to Non-Contractual Obligations* (Oxford University Press, Oxford, 2008), at 308-309; I. Bach, ‘Art. 4’, in P. Huber (ed), *Rome II Regulation: pocket commentary* (Sellier European Law Publishers, Munich, 2011) 64, at 72-73.

<sup>91</sup> Judgment of the CJEU, 5 July 2018, C-27/17, ECLI:EU:C:2018:533.

<sup>92</sup> Judgment of the CJEU, 15 March 2014, C-29/10, ECLI:EU:C:2011:151, para 40-43.

<sup>93</sup> Another potential issue of interpretative coherence that may also arise in cases of trade secret infringement (though it falls beyond the scope of this contribution) concerns the classification of the dispute as contractual or non-contractual at the jurisdictional level, and the subsequent transposition of that classification to the conflict-of-laws stage. In the view of the present author, and in line with the principle of interpretative coherence previously advocated, such classification ought to be preserved. Nonetheless, this remains a controversial question, further complicated by the difficulties already noted in categorizing disputes in borderline situations. See, among many others: M. McParland, *The Rome I Regulation on the Law Applicable to Contractual Obligations* (Oxford University Press, Oxford, 2015), at 120-123; Dickinson, *supra* n. 90, at 134-135; Lundstedt, *supra* n. 14, at 197-201; Calvo and Carrascosa, *supra* n. 20, at 3861.

27. This solution, however, is not as straightforward as it might initially appear: several commentators contend that secrecy infringements display distinctive characteristics that may eventually call into question the adequacy of a uniform approach.

Indeed, as previously highlighted, confidentiality violations are frequently characterised as a conduct with the potential to confer undue advantages on the infringer, thereby upsetting the competitive balance and undermining the integrity of the competitive process. More specifically, numerous scholars emphasize that such acts can shape market behaviour in ways that destabilise competitive relations or compromise the collective interests of consumers within a given economic order, including by distorting entry, weakening innovation incentives, and impairing efficient allocation of resources. In practical terms, it is easy to envisage how the theft, disclosure, and unlawful use of a company's confidential information can immediately advantage rivals over the victim, disrupting level-playing-field conditions and fostering a climate of mistrust that hinders inter-firm collaboration and voluntary information sharing arrangements, which ultimately may reduce investment in the generation of new, valuable information for fear that it will not be adequately protected. In fact, most of these arguments are those that underpin the protection developed under the 2016 Directive, as can be inferred from reading its recitals.

On this view, it may be justified for each country experiencing the effects of the infringement (such as through the local exploitation of the trade secret) to apply its own law, reflecting its interest in retaining control over its economic area. Following this line of reasoning, one might effectively argue that applying the law of the holder's place risks underappreciating these broader, effect-based concerns and may insufficiently reflect the impact that secrecy infringements produce within the affected market.

*(b) Rome II's framework as a solution path*

28. However, before drawing any conclusions, it bears recalling that the Rome II Regulation does not rest exclusively on a single general conflict rule.

Indeed, as with many EU instruments, this conflictual framework also provides a suite of specialized criteria that may apply depending on the subject matter of the dispute. In particular, recognition that certain forms of market-disruptive conduct warrant tailored treatment prompted the EU legislature to adopt a specific regime for such scenarios, this is, article 6 of Rome II, devoted to unfair competition behaviours and acts restricting free competition.

Although debate persists on this point,<sup>94</sup> the prevailing view in the legal literature<sup>95</sup> is that trade secret infringements fall within the ambit of this provision. In this sense,

<sup>94</sup> See, for illustrative purposes: Ohly, *supra* n. 16, at 245-252.

<sup>95</sup> C. Wadlow, 'Trade Secrets and the Rome II Regulation on the Law Applicable to Non-Contractual Obligations', 30-8 *European Intellectual Property Review* (2008) 309-319, at 310-312; R. C. Dreyfuss and M. van Eechoud, 'Choice of law in EU trade secrecy cases', in J. Schovsbo, T. Minssen and T. Riis (eds), *The Harmonization and Protection of Trade Secrets in the EU – An appraisal of the EU Directive* (Edward Elgar Publishing, Cheltenham/Northampton, 2020) 171, at 180-182; J. Drexler, 'Art. 6 Rom II-VO Unlauterer

the preparatory works to the Rome II Regulation expressly identified confidentiality breaches as unfair competition conduct encompassed by the objective scope of Article 6.<sup>96</sup> That conclusion is reinforced by (i) the absence of an exclusive right in confidential information, as recognized in Recital 16 of the Directive and (ii) the overall configuration of secrecy protection under art. 39 TRIPS, which mandates its articulation in the context of the fight against unfair competition by including a direct reference to art. 10bis Paris Convention 1883. Taken together, these elements have led the literature to this settled position.<sup>97</sup>

These arguments find resonance in the limited national case law discovered concerning trade secrecy and conflict-of-law issues. For instance, in the *Innovia Films Ltd v Frito-Lay North America Inc.* case<sup>98</sup> from 2012, the English courts highlighted that:

*It is common ground that claims for breach of an equitable obligation of confidence fall within Article 6 of the Rome II Regulation when read together with Article 39 of Agreement on Trade Related Aspects of Intellectual Property Rights (...) to which the European Union and all its Member States are party. Article 6 of Rome II contains a specific choice of law regime for ‘a non-contractual obligation arising out of an act of unfair competition’, while Article 39 of TRIPS requires WTO Member States to protect undisclosed information ‘in the course of ensuring effective protection against unfair competition’.*

Similar motives were brought forward in the *Celgard vs. Senior* case, in which the Courts agreed that “*it is clear from recitals (2), (16), (17) and Article 3(1)(d) that it [the Trade Secrets Directive] does not create a species of intellectual property right, but rather forms part of the law of unfair competition*” and that “*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*”.<sup>99</sup> Recent Spanish<sup>100</sup> and French<sup>101</sup> jurisprudence seem to go along the same lines.

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Wettbewerb Und Den Freien Wettbewerb Einschränkendes Verhalten’, in F. J. Säcker *et al.* (eds), *Münchener Kommentar zum Bürgerlichen Gesetzbuch*, vol 8. Auflage (8th edn, CH Beck, Munich 2021), para. 184-187; Horrach, *supra* n. 16, at 291-300; Dickinson, *supra* n. 90, at 406-407; J. Carrascosa, ‘Propiedad Intelectual’ in A. L. Calvo and J. Carrascosa (eds), *Tratado de Derecho Internacional Privado*, vol III (2nd ed, Tirant lo Blanch, Valencia, 2022) 3723, at 3766-3767; Calvo and Carrascosa, *supra* n. 20, at 3921-3925.

<sup>96</sup> European Commission, ‘Proposal for a Regulation of the European Parliament and the Council on the Law Applicable to Non-Contractual Obligations (Rome II)’ (2003), at 16.

<sup>97</sup> Scholars who have conducted a more thorough examination of the topic have evaluated the advantages and disadvantages of incorporating secrecy infringements not only within the framework of art. 8 or art. 6 but also under art. 4 Rome II. For instance, based on the arguments referred above, Lundstedt positions the majority of secrecy violations within the scope of art. 6.2 Rome II, primarily due to their association with competitive environments. However, she acknowledges that certain infringements unrelated to competition (such as those committed by journalists) could potentially be categorized under art. 4, although this inclusion would lead to the same result, thus making the distinction between these two provisions rather irrelevant [Lundstedt, *supra* n. 14, at 223-232]. Next, Ohly suggests that applying art. 4 is the preferable option for the time being due to the flexibility it provides, although he eventually contends the consideration of trade secrets as a *sui generis* regime warranting a new conflict rule, as will be discussed below [Ohly, *supra* n. 16, at 245-249].

<sup>98</sup> Judgment of the EWCH, 30 March 2012, EWHC 790 (Pat), para. 109.

<sup>99</sup> Judgment of the EWCA, 9 October 2020, EWCA Civ 1293, para. 26, 51.

<sup>100</sup> SAP Madrid 257/2021, 2 July 2021, ECLI:ES:APM:2021:10275.

<sup>101</sup> Judgment of the Court de Cassation Civile, 8 November 2017, Arrêt 16-10850, ECLI:FR:CCASS:2017:CO01341.

If that construction is accepted, the anticipated difficulty then may recede: art. 6 Rome II could function as *lex specialis* vis-à-vis the general rule in art. 4 and supply the applicable law for trade secret misappropriation, thereby dispelling the potential for inconsistencies.

29. A collateral debate nevertheless arises as to how different types of secrecy violations may fit within the structure of art. 6 Rome II.

In this regard, it should be recalled that this provision develops a two-track scheme. Paragraph 1 targets market-oriented acts (this is, conducts capable of affecting competitive relations or the collective interests of consumers within a territory) and applies the law of each affected market, while tightly limiting recourse to additional connecting factors such as the common habitual residence of the parties or party autonomy. Paragraph 2, by contrast, captures bilateral unfair acts that harm only a specific competitor and therefore revert to the general *lex loci damni* framework of art. 4, keeping those additional criteria available. Although the two tracks may at times converge in outcome, the choice remains institutionally meaningful: classification under art. 6.1 prioritizes general market interests and narrows alternative connectors, whereas art. 6.2 preserves them.

Set against this background, the further question is whether all secrecy violations engage market effects or whether some remain bilateral and thus return to art. 4, in which case, a residual risk of interpretive divergence could still arise from the homogeneous connecting factors employed across the BIRR and the Rome II Regulation.

30. Within the current scheme of the provision, the present author (in line with much of the literature) considers that the unlawful exploitation of a trade secret (i.e., the use or marketing of an infringing product) shall be best treated as market-oriented under art. 6.1 Rome II, since it distorts the level playing field across one or multiple economic territories. Indeed, exploitation externalises the misappropriation into the marketplace, allowing the infringer to appropriate a rival's competitive advantage and thereby altering the conditions of competition not only vis-à-vis the victim but also other operators.

Unlawful disclosures, by contrast, are a more complex case: while many authors would place it straightforwardly under art. 6.2, the view advanced by a minority of scholars and shared by this author is that at least certain disclosures, and especially public and significant revelations that effectively “democratize” the competitive advantage obtained from the victim, can produce a real and appreciable market effect and therefore shall fall within art. 6.1 of the Regulation. Conversely, limited or minor disclosures (e.g., to a single competitor), where no broader market manifestation can be shown, should remain bilateral. Finally, unlawful acquisitions are widely (and rightly) classified under art. 6.2, because their effects on the market are merely indirect. The immediate harm lies in the loss of control over the information and the impairment of the holder's competitive position, with no necessary diffusion to specific markets at that stage. Consequently, there is no general market disturbance justifying recourse to the special market-oriented rule.<sup>102</sup>

<sup>102</sup> That said, the proposed taxonomy is not settled, however, and further refinements are likely. For further insights into this debate, see: Lundstedt, *supra* n. 14, at 232-239; *Ohly*, *supra* n. 16, at 246-247.

31. In any case, redirecting these scenarios to the general rule is not especially problematic. Even on that footing, doctrine largely converges on the view that, in cases of unlawful acquisition, the “country in which the damage occurs” under art. 4.1 Rome II is that of the seat of the holder. Indeed, the initial injury consists in the deprivation of control over the information and the resulting hit to the holder’s competitive standing, both of which materialise at the holder’s business centre and not at the locus of the illicit taking. At the acquisition stage there is typically no identified market impact and no diffusion to specific territories. Thus, the only concrete, predictable connection is to the holder’s establishment.

A different thing, however, is how art. 4.1 should be interpreted in those scenarios where disclosure is limited to a competitor as opposed to the general public, given its inability to impact general or collective interests within a specific economic area. Two possibilities emerge in this context: relying on the place of disclosure of the confidential information (likely the receiver’s establishment) or on the location of the secret holder’s seat. It appears challenging to argue, in such cases, that the materialization of the damage (again, defined as the loss of control over the secret by the holder and its impact on his competitive position) can be placed at the site of disclosure. A consistent interpretation should lean as well towards applying the law of the seat of the holder in these cases, especially since there are no state interests in overseeing a specific economic territory that could justify displacing such law.

This reading advances Rome II’s aims of predictability and the sound administration of justice, avoids a fragmented “mosaic” of potentially irrelevant laws, and anchors the dispute in the legal order with the closest connection to the claimant’s suffered prejudice. But most importantly for the purposes of this contribution, it also preserves coherence with the proposed interpretation of art. 7.2 BIRR in secrecy cases, thereby promoting harmony between jurisdictional and choice-of-law criteria.

32. Accordingly, and contrary to what first impressions might suggest, the interpretative adjustment to the non-contractual forum proposed above generates no meaningful friction with the Rome II conflict-of-laws framework. The real difficulty would arise only if these conducts were governed by the general *lex loci damni* rule in art. 4. In that event, it would be harder to defend a uniform understanding of the “country in which the damage occurred” across both Regulations, because relying on a single law (here, that of the right holder’s establishment) would inadequately disregard the interests of states in preserving fair and uniform competitive conditions within their respective markets. Rome II, however, includes a special conflict rule for acts of unfair competition, which avoids this dilemma by subjecting unlawful exploitations and public disclosures to a distinct, self-standing criterion that results in applying the law of all markets affected by the unfair behaviour. Consequently, the autonomous definition of the “place of damage” can be carried over from one instrument to the other without compromising states’ concerns.
33. As a final remark, one may notice that in tortious instances of unlawful public disclosure or exploitation, the proposed scheme may yield a somewhat contrasting outcome, i.e., the attribution of global jurisdiction to one single court vs. the concurrent application of multiple laws. This result, however, does not present

significant hurdles; instead, its practicality becomes evident when considering the unique needs arising in each of these PIL domains.

In the jurisdictional realm, it would be significantly more burdensome for a company grappling with a confidentiality infringement to navigate through one (or multiple) foreign courts for the remedy of the inflicted damage, presenting a considerable deterrent that could even lead to the abandonment of legal proceedings. Thus, assigning jurisdiction to the courts of the place of establishment of the holder provides a more appropriate response, equally aligned with the principles of legal certainty and predictability.

Within the applicable law domain, the victim also faces a certain burden in asserting and substantiating the relevant laws identified under the conflict rule of art. 6 Rome II. However, this burden is justified by the need to balance the concerns of countries in structuring their economic territories, considerations that would be overlooked by applying exclusively the law of the holder's seat. Such a need justifies positioning holder's interests as secondary at the conflictual level, unlike at the jurisdictional one (where, in any case, the attribution of jurisdiction to a single court did not displace states' desires to regulate their markets, since this court can continue to apply the law of the relevant affected markets to assess conducts impacting them). Anyhow, it should be borne in mind that invoking different laws will be considerably less burdensome for the holder than forcing it to seek redress in one or more foreign courts for the harm inflicted. The urgency of reducing the number of competent courts and providing an accessible forum for potential victims of confidentiality infringements outweighs the inclination to reduce the number of possible applicable laws in cases of public disclosure and exploitation, where additional interests come into play that need to be duly considered.

#### (D) CONCLUSIONS

34. As shown throughout the paper, meaningful ambiguities persist in interpreting existing heads of jurisdiction for secrecy infringements, most acutely in the tort context where criteria overlap and thresholds remain unclear. From the need for individual consideration of each potential offence (particularly troublesome in the case of sequences of infringing acts) to evidentiary issues, through the multitude of available fora or disagreement regarding the interpretation of available connecting factors, the fact remains that the holder must confront a particularly pronounced uncertainty. Ultimately, such insecurity could lead them to refrain from initiating legal actions for the protection of their trade secrets, especially in the case of firms with limited organizational capacity and financial resources.

To mitigate these problems, this paper has suggested an interpretative refinement of the "place where the damage occurred" in art. 7.2 BIRR, based on consistently locating the damage at the establishment of the information holder for all types of trade secret infringements (i.e., unlawful acquisitions, disclosures, and exploitations). Indeed, framing the primary harm as the loss of control over the secret and the resulting devaluation of the holder's competitive position delivers benefits akin to those of a dedicated ground for secrecy infringements or a *forum*



*victimae*, including a narrower set of competent courts and the ability to hear interconnected or chained offences before one single court. At the same time, it is a more measured solution than introducing a new specific criterion, which could be seen as overreaching and would necessarily require legislative amendment (even if such reform may be more attainable at present, given the ongoing review of the Brussels I Recast).

Building on that, the analysis conducted has also shown that the proposed adjustment to the non-contractual forum would align neatly with the Rome II Regulation's scheme. Friction would arise only if secrecy disputes were channelled through the general *lex loci damni* of art. 4, which would strain a uniform understanding of the "place where the damage occurred" across instruments and risk collapsing all cases into a single law (typically the holder's seat), contrary to states' interest in safeguarding fair competition within their own markets. Rome II itself forestalls that result: art. 6 establishes a special regime for unfair competition that routes unlawful exploitations and public disclosures through a distinct test applying the law of each affected market. On that basis, the autonomous notion of "place of damage" can be maintained consistently between the instruments without sacrificing market-regulatory concerns.

Overall, this proposal provides a coherent and practicable path forward. It avoids interpretive inconsistencies between the Brussels I Recast and the Rome II Regulation, strengthens legal certainty for secret holders, and offers a predictable forum logic that can reduce procedural friction and enforcement costs. By reinforcing both the perception and the reality of effective protection, it can prompt earlier enforcement and even encourage cross-border cooperation where appropriate. In this way, the potential outcome of the proposed judgments may advance the objectives of the Trade Secrets Directive by supporting innovation, safeguarding fair competition, and fostering a stable environment for the lawful circulation and use of confidential know-how across borders.