Asia Business Forum Pte Ltd v Long Ai Sin and Another
[2003] SGHC 187

Case Number : Suit 949/2002

Decision Date : 28 August 2003

Tribunal/Court : High Court

Coram : Kan Ting Chiu J

Counsel Name(s) : Tito Isaac and Sadique Marican (Tito Isaac & Co) for the Plaintiff; Low Chai Chong and Henry Heng (Rodyk & Davidson) for the Defendants

Parties : Asia Business Forum Pte Ltd — Long Ai Sin; Pacific Conferences Pte Ltd

Employment Law – Employees' duties – Post-employment duties – Confidentiality and trade secrets – Protected information – Whether information amounting to trade secrets or information accorded protection as trade secrets

1. This is a case of an employer which feels aggrieved by a former employee who becomes its competitor. The employer in this case is the plaintiff. The ex-employee is the first defendant. The second defendant is the company the first defendant set up with her husband.

2. The plaintiff is a conference producer and have been in the business since 1992. The first defendant was employed by the plaintiff as a Conference Producer in January 1995. She was promoted to Conference Group Manager in October 1996 and she left the plaintiff in September 1999.

3. The first defendant took on several jobs after leaving the plaintiff. She came back into the conference producing industry through the second defendant, and produced the first conference in August 2001.

4. The plaintiff takes objection to that. Its complaint is that the first defendant had disclosed to the second defendant the plaintiff's highly confidential information and trade secrets and allowed the latter to use them. It seeks permanent injunctions against both defendants from dealing with the information, delivery up of documents in books containing the information, damages or an account of profits made by them from the use of the information.

5. The plaintiff defined the trade secrets and highly confidential information in the further and better particulars it furnished. The trade secrets are identified as

> The Plaintiffs' Training Manual consisting of highly confidential information and trade secrets. This manual sets out the Plaintiff's business model and techniques in conference organizing a conference from the first stage in topic selection, to research, marketing and running the conference. It also embodies the Plaintiffs' unique system of work including briefing procedures, reporting forms, various formats and templates, etc.

6. The confidential information is defined as

> The Plaintiffs' database and contact information under the following categories:-
>
> 1. The Plaintiffs' database information *comprising of speakers* with full contact details, name of company, addresses and telephone numbers for conferences *produced by the 1st Defendant.*
>
> 2. The Plaintiffs' database information *comprising of speakers* with full contact details, name of company, addresses and telephone numbers for conference *supervised by the 1st Defendant.*

3. The Plaintiffs' database information *comprising of delegates* for all conferences *produced by the 1st Defendant.*

4. The Plaintiffs' database information *comprising of delegates* for all conferences *supervised by the 1st Defendant.*

5. The Plaintiffs' database information comprising of *A-code or contact lists* for conferences *produced by the 1st Defendant.*

6. The Plaintiffs' database information comprising of *A-code or contact lists* for conferences *supervised by the 1st Defendant.*

7. Business cards of contacts and prospects including speakers, delegates, sponsors, publications and suppliers, obtained by the 1st Defendant during her course of employment, and which were not surrendered to the Plaintiffs when she left.

(Emphasis added).

7. By this description the plaintiff does not base its claim on its entire database, but only those parts of it containing information related to conferences produced or supervised by the first defendant.

8. There is no direct allegation that the first defendant took with her the training manual or any part of the database. The closest the statement of claim came to identifying the first defendant's use or misuse of the alleged trade secrets and confidential information is

The 2nd Defendant could not have developed, produced or conducted *the Conference* without inter alia :-

(i) The disclosure by the 1st Defendant to the 2nd Defendants of the highly confidential items and trade secrets of the Plaintiffs …

(ii) The disclosure by the 1st Defendant to the 2nd Defendants of the popularity and profitability of each of *the Conferences* and the Plaintiffs' underlying work-plan.

Owing to the complexity, depth and level of sophistication of the … Plaintiffs' system of work, the Plaintiffs will invite the inference that one or both of the foregoing disclosures must have taken place between the 1st and 2nd Defendants.[1]

(Emphasis added)

without identifying "the Conference" and "the Conferences".

9. The duty of an employee to protect his employer's information is discussed by the Court of Appeal in *Faccenda Chicken Ltd v Fowler* [1986] 3 WLR 288 and by our Court of Appeal in *Tang Siew Choy & Ors v Certact Pte Ltd* [1993] 3 SLR 44. While he is under his employer, he cannot use or disclose his employer's confidential information except in the discharge of his duties as employee. After he has left his employment, there is an enduring duty on him not to use or disclose his former employer's information which "can properly be classed as a trade secret or as material which, while

not properly to be described as a trade secret, is in all the circumstances of such a highly confidential nature as to require the same protection as a trade secret *eo nomine*" - per Neill LJ in *Faccenda Chicken* at p 300.

10. What information is protected post-employment? Neill LJ acknowledged that "(i)t is clearly impossible to provide a list of matters which will qualify as trade secrets or their equivalent." He pointed to secret processes of manufacture as obvious examples of trade secrets. He also listed several factors relevant in identifying a trade secret – whether the circulation of the information is restricted, whether the employee is instructed that the information is confidential, and whether the information is easily isolated from other information that the employee is free to use or disclose. It must be remembered that these are not conclusive. The over-zealous characterisation and over-protective treatment of information would not transform information of unexceptional confidentiality into a trade secret.

11. The plaintiff regards its training manual as a trade secret. It claims that

> The Plaintiffs' training manual describes in detail and *the step by step approach on how the Plaintiffs go about organizing its conferences,* selecting and evaluating topics, researching issues, developing draft programs, marketing, maintaining its database and running its conferences. These are highly valuable and protected, by applying the Plaintiffs' *work processes, its peculiar documents, forms and templates* in order to achieve the Plaintiffs' objectives and success. The Plaintiffs regard these as confidential information and property and which belong to the Plaintiffs.
>
> …
>
> Unlike *some training companies which organise seminars aimed at individuals for self-motivation and self-improvement, or exhibition-related seminars* which are driven by vendors, the Plaintiffs' conference concept, approach and method in producing and marketing its conferences are completely different.[2]
>
> (Emphasis added)

It is interesting that the comparison is made against *training companies*, and not against organisers of conferences for businesses and professions like the plaintiff.[3] The plaintiff does not say if its conference concept, approach and method are completely different from that of other conference organisers.

12. The manual is a comprehensive compilation touching on every aspect of conference organisation. But does that make it a trade secret that an ex-employee like the first defendant cannot use? It is interesting that the confidentiality and non-disclosure provisions in the first defendant's contract of employment do not mention the manual when they referred to the information that was protected, and that the manual was not marked "Confidential". While it does not mean that the manual cannot be a trade secret because it was not specifically referred to, the omission may lead an employee to believe that the plaintiff did not consider it to be secret or confidential.

13. The first defendant admitted that two documents used by the second defendants were similar to the plaintiffs'. These were a direct mail promotion form and a research report. The similarity is that the section headings in the second defendant's versions of those documents were the same to those in the plaintiff's documents.

14. It can be inferred that the forms of those documents were modelled on the plaintiff's

documents. But the contents were not copied, and were the second defendant's own. The bare forms contain little information in themselves. They set out the information to be recorded. They become informative after they are completed.

15. In *Sir W C Leng & Co Ltd v Andrews* [1909] 1 CH 763 Farwell LJ stated at 773-4 an employer cannot

> … prevent his employee from using the skill and knowledge in his trade or profession which he has learnt in the course of his employment by means of directions or instructions from the employer. That information and that additional skill he is entitled to use for the benefit of himself and the benefit of the public who gain the advantage of his having had such admirable instruction. The case in which the Court interferes for the purpose of protection is where use is made, not of the skill which the man may have acquired, but of the secrets of the trade or profession which he had no right to reveal to any one else … a man who goes into an office is entitled to make use in any other office, whether his own or that of another employer, of the knowledge which he has acquired in the former of details of office organisation, such as the establishment of one department with a chief or head and grades of subordinates under him, the desirability of establishing local centres of information … and the like. *To acquire the knowledge of the reasonable mode of general organisation and management of a business of this kind, and to make use of such knowledge, cannot be regarded as a breach of confidence* in revealing anything acquired by reason of a person having been in any particular service, although the person may have learnt it in the course of being taught his trade; but it would be a breach of confidence to reveal trade secrets, such as prices, &c., or any secret process or things of a nature which the man was not entitled to reveal.
>
> (Emphasis added)

16. Lord Atkinson endorsed the passage as "thoroughly sound" in *Herbert Morris Ltd v Saxelby* [1916] AC 688 at 705 and Pearson LJ said in *Commercial Plastics Ltd v Vincent* [1964] 1 QB 623 that a company's scheme of organisation and methods of business are not counted as trade secrets. *Halsbury's Laws of England* (4th Edn Vol. 8(1) para 412) states "(k)nowledge of the reasonable mode of general organisation and management of a business may well not be a trade secret."

17. I agree with their lordships. I can understand *Halsbury's* use of the words "may well not be" rather than "cannot". It is prudent to leave the door open to an employer to show that its organisation or business method deserves that protection. It is possible for there to be businesses of exceptional sensitivity which require and deserve greater protection. Of course that would have to be exceptional cases where this information is imbued with the qualities of trade secret.

18. What are the qualities of a trade secret? A trade secret can be in any form. It can be simple or complex. It can be the result of intense thought and immense effort, or it may be a chance discovery. It is not possible to state comprehensively the necessary make-up of a trade secret.

19. Other paths can be taken to come to a conclusion. As Neill LJ indicated, the control and use of the information can be looked at (see para 10). It could be asked whether the information ought not to be used by the employee even after the cessation of employment. If the answer is in the negative, the information will not be regarded as a trade secret.

20. Farwell LJ, Lord Atkinson and Pearson LJ had laid down the general proposition that the mode of general organisation and management of a business is not entitled to such protection. The plaintiff's case is that its business organisation and management set out in its training manual

nevertheless deserve protection. The onus is on the plaintiff to prove that. It sought to do that by its contention that it has (a) expended much time, labour and expense to collate the information and build its database; (b) painstakingly created, compiled and arranged particular documents, forms and templates in its own way over the years; (c) developed a very organised system of work and procedures to complement its own business model, methodology and system which have proven successful.[4]

21. It failed to show why, when information on the organisation and management of businesses is not generally protected as trade secrets, it should receive greater protection. It did not make out a case why its former employees should not benefit from the knowledge a work and organisation system they were instructed to follow.

22. Conference organisation is not a restricted business. There are few if any restrictions against any party who wishes to join the industry. The first defendant pointed out there are many books published on the skills and business of conference management. Knowledge of the trade can be acquired legitimately. The plaintiff's Group Managing Director Yeap Ban Hwa started business in conference organising with only three and a half months' experience with her previous employer, and the plaintiff then developed its business successfully through its own endeavours. I cannot see anything that takes this business apart from other businesses. It is not so sensitive or fragile as to need special protection.

23. The next area of information is the plaintiff's database. As noted, the plaintiff claimed protection for (a) database information of speakers in conferences produced or supervised by the first defendant, (b) database information of delegates for conferences produced or supervised by the first defendant, and (c) database information on its A-code or contact lists for conferences produced or supervised by the first defendant (see para 6). The A-code contains the names of *potential* delegates and speakers[5] and there can be hundreds of potential speakers for a conference with 14-16 speakers.[6] These names are taken from newspapers, magazines, the database and other sources.[7]

24. Ms Yeap complained that "81% of the delegate companies in *the Defendants' delegates' list* produced for the 2nd Defendants' Corporate Branding conference in May 2002, are the same delegates or A-code names from *the Plaintiffs' database*."[8] (Emphasis added). There was no indication how many of those names came from the "secret" parts of the plaintiff's database.

25. The plaintiff contends in the closing submissions that "the duplication rate for delegates at 78% (47 out of 60 companies) and speakers at 81% (21 out of 26) between the Plaintiffs and the 2nd Defendants' databases, are extremely high. The Plaintiffs submit that this further evidences that the Defendants have taken, copied and/or used the Plaintiffs' database of speakers, delegates and A-codes."[9] This is at odds with Ms Yeap's claim of a 81% duplication of delegates.

26. Several questions arise. Why were there comparisons made against the plaintiff's whole database instead of the parts it claims protection for? What would the figures be if the comparisons are made against those parts only? The second defendant had compiled its own lists, purchased and rented lists and worked with media partners to publicise its conferences. Without knowing the scope and depth of these information, is there a basis for complaint over the level of duplication? The plaintiff does not provide any answers to these questions.

27. Over and above this, the plaintiff does not have any evidence that the defendants have used any information in its database. It has no evidence that the first defendant copied any part of it

when she resigned. No attempt was made to obtain an Anton Piller order to get proof of that. The whole allegation is made by comparing the second defendant's conference figures against its own database. This is, for the reasons stated, not enough.

28. For the present purposes I accept that the specific parts of the database identified by the plaintiff are highly confidential and cannot be used by the first defendant after she left the company and that it would be wrong for her to make copies from the database and take them with her when she left.

29. However the plaintiff has not proved to my satisfaction that the defendants have the information or have used it. It has not gathered or produced enough evidence to support its claims.

30. Following from these findings, the whole of the plaintiff's action is dismissed with costs.

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[1] Statement of Claim paras 26-7

[2] Affidavit of evidence-in-chief of Yeap Ban Hwa paras 25 and 38

[3] Affidavit of evidence-in-chief of Yeap Ban Hwa para 17

[4] Affidavit of evidence-in-chief of Yeap Ban Hwa para 153

[5] Affidavit of evidence-in-chief of Yeap Ban Hwa para 90

[6] Affidavit of evidence-in-chief of Leong Yee Ling paras 14 -18

[7] Notes of Evidence page 165

[8] Affidavit of evidence-in-chief of Yeap Ban Hwa para 165

[9] Plaintiffs' Closing Submissions para 95

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