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Case No: IL 2020-000129

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 05/05/2021

Before :

MR IAIN PURVIS QC
Sitting as a Deputy Judge of the High Court

Between :

(1) SEMTECH CORPORATION
(2) SEMTECH (INTERNATIONAL) AG
(3) SEMTECH FRANCE SAS

Claimant

- and -

(1) LACUNA SPACE LIMITED
(2) ROBERT SPURRETT
(3) THOMAS TELKAMP
(4) NICOLAS SORNIN
(5) FRANCOIS SFORZA

Defendant

Guy Tritton (instructed by Wedlake Bell LLP) for the **4th and 5th Defendants (Applicants)**
Michael Bloch QC and Jonathan Hill (instructed by Bird & Bird LLP)
for the **Claimants (Respondents)**

Hearing dates: 30 April 2021

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

Iain Purvis QC, sitting as a Deputy Judge of the High Court:

Introduction

1. This Application is made by the 4th and 5th Defendants ('Sornin' and 'Sforza') who challenge the jurisdiction of the Court on the basis of Article 22.1 of the Recast Brussels Regulation¹ ('the RBR').
2. It is common ground that the RBR applies to this case, since the proceedings were instituted prior to 1 January 2021. Having briefly considered the provisions of the relevant legislation implementing the Withdrawal Agreement between the UK and the European Union, I am satisfied that this is correct.
3. In short, the basis of the Application is that Sornin and Sforza were at the material times employees of the 3rd Claimant ('C3') and the proceedings 'relate to' their contracts of employment. That being the case, the combined provisions of Articles 20 and 22.1 of section 5 of the RBR mean that the proceedings may only be brought in the Courts of their state of domicile, which is France. There is no dispute that Sornin and Sforza were employees of C3 and that they are and were at all material times domiciled in France. The only issue before me is therefore whether these proceedings 'relate to' their contracts of employment within the meaning of the RBR. It is common ground that to resolve this question of jurisdiction, the proper test is whether the Claimant or the 4th and 5th Defendants have the 'better argument' on the evidence before me.

THE PARTIES AND THE factual background to THE PROCEEDINGS

4. The following paragraphs are largely taken from the Claimants' skeleton argument, which itself is based on the Particulars of Claim, and from the witness statement of Katharine Stephens, the partner at Bird & Bird responsible for this action on behalf of the Claimants.
5. The three Claimants (referred to collectively in this Judgment as 'Semtech') are all part of the Semtech group of companies, with C1 being the parent, C2 one of its subsidiaries, and C3 a subsidiary of C2. The group specialises in the design and supply of high performance analogue and mixed-signal semiconductors and advanced algorithms for infrastructure and high-end consumer and industrial equipment. One area of specialism is low power wide area network (LPWAN) radio frequency technology for use in gateways and sensors. This technology has importance in relation to the so-called Internet of Things ('IoT'), where devices communicate with each other using the Internet.
6. Within the LPWAN field, a particular technology developed by the group is its LR-FHSS wireless communication technology. This technology was known as LoRa-E at the time the matters of which complaint is made took place and is referred to by

¹ Reg. 1215/2012

that name in the pleadings. The name LoRa-E was derived from the name of an earlier, but different, Semtech LPWAN technology, called LoRa (for Long Range).

7. Semtech commercialises LoRa and LoRa-E by licensing those technologies to third parties so that they may make and sell network endpoints and gateways using the technologies. Semtech benefits by selling the necessary semiconductors required for use in the endpoints and gateways. To support the third parties, Semtech supplies them with reference designs under licence, including, in relation to LoRa-E, a reference design for a LoRa-E enabled gateway, the 'V2 Reference Design'. This comprises various hardware elements, including a field programmable gate array ('FPGA'), digital signal processors ('DSPs') and a gateway microcontroller unit ('MCU'), and software for those hardware elements. Associated with both hardware and software are large amounts of technical documents.
8. C2 claims to own substantial intellectual property rights in the UK and EU in the V2 Reference Design, including copyright in the source code and compiled code, to the extent separate copyright subsists in compiled code, and copyright in the technical documents. Further, Semtech contends that elements of the V2 Reference Design constitute technical trade secrets and confidential information of Semtech. So far as I can see these allegations are essentially admitted by Sornin and Sforza.
9. Semtech also claims to possess substantial commercial trade secrets and confidential information relating to its development of its business and its dealings with actual and potential customers and users of its technology. Again there is no dispute about this, at least in principle.
10. D1 ('Lacuna'), said by the Claimants to be the 'principal defendant' is an English company based at the Rutherford Appleton Laboratory at Harwell, near Didcot. It is a satellite communications business which aims to set up a constellation of small low earth orbit satellites, so-called cubesats, which host network gateways to which devices on earth may transmit messages using LPWAN technology.
11. D2, a British expert in satellite systems, is the CEO and one of the two directors of Lacuna. D3, a Dutch network architect with particular interest in IoT technology and use of LoRa in IoT networks, is CTO and the other director.
12. Lacuna is a customer of Semtech, using their LoRa-E semiconductor chips in its satellites to provide 'gateways' for communication with 'endpoints' on earth, thus facilitating the 'internet of things' for those in areas of poor internet connectivity. The introduction of LoRa-E technology into satellites also serves to increase the market for Semtech's chips in endpoints which require to communicate through satellite.
13. Sornin and Sforza were, until they were dismissed on 23 September 2020, senior employees of C3. Sornin was involved in the R&D side of the business, latterly holding the position of CTO of the group. He worked from Semtech's Grenoble office, operated by C3, running the R&D team there. His R&D work was focussed on LoRa and LoRa-E technology. Although he had a background in R&D, Sforza worked for Semtech in business and development, seeking to develop Semtech's business in IoT technology, including by seeking to commercialise and promote LoRa and LoRa-E technology.

14. Sornin and Sforza were responsible for developing the LoRa technology at a company they had founded (with two others) called Cycleo SAS ('Cycleo'). They were both employed by Cycleo. Semtech purchased Cycleo pursuant to a Sale and Purchase Agreement ('the SPA') dated 7 March 2012. Pursuant to the SPA Sornin and Sforza received substantial payments from Semtech, said to total more than \$4.6m, as well as stock options in C1. Following the SPA, Cycleo became a subsidiary of C3, before ultimately being merged into it.
15. At this point Sornin and Sforza became employed by C3. Semtech identify in the Particulars of Claim and in their evidence and skeleton argument on this Application the following obligations which were undertaken by Sornin and Sforza as part of the SPA and their employment contracts:
 - (i) Under cl. 10.2 of the SPA they gave non compete undertakings, including that they would not participate or engage in any activities competing with, similar, ancillary, related or incidental to the business of either of Cycleo or Nanoscale "i.e. long range or localization wireless".
 - (ii) Under their employment agreements, they agreed to devote all their work and efforts to the exclusive benefit of Semtech and could not run any other business without prior and express written authorization.
 - (iii) Under their employment agreements, they agreed to keep Semtech's confidential information secret.
 - (iv) Under Semtech's successive 2013 and 2020 Codes of Conduct for its staff, which were incorporated into their employment agreements, they agreed to:
 - a. act with honesty and integrity in carrying out Semtech's business;
 - b. avoid actual or apparent conflicts of interest, which included a prohibition on diverting business opportunities from Semtech and holding interests in Semtech's customers, suppliers or competitors;
 - c. keep confidential information secure;
 - d. (explicitly in the case of the 2020 Code) not use Semtech's property, information or position for inappropriate personal interests.
16. The dispute between the parties arises from Sornin and Sforza's involvement with Lacuna.
17. Semtech say that from an early stage D2 and D3 sought to gain access to Semtech's LoRa technology for the purpose of the Lacuna project with the assistance of Sornin and Sforza. Sornin and Sforza's reward would be a share in the profits of Lacuna, to which end they were jointly allotted 14% of the issued share capital of the company on 30 April 2018. Essentially Sornin and Sforza were acting (although this term is my own, not Semtech's) as a 'Trojan Horse' within Semtech to ease the path to obtaining access to and use of the LoRa technology. Semtech were never informed of Sornin and Sforza's financial interest in Lacuna (although they say they were aware that Sornin and Sforza were 'working with and supported' Lacuna). Semtech

say the nature of the interest was deliberately concealed.² They say this amounted to a serious conflict of interest which vitiated the ultimate agreements which were entered into between Semtech and Lacuna, including NDAs and licence agreements to use intellectual property and caused loss and damage.

18. Various actions said to have been carried out by Sornin and Sforza in furtherance of Lacuna's interests are complained of in the Particulars of Claim. They are characterised in the witness statement of Ms Stephens in the following way:

- (i) forwarding Lacuna legally privileged emails sent by the Claimants' in-house counsel regarding Semtech's concerns in respect of a support letter for the European Space Agency ("ESA") that Lacuna needed from Semtech to obtain funding and then acting upon suggestions from the Lacuna Defendants as to how they might inject answers to those concerns into the internal debate at Semtech;
- (ii) informing Lacuna of Semtech's dealings with Semtech's customers and Lacuna's potential competitors and other commercial confidential information and trade secrets;
- (iii) championing Lacuna, over and above its competitors, internally within Semtech, without disclosing their personal interest in it;
- (iv) (in relation to Sornin only), procuring the release to the Lacuna Defendants of highly confidential Semtech source code and other technical confidential information and trade secrets without authorisation from the relevant persons in Semtech; and
- (v) devoting much time to providing technical support in the development of the Lacuna Gateway and causing other members the Semtech team to do likewise.

19. Ultimately, in January 2020, Semtech discovered Sornin and Sforza's shareholding in Lacuna. It seems that they did not stop doing business with Lacuna at that point (in fact they subsequently entered into a written agreement with Semtech and their relationship continues in some form to the present day). However, on 22 September 2020, C3 dismissed Sornin and Sforza, alleging disloyalty and conflict of interest based on the undisclosed shareholdings and the actions set out above. Actions for wrongful dismissal have now been brought in the French Courts by Sornin and Sforza, challenging the allegations of disloyalty and alleging that there was no breach of their contracts of employment. Separate claims have also been made against Semtech for payment of moneys alleged to be owed to them under the SPA and to have been wrongfully withheld.

20. Sornin and Sforza's answer to the claims of conflict of interest and disloyalty made against them is essentially that they did nothing which was not in the best interests of Semtech. They say that the collaboration with Lacuna was a massive opportunity for Semtech, and their actions to promote that opportunity were entirely beneficial for Semtech. The nature and effect of their actions was not influenced by the fact that

² I should point out that Ds 1-3 deny that they were aware of this non-disclosure

they had an undisclosed financial interest in Lacuna and everything they actually did was with the express or implicit approval of their line managers within Semtech.

the pleaded case against the defendants

21. I summarise below the case pleaded against the Defendants, though I will need to delve deeper into the pleadings later on in this Judgment.

Copyright infringement

22. It is alleged that various materials in which Semtech owned the copyright, including source code, were provided to Lacuna by Sornin, copied onto Lacuna's computer system and subsequently referred to and modified. Some of this is said to have taken place before the first licence agreement between Semtech and Lacuna was agreed and therefore to have been entirely unauthorised. Some material (the 'FPGA Source Code') is said to have been reproduced outside the scope of any licence agreement. Acts which apparently took place pursuant to licence agreements are said to have been nonetheless unauthorised because the licence agreements themselves were vitiated by 'fraud' as a matter of Swiss law (the governing law of the agreements).

23. Direct liability for these acts of copyright infringement is presently alleged in the Particulars of Claim against Ds 1-3 and Sornin. However, it is now accepted by Semtech that Articles 20 and 22.1 RBR apply to the claim of direct liability against Sornin, so that allegation against him will in any event be removed from this action.

Breach of confidence

24. Lacuna and D2 and D3 are alleged to have misused technical trade secrets in the 'V2 Reference Design' of a LoRa-E gateway provided to them by Sornin, contrary to honest commercial practices.

25. They are also alleged to have misused commercial trade secrets concerning the LoRa-E business provided to them by Sornin, contrary to honest commercial practices. This included information about other potential customers who were competitors of Lacuna, and privileged legal advice concerning the provision of a letter of support from Semtech to assist Lacuna with obtaining funding from the European Space Agency.

Joint liability for acts of infringement of copyright and breach of confidence

26. Sornin and Sforza are alleged to be jointly liable for Lacuna's and Ds 2-3's acts of breach of confidence and infringement of copyright, on the basis of their assistance in those acts as part of a common design.

Conspiracy

27. Lacuna and Ds 2-3 are alleged to be liable under French law, specifically Article 1240 of the Code Civile, for conspiring with Sornin and Sforza to cause them to breach their contracts of employment and the SPA, knowing that the acts would be a breach and knowing that they would cause damage.

the law

28. The relevant provisions of the RBR are as follows:

Recital 18

In relation to insurance, consumer and employment contracts, the weaker party should be protected by rules of jurisdiction more favourable to his interests than the general rules

Section 5

Jurisdiction over individual contracts of employment

Article 20

In matters relating to individual contracts of employment, jurisdiction shall be determined by this Section, without prejudice to Article 6, point 5 of Article 7 and, in the case of proceedings brought against an employee, point 1 of Article 8

Article 22.1

An employer may bring proceedings only in the courts of the Member State in which the employee is domiciled.

29. The effect of these provisions in terms of exclusivity of jurisdiction is well established and not in dispute. That is to say, proceedings which fall within Article 20 (ie they *'relate to'* an individual contract or contracts of employment) and which are brought by an employer against an employee must be brought under Article 22.1 in the courts of the state of domicile of the employee. This 'trumps' any other basis of jurisdiction (such as the place of commission of a tort, or being a co-Defendant with a party domiciled within the jurisdiction).
30. The purpose of these provisions is to protect employees who are presumptively deemed to be the weaker parties to a contract from a socio-economic point of view. See Gross LJ in Bosworth & Hurley v Arcadia Petroleum Ltd and others [2016] EWCA Civ 818 at §29.
31. There are two leading authorities of the Court of Appeal on the interpretation of the words *'relating to individual contracts of employment'* in Article 20. The first is Alfa Laval Tumba AB v Separator Spares International Ltd [2013] 1 WLR 1110. The second is Bosworth v Arcadia which I have cited above.
32. Alfa Laval concerned a claim for infringement of copyright in industrial drawings and breach of confidence. The Claimants produced marine separators (for separating oil and water) and sold them throughout the world. The machines were made by the Second Claimant, an Alfa Laval subsidiary (referred to as 'WSK') based in Poland. The First Defendant, referred to as 'SSI', sold spare parts including for marine separators. Whilst it is lawful to 'reverse engineer' such spare parts, it was alleged that SSI had used the actual engineering drawings used by WSK in the manufacture

of the original parts. To do so they had allegedly conspired with an employee of WSK, Mr Jasikowski to obtain the drawings (and other confidential information), involving the bribery of another employee of WSK. The Claimants sought to join Mr Jasikowski as a Defendant, alleging liability for breach of confidence and infringement of copyright as part of a common design with the other Defendants. Mr Jasikowski was domiciled in Poland and relied on the same provisions as those at issue in the present case (under the 2001 version of the Brussels Regulation) to challenge jurisdiction of the English Courts.

33. On appeal, Mr Jasikowski was successful. The Court of Appeal dismissed the narrow approach taken in earlier cases, including by Briggs J in the decision under appeal, which effectively interpreted '*relating to*' a contract of employment as requiring that the employment contract had '*legal relevance*' to the case as pleaded (or even that the claim had to be brought '*under the contract*'). They adopted a much broader approach. Otherwise, said Gross LJ, '*agile pleaders*' could simply walk around the jurisdiction rules by formulating a claim in a way which bypassed the contract.

34. The Court of Appeal deliberately avoided laying down a precise test of their own to replace '*legal relevance*'. Longmore LJ (giving the main judgment) noted in §24 that it was better to '*stick to the actual words*' of Article 18 and ask whether the claims '*related*' to the contract of employment.

35. Longmore LJ at [25] gave some approval (whilst pointing out that it was not a 'test') to Sir Andrew Morritt's suggestion in argument that

it might in many cases be helpful to ask whether the acts complained of by the employer constitute breaches of contract by the employee. If so, the claims would be likely to 'relate' to the contract of employment. If not, not.

36. He went on to consider the terms of Mr Jasikowski's employment contract and concluded at [28] that

If the facts alleged are proved, the misuse of confidential information and the breach of copyright would be breaches of these provisions. It cannot, in my judgment, be right that merely because the claims for such misuse and breaches can also be framed in tort or delict that article 20(1) does not apply. To so hold would be to emasculate it.

37. Davis LJ also rejected the '*legally relevant*' approach, or indeed any focus on the pleading to see if the contract of employment was being relied on. He held at [43] that

Relating to, in the context of article 18(1), are broad and unqualified words of nexus and do not require artificial limitation, even though it may be accepted that the nexus must be material.

At [42] he had found that Mr Jasikowski's

status as an employee was directly and substantially material in point of fact to the claim advanced: it is wholly artificial to say otherwise.

38. Sir Andrew Morritt agreed with both Judgments.
39. Bosworth v. Arcadia arose in the context of a long running case involving an alleged oil trading fraud in which 10 Defendants have been accused of conspiring to ‘siphon off’ sums in excess of \$300M from the Arcadia group by inserting corporate entities into the supply and purchase chains of the group, such that the profits accumulated in those companies to their personal benefit and to the detriment of the group. The jurisdiction issue concerned the former CEO and former CFO of the group, Mr Boswell and Mr Hurley. The causes of action against those Defendants were unlawful means conspiracy and breach of fiduciary duty (together with dishonestly assisting breach of duty by others and knowing receipt).
40. Mr Boswell and Mr Hurley had become Swiss domiciled, for financial and tax reasons. They relied on Articles 20 and 22.1 (or rather the almost exact equivalent of these provisions in the Lugano Convention) to contend that they must be sued in Switzerland.
41. Both the High Court and Court of Appeal dismissed the jurisdiction challenge. Permission was granted to appeal to the Supreme Court who referred various questions to the Court of Justice, both as to the meaning of the words ‘*relating to*’ and on the question of what constituted an employment relationship within the meaning of the relevant provisions. The Advocate General’s Opinion (to which I shall return) dealt with both matters. However, because they were of the view that the evidence indicated that the Defendants were unlikely to satisfy the test for employment, the Court of Justice declined to rule on the ‘*relating to*’ questions at all. Subsequently the matter returned to the lower Courts to decide the employment question on the facts in the light of the Court of Justice’s ruling.
42. The Court of Appeal’s decision in Bosworth on the ‘*relating to*’ issue is the most recent statement of the law which is binding on me. Gross LJ gave the main judgment with which the other Judges agreed.
43. Having reviewed the main authorities (including Alfa Laval and the CJEU decision in Holterman [2016] ICR 90) Gross LJ rejected the argument advanced by the Appellants that the test to be applied was simply whether the conduct complained of ‘*could have*’ been formulated as a breach of employment contract. That formulation may have reflected the suggestion of Sir Andrew Morritt in Alfa Laval but was not the *ratio* of the case. Indeed it was never put forward as a ‘test’ in the first place. The question to be asked was a broader one. In that regard Gross LJ specifically approved the approach of Davis LJ in Alfa Laval quoted above. He ultimately summarised the correct formulation of the test in [67] of his Judgment in three ways as follows:
- As a matter of reality and substance, do the conspiracy claims relate to the Appellants’ individual contracts of employment? Is there a material nexus between the conduct complained of and those contracts? Can the legal basis of these claims reasonably be regarded as a breach of those contracts so that it is indispensable to consider them in order to resolve the matter in dispute?
44. In the end, he concluded that the claims of the Appellants did not have a material nexus with their contracts of employment and it was not indispensable to consider

them to resolve the matter in dispute. On the contrary, this was a claim of a joint conspiracy to defraud to which the employment contracts were essentially irrelevant. Whilst the Appellants did have contracts with two of the Respondent companies in the group at various times, their actual positions as CEO and CFO were not even mentioned in those contracts. Their real relationship with the Respondents was as the CEO and CFO across the group as a whole, and it was that relationship (outside their contracts of employment) which was said to have been abused by the conduct complained of. The contracts might be said to have provided (in some sense) an opportunity for the conduct complained of, but any nexus was tenuous and not material. See [69]:

Put another way, those contracts do not feature at all, let alone are indispensable, in the resolution of these claims.

45. It is also plain from [71] that he considered that, unlike Alfa Laval, the overall complexion of the case before the Court was hard to fit within the policy and purpose of Article 20. In Bosworth the Appellants essentially controlled the day to day operation of the group and had written their own contracts, so the presumptive imbalance of bargaining power was quite artificial. Furthermore, their connection with Switzerland was tenuous and adopted for tax and legal reasons. The idea that they would have to be sued separately in a different jurisdiction from the remaining 8 members of the alleged conspiracy was extremely unattractive (even though if they were right on the law then it would have to be done).

46. I should finally mention the Opinion of Advocate-General Saugmandsgaard ØE in the same case. As mentioned, Arcadia was referred to the Court of Justice by the Supreme Court, but the Court of Justice (C603/17) ultimately declined to deal with the questions concerning the proper construction of the words '*relating to an individual contract of employment*'. However, the Advocate-General did opine on those questions. He makes a number of interesting points.

47. In particular (at AG86), considering the relevance of whether the contract featured in the pleaded case (which, it will be recalled, was downplayed in Alfa Laval on the basis that 'agile pleaders' could otherwise avoid the consequences of the rule and that many countries bound by the Convention do not have the same pleading requirements that we do) he said as follows (my emphasis):

Certain legal systems, including English law, impose on claimants a standard of strict pleading, requiring them to state in their applications not only the facts and subject matter of the claim, but also the legal bases on which they rely. Others, by contrast, including French law, do not constrain claimants with such a requirement. Nevertheless, a certain degree of relativism is again called for. The fact that an applicant is not required to state the legal basis on which he relies does not mean that, where he has taken care to do so, it should be disregarded.

48. At AG103 he concluded:

a claim made by an employer against an employee is "a matter relating to" an individual contract of employment within the meaning of art.18(1) of the Lugano II Convention, where it relates to a dispute

arising in connection with the employment relationship, irrespective of the substantive legal grounds relied on by the employer in his application. In particular, a claim for compensation brought by an employer against an employee falls within the scope of s.5 where the conduct complained of is in fact related to the duties performed by the employee.

49. I consider that the A-G's proposed test

arising in connection with the employment relationship, irrespective of the substantive legal grounds relied on

is consistent with the '*material nexus*' approach of the Court of Appeal. The example of a case where the conduct complained of is '*related to the duties performed by the employee*' is also helpful and consistent with that approach, though one needs to be careful not to read it as '*within the scope of the duties performed by the employee.*' As Longmore LJ remarked in Alfa Laval at [31]

In one sense any employee who acts in breach of contract is not acting qua employee but it is in just those circumstances that the employer will be suing the employee in the first place.

50. I should finally say that I was urged by Mr Tritton, who appeared for Sornin and Sforza, to follow the approach suggested in AG98:

In light of the foregoing considerations, I would suggest excluding from the scope of s.5 only claims of the employer against the employee which concern harmful conduct that is not connected by any objective circumstance pertaining to time, place, means or purpose with the duties performed by the employee.

51. I decline to go this far. Insofar as this formulation is different from and wider than that of the Court of Appeal in Bosworth, to adopt it would require me to depart from binding authority. If it is in fact no different from the Bosworth approach, then there is no need to adopt it.

APPLYING THE LAW IN THIS CASE

52. In my view this case plainly falls within Articles 20 and 22.1 of the RBR. The claims relate to the contracts of employment between C3 and Messrs Sornin and Sforza.

53. I say that for the following reasons.

54. First, the entire context of Sornin and Sforza's acts complained of in this case lies in their positions as senior employees within Semtech through which they had access to the confidential and copyright materials and the ability to provide those materials to customers such as Lacuna. This is essentially the same nexus which existed in Alfa

Laval.³ It also satisfies the Advocate-General's test of '*in connection with the employment relationship*'.

55. Second, the real nub of the dispute in this case, looked at broadly, concerns Sornin and Sforza's authority to deal with customers under their contracts of employment, and the extent to which their authority to deal with Lacuna was vitiated by the undisclosed information about their shareholdings.
56. It may be noted that there is no substantial dispute about the primary facts. It appears to be accepted that the information relied on was inherently confidential and that it was disclosed to Lacuna. It also seems to be accepted that copyright subsisted in the works, was owned by Semtech, and that the works were reproduced by Lacuna with the authority at least of Sornin.
57. What Sornin and Sforza say (as I understand it) is that it was part of the job for which they were employed to procure customers and set up collaborations with commercial partners like Lacuna. Therefore, they say, they had the authority under their contract of employment to disclose any information reasonably necessary to perform those duties, and to reproduce copyright works for the same purpose. They say that they did not need to obtain separate authority from anyone more senior at the company to do this. And they say that this authority was not vitiated by their undisclosed ownership of shares in the recipient of the information or copyright works, or other irregularities pointed to by the Claimants (such as the failure to extract a non-disclosure agreement from Lacuna prior to providing the materials) because ultimately the deal with Lacuna was for the benefit of the Claimants and did benefit the Claimants.
58. I express no views about the strength of these arguments, which must be a matter of French law. But it is undeniable that the issues of the scope of their authority and the question of vitiation will be at the centre of their defence, and will have to be considered by reference to the contracts of employment which set out their duties and obligations with regard to Semtech. Thus, the employment contracts are not merely context and opportunity, they provide the entire legal framework for resolving Sornin and Sforza's defence. This is a stronger nexus than existed even in Alfa Laval, where it is hard to imagine how Mr Jasokowski could have sought to justify his actions contractually. And it is far from the position in Bosworth where the Defendants were acting in a capacity (group CEO and CFO) to which their employment contracts with individual companies in the group did not really apply.
59. Third, the employment contracts are not merely relevant to Sornin and Sforza's putative defence. The Claimants' own pleaded case puts allegations of breach of those contracts at the heart of its case, as can be seen from the analysis below. References to paragraph numbers (§) are to paragraphs in the Particulars of Claim.
60. §§26-29 set out Sornin and Sforza's obligations under their employment contracts, including duties of exclusivity and confidentiality. §§30-34 set out obligations set out in Codes of Conduct from 2013 and 2020 which set out duties of fidelity, avoiding

³ In Bosworth by contrast, as Gross LJ put it in [68], the key to the alleged fraud lay not in the employment relationship with the individual companies but in the Defendants' *de facto* roles as CEO and CFO across the whole group of companies.

conflicts of interest and confidentiality. These are said to be contractually binding on the basis of article 13 of the contracts of employment which requires respect for the rules of the company including in the Codes which the employees declare that they have read.

61. §77 sets out the specific breaches of contract complained of in six sub-paragraphs. Of these, only one is concerned with the SPA. Two concern breaches of terms of the employment contracts and three concern breaches of the Codes which (as we have seen) were incorporated into the employment contracts. §§78 and 79 repeat the allegation of breach by Sornin and Sforza of these obligations and contend that Lacuna and Ds 2-3 were aware of the same.

62. The claim of misuse of trade secrets against Lacuna and Ds 2 and 3 is pleaded in §§138-147. It is divided into a claim for misuse of technical secrets (§§138-142) and commercial secrets (§§143-147). Both heads are pleaded in two ways: (i) as an unlawful ‘acquisition’ under Article 4(2) of the Trade Secrets Directive and (ii) as an unlawful ‘use’ under Article 4(3).

63. The unlawful acquisition under Article 4(2) is pleaded in §138, where it is alleged to have occurred by the unauthorised access to confidential materials [Article 4(2)(a)] and/or by other conduct considered contrary to ‘honest commercial practices’ [Article 4(2)(b)]. The former allegation requires proof that the access provided by Sornin was unauthorised, which implicitly raises the whole question of Sornin’s alleged breaches of his contract of employment for the reasons given in the section above. In respect of the latter allegation, the particulars of lack of ‘honest commercial practices’ are as follows:

In relation to the latter contention Semtech relies upon the aforesaid breaches of the SPA and contracts of employment and the fact that Lacuna, Spurrett and Telkamp procured and/or knew of those breaches.

64. The unlawful use under Article 4(3) is said in §139 to be unlawful because it was carried out without Semtech’s consent,

by persons who acquired those trade secrets unlawfully as aforesaid.

This is a reference back to the allegations of breach of employment contract by Sornin made in §§78-79, as explained in §140:

The use and disclosure of the Technical Trade Secrets for and to Lacuna by Sornin were unlawful as they were carried without Semtech’s consent, in breach of the confidentiality obligations in his contract of employment and the Code of Conduct.

65. The plea as to unlawful acquisition and use of the commercial secrets is in the same terms, *mutatis mutandis*.

66. As we have seen, the United Kingdom authorities have moved away from a test which simply asks whether the contract is part of the pleaded case, recognising that this was resulting in an artificial ‘pleader’s game’ in which the Claimant studiously avoided

referring to the contract of employment simply to avoid a jurisdiction challenge (see Davis LJ in Alfa Laval at [44] and Gross LJ in Bosworth at [65]). In fact, in both cases, breach of employment contract had originally been pleaded but then excised by amendment. See [13] of Longmore LJ in Alfa Laval and [19] of Gross LJ in Bosworth.

67. Mr Bloch QC for the Claimants urged on me that the corollary of this was that the reliance by the Claimants on the employment contract ought not to be taken as decisive either. There is something in this. Pleading the contract by way of background or general information would be far from decisive. However, I also believe the Advocate-General in Bosworth was right in the passage I have quoted above at [47]. Where a party has gone to the trouble of pleading out the employment contract and making specific allegations of breach of that contract as component parts of the causes of action relied on, it would be bizarre if the Court refused to take this into account. Indeed, where a disputed allegation of breach of an employment contract forms a critical element of a component part of the main cause of action, it is hard to see how a Court can say that the action did not '*relate to*' the employment contract.
68. Here, no-one could accuse the pleaders of the Particulars of Claim of 'playing games' to avoid a jurisdiction challenge. Rather than hide the significance of the employment contract, they have put its breach at the centre of their primary causes of action.
69. Mr Bloch QC contended that this was a misreading of the pleading. He submitted that the only parts of the pleading which rely on the breach of the employment contract are allegations concerning the primary liability of Ds 1-3 for breach of confidence. Sornin and Sforza are only alleged to be secondarily liable with as joint tortfeasors. Since this does not require any more than material assistance in the unlawful acts of Ds 1-3 as part of a common design, the components of direct liability pleaded against Ds 1-3 (including the breach of Sornin and Sforza's contracts of employment) are essentially irrelevant to this Application.
70. I do not accept this. Obviously there can be no joint liability on Sornin and Sforza's part unless the primary breaches are first established. So the action against Sornin and Sforza for joint liability with Ds 1-3 for breach of confidence will necessarily require proof of the pleaded allegations that they were acting in breach of their employment contracts.
71. Mr Bloch QC also contended that the liability of Sornin and Sforza for D1-3s acts of copyright infringement was free-standing and did not require any breaches of their employment contract to be established. In this respect he pointed to §§115-116 which allege that the licence agreements between Lacuna and Semtech (which were governed by Swiss law) were vitiated under the Swiss Civil Code as a result of the non-disclosure by Lacuna of the conflict of interest of Sornin and Sforza. As he said, joint liability with Lacuna for infringement on this basis would not technically require any actual breach of contract by Sornin and Sforza, merely a conflict of interest on their part. However, I do not find this particularly convincing as an answer to the present Application either, for at least three reasons:
- (i) The alleged conflict of interest only arises in the first place because of Sornin and Sforza's position as senior employees within Semtech responsible for

setting up the licence agreement. Arranging such deals was part of their duties. It thus plainly ‘relates’ to their employment contract (and indeed the same conflict of interest is pleaded as being a breach of the employment contract in, for example, §77e of the Particulars of Claim).

- (ii) The vitiation of the licence agreement is only part of the copyright infringement claim. As Mr Tritton pointed out, the licence was only entered into in March 2019 and the allegations of copyright infringement go back to the end of 2017.
- (iii) The particulars of common design to infringe copyright set out in §148 include allegations which amount to breaches of employment contract. (f) and (g) of the particulars are set out below:

f. The regular provision of Semtech’s confidential information and trade secrets to Telkamp and Spurrett without authorisation from the relevant persons in charge within Semtech, as both Telkamp and Spurrett were aware.

g. The assistance Sornin and Sforza provided in furthering Lacuna’s interests from within Semtech, by extolling Lacuna’s merits and directing Semtech’s resources to assisting Lacuna.⁴

72. Fourth, the ‘reality check’ suggested by Gross LJ in Bosworth at [71] supports my view that this is a case falling within Articles 20 and 22.1. Sornin and Sforza have a genuine and close connection with France as life-long citizens and residents. Their bargaining power is lower than that of the Claimant and they had not drafted their own contracts of employment. They answered to line managers at the companies they worked for. They clearly fall within the category of person Articles 20 and 22.1 were intended to protect and they could reasonably expect to have that protection in the case of an action brought by their employer. The result of the reality check here is the opposite from that in Bosworth, where the Defendants were essentially in control of the Claimant companies, had written their own contracts, and had decided on their own country of domicile for tax reasons.

73. Mr Bloch QC urged me to see the ‘reality’ of the case rather differently. He relied in particular on the existence of multiple Defendants in the action already, and the inconvenience of having to proceed separately in relation to the same torts in both jurisdictions. I do not consider that these are relevant factors under Article 20. This Article is not concerned with *forum conveniens*. Indeed, it is common ground that Article 22.1 takes precedence over Article 8(1) which provides jurisdiction in certain circumstances on the basis of the existence of a claim against a co-Defendant.

74. For those reasons I conclude that all three of Gross LJ’s questions asked in [67] of Bosworth are answered in favour of Sornin and Sforza’s case on this Application:

⁴ Mr Bloch suggested that the second of these did not necessarily imply a breach of employment contract, but it is plainly a reference back to the more detailed allegations along these lines in §77 which are said to be a breach.

- (i) As a matter of reality and substance, the claims relate to the Appellants' individual contracts of employment.
- (ii) There is a material nexus between the conduct complained of and those contracts.
- (iii) The legal basis of the claims can reasonably be regarded as deriving from an alleged breach of those contracts such that it is indispensable to consider them in order to resolve the matter in dispute.

75. I therefore find that this Court has no jurisdiction over the claims in these proceedings made against Sornin and Sforza. Those claims may only be brought in France.