

2nd Civil No. B145831

IN THE COURT OF APPEAL
OF THE STATE OF CALIFORNIA
SECOND APPELLATE DISTRICT
DIVISION FOUR

SARGENT FLETCHER, INC.,

Plaintiff and Appellant,

vs.

ABLE CORPORATION,

Defendant and Respondent.

Appeal from the Los Angeles County Superior Court
Honorable Harold I. Cherness, Judge
Case No. KC025385

RESPONDENT'S BRIEF

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TABLE OF CONTENTS

| | Page |
|--|-------------|
| INTRODUCTION | 1 |
| STATEMENT OF FACTS | 4 |
| A. The Parties | 5 |
| 1. Defendant Able Corporation. | 5 |
| 2. Plaintiff Sargent Fletcher, Inc. | 5 |
| B. The Parties' Prior Work On In-Flight Refueling Systems. | 5 |
| C. Sargent Fletcher Selects Able To Redesign The "Brain" Of The FR-300 Hose Reel System. | 6 |
| D. Lockheed And Military Specifications Constrain The Design Of The FR-300. | 8 |
| E. Sargent Fletcher And Able Divide Rights And Responsibilities On The Intelligent Hose Reel Project. | 8 |
| F. Sargent Fletcher Files Bankruptcy, Its Purchaser Rejects The Teaming Arrangement, And No Further Agreement Is Reached. | 9 |
| G. Able Attempts To Develop Its Own Microprocessor-Controlled Hose Reel And Recoup Its Losses. | 10 |
| H. Evidence Of Able's Independent Development And Reverse Engineering. | 11 |
| 1. Evidence that aircraft system interface specifications constrained Able's design options. | 13 |
| 2. Evidence of Able's use of off-the-shelf-parts. | 14 |
| 3. Evidence that independent development shaped Able's hose reel design. | 14 |

| | | |
|----|---|----|
| 4. | Evidence that reverse engineering shaped Able's hose reel design. | 15 |
| 5. | Evidence that Able used publicly-available sources of information. | 17 |
| 6. | Evidence that Able created its own set of design drawings for its hose reel. | 18 |
| I. | Able Wins Contracts But Never Sells Any Hose Reels. | 18 |
| | PROCEDURAL HISTORY | 19 |
| A. | Sargent Fletcher Sues Before Even Seeing Able's Hose Reel. | 19 |
| B. | Sargent Fletcher Refuses To Identify Any Trade Secrets In Its FR-300 Hose Reel Until The Final Moments Of Trial. | 19 |
| C. | Able Produces Reams Of Documents Showing How It Designed Its Hose Reel. | 20 |
| D. | After A Seven-Week Trial, The Jury Finds That Able Did Not Misappropriate Any Trade Secrets. | 22 |
| | ARGUMENT | 24 |
| I. | THE TRIAL COURT PROPERLY REJECTED SARGENT FLETCHER'S PROPOSED JURY INSTRUCTION BECAUSE EVEN UNDER SARGENT FLETCHER'S THEORY OF THE CASE, IT HAD MULTIPLE FATAL FLAWS. | 24 |
| A. | California Trade Secrets Law And The Relevant Jury Instructions. | 25 |
| B. | Sargent Fletcher's Proposed Instruction Was Woefully Incomplete. | 27 |
| 1. | The instruction omitted the key element of "reverse engineering." | 27 |
| 2. | The instruction did not define its key terms. | 29 |

| | | |
|-----|---|----|
| a. | Neither the instruction nor any evidence defined “substantial similarity.” | 29 |
| (1) | Analogous copyright law requires that jury instructions define “substantial similarity.” | 30 |
| (2) | Trade secrets cases like this one require similar definitional precision. | 31 |
| (3) | Sargent Fletcher’s incomprehensible evidence concerning the meaning of “substantial similarity” demonstrates why it was essential for the jury instructions to define the term. | 32 |
| b. | The instruction did not define or even employ the term “access.” | 35 |
| 3. | The instruction did not inform the jury of the consequences of proving “access” and “substantial similarity.” | 37 |
| II. | EVEN IF THE COURT ERRED IN REJECTING THE INSTRUCTION, THERE WAS NO PREJUDICE. | 38 |
| A. | Sargent Fletcher Cannot Meet Its Heavy Burden Of Demonstrating A “Miscarriage Of Justice” In Light Of The Entire Record. | 38 |
| 1. | The state of the evidence shows no prejudice. | 39 |
| 2. | Other jury instructions minimized the importance of any burden-shifting instruction. | 40 |
| 3. | Counsel’s arguments minimized any potential prejudice. | 41 |

| | | |
|------|--|----|
| 4. | The jury gave no indication it was confused. | 42 |
| B. | Because Sargent Fletcher Failed To Request A Special Verdict That Would Have Revealed Any Prejudice, The Court Should Resolve Any Doubts About Prejudice Against Sargent Fletcher. | 43 |
| III. | THE BURDEN OF PROOF DOES NOT SHIFT IN TRADE SECRETS CASES. | 46 |
| A. | The California UTSA Does Not Authorize Shifting The Burden of Proof. | 46 |
| 1. | The UTSA's drafters rejected language that would have shifted the burden of proof. | 46 |
| 2. | The Legislature failed to authorize burden-shifting in another statute relating to trade secrets. | 47 |
| B. | No Public Policy Justifies Shifting The Burden Of Proof. | 48 |
| C. | None of Sargent Fletcher's Authorities Supports Shifting The Burden Of Proof. | 50 |
| 1. | <i>Droeger</i> did not involve shifting the burden of proof. | 50 |
| 2. | Sargent Fletcher's other authorities are equally inapposite. | 52 |
| D. | At Most, Only The Burden of Production Should Shift, In Which Case No Instruction Would Be Appropriate Or Permissible In This Case. | 54 |
| 1. | Sargent Fletcher fails to distinguish between California's two distinct types of burden-shifting. | 54 |

| | | |
|----------------------------------|---|-----------|
| 2. | Even if the burden of production shifted to Able, no instruction on the subject was appropriate or even permissible. | 56 |
| 3. | Sargent Fletcher's own authorities suggest that evidence of access and similarity only shifts the burden of production or triggers a permissive inference of use. | 57 |
| IV. | THERE WAS NEITHER ERROR NOR PREJUDICE IN ADMITTING DOCUMENTARY EVIDENCE SHOWING ABLE'S REVERSE ENGINEERING AND INDEPENDENT DEVELOPMENT. | 59 |
| A. | The Trial Court Did Not Abuse Its Discretion. | 59 |
| 1. | Sargent Fletcher was not surprised. | 59 |
| 2. | Sargent Fletcher's relevance and foundational objections are meritless. | 60 |
| 3. | No prejudice ensued. | 60 |
| B. | Sargent Fletcher Waived Any Claim Of Prejudice By Its Tactical Decision To Forgo Remedies In The Trial Court | 61 |
| CONCLUSION | | 63 |
| CERTIFICATE OF WORD COUNT | | 64 |

TABLE OF AUTHORITIES

| | Page |
|---|-------------|
| Cases | |
| Apple Computer, Inc. v. Microsoft Corp. (9th Cir. 1994) 35 F.3d 1435 | 30 |
| Bateman v. Mnemonics, Inc. (11th Cir. 1996) 79 F.3d 1532 | 31 |
| Bolt Assoc., Inc. v. Alpine Geophysical Assoc., Inc. (3d Cir. 1966) 365 F.2d 742 | 52, 53 |
| Buzgheia v. Leasco Sierra Grove (1997) 60 Cal.App.4th 374 | 39, 56 |
| Caldwell v. Paramount Unified School Dist. (1996) 41 Cal.App.4th 189 | 49 |
| Chemetall GMBH v. ZR Energy, Inc. (N.D. Ill. 2001) 138 F.Supp.2d 1079 | 50 |
| City of National City v. Wiener (1992) 3 Cal.4th 832 | 24 |
| City of Port Hueneme v. City of Oxnard (1959) 52 Cal.2d 385 | 48 |
| Conrad v. Ball Corp. (1994) 24 Cal.App.4th 439 | 45 |
| Crespin v. Kizer (1990) 226 Cal.App.3d 498 | 47 |
| Cubic Corp. v. Marty (1986) 185 Cal.App.3d 438 | 47 |
| Cybertek Computer Products v. Whitfield (Cal. Super. Ct., Nov. 31, 1977, No. 23911) 1977 WL 22730 [203 U.S.P.Q. 1020] | 53 |
| Davey v. Southern Pacific Co. (1897) 116 Cal. 325 | 24 |
| DePalma v. Westland Software House (1990) 225 Cal.App.3d 1534 | 60 |
| Doers v. Golden Gate Bridge etc. Dist. (1979) 23 Cal.3d 180 | 62 |

| | |
|---|-----------------------|
| Droeger v. Welsh Sporting Goods Corp. (9th Cir. 1976) 541 F.2d 790 | 50, 51, 52, 57 |
| Frybarger v. International Business Machines Corp. (9th Cir. 1987) 812 F.2d 525 | 36 |
| FSI International, Inc. v. Shumway (D. Minn. Feb. 26, 2002, No. CIV 02-402), 2002 WL 334409 | 31 |
| Garter-Bare Co. v. Munsingwear Inc. (9th Cir. 1984) 723 F.2d 707 | 52, 53, 57 |
| Greenberg v. Croydon Plastics Co. (E.D.Pa. 1974) 378 F.Supp. 806 | 57 |
| Haft v. Lone Palm Hotel (1970) 3 Cal.3d 756 | 48 |
| Harper House, Inc. v. Thomas Nelson, Inc. (9th Cir. 1989) 889 F.2d 197 | 30 |
| Harris v. Oaks Shopping Center (1999) 70 Cal.App.4th 206 | 24 |
| Haycock v. Hughes Aircraft Co. (1994) 22 Cal.App.4th 1473 | 54 |
| Henry Hope X-Ray Products, Inc. v. Marron Carrell, Inc. (9th Cir. 1982) 674 F.2d 1336 | 52, 57 |
| Hoechst Celanese Corp. v. Franchise Tax Board (2001) 25 Cal.4th 508 | 46 |
| Hurlbut v. Sonora Community Hospital (1989) 207 Cal.App.3d 388 | 45 |
| Hyatt v. Sierra Boat Co. (1978) 79 Cal.App.3d 325 | 24 |
| IDX Systs. Corp. v. Epic Systs. Corp. (W.D. Wis. 2001) 165 F.Supp.2d 812 | 34 |
| Imax Corp. v. Cinema Tech., Inc. (9th Cir. 1998) 152 F.3d 1161 | 34 |
| Imi-Tech Corp. v. Gagliani (S.D. Cal. 1986) 691 F.Supp. 214 | 52 |
| In re Marriage of Scherr (1986) 177 Cal.App.3d 314 | 56 |

| | |
|---|------------|
| In re Marriage of Slayton & Biggums-Slayton (2001) 86 Cal.App.4th 653 | 59 |
| Integral Systs., Inc. v. Peoplesoft, Inc. (N.D. Cal. 1991), 1991 WL 498874 | 31, 32 |
| Integrated Cash Mgmt. Servs. v. Digital Transactions (S.D.N.Y. 1989) 732 F.Supp. 370 | 52 |
| Jones v. City of Los Angeles (1993) 20 Cal.App.4th 436 | 62 |
| Kauffman v. De Mutiis (1948) 31 Cal.2d 429 | 62 |
| Keeler Brass Co. v. Continental Brass Co. (4th Cir. 1988) 862 F.2d 1063 | 53 |
| Kewanee Oil Co. v. Bicron Corp. (1974) 416 U.S. 470 [94 S. Ct. 1879, 40 L.Ed.2d 315] | 49 |
| Lawler Mfg. Co. v. Bradley Corp. (S.D. Ind. Apr. 26, 2000, No. IP 98-1660), 2000 WL 1456336 | 31 |
| MAI Systs. Corp. v. Peak Comp., Inc. (9th Cir. 1993) 991 F.2d 511 | 34 |
| Mathis v. Morrissey (1992) 11 Cal.App.4th 332 | 48, 52, 56 |
| Microbix Biosystems v. Biowhittaker, Inc. (D.Md. 2000) 172 F.Supp.2d 665 | 44 |
| Moyal v. Lanphear (1989) 208 Cal.App.3d 491 | 59 |
| Overman v. Loesser (9th Cir. 1953) 205 F.2d 521 | 53 |
| People v. Gonzales (1999) 74 Cal.App.4th 382 | 42 |
| People v. Vargas (2001) 91 Cal.App.4th 506 | 38 |
| Pioneer Hi-Bred Int'l, Inc. v. Holden Foundation Seeds, Inc. (S.D. Iowa, Oct. 30, 1987, Civ. No. 81-60-E) 1987 WL 341211 | 57 |
| Plains Cotton Coop. Ass'n of Lubbock, Texas v. Goodpasture Comp. Serv., Inc. (5th Cir. 1987) 807 F.2d 1256 | 36 |

| | |
|--|---|
| Porous Media Corp. v. Midland Brake, Inc. (D. Minn. July 18, 2001, No. CIV-98-2510) 2001 WL 1631332 | 31 |
| Rapco Foam, Inc. v. Scientific Applications, Inc. (S.D.N.Y. 1979) 479 F.Supp. 1027 | 52 |
| Reinforced Earth Co. v. Neumann (D.Md. 1978) 201 U.S.P.Q. 205 | 54 |
| RTE Corp. v. Coatings, Inc. (1978) 84 Wis.2d 105 [267 N.W.2d 226] | 54 |
| Rue-Ell Enterprises, Inc. v. City of Berkeley (1983) 147 Cal.App.3d 81 | 61 |
| Rutherford v. Owens-Illinois, Inc. (1997) 16 Cal.4th 953 | 4, 38-43 |
| Samuels v. Mix (1999) 22 Cal.4th 1 | 48 |
| Servo Corp. of America v. General Elec. Co. (4th Cir. 1968) 393 F.2d 551 | 46 |
| Shaw v. Lindheim (C.D. Cal. 1992) 809 F.Supp. 1393 | 53 |
| Slater v. Kehoe (1974) 38 Cal.App.3d 819 | 56 |
| Sokol Crystal Prods., Inc. v. DSC Comm. Corp. (7th Cir. 1994) 15 F.3d 1427 | 57 |
| Soule v. General Motors Corp. (1994) 8 Cal.4th 548 | 4, 38, 39 |
| Summers v. Tice (1948) 33 Cal.2d 80 | 48 |
| Thomas v. Lusk (1994) 27 Cal.App.4th 1709 | 48 |
| Three Boys Music Corp. v. Bolton (9th Cir. 2000) 212 F.3d 477 | 30, 35, 43-45 23, 26, 27, 29, 35, 37 |
| Tomasini v. Walt Disney Co. (S.D.N.Y. 2000) 84 F.Supp.2d 516 | 35 |
| Tusher v. Gabrielsen (1998) 68 Cal.App.4th 131 | 55 |

Constitutions

| | |
|--|-------|
| California Constitution, art. VI, § 13 | 4, 60 |
|--|-------|

Statutes

| | |
|--|--------------------|
| 11 U.S.C. § 365 | 9 |
| Civil Code section 3426 | 25 |
| Civil Code section 3426.1, Leg. Com. Comment | 15 |
| Civil Code section 3426.1 | 15, 25, 27, 28, 36 |
| Civil Code section 3426.1, subd. (b) | 25 |
| Civil Code section 3426.1, subd. (a) | 25, 27 |
| Civil Code section 3426.1, comment | 27 |
| Civil Code section 3426.1, subd. (d)(2) | 36 |
| Evidence Code section 110 | 55 |
| Evidence Code section 352 | 59 |
| Evidence Code section 353 | 60 |
| Evidence Code section 520 | 55 |
| Evidence Code section 601 | 54 |
| Evidence Code section 603, comment | 49 |
| Evidence Code section 604, comment | 55, 56 |
| Evidence Code section 605 | 48 |
| Evidence Code section 605, comment | 49, 55 |
| Evidence Code section 500 | 55 |
| Evidence Code section 550 | 55 |
| Evidence Code sections 601-606 | 54, 55 |
| Labor Code section 2872 | 47, 48 |

| | |
|--|--------------|
| Labor Code sections 2870-2872 | 47 |
| U. Trade Secrets Act (1985) §§1-12 | 46 |
| U. Trade Secrets Act § 4, comment [Eighth Tentative Draft August 4, 1979] | 46-47 |

Rules

| | |
|---|-----------|
| California Rules of Court, Rule 229(c) | 24 |
| California Rules of Court, Rule 976 | 53 |
| California Rules of Court, Rule 976.1 | 53 |
| California Rules of Court, Rule 977 | 53 |

Texts

| | |
|---|---------------|
| 3 Nimmer on Copyright (2002) §12.11(D) | 35 |
| 4 Milgrim on Trade Secrets (2001) § 15.01[2][a], p. 15-100 | 53, 54 |

Other Authorities

| | |
|------------------|---------------|
| BAJI 2.00 | 40 |
| BAJI 2.02 | 40 |
| BAJI 2.04 | 40, 61 |
| BAJI 2.60 | 25 |

INTRODUCTION

Following a seven-week trial featuring dozens of witnesses and thousands of pages of exhibits, a jury concluded that respondent Able Corporation developed its in-flight refueling system without using any of appellant Sargent Fletcher, Inc.’s trade secrets. Sargent Fletcher claims the jury reached this result because the trial court erroneously refused to give an instruction that could have shifted the burden of proof to Able on the issue of use. Sargent Fletcher’s theory is not only wrong—it is irrelevant to this appeal, because the proposed instruction was too flawed to give even if Sargent Fletcher’s legal theory were correct.

Sargent Fletcher’s burden-shifting theory has no support in statute, case law or public policy. California’s Uniform Trade Secrets Act—which Sargent Fletcher barely mentions, even though it governs this issue—says nothing about burden-shifting, and the drafters of its progenitor, the Uniform Trade Secrets Act, deliberately rejected a burden-shifting provision. Although no California appellate decision has addressed this issue in the trade secrets context, cases in other contexts uniformly hold that the burden of proof shifts to the defendant only in rare circumstances, and only when justified by strong public policy. No such policy exists here; if anything, policies that seek to foster competition and innovation militate *against* shifting the burden of proof in trade secrets cases.

Sargent Fletcher’s authorities from other jurisdictions provide no basis for a different result. None undertakes the kind of careful public policy analysis California requires for shifting the burden of proof. None prescribes a jury instruction for shifting the burden of proof—indeed only a handful even involve shifting that burden, as opposed to the very different burden of producing evidence. And while the role of the burden of producing evidence in trade secrets cases may be a theoretically interesting question, it does not affect this case because a shift in the burden of production generally involves no jury instruction at all.

But Sargent Fletcher’s appeal founders on simpler grounds—not grand legal theories, but prosaic failures of trial practice. Even if Sargent Fletcher’s burden-shifting theory were correct, Sargent Fletcher could not prevail because the instruction it proposed was riddled with flaws that justified its rejection:

- The instruction omitted a central element of Able’s case—one of the two statutory bases for opposing trade secret misappropriation claims, “reverse engineering.”
- The instruction failed to define the two key terms—“access” and “substantial similarity”—that Sargent Fletcher claims triggered shifting the burden of proof but that are meaningless by themselves in a complex trade secrets case.
- The instruction failed to tell the jurors how to proceed if they found that the burden of proof should shift.

Nor can Sargent Fletcher show prejudice from the failure to give its instruction. Able effectively took on the burden of proof that Sargent Fletcher claims it should have borne, and both sides tried and argued the case as though Able had that burden. Able could do this confidently, because it presented overwhelming evidence that it had developed its refueling system without using any of Sargent Fletcher’s trade secrets—evidence that Sargent Fletcher ignores, but that this Court must consider in assessing prejudice. There is no basis for concluding that giving Sargent Fletcher’s proposed instruction would have led to a different verdict.

For these reasons, the appeal’s meatier issues do not come into play unless Sargent Fletcher can get past garden-variety procedural issues. Since we believe that Sargent Fletcher cannot do so, this brief reverses the normal order of argument. Instead of first challenging Sargent Fletcher’s major issue of whether the trial court should have given a burden-shifting instruction, we assume arguendo that Sargent Fletcher is right—but then demonstrate that even so, the trial court could not properly have given the

specific instruction Sargent Fletcher proposed. We then demonstrate that, giving Sargent Fletcher the benefit of the doubt on *both* its legal theory *and* its flawed instruction, Sargent Fletcher was not prejudiced. Only if the Court disagrees with these arguments will it need to consider Able's third argument, which demonstrates why the burden of proof on the issue of use does not and should not shift to defendants in California trade secrets cases.

The brief concludes by addressing Sargent Fletcher's secondary issue, the admission of Able's evidence documenting its efforts at reverse engineering and independent development. We demonstrate that there is no basis for reversal, particularly under the applicable abuse of discretion standard of review (which Sargent Fletcher does not mention). The record belies Sargent Fletcher's claim that Able provided anything less than complete discovery. It shows, among other things, that Sargent Fletcher received, more than a year before trial, all of the evidence it sought to exclude. There was no prejudice in any event, since the trial court gave Sargent Fletcher the opportunity to question witnesses about the documents and to seek a continuance if it needed more time—remedies Sargent Fletcher expressly declined.

The trial court properly refused Sargent Fletcher's proposed instruction and properly admitted Able's evidence. There is no basis for reversal.

STATEMENT OF FACTS

Sargent Fletcher states the facts according to the traditional rule that “courts view the evidence in the light most favorable to the claim of instructional error.” (AOB 5, fn. 1.) But its omission of evidence favorable to Able ignores the Supreme Court’s latest word on the subject. To evaluate prejudice from instructional error—including error involving an instruction shifting the burden of proof—the court must examine not just the evidence favorable to the party claiming instructional error, but “the entire cause, including the evidence.” (*Soule v. General Motors Corp.* (1994) 8 Cal.4th 548, 579, quoting Cal. Const., art. VI, § 13; *Rutherford v. Owens-Illinois, Inc.* (1997) 16 Cal.4th 953, 983-984.) Both *Soule* and *Rutherford* found instructional error but no prejudice, and discussed in detail the evidence presented by *both* sides. (*Soule, supra*, 8 Cal.4th at 556-559; *Rutherford, supra*, 16 Cal.4th at pp. 958-962.)

Able’s factual statement, unlike Sargent Fletcher’s, will permit the Court to evaluate prejudice under the correct standard. Able’s statement encompasses “the entire cause,” including both undisputed evidence (sections A-G, I) and evidence Able presented supporting the jury’s verdict that Able did not use Sargent Fletcher’s trade secrets (section H).

A. The Parties

1. Defendant Able Corporation.

Able Corporation is an aerospace design company founded in 1977 by Elmer Ward, a man whom peers considered a “mechanical genius.” (19 RT 5403, 5406; 23 RT 6706.) Since then, Able has designed and re-designed sophisticated mechanical devices for the aerospace industry and other companies. (19 RT 5406-5407.)

By the year 2000, Able had obtained twenty patents on various complex mechanical devices. (20 RT 5719.) Recognizing the prowess of Able’s engineers, an impressive roster of clients selected Able, including General Dynamics, Boeing, Lockheed and the United States Government. (19 RT 5409, 23 RT 6708.)

2. Plaintiff Sargent Fletcher, Inc.

Sargent Fletcher, Inc. develops and manufactures in-flight aircraft refueling systems. (2 RT 389-390.)

Sargent Fletcher became Able’s client in the mid-1980s, years before this lawsuit arose. (16 RT 4614-4615.) Through that relationship, Able gained substantial, first-hand experience in the design and testing of hose reels used for in-flight refueling of military aircraft. (Exh. 2777; 16 RT 4614-4618.) These reels handle refueling hoses in much the same way quality fishing reels handle fishing line. (26 RT 7538-7544.)

B. The Parties’ Prior Work On In-Flight Refueling Systems.

In the early 1980s, the United States Navy hired Sargent Fletcher to manufacture a class of hose reel systems collectively known as the “Buddy Store.” (3 RT 619.) Sargent Fletcher sold to the Navy the drawings it

created for the Buddy Store, so it does not own the design or the drawings. (6 RT 1550-1551; 8 RT 2110, 2127-2128; 14 RT 3968-3969; 18 RT 5188.)

In the mid-1980s, Sargent Fletcher asked Able to design a fuel pump and a priority valve for the Buddy Store hose reel having the same function as the pump and valve Sargent Fletcher had used previously. (4 RT 940; 12 RT 3418-3426; 14 RT 3909-3911; 16 RT 4615, 4617; 22 RT 6305.) Rather than copy that pump's parts, Able conceived a different design approach and used electronics to control the valve. (14 RT 3910; 16 RT 4616; 20 RT 5719-5722.) The approach was so innovative that Able obtained a patent on one of the parts it designed. (20 RT 5719.)

C. Sargent Fletcher Selects Able To Redesign The “Brain” Of The FR-300 Hose Reel System.

In addition to the Buddy Store system, since the 1950s Sargent Fletcher also had manufactured the FR-300 hose reel, an in-flight refueling system for the Lockheed C-130 tanker aircraft. The FR-300 and the Buddy Store systems are similar; both feature a “hose and drogue” system that fits inside a steel, bomb-shaped structure called a “pod.” (2 RT 391; 6 RT 1604; 16 RT 4553-4554.)¹ The Buddy Store system and the FR-300 have in common many interchangeable, off-the-shelf parts that perform identical functions in both reels. (6 RT 1528; 7 RT 1878-1880; 14 RT 3969.) Indeed, some of the parts, arrangements, and configurations are identical. (26 RT 7590.)

The brain of any hose reel is its control system. (8 RT 2204; 16 RT 4618-4619.) That system governs how the hose is extended, retracted, and

¹ A “drogue” is “[a] funnel-shaped device which is attached to the end of a long flexible hose suspended from a tanker airplane in flight and into which the probe of another airplane is fitted so as to receive fuel from the tanker airplane.” (Webster’s New Collegiate Dictionary (1980) p. 346, col. 1.)

stored. (3 RT 665-667.) For more than thirty years, the brain of the FR-300 had been a delicate hydro-mechanical control system. (2 RT 402.) In the early 1990s, Sargent Fletcher learned that the Air Force was finding it costly, time-consuming and difficult to maintain these systems. (7 RT 1886-1887.)

Able had the answer. Through its work on the Buddy Store, Able knew that the overall reliability of hose and drogue systems could be improved by using a microprocessor control. (20 RT 5722-5723, 5746-5750.) Sargent Fletcher agreed. (2 RT 402, 404; 7 RT 1885-1886.)

Accordingly, in mid-1992 Sargent Fletcher undertook the Intelligent Hose Reel ("IHR") project to upgrade the FR-300 hose reel by replacing the old hydro-mechanical control system with a modern microprocessor controller. (3 RT 724-725, 727-728; 20 RT 5723-5724.) Sargent Fletcher planned to sell the Air Force both complete IHRs and retrofit kits for the old FR-300 reels. (15 RT 4209, 4223-4225; 22 RT 6346.)

Realizing that it lacked the expertise to undertake the IHR project on its own, Sargent Fletcher asked Able to bid on the development of an IHR prototype. (7 RT 1887-1888; 8 RT 2203; 15 RT 4202.) Although Able estimated it would cost \$500,000, it quoted only \$17,000, the cost of raw materials. (15 RT 4205-4207.) It did so, among other reasons, because it wanted to retain the rights to the technology it developed. (14 RT 3911-3912; see 15 RT 4206; 22 RT 6346.)

Sargent Fletcher selected Able to work on the IHR project for several reasons. Sargent Fletcher knew that Able had a deep understanding of hose and drogue refueling systems and that Able had the ability to create a microprocessor controller for the FR-300 (4 RT 948-951; 22 RT 6351); Sargent Fletcher had been pleased with Able's work on the Buddy Store hose reel (4 RT 941); Able's small size would allow Sargent Fletcher greater control over the development process (8 RT 2203); and Able's bid on the IHR project was the lowest (14 RT 3911-3912).

D. Lockheed And Military Specifications Constrain The Design Of The FR-300.

The design of the FR-300 is largely constrained by precise specifications published by Lockheed. (3 RT 692-693; 4 RT 902; 14 RT 3966-3967; Exh. 2827.) As with the Buddy Store, Lockheed required use of a hose and drogue configuration. (4 RT 902-903; 5 RT 1349-1350; Exh. 2082.) And because the FR-300 is used by the United States military, it also must meet all applicable military specifications. (4 RT 902-909; Exhs. 77-78; Exh. 2531; Exhs. 7531-7532.) These combined specifications dictated the hose reel's size, power consumption, and many of its parts. (5 RT 1268, 1352, 1356-1360.)

These specifications, contained in public documents, standardize the design of hose reels. (3 RT 692; 4 RT 906, 910-912.) Many of the parts used in hose reels—including the FR-300—can be purchased “off the shelf” from a number of manufacturers. (4 RT 907-908.)

E. Sargent Fletcher And Able Divide Rights And Responsibilities On The Intelligent Hose Reel Project.

Sargent Fletcher wanted to work with Able in a “teaming” arrangement, where the companies would combine their different skills. (14 RT 3915; 15 RT 4213.) Able’s job was to develop the IHR’s microprocessor, along with a load cell, encoder, and control valve.² (5 RT 1235-1236; 8 RT 2251.) Sargent Fletcher was responsible for making any necessary changes to the design of the mechanical hose reel, primarily to facilitate mounting the parts Able was designing. (5 RT 1239-1240.) Able

² The load cell measures the torque on the hose, and the encoder tracks the hose’s position. (18 RT 5236-5237.)

was to retain the rights to its microprocessor technology and could exploit that technology in other applications. (4 RT 1036-1038; 9 RT 2424-2426.)

The parties' working relationship was very similar to that on the Buddy Store, and involved some of the same engineers. (See 16 RT 4615.) Because the Air Force required the IHR to function identically to the old FR-300, success or failure depended on how closely the performance of the IHR matched that of the old FR-300. (5 RT 1248, 1261.)

F. Sargent Fletcher Files Bankruptcy, Its Purchaser Rejects The Teaming Arrangement, And No Further Agreement Is Reached.

Sargent Fletcher turned out to be financially unstable. (15 RT 4243-4244.) It declared bankruptcy in September 1994, and its assets and liabilities were purchased by one of its most formidable competitors, Flight Refueling, Ltd. (2 RT 441-443; 3 RT 626.) Within weeks, Flight Refueling rejected the teaming arrangement, rendering it void. (4 RT 970-972, 1036; 14 RT 3920, 3992; see 11 U.S.C. § 365 [rejection of executory contracts in bankruptcy].)

Flight Refueling's rejection was painful for Able. (15 RT 4234; Exh. 334.) Able had spent \$500,000 of its own money on the IHR project. (18 RT 5244-5245.) Additionally, Able had no contractual assurance of payment for new work performed on the IHR, and could no longer anticipate recovering its substantial microprocessor development losses through production of the IHR with Sargent Fletcher. (See 14 RT 3979-3980, 3994-3995.)

Nevertheless, even after the bankruptcy, the parties continued—without the benefit of a written agreement—to develop and test Able's microprocessor. Doing so was in Sargent Fletcher's best interests (14 RT 3921, 3995-3996) because it had not developed its own microprocessor, and Able owned the rights to the microprocessor it had developed (see 6 RT

1520; 14 RT 3981-3982). As for Able—powerless to prevent the rejection of the teaming arrangement (15 RT 4262, 4362) and heavily invested in the IHR program—it had little choice but to continue.

Seven months after its new owners rejected the teaming arrangement, Sargent Fletcher approached Able about negotiating a new, formal agreement. (3 RT 643-644; 14 RT 3929-3930, 3995.) Numerous drafts were exchanged, but in December 1995 Able terminated these negotiations for several reasons. (14 RT 3922.) First, Able feared the competitive might of Flight Refueling, which had hinted that it had its own microprocessor-controlled hose reel. (15 RT 4363-4364.) Second, Able was wary of Sargent Fletcher's apparent lack of commitment to the hose reel program. (14 RT 4002-4003.) Third, Able was still stung by the rejection of the teaming arrangement, which Sargent Fletcher itself dubbed “infamous.” (14 RT 4017-4018.)

When the parties' relationship disintegrated, Sargent Fletcher attempted to develop its own microprocessor-controlled hose reel with the help of its new owner, Flight Refueling. (14 RT 4026-4027.) Sargent Fletcher abandoned that project because it did not wish to compete with Flight Refueling. (14 RT 4028-4029, 4035-4036.)

G. Able Attempts To Develop Its Own Microprocessor-Controlled Hose Reel And Recoup Its Losses.

Sargent Fletcher's bankruptcy, its rumored disinterest in promoting the FR-300 hose reel, and the complete lack of any domestic manufacturers of this military equipment prompted Able to develop its own microprocessor-controlled hose reel to recover its investment on the IHR project. (19 RT 5409-5410; 20 RT 5738; 22 RT 6337-6338.) To accomplish this goal, Able joined a consortium known as “Team IFR” (12 RT 3410; 19 RT 5474-5475), formed to design a hose reel for certain retrofitted Boeing 707 aircraft (20 RT 5702).

Sargent Fletcher suggests that Able went behind its back in working with Team IFR while negotiating on the IHR project. (AOB, 9-10). But neither the existence of Team IFR nor Able's participation in it was secret. Able's company logo was imprinted on Team IFR promotional materials distributed within the industry in November 1994, and Able publicly announced its participation in Team IFR at industry trade shows by September 1995. (14RT 4008; 22 RT 6395; Exh. 532.) In internal communications drafted during its negotiations with Able on the IHR project, even Sargent Fletcher recognized that Able should be able to participate in Team IFR as a matter of fairness. (14 RT 4012-4013.)

As Team IFR's goals became broader, so did Able's responsibilities. Able's went from providing just a fuel pump to also supplying a microprocessor controller and, eventually, to building a complete, newly-designed hose reel. (12 RT 3414; 22 RT 6394.) Accordingly, Able kicked off its own hose reel program in July 1995. (15 RT 4365.)

H. Evidence Of Able's Independent Development And Reverse Engineering.

The centerpiece of this litigation is Sargent Fletcher's claim that Able used trade secrets taken from Sargent Fletcher's design drawings to design its hose reel. Sargent Fletcher's brief, however, fails to present the complete picture of Able's design work and distorts the evidence it does present.³

³ A striking example is Sargent Fletcher's repeated citation of a brief phrase from the deposition of Wayne Callahan, a former Sargent Fletcher employee who when he was deposed was one of Able's witnesses. (13 RT 3675-3676.) At deposition, Callahan opined that four of the parts in Able's hose reel showed "strong indications that [they were] copied" from Sargent Fletcher's drawings. (13 RT 3690, cited at AOB 11, 15, 32, 33.) In the
(continued...)

Able presented a huge amount of evidence showing that aside from using its own ingenuity, it accelerated its design of its hose reel by examining the old FR-300, its various off-the-shelf components, the public military and aircraft specifications that controlled its design, and the publicly-available manuals that provided specific design, assembly, and repair information for the FR-300.⁴ At trial, various witnesses—including Sargent Fletcher’s own expert—admitted that Able could have designed its own hose reel without using any of Sargent Fletcher’s trade secrets, by measuring parts and by using publicly-available manuals, specifications, and drawings.⁵

³(...continued)

opening brief, this inconclusive testimony morphs from “strong indications” of copying (AOB 11 & 15, quoting Callahan) to “Able’s system was probably copied” (AOB 32) and finally to “Wayne Callahan affirmed his deposition testimony that the drawings were copied” (AOB 33, fn. 10). *Callahan made no such affirmation.* At trial, after he had a chance to examine other drawings, in particular, the Buddy Store drawings, he testified that he no longer felt it was true that there were strong indications that Able copied its design. (13 RT 3691.)

⁴ See 10 RT 2876-2878; 15 RT 4285; 28 RT 8125, 8130-8132 (aircraft interface requirements drove Able’s hose reel design); 8 RT 2248; 13 RT 3705-3709; Exh. 2510; 16 RT 4536-4542; 25 RT 7372-7374; Exh. 2547; 27 RT 7948-7950, 7957, Exh. 2061A; Exh. 806; 28 RT 8162; 8169-8170; 8188-8189 (Able’s use of publicly available documents and information); 11 RT 3081-3082; 13 RT 3731-3732; 16 RT 4537; 23 RT 6641, 6648; 25 RT 7359; 26 RT 7592-7594; 27 RT 7962-7964; 29 RT 8456 (Able’s use of off-the-shelf parts); 20 RT 5741; 10 RT 2885-2886; 27 RT 7958-7963; 10 RT 2818-2820; 21 RT 6064-6065; 25 RT 7359; 26 RT 7531-7532; 28 RT 8199 (Able’s independent development efforts); 22 RT 6450-6451; 25 RT 7329-7330; 28 RT 8165-8188; Exh. 8005; 10 RT 2777-2778; 2781-2782; 11 RT 3118-3119, 3127-3128; 17 RT 4855-4856; 25 RT 7212 (Able’s reverse engineering efforts).

⁵ 4 RT 989 (Sargent Fletcher’s former President and C.E.O. does not know whether Able used any of Sargent Fletcher’s proprietary information); 5 RT 1364-1365 (a former Sargent Fletcher employee does not know whether Able used Sargent Fletcher drawings, schematics, or test (continued...)

1. Evidence that aircraft system interface specifications constrained Able's design options.

The design of Able's hose reel was largely dictated by rigorous aircraft and military specifications similar to those that controlled the design of the original FR-300. (2 RT 379-380; 12 RT 3394; 14 RT 3968.) Most importantly, Able's hose reel had to fit within the same "envelope" as the original system, and had to be mounted on and connected to the aircraft in the same manner as the original system. (10 RT 2876-2878; 15 RT 4285; 28 RT 8125.)

Lockheed's C-130 specifications also imposed constraints. (14 RT 3968.) Accordingly, Able began its design process by examining the most current Lockheed C-130 and military specifications available. (27 RT 7948-7950, 7957; Exh. 2061A.) Because the hundreds of applicable specifications are contained in separate, unwieldy documents, Able condensed the specifications into an easy-to-use outline. (25 RT 7372-7374; Exh. 2547.) Able then assigned subsystems, or parts of the hose reel design, to its various engineers. (25 RT 7370-7371.)

⁵ (...continued)
results); 7 RT 1961; Exh. 1242 (former Sargent Fletcher engineer does not know whether Able used FR-300 preliminary failure mode analysis); 18 RT 5143-5145 (a Sargent Fletcher supervisor does not know whether Able used IHR ground or flight test data to design its hose reel); 23 RT 6609-6614, 6623, 6626 (Sargent Fletcher's expert admits Able may have obtained the dimensions of its leadscrew follower, its leadscrew shaft, and its drum lock bar from Buddy Store drawings).

2. Evidence of Able's use of off-the-shelf-parts.

The use of interchangeable (or “off-the-shelf”) parts is a common manufacturing technique dating back to Eli Whitney. (26 RT 7571-7572.) Able’s design choices were constrained by the practical need to use—and the military’s strong preference for—off-the-shelf parts whenever possible to cut costs, save time, and permit ease of maintenance and repair. (5 RT 1358; 27 RT 7962-7964; 29 RT 8456.) Off-the-shelf parts provided known dimensions around which Able designed its hose reel. (16 RT 4537.) Because the hose reel consists of approximately 800 interconnecting component parts, each part dictated dimensions of other mating parts.⁶

3. Evidence that independent development shaped Able’s hose reel design.

Despite the constraints imposed by specifications and off-the-shelf parts, Able did not believe in “following a banjo act with a banjo act.” (20 RT 5741.) Able’s engineers regarded independent development of the hose reel as the creative part of the job. (10 RT 2885-2886.) True to that philosophy, and notwithstanding the great expenditure of time and money involved, Able strove to redesign the FR-300 completely. (27 RT 7958-7959.) Radical ideas were proposed and rejected, often because they would

⁶ 26 RT 7592-7594 (dimensions of off-the-shelf “bushing” dictate some dimensions of the “leadscrew” and “leadscrew follower”); 11 RT 3081-3082 (dimensions of “brackets” were dictated by interface with other sub-assemblies); 13 RT 3731-3732 (type of off-the-shelf “woodruff key” dictates certain dimensions of the “latch-pawl”); 23 RT 6641 (dimensions of off-the-shelf “coupling” and off-the-shelf hose limit the size of the drogue stowage tube); 23 RT 6648 (spring diameter dimensions are dictated by hose dimensions); 25 RT 7359 (size of box for microprocessor determined by size of circuit boards).

result in a design that violated the Lockheed “envelope.” (27 RT 7960-7963.) Multiple features of Able’s hose reel reflect this process.⁷

4. Evidence that reverse engineering shaped Able’s hose reel design.

Able’s ground-up design philosophy initially made it reluctant to reverse engineer parts. (15 RT 4367-4368.)⁸ To save time and money, however, Able eventually decided to supplement its independent development efforts with reverse engineering for some hose reel components.

Able’s reverse engineering efforts utilized detailed *Buddy Store* design drawings, which were available to the public. (22 RT 6450-6451; 25 RT 7329-7330; 28 RT 8184-8188.)⁹ After cataloguing its *Buddy Store*

⁷ 10 RT 2818-2820 (bottom half of servo valve); 21 RT 6064-6065 (end plate of hose reel); 23 RT 6608 (ramp of hose reel); 25 RT 7359 (microprocessor box); 26 RT 7531-7532 (gear box); 28 RT 8199 (serving gear system).

⁸ The jury instructions defined “reverse engineering” as “the process of beginning with a product a person lawfully possesses and taking it apart, examining it or testing it to determine how it works.” (2 Supp. CT 288; see also Civ. Code, § 3426.1, Leg. Com. Comment [defining “reverse engineering” as “starting with the known product and working backward to find the method by which it was developed”].)

All references to “Supp. CT” indicate the two-volume Supplemental Clerk’s Transcript filed on August 8, 2001. All references to “Aug. CT” indicate the one-volume Augmented Clerk’s Transcript filed on April 10, 2002.

⁹ Sargent Fletcher’s contention that Able “had boxes of drawings containing a full set of FR-300 drawings” (AOB 8) is incorrect because it relies on evidence taken out of context. Able had a set of the publicly-available *Buddy Store* drawings created by Sargent Fletcher. Because both the *Buddy Store* drawings and the FR-300 drawings were drawn by Sargent Fletcher, both were stamped “Sargent Fletcher.” The witness upon whose
(continued...)

drawings, Able instructed its engineers to refer to them when designing comparable parts. (28 RT 8184-8185.)¹⁰

Able also instructed its engineers to reverse engineer by measuring the corresponding available parts of the FR-300. (28 RT 8185.) To that end, Able borrowed a nearly-complete FR-300 hose reel from the United States Marine Corps. (28 RT 8165-8168; Exh. 8005.) Engineers disassembled this FR-300 and measured its parts. (19 RT 5531; 28 RT 8171, 8177-8178.) Able eventually acquired another used FR-300 and various duplicate parts for measurement from a military supplies supplier. (15 RT 4292-4293; 28 RT 8166-8167.)

Able's engineers used a variety of exacting measuring devices to reverse engineer these parts (28 RT 8173-8177), as well as computer software (25 RT 7218-7219).¹¹ Additionally, for particularly exacting

⁹ (...continued)

testimony Sargent Fletcher relies stated he could not tell the difference between FR-300 drawings and public Buddy Store drawings; however, markings he saw on Able's full set of documents indicated that all but one were Buddy Store drawings. (11 RT 3067-3068.) As the AOB recognizes, Able stipulated to possessing only "several" FR-300 drawings. (AOB 7-8, fn. 4.) There was no evidence that Able possessed additional FR-300 drawings. To the contrary, Able's witnesses testified that Able had only a handful of drawings for the FR-300, and never acquired a complete set. (28 RT 8165-8166; see section I, *post.*) The FR-300 drawings and test data that Able did have were general installation or assembly drawings, which would not have been useful in designing component parts because they contained no detailed design information on the parts. (7 RT 1928-1938; 18 RT 5155-5164; 23 RT 6636-6640; 27 RT 7900; 28 RT 8190-8192.)

¹⁰ Sargent Fletcher notes that one of Able's officers stated in a pretrial declaration that Able did not reverse engineer its hose reel. (AOB 18.) However, it was established at trial that this witness was not involved in the design process of the hose reel. (20 RT 5741-5742.)

¹¹ Able engineers created their drawings on the software. (9 RT 2497-2498; 28 RT 8192.) Once design parameters were entered, saving the new version to the computer would overwrite the previous one. (25 RT 7301-
(continued...))

measurements, the engineers received help from Able's in-house Inspection Department, which stocked a full array of precision measuring tools. (25 RT 7220; 28 RT 8178-8179.) Able's engineers testified that they reverse engineered several parts this way.¹²

5. Evidence that Able used publicly-available sources of information.

Finally, Able culled design information from the many publicly-available sources. Military specifications contained a wealth of useful information, including precise part dimensions, tolerances, performance criteria, and temperature and load limitations. (16 RT 4538.) Able also obtained the Illustrated Parts Breakdown ("IPB") for the FR-300, a guide to repair and assembly that shows an exploded view of the FR-300 and all of its component parts. (13 RT 3708-3709; Exh. 2510.) The IPB showed Able which parts could be purchased from third parties.¹³ (13 RT 3709; 16 RT 4536-4537; 28 RT 8189.) Additionally, Able obtained the Military Component Maintenance Manual for the FR-300, another publicly-available manual. (13 RT 3705-3708; Exh. 806.) It outlined the actual working processes of the hose reel and permitted Able to test its own

¹¹ (...continued)
7304.) Moreover, because Able had no formal policy for retaining handwritten notes, Able's engineers discarded their notes when they were no longer needed. (9 RT 2491-2496; 25 RT 7221.)

¹² 10 RT 2777-2778 (latch); 2781-2782 (rear bracket); 11 RT 3118-3119 (ejection spring); 3127-3128 (drogue stowage tube); 17 RT 4855-4856 (portion of the guillotine assembly); 25 RT 7212 (bearings).

¹³ Because the FR-300 system contains parts that also are used in the Buddy Store system, the publicly-available operations manuals for both systems, as well as the Buddy Store drawings, were useful in designing Able's hose reel system. (6 RT 1550, 1558; 7 RT 1879-80; 14 RT 3968-3969; Exhs. 806 and 2963.)

prototype. (28 RT 8162, 8169-8170, 8188-8189.) Other parts catalogs contained such detailed part information that they provided an alternative to reverse engineering for some components. (16 RT 4540-4542; Exh. 8014.) Finally, the Air Force freely gave Able information about the real-life operation of the FR-300. (8 RT 2248.)

6. Evidence that Able created its own set of design drawings for its hose reel.

Using a design approach that blended publicly-available information with reverse engineering and independent development, Able spent several years creating 281 detailed drawings for its hose reel. (19 RT 5561; 28 RT 8207, 8135.)

Able spent \$5-7 million designing its hose reel, more than on any other project in its history. (19 RT 5434; 22 RT 6343, 6442-6444; 23 RT 6712.) In addition, Elmer Ward sank nearly \$800,000 of his personal fortune into the project. (23 RT 6712.) Able's time and money resulted in a more streamlined, efficient hose reel that eliminated many of the parts and subsystems used in the FR-300. (2 RT 406; 28 RT 8204-8211; 13 RT 3717-3721; 19 RT 5415-5423; Exh. 2777.)

I. Able Wins Contracts But Never Sells Any Hose Reels.

In March 1996, Able agreed to provide a hose reel to Omega Air (15 RT 4348) and, in April 1997, won a contract to provide a hose reel to Lockheed (22 RT 6444). In the end, however, Able's efforts went unrewarded. Both contracts were terminated by early 1998. (15 RT 4350-4354.) Able has sold no hose reels, and has made no money from its hose reel program. (15 RT 4372; 22 RT 6342-6343.)

Sargent Fletcher does not have its own design for a microprocessor-controlled hose reel, and therefore has not attempted to market

microprocessor-controlled hose reels or upgrade kits since December 1995, when the IHR project officially ended. (14 RT 4027-4028.) However, Sargent Fletcher's parent company, Flight Refueling, does sell microprocessor-controlled hose reels. (14 RT 4027.) If Sargent Fletcher could prevent Able from selling microprocessor-controlled hose reels, Flight Refueling would operate unopposed in this market. (14 RT 4028-4029.)

PROCEDURAL HISTORY

A. Sargent Fletcher Sues Before Even Seeing Able's Hose Reel.

As soon as it learned that Able had won the Lockheed contract, Sargent Fletcher filed this lawsuit for misappropriation of trade secrets. (14 RT 3948; Exh. 1078.) It did so even though none of its personnel had seen Able's hose reel or the design drawings upon which it was based. (4 RT 988-989; 5 RT 1317-1319; 6 RT 1502; 14 RT 4033.)

B. Sargent Fletcher Refuses To Identify Any Trade Secrets In Its FR-300 Hose Reel Until The Final Moments Of Trial.

Never, from the time it filed its complaint through the present, has Sargent Fletcher specified the particular trade secrets it claims Able misappropriated. Its complaint broadly defined "Protected Material" as "confidential and proprietary information, data, know-how, designs and drawings owned by SFI made available to and received by Able." (1 CT 4.) Sargent Fletcher alleged only that "[t]he Protected Material is proprietary to SFI and includes legally protected trade secrets." (1 CT 4.)

Before trial, Able tried to learn which trade secrets Sargent Fletcher claimed were included in the term "Protected Material," but Sargent

Fletcher evaded Able's efforts. (See 1 CT 102-111.) At trial, the court permitted Sargent Fletcher to rely on the general claim that Able had misappropriated broad categories of unspecified trade secrets, instead of compelling Sargent Fletcher to identify its specific trade secrets. (2 Supp. CT 272 [jury instruction]; 9 CT 1918-1925 [special verdict form].) The closest Sargent Fletcher came to identifying its secrets was to list—for the first time in closing argument and without explanation—*every FR-300 drawing* and a laundry list of other exhibits. (30 RT 9039-9042.)

C. Able Produces Reams Of Documents Showing How It Designed Its Hose Reel.

Sargent Fletcher tries to create the impression that Able sandbagged it by withholding relevant documentary evidence during discovery and then using it at trial. Sargent Fletcher's introduction provocatively states that Able "produced almost no documentation in support of its independent design defense" and that the trial court allowed it to introduce "several boxes of unidentified and duplicative documents." (AOB 4; see AOB 34 ["documents that Able never identified either in discovery or at trial"], 36 [documents "were never identified as evidence of reverse engineering or independent design"].) However, a review of the record and of Sargent Fletcher's statement of facts (AOB 12-13), which provides the foundation for its later discussion of the subject (see AOB 35-36), reveals a very different picture.

Sargent Fletcher cannot conscientiously claim that Able failed to *produce* documentary evidence of reverse engineering and independent development—it admitted at trial that Able produced more than 60,000 pages of documents in response to discovery requests on these issues.

(25 RT 7233.)¹⁴ Rather, Sargent Fletcher claims that Able did not “identify” these documents in response to discovery requests or mark them as pre-trial exhibits. (AOB 13.)

Here are the facts:

Document identification. Able’s supposed lack of “identification” was in response to interrogatories that sought nothing like the scope of information that Sargent Fletcher charges Able with withholding. According to Sargent Fletcher, Able’s documents “were never identified as *evidence of reverse engineering or independent design* in Able’s responses to interrogatories which required Able to identify *all such evidence*.¹⁵” (AOB 35-36, emphasis added.) But the actual interrogatories were not nearly so broad as the emphasized language states. Rather, they narrowly asked Able to identify such things as “documents *you relied upon*” in undertaking reverse engineering or independent development and documents that “constitute[d] Able’s ‘direct measurement’” of Sargent Fletcher components. (1 CT 147-148, 151-152, 155-156, 212-213, cited at AOB 12 & 13, emphasis added, capitalization omitted.)

In any event, regardless of the scope of its responses to these narrow interrogatories, Able created and produced a table identifying each part of its hose reel part and explaining the part’s provenance—whether it was off-the-shelf, reverse engineered, or independently designed. (1 CT 141-156, 170-206.) And over a year before trial, Able identified as potential trial

¹⁴ In fact, many of the documents whose introduction at trial Sargent Fletcher resisted and now claims was prejudicial error had been introduced by *Sargent Fletcher* in depositions taken years before the trial, as shown by the deposition reporter’s markings and the Bates numbers on trial exhibits. (See Exhs. 142, 158, 159, and 293 [shown to Thomas Pham in 1998 and produced as part of Exhibit 2070]; Exhs. 295 and 321[shown to Pham and produced as part of Exhibit 2073]; Exhs. 457, 468, and 469 [shown to Rudolf Obrovsky in 1998 and produced as part of Exhibit 2069].)

Additionally, by December 1998, Able had identified the source of *all* the exhibits whose admission Sargent Fletcher now challenges. (5 CT 1199-1200.)

exhibits all of its engineers' notes and drawings that it offered in evidence at trial. (See Aug. CT 3-4 [designating as Exhibits 2067-2079 and describing the folders and boxes containing documents retained by nine Able engineers].)

Trial exhibit identification. Although Sargent Fletcher correctly states that Able's list of trial exhibits for the *continued* trial date did not include all the evidence it ultimately offered, it does not mention that the exhibit list for the *original* trial date was far broader and listed everything Able ultimately offered at trial. (*Ibid.*)

The “additional box.” Sargent Fletcher states that “[a]fter the close of discovery, and shortly before the initial trial date, Able identified and produced an *additional box* of documents purporting to be evidence of its design process.” (AOB 13, citing 2 RT 34, emphasis in original.) Sargent Fletcher omits that this “initial trial date” was a year before the actual trial. (1 CT 98.) More important, at the outset of trial Able disclaimed any intent to use the documents in this box (2 RT 34-35), and Sargent Fletcher offers no record support (and we have found none) for its insinuation that Able used any of those documents at trial.

Trial proceedings. Despite these disclosures, Sargent Fletcher sought to exclude most of Able's evidence of reverse engineering. (2 RT 325-326; 11 RT 3046-3056; 30 RT 9051.) The court permitted Able to present its side of the story, admitting most of Able's documentation of reverse engineering and permitting Sargent Fletcher to cross-examine witnesses about the documents. (11 RT 3049; 23 RT 6633.)

D. After A Seven-Week Trial, The Jury Finds That Able Did Not Misappropriate Any Trade Secrets.

Over Able's objections (29 RT 8713-8724; 30 RT 9001-9002), the trial court adopted (a) Sargent Fletcher's jury instruction on the “Definition of a Trade Secret,” which told the jury that Sargent Fletcher need prove

only that it had trade secrets in any of five broad “categories” of information (2 Supp. CT 273) and (b) Sargent Fletcher’s special verdict, which permitted the jury to find Able liable if Able had “used” a trade secret that fell into any of those categories (9 CT 1918-1925; see also 24 RT 6962-6974; 29 RT 8725). Neither attempted to identify any particular trade secrets in any of these categories. (Compare 29 RT 8706-8707 [Able’s proposed special verdict, which would have required the jury to specify trade secrets].)

The court rejected Sargent Fletcher’s proposed instruction that would have shifted to Able the burden of *disproving* its use of any of these “categories” of trade secrets if the jury concluded that Able produced a hose reel “substantially similar” to Sargent Fletcher’s hose reel. (8 CT 1718-1721; 24 RT 7022.)

After five weeks of deliberations in which three jurors had to be replaced, the jury found that Sargent Fletcher owned trade secrets in only one of the five “categories” and that Able “received” one or more trade secrets. (9 CT 1919.) The jury concluded, however, that Able had not used any of these trade secrets. (9 CT 1921.)

ARGUMENT

I.

THE TRIAL COURT PROPERLY REJECTED SARGENT FLETCHER'S PROPOSED JURY INSTRUCTION BECAUSE EVEN UNDER SARGENT FLETCHER'S THEORY OF THE CASE, IT HAD MULTIPLE FATAL FLAWS.

In its misguided effort to focus this appeal on lofty-sounding principles of trade secrets law, Sargent Fletcher overlooks something that, though much more mundane, is fatal to its case.

We demonstrate in Section III that Sargent Fletcher's view of trade secrets law is wrong, but the Court need never reach that issue. Even if Sargent Fletcher were right, its proposed jury instruction is too riddled with error to permit reversal.

A trial court commits no error when it refuses to give “[i]rrelevant, confusing, incomplete or misleading instructions.” (*Harris v. Oaks Shopping Center* (1999) 70 Cal.App.4th 206, 209; Cal. Rules of Court, Rule 229(c) [proposed instructions that misstate the law properly are refused].) Nor need the court draft, correct, or clarify instructions for the parties. “It is the responsibility of counsel to propose correct instructions and the court has no duty to modify erroneous instructions submitted to it, and there is no error if it simply rejects such instructions.” (*Hyatt v. Sierra Boat Co.* (1978) 79 Cal.App.3d 325, 335.)

This Court, of course, must uphold the trial court's rejection of the instruction if its ruling was correct for any reason. (*Davey v. Southern Pacific Co.* (1897) 116 Cal. 325, 329-330; *City of National City v. Wiener* (1992) 3 Cal.4th 832, 850.) We now demonstrate its ruling was correct for a host of reasons, and the judgment should be affirmed on that basis alone.

A. California Trade Secrets Law And The Relevant Jury Instructions.

Sargent Fletcher sought damages and an injunction for misappropriation of trade secrets in violation of California's Uniform Trade Secrets Act, Civil Code section 3426, et seq. ("California UTSA").

(1 CT 1.) Yet Sargent Fletcher mentions the California UTSA only twice, once citing it for the incorrect proposition that the California UTSA authorizes burden-shifting. (AOB 21, 22.)

In pertinent part, the California UTSA defines "misappropriation" as the "(2) . . . *use of a trade secret* of another without express or implied consent by a person who . . . (B) at the time of the disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was: . . . (ii) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use." (Civ. Code, § 3426.1, subd. (b), emphasis added.) Under the California UTSA, the plaintiff bears the burden of proving that the defendant misappropriated its trade secrets. (Civ. Code, § 3426.1.) A plaintiff who *either* reverse engineered *or* independently developed its product is not guilty of misappropriation. (Civ. Code, § 3426.1, subd. (a) and comment.) The California UTSA contains no burden-shifting provision of any kind.

The jury was given standard instructions that accurately stated the law of trade secrets misappropriation (2 Supp. CT 272-288) and Sargent Fletcher's modified version of BAJI 2.60 on the burden of proof (2 Supp. CT 271).¹⁵

¹⁵ The burden of proof instruction stated:

"Sargent Fletcher has the burden of proving by a preponderance of the evidence all of the facts necessary to establish the essential elements of each of its claims. The essential elements of each separate claim are set forth

(continued...)

The jury also was properly instructed that Able was not liable if it designed its hose reel through either “[i]ts own, independent efforts to discover or invent the secret,” or “[r]everse engineering.” (2 Supp. CT 288.)

Sargent Fletcher does not and cannot contend that any of these instructions were incorrect. Rather, it claims that the court erroneously refused to give its proposed “burden-shifting” instruction:

“If you believe that Sargent Fletcher disclosed any trade secrets for its FR-300 series aerial refueling system to Able, and that Able subsequently manufactured a substantially similar system, the burden then shifts to Able to prove that it in fact developed its hose reel system independently, that is, without the use of any of Sargent Fletcher’s trade secrets.”

(8 CT 1718.)

Sargent Fletcher’s theory was that it could satisfy its burden of proving that Able “used” its trade secrets within the meaning of the California UTSA merely by showing (a) that Sargent Fletcher had “disclosed” unspecified trade secrets to Able, and (b) that Able’s hose reel was “substantially similar” to the FR-300. Then, the burden supposedly would shift to Able to *disprove* any use of trade secrets. (AOB 22.)

¹⁵ (...continued)

elsewhere in these instructions. In addition to these essential elements, Sargent Fletcher has the burden of proving by a preponderance of the evidence all of the facts necessary to establish the nature and extent of the damages claimed to have been suffered, the elements of Sargent Fletcher’s damage and the amount thereof.

“Able has the burden of proving by a preponderance of the evidence all the facts necessary to establish the essential elements of defenses it has raised. The essential elements of each defense are set forth elsewhere in these instructions” (2 Supp. CT 271.)

B. Sargent Fletcher’s Proposed Instruction Was Woefully Incomplete.

1. The instruction omitted the key element of “reverse engineering.”

Sargent Fletcher’s proposed instruction stated that Able could rebut a presumption of use *only* by proving that it “in fact developed its hose reel independently.” (8 CT 1718.) The instruction did not mention reverse engineering at all, even though reverse engineering negates a claim of use under the California UTSA. (8 CT 1718; see Civ. Code, § 3426.1, subd. (a).) This omission was fatal.

Able presented abundant evidence that it designed its hose reel to strict specifications by independent invention *and* by reverse engineering the FR-300 reels in its possession. Able’s trial exhibits showing reverse engineering efforts included Able’s hose reel, the nearly-complete FR-300 hose reel Able borrowed from the United States Marine Corps and disassembled, and various other hose reels and component parts. (28 RT 8167-8171; Exhs. 2001, 8005; Aug. CT 1; Exhs. 2000-2026.) Additionally, Able produced thousands of pages of engineering drawings, calculations, and notes of engineers who had worked on Able’s hose reel, some of which reflected measurements taken specifically for reverse engineering the FR-300. (Aug. CT 3-4 [Exhs. 2067-2079 (identifying documents retained by nine Able engineers)].)

If given, Sargent Fletcher’s incomplete instruction would have been highly prejudicial to Able. By omitting any reference to “reverse engineering,” it would have misled the jury into thinking that a presumption of use could be rebutted *only* if Able proved independent invention. The jury would have had to presume that Able had used Sargent Fletcher’s trade secrets improperly, even if it believed that Able had reverse engineered the

FR-300. The presumption would have eviscerated one of Able's principal arguments.

Sargent Fletcher tries to avoid this glaring omission by conflating reverse engineering with the legally distinct concept of independent development. Citing no legal or factual authority, it describes reverse engineering as "a subset of independent development" (AOB 2) and then, having wrongly characterized the latter as Able's "primary defense at trial" (AOB 2), abruptly drops the subject. Indeed, apart from describing the jury instructions, Sargent Fletcher never again even uses the term "reverse engineer."¹⁶

This sleight of hand cannot make reverse engineering disappear. The California UTSA carefully distinguishes between the two concepts: Independent invention presupposes working without a model, whereas reverse engineering involves "starting with the known product and working backward to find the method by which it was developed." (Civ. Code, § 3426.1, comment.) Indeed, the jury was so instructed in this case, with an instruction that properly defined "independent discovery" and reverse engineering as two *separate and alternative* ways that Able could have designed its hose reel properly. (2 Supp. CT 288.) Sargent Fletcher does not and cannot explain how the jury was supposed to accomplish the preternatural feat of concluding that reverse engineering was both entirely distinct from, and yet somehow a part of, independent development.

The omission of reverse engineering from Sargent Fletcher's proposed instruction was a fatal flaw. Sargent Fletcher knows this, or it wouldn't have tried so hard to keep the term "reverse engineering" out of its brief.

¹⁶ It is surely no accident that Sargent Fletcher chooses to paraphrase—rather than quote—every single case that preserves the distinction between reverse engineering and independent development, while quoting every case that blurs the distinction. (See AOB 23-26.)

2. The instruction did not define its key terms.

Sargent Fletcher claims that once it proved “substantial similarity” and “access,” the burden of proof on the issue of use of trade secrets shifted to Able. (AOB 22.) However, its proposed jury instruction does not define either of these critical terms; indeed, it doesn’t even contain the word “access.” (8 CT 1718.) Without these definitions, Sargent Fletcher’s instruction made no sense and would have left the jurors at sea.

Ignoring California law and the UTSA, Sargent Fletcher argues that federal copyright law provides the correct paradigm. (AOB 26.) But Sargent Fletcher’s instruction would not pass muster even in a copyright case, because it failed to define “substantial similarity” and failed to define or even use “access.”

a. Neither the instruction nor any evidence defined “substantial similarity.”

Under the title “Similarity of Products,” the jury instructions correctly explained that “[t]he mere fact that two products look similar does not necessarily establish” trade secrets misappropriation. (2 Supp. CT 286.) Sargent Fletcher, however, wanted the jury to give special weight to “substantial similarity” without offering any explanation of the term or any way to reconcile it with the “Similarity of Products” instruction.

None of Sargent Fletcher’s cases even considers how to explain the concept in a jury instruction, much less holds that a jury instruction can use the term without explanation. Those cases that do address the topic—copyright cases, which Sargent Fletcher relies on as “closely similar” (AOB 23)—reject such simplistic treatment of a complex concept. Apart from these authorities, the evidence here dramatically shows the need for a definition.

(1) **Analogous copyright law requires that jury instructions define “substantial similarity.”**

In copyright cases, the Ninth Circuit does not leave it to jurors to figure out on their own whether two works are “substantially similar,” as Sargent Fletcher would have had the jury do here. That court requires a rigorous two-part test to determine “substantial similarity,” because no reliance may be placed on similarities “resulting from unprotectable elements.” (*Apple Computer, Inc. v. Microsoft Corp.* (9th Cir. 1994) 35 F.3d 1435, 1443.)

The first part of the test has an “extrinsic” or “objective” element, which itself has two steps:

- The plaintiff must “identify the source(s) of the alleged similarity between his work and the defendant’s work.” (*Id.* at pp. 1438, 1443.)
- Next, the factfinder breaks the works down into their constituent parts by a process called “analytic dissection,” which determines which of the claimed similarities are protectable, and which are unprotectable. (*Id.* at pp. 1442-1443; see also *Three Boys Music Corp. v. Bolton* (9th Cir. 2000) 212 F.3d 477, 485.)

After applying analytic dissection, the jury moves to the second—intrinsic/subjective—part of the test, to determine ““whether the ordinary, reasonable person would find the total concept and feel of the works to be substantially similar.”” (*Three Boys Music v. Bolton, supra*, 212 F.3d at p. 485.)

A court may not give a “substantial similarity” instruction unless it also tells the jury how to differentiate between copyrighted (protectable) and public-domain (unprotectable) elements. (*Harper House, Inc. v. Thomas Nelson, Inc.* (9th Cir. 1989) 889 F.2d 197, 206-208.) Particularly where technological intellectual property is at stake, the jury must be instructed to consider the numerous innocent reasons why two products

may appear “substantially similar.” (*Bateman v. Mnemonics, Inc.* (11th Cir. 1996) 79 F.3d 1532, 1545 [instruction defective because it failed to exclude unprotectable material, such as “standard technique or practice, considerations of efficiency, compatibility requirements, and the like”].)

Sargent Fletcher itself acknowledges that “[a]t a minimum, the “substantial identity” test under trade secret law would seem no less stringent than the “substantial similarity” test applied under claims of [copyright] infringement.” (AOB 24, fn. 8, quoting *Integral Systs., Inc. v. Peoplesoft, Inc.* (N.D. Cal. 1991), 1991 WL 498874, p. *13 [brackets in AOB].) Yet its proposed instruction fails this test.

(2) Trade secrets cases like this one require similar definitional precision.

Although trade secrets cases have not analyzed the “substantial similarity” requirement with the same precision as copyright cases, several make clear that where, as here, the defendant presents evidence that it utilized public documents and other non-secret sources, these nonprotectable elements must be differentiated from any protectable elements. (See, e.g., *Porous Media Corp. v. Midland Brake, Inc.* (D. Minn. July 18, 2001, No. CIV-98-2510) 2001 WL 1631332, at *5 [no trade secret in design requirements set forth in public specifications]; *Lawler Mfg. Co. v. Bradley Corp.* (S.D. Ind. Apr. 26, 2000, No. IP 98-1660), 2000 WL 1456336, at *7-8 [no trade secret in product whose specifications were published and thus “readily ascertainable”]; *FSI International, Inc. v. Shumway* (D. Minn. Feb. 26, 2002, No. CIV 02-402), 2002 WL 334409, at *9 [no trade secret in “product formula and manufacturing information” for semiconductor where “some information regarding the price and specifications of products must be disclosed to the public in order to sell the products”].)

Merely showing that “similarities exist” is not sufficient; the plaintiff must make a “showing of substantial similarity,” as that term is defined in copyright and trade secrets law. (*Integral Systs., Inc. v. Peoplesoft, Inc.*, *supra*, 1991 WL 498874 at p. *10; see *id.* at p. 14, cited at AOB 24, fn. 8.) Sargent Fletcher’s proposed instruction disintegrates because it failed to draw this crucial distinction in any way, let alone in a way that would permit the jury to filter out any trade secrets in the FR-300 from nonprotectable design details.

- (3) **Sargent Fletcher’s incomprehensible evidence concerning the meaning of “substantial similarity” demonstrates why it was essential for the jury instructions to define the term.**

The absence of any definitional evidence. Sargent Fletcher’s questioning of its witnesses about the supposed “substantial similarity” of Able’s hose reel to the FR-300 elicited testimony that ranged from circular to metaphysical:

- Corresponding Able and Sargent Fletcher parts were “similar but dissimilar”; “You and I are similar but dissimilar also.” (8 RT 2185-2186 [vice-president of one of Sargent Fletcher’s parts suppliers].)
- Even non-interchangeable parts could be “substantially similar” as long as their functions were the same (5 RT 1340 [*former Sargent Fletcher employee*])—a definition Sargent Fletcher’s own expert later contradicted, admitting that non-interchangeable parts are different (23 RT 6692-6693).
- Another former Sargent Fletcher employee confessed he could not understand Sargent Fletcher’s use of the term “substantially

similar, and asked that the term “significantly different” be used.

(13 RT 3653-3656.)

Attempts to apply the term “substantially similar” to the two hose reel systems as a whole yielded only tautology. For instance, one witness stated that if enough parts had virtually identical detailed measurements and the similarity were “significant,” those factors could affect his opinion as to whether the two systems were similar overall. (13 RT 3646-3647.) But another witness suggested that because both hose reels had to connect to the same aircraft, the common aircraft interface requirements meant that the hose reels were *necessarily* substantially similar. (15 RT 4284-4285.)

Sargent Fletcher’s expert, Karl Wysocki, only exacerbated the confusion. He proposed no fewer than four different definitions of “substantial similarity”:

- On direct examination, Wysocki opined repeatedly that various parts of the FR-300 and the Able hose reels were substantially similar in “form, fit and function.” (20 RT 5863; 21 RT 6059, 6064.)
- Asked on cross-examination to explain what he meant by “substantial similarity,” Wysocki first stated that he used the term to signify the naked-eye similarity between parts. (21 RT 6087-6088 [“if you look at it without measuring it looks substantially the same”].) But then, he narrowed the definition to include only those parts that, *when measured*, came within a certain tolerance of one another. (21 RT 6088.)
- Moments later, Wysocki offered perhaps the ultimate unhelpful definition: “substantially similar means it’s approximately identically the same.” (21 RT 6089.)

Wysocki eventually was forced to admit that none of these creative definitions was likely to be found in any engineering textbook. (21 RT 6088.) Able’s expert agreed, testifying that terms such as “substantially similar” and “virtually identical” are meaningless to engineers. (26 RT

7582.) Indeed, because specifications *require* the hose reels to be similar, “substantial similarity” can mean nothing without at least that degree of analytical rigor mandated in copyright cases.

Absence of identification of trade secrets. Undoubtedly one of the reasons Sargent Fletcher’s witnesses had such difficulty explaining themselves was Sargent Fletcher’s failure to provide the essential predicate for evaluating “substantial similarity”: the identity of any particular protectable points of “substantial similarity” between its FR-300 and Able’s hose reels. Because the FR-300 was designed in accordance with Lockheed and military specifications, and used public documents and publicly-available off-the-shelf parts, the obvious question arose: Substantially similar *to what?*

Just as a copyright requires the plaintiff to identify its protected expression, “a plaintiff who seeks relief for misappropriation of trade secrets must identify the trade secrets.” (*MAI Systs. Corp. v. Peak Comp., Inc.* (9th Cir. 1993) 991 F.2d 511, 521 [applying California law].) Identification of trade secrets is especially important when complex technologies are involved. (*Imax Corp. v. Cinema Tech., Inc.* (9th Cir. 1998) 152 F.3d 1161, 1167 [“reasonable specificity could only be achieved by identifying the precise numerical dimensions and tolerances as trade secrets”].) In addition, the plaintiff must “describe the subject matter of the trade secret with *sufficient particularity* to separate it from matters of general knowledge in the trade or of specific knowledge of those persons . . . skilled in the trade.” (*Id.* at p. 168, emphasis and ellipsis in original; see also *IDX Systs. Corp. v. Epic Systs. Corp.* (W.D. Wis. 2001) 165 F.Supp.2d 812, 818-819 [“Where plaintiff seeks to protect as trade secrets specific means of providing common features those specific means must be identified”—rejecting idea that “plaintiff can point to broad areas of technology and vaguely assert that something within is a trade secret”].)

Sargent Fletcher did none of these things. In such an evidentiary vacuum, it would have been unreasonable to expect the jury to determine

“substantial similarity” without explicit guidance about how to perform its task. That fact alone more than justified the trial court’s rejection of Sargent Fletcher’s proposed instruction.

b. The instruction did not define or even employ the term “access.”

In a copyright case, the burden of proving “access” would have rested with Sargent Fletcher. (3 Nimmer on Copyright (2002) §12.11(D).) Able’s “access”—or lack of it—to documents revealing any trade secrets in the FR-300 was one of the most hotly-disputed points of the trial. Yet Sargent Fletcher’s instruction did not even use, let alone define, the term “access.” (8 CT 1718.) The instruction did use the word “disclosed” (8 CT 1718), but it did not define that term either, and “disclosed” is no more definite than “access.” (8 CT 1718.) For this additional reason, the instruction was defective and the trial court did not err in refusing it.

“Access may not be inferred through mere speculation or conjecture. There must be a reasonable possibility of viewing the plaintiff’s work—not a bare possibility.” (*Three Boys Music v. Bolton, supra*, 212 F.3d at p. 482; accord, Ninth Circuit Civ. Jury Instrns. 20.16 [defining “access”].) “Access to a plaintiff’s work will not be presumed. Rather, a plaintiff must offer significant, affirmative and probative evidence to support a claim of access.” (*Tomasini v. Walt Disney Co.* (S.D.N.Y. 2000) 84 F.Supp.2d 516, 519 [citations, alterations and internal quotation marks omitted].) Sargent Fletcher will argue that it did offer evidence of “access,” and certainly it did offer some. But this is not a copyright case where the only question is whether the defendant got hold of a book or a record. The factual complexities and disputes in the present case called for a precise definition of “access.”

Only one witness—a Sargent Fletcher employee—testified in a conclusory fashion that Able had “access” to all of the FR-300 drawings, in

the sense that some of Able's engineers worked near the room where the drawings were kept in a file cabinet during part of the IHR project. (16 RT 4649-4650; 17 RT 4924.) All of the other witnesses testified that Sargent Fletcher kept its drawings under lock and key. (4 RT 936-938.)¹⁷ No witness testified that Able ever received a complete set of the detailed design drawings for the FR-300.

Under these facts, "access" has to mean something more than "being near the same room." Sargent Fletcher's witnesses admitted that Able would have needed the information in the detailed design drawings for the FR-300 to copy its components. (18 RT 5155-5164.) That means that the real issue here was not whether Able ever "saw" Sargent Fletcher's drawings sitting in a box or perhaps spread out on a table, but whether it had a reasonable opportunity to cull unspecified secrets from *hundreds* of detailed design drawings for the FR-300, each containing hundreds of discrete pieces of information. As one court observed in a similarly complex case involving trade secrets in software, "[t]he critical point is that the misuse of these implementations can occur only through copying the particular software designs on a sufficiently specific level." (*Plains Cotton Coop. Ass'n of Lubbock, Texas v. Goodpasture Comp. Serv., Inc.* (5th Cir. 1987) 807 F.2d 1256, 1263.)

Because the similarities between the FR-300 and Able's hose reel were dictated in significant part by publicly-available specifications, Sargent Fletcher needed to prove that Able had sufficient access to its drawings to actually *copy* the FR-300 detailed design drawings. (See *Frybarger v. International Business Machines Corp.* (9th Cir. 1987) 812 F.2d 525, 530 [indispensable expression of ideas in video game is only protected against nearly identical copying].) Without such proof, Sargent Fletcher could not demonstrate that Able had any meaningful access to

¹⁷ This is consistent with Sargent Fletcher's obligation to make reasonable efforts to maintain the secrecy of its alleged trade secrets. (Civ. Code, § 3426.1, subd. (d)(2).)

Sargent Fletcher's trade secrets. (18 RT 5160-5161.) But Sargent Fletcher's proposed instruction did not inform the jury that any such proof was necessary. Accordingly, the trial court properly refused the instruction.

3. The instruction did not inform the jury of the consequences of proving “access” and “substantial similarity.”

Finally, Sargent Fletcher's instruction contained a fundamental omission that would have made it incompatible with the other instructions: It failed to tell the jury what to do if it “believed” that Sargent Fletcher had proven “access” (disclosure) and “substantial similarity.” (8 CT 1718.)

The instruction says that in this situation the burden shifts to Able “to prove independent development.” (See 8 CT 1718.) Presumably what Sargent Fletcher had in mind was that at this point, Sargent Fletcher would no longer have the burden of proving “use,” and that it would win unless the jury found “independent development.”

But the proposed instruction did not *say* that—and if it did, it would have clashed with the plain language of two other instructions given to the jury. The instruction on the elements of the cause of action for trade secrets misappropriation—which Sargent Fletcher proposed—stated that Sargent Fletcher must prove “[t]hat Able acquired, used or disclosed Sargent Fletcher's trade secret in an improper way.” (2 Supp. CT 272.) Another instruction explained that reverse engineering and independent discovery are *not* “improper.” (2 Supp. CT 288.) Taken together, these instructions stated that Sargent Fletcher *always* bore the burden of proving that Able used its trade secrets “improperly”—a burden that implicitly would include showing that Able *did not* derive its hose reel by reverse engineering or independent development. Because Sargent Fletcher's proposed instruction did not take into account these other instructions, giving it would have left the jury with no roadmap for resolving the issues it was required to

consider. (See *People v. Vargas* (2001) 91 Cal.App.4th 506, 565 [court did not err in rejecting proposed modification that used undefined terms that differed from those in the relevant statute, clashed with remainder of the instructions, and generally “created more problems than it attempted to solve”].)

II.

EVEN IF THE COURT ERRED IN REJECTING THE INSTRUCTION, THERE WAS NO PREJUDICE.

A. Sargent Fletcher Cannot Meet Its Heavy Burden Of Demonstrating A “Miscarriage Of Justice” In Light Of The Entire Record.

Sargent Fletcher’s discussion of prejudice from instructional error fails to take into account the impact of recent California Supreme Court decisions. Although Sargent Fletcher cites both *Soule v. General Motors Corp.*, *supra*, 8 Cal.4th 548 (“*Soule*”) and *Rutherford v. Owens-Illinois, Inc.*, *supra*, 16 Cal.4th 953 (“*Rutherford*”), it does so only for general principles. (See AOB 27, 30.) It does not apply *Soule*’s four-factor test for prejudice, and it ignores *Rutherford*’s additional caveat that an erroneous instruction *even on the burden of proof* will not warrant reversal if it was not prejudicial in light of its “natural and probable effect on a party’s ability to place his full case before the jury.” (See *Rutherford*, *supra*, 16 Cal.4th at p. 983; see also AOB 30-35.)

Sargent Fletcher does not even attempt to argue that the refusal of its burden-shifting instruction precluded it from presenting its full case at trial. With good reason. As in *Rutherford*, the “burden-shifting instruction would not, by its nature, result in exclusion of relevant [] evidence,” and nothing in the record suggests Sargent Fletcher “was precluded from presenting any

evidence it possessed” (16 Cal.4th at pp. 983-984) on the issues of “access” or “substantial similarity” or “use.”

Beyond that overarching consideration, courts also assess ““(1) the state of the evidence, (2) the effect of other instructions, (3) the effect of counsel’s arguments, and (4) any indications by the jury itself that it was misled.”” (*Rutherford, supra*, 16 Cal.4th at p. 983, quoting *Soule, supra*, 8 Cal.4th at pp. 580-581.) These factors all show there was no prejudice in this case.

1. The state of the evidence shows no prejudice.

An erroneous allocation of the burden of proof can be neutralized by the state of the evidence. (*Rutherford, supra*, 16 Cal.4th at p. 983.) This naturally follows from the fact that in a civil case, the burden of proof can affect the verdict only when the evidence is in equipoise. (*Buzgheia v. Leasco Sierra Grove* (1997) 60 Cal.App.4th 374, 394 [burden of proof is “tie-breaking tool”].) The jury was so instructed here. (2 Supp CT 210 [“If the evidence is so evenly balanced that you are unable to say that the evidence on one side preponderates, your finding on that issue must be against the party who had the burden of proving it”].)

The evidence of Able’s reverse engineering and independent development overwhelmingly favored Able. Able’s hose reel was profoundly different from the FR-300, and no part that Able designed was interchangeable with a FR-300 part. (13 RT 3693-3694; 26 RT 7523-7524.) Indeed, after examining all 838 parts in the FR-300, Sargent Fletcher’s expert initially found *only fourteen* that were, in his opinion, “identical.” (20 RT 5841; Exh. 8042; 21 RT 6069, 6122.) But after comparing those fourteen Able parts to the corresponding Buddy Store parts, the expert had to admit that many dimensions of Able’s parts also were “substantially similar” to their Buddy Store counterparts, and he could not conclude that Able had copied FR-300 drawings rather than Buddy

Store drawings. (23 RT 6609.) Given this evidence and Able's other direct evidence of reverse engineering and independent development, it is not reasonably probable that the jury found the evidence in equipoise. This being so, it cannot be reasonably probable that the proposed burden-shifting instruction would have made any difference in the verdict.

2. Other jury instructions minimized the importance of any burden-shifting instruction.

The failure to give a proper burden-shifting instruction may not be prejudicial if other instructions minimized the importance of the burden of proof. (*Rutherford, supra*, 16 Cal.4th at p. 985.) That was the case here.

At Sargent Fletcher's request, the court delivered BAJI 2.00 (reasonable inferences), BAJI 2.02 (failure to produce available stronger evidence) and BAJI 2.04 (inferences from failure to deny or explain adverse evidence). (2 Supp. CT 254, 256, 258.) These instructions gave Sargent Fletcher what it told the trial court it wanted—the ability to inform the jury that it may infer use. (24 RT 7022.) Accordingly, Sargent Fletcher argued to the jury that it could "make inferences" that Able used Sargent Fletcher's trade secrets on the basis of Able's lack of evidence of reverse engineering and independent development efforts. (30 RT 9087-9088; 2 Supp. CT 254.) Sargent Fletcher bolstered this argument by suggesting that BAJI 2.00 would permit the jury to infer use from Able's supposed inability to show how it arrived at its design. (30 RT 9074.)

The jury was thoroughly instructed that it could infer use. That it nevertheless did not find use is a strong indication that the burden-shifting instruction would have made no difference.

3. Counsel's arguments minimized any potential prejudice.

Counsel's arguments to the jury can minimize the effect of an error in a burden of proof instruction. (*Rutherford, supra*, 16 Cal.4th at p. 984.) Here, counsel's arguments made Sargent Fletcher's burden of proof instruction immaterial, because both sides presented and argued the case *as though the court had given the refused instruction*.

Able told the jury at the outset that "we are going to prove to you . . . [that] Able spent millions of dollars and tens of thousands of hours developing and designing its hose reel." (2 RT 360.) At the end of trial, Able reminded the jury that it had undertaken this burden, and argued that it had met the burden. (30 RT 9301.) Where a party undertakes through argument a burden that an instruction shifted away from it, the fact that the jury found in its favor anyway suggests that a burden-shifting instruction would not have played a significant role. (*Rutherford, supra*, 16 Cal.4th at p. 984.)

Sargent Fletcher likewise argued its case as if it had received the burden-shifting instruction it wanted. At the start of trial, Sargent Fletcher told the jury that "one of the things we intend to prove" is that Able used Sargent Fletcher's proprietary information (2 RT 320), and that it would do so by showing access and substantial similarity (2 RT 319-321). The court's subsequent rejection of the burden-shifting instruction did not deter Sargent Fletcher. In closing argument, Sargent Fletcher pitched its case to the jury in the language of the rejected instruction, arguing that the best evidence of use was access plus substantial similarity. (30 RT 9068-9071.) Sargent Fletcher even suggested that the burden *was* on Able to disprove use, arguing that Able's evidence "doesn't disprove that they used" Sargent Fletcher's trade secrets. (30 RT 9083.) Sargent Fletcher argued that Able had not met that burden, asking rhetorically, "Where is any detailed documentary evidence that shows that Able reversed [*sic*] engineered this

system? How you got from point A to point B? It doesn't exist." (30 RT 9087-9088, 9052.) From start to finish, Sargent Fletcher's theory was *not* that it had proved "use," but that *Able* had *failed* to prove reverse engineering or independent development. (30 RT 9393, 9402, 9425.)

The parties' arguments neutralized the burden of proof by framing the "use" issue as an either-or proposition with no middle ground: The jury would adopt either Sargent Fletcher's argument that Able had not proved independent development and reverse engineering, or Able's argument that it had. Able did not simply deny Sargent Fletcher's evidence and then sit back and bank on the jury's rejecting it. Able set out to prove—and told the jury it was going to prove—*independent development and reverse engineering*. Because the argument and evidence originated with Able, the jury had to ask itself, "Did Able prove this?" To that question, the jury answered "yes"—Able did *not* use Sargent Fletcher's trade secrets. (9 CT 1920-1921.)

4. The jury gave no indication it was confused.

Finally, the court must consider whether the jury indicated that it was "actually misled." (*Rutherford, supra*, 16 Cal.4th at pp. 984-985.)

Sargent Fletcher mentions only the length of deliberations and the 9-2 vote on "use" (AOB 34), but neither indicates the jury was confused. The jury deliberated long enough to reach a rational verdict in this complex case, but that does not suggest it struggled over the burden of proof.

Moreover, the jury's request of read-backs of Able engineers' testimony and various exhibits evidencing Able's independent design suggests it was focused on Able's proof of independent development and reverse engineering. (9 CT 1911, 1913-1916.) Although jury questions on the disputed issue sometimes have been interpreted as weighing in favor of prejudice (see *People v. Gonzales* (1999) 74 Cal.App.4th 382, 391), here there is nothing to suggest that the jury was confused or deadlocked about

who had to prove what. It is at least equally likely that the jury's request for read-backs meant that it assumed that Able *did* have the burden of proving reverse engineering or independent development, and that it held Able to that burden. Thus, the jury probably did exactly what Sargent Fletcher's burden-shifting instruction would have told it to. In these circumstances, a different instruction would not have produced a different result. (*Rutherford, supra*, 16 Cal.4th at p. 985.)

B. Because Sargent Fletcher Failed To Request A Special Verdict That Would Have Revealed Any Prejudice, The Court Should Resolve Any Doubts About Prejudice Against Sargent Fletcher.

We believe the absence of prejudice is not a close question. But if there is any doubt on this issue, Sargent Fletcher easily could have avoided it by requesting a more detailed and informative special verdict. Able should not face reversal only because Sargent Fletcher failed to present this Court with an adequate special verdict.

Sargent Fletcher drafted the special verdict form that the trial court gave the jury (9 CT 1918-1925) and it vigorously opposed Able's more specific form (29 RT 8708-8725, 8732-8763; 30 RT 9001-9004). Even if Sargent Fletcher's form or instructions had defined "substantial similarity" and "access" (which they did not), those terms would have begged two questions that Sargent Fletcher never was prepared to answer—and, more importantly, never asked the jury to answer in the special verdict—"substantially similar to *which* trade secrets?" and, "access to *which* trade secrets?"

Sargent Fletcher's special verdict form permitted the jury only to find that Sargent Fletcher owned "one or more" general categories of trade secrets in the FR-300 "as set forth in its drawings and specifications." (9 CT 1919.) The form did *not* require the jury to find which—or even how

many—of Sargent Fletcher’s “drawings and specifications” Able had received. No single drawing or specification contained complete information on the FR-300, and Able presented evidence that the handful of FR-300 drawings it did have were incomplete even as to the parts they depicted. (7 RT 1928-1938; 23 RT 6636-6640.) Without knowing which drawings the jury thought Able received, it is impossible to know which *trade secrets* the jury thought Able received. (9 CT 1919-1920.) That, in turn, means it is impossible to know whether the trade secret information Able received was even *useful*.

Most of the FR-300 drawings that Able admittedly received either were wholly lacking in critical dimensions, tolerances, and specifications, or for other reasons would not have been useful in designing a hose reel. (7 RT 1912-1914, 1928-1929; 13 RT 3747-3748; 23 RT 6636-6638.) And because Able’s hose reel eliminated dozens of parts of the FR-300 (5 RT 1240-1241; 6 RT 1607-1608; 26 RT 7527; 28 RT 8209-8221, 8246-8259), any trade secrets relating to those parts likewise would not have been useful. As Sargent Fletcher’s own expert admitted, there was “no reason for me to look at” those eliminated parts because Able’s hose reel could not use those parts it did not contain. (23 RT 6675-6676.) Yet Sargent Fletcher’s allegations of misappropriation were so broad and vague as to cover hundreds of the eliminated parts.

No reasonable jury can find “use” where the trade secret in question is *useless* to the defendant. (*Microbix Biosystems v. Biowhittaker, Inc.* (D.Md. 2000) 172 F.Supp.2d 665, 679 [reasonable jury could not find use where, even though cost information might be a trade secret, it “would be useless as a practical matter” if it lacked sufficient detail].) Although the jury found that Able “received . . . one or more of Sargent Fletcher’s trade secrets” (9 CT 1919), its finding that Able did not “use” those trade secrets (9 CT 1920-1921) could well be a finding that they were *unusable* to Able, perhaps because they concerned parts that Able eliminated from its hose reel. If that is what happened, there could be no possible prejudice from the

absence of a burden-shifting instruction, because the jury's finding would negate "use" for reasons completely apart from Able's independent development and reverse engineering.

But whether that is what the jury did is impossible to know, because of Sargent Fletcher's broad and uninformative special verdict form. The form defined trade secrets to include "dimensions, tolerances, and other technical data" in *every part* of the FR-300—*including those parts that Able's hose reel eliminated*. (9 CT 1919.) It permitted the jury to move on to the issue of "use" if it found that Able had "received" *even one* trade secret—*regardless of the trade secret's utility*.

Appellate courts do not look favorably on issues raised in an informational vacuum that the appellant had the opportunity to fill. For example, in *Hurlbut v. Sonora Community Hospital* (1989) 207 Cal.App.3d 388, a medical malpractice defendant failed to request specific jury findings allocating damages between those awardable in a lump sum and those subject to periodic payments. The Court of Appeal affirmed the trial court's refusal to award periodic payments, noting that without special findings on the issue, there was "no way to apportion the award." (*Id.* at p. 406; see *Conrad v. Ball Corp.* (1994) 24 Cal.App.4th 439, 442-445 [nonsettling defendant waived right to setoff by failing to propose special verdict permitting differentiation between economic and non-economic awards].)

In a case where the jury had all the instructions it needed to reach its result, and where any prejudice was cured by other instructions and counsel's arguments, the respondent should not be threatened with a new trial on the basis of speculation that the appellant could have avoided. Sargent Fletcher, not Able, should bear the consequences of any uncertainty on this point.

III.

THE BURDEN OF PROOF DOES NOT SHIFT IN TRADE SECRETS CASES.

A. The California UTSA Does Not Authorize Shifting The Burden of Proof.

The California UTSA, which is based on the national Uniform Trade Secrets Act (“UTSA”), governs Sargent Fletcher’s trade secrets claim. When a state adopts a uniform act, courts look “both to the state’s enactment of the law and to the uniform act itself” to discern the act’s legislative history. (*Hoechst Celanese Corp. v. Franchise Tax Board* (2001) 25 Cal.4th 508, 519 and fn. 5.)

Neither the California UTSA nor the UTSA authorizes burden-shifting in trade secrets cases, and the relevant legislative history demonstrates that this choice was deliberate.

1. The UTSA’s drafters rejected language that would have shifted the burden of proof.

The authors of the UTSA debated drafts for a decade before approving it in 1980. (U. Trade Secrets Act (1985) §§1-12.) Comparing those drafts with the final version confirms that the drafters did *not* intend the UTSA to shift any burden to the defendant.

An early draft would have shifted the burden of proof (sometimes known as the burden of persuasion) to the defendant. The comment to a section entitled “Evidentiary Burdens” cited *Servo Corp. of America v. General Elec. Co.* (4th Cir. 1968) 393 F.2d 551, 555, holding that the defendant has “the burden of going forward with the evidence and the risk of nonpersuasion with respect to defense of innocent reliance upon nonconfidential sources of information.” (U. Trade Secrets Act § 4,

comment [Eighth Tentative Draft August 4, 1979].)¹⁸ However, the next draft deleted the “Evidentiary Burdens” section completely. (U. Trade Secrets Act [Eighth Tentative Draft August 8, 1979].) Burden-shifting was never mentioned in subsequent drafts, or in the final version. (U. Trade Secrets Act (1985) §§ 1-12.)

Drafters’ rejection of a specific provision contained in an earlier version of an act is the ““most persuasive”” indication that ““the act should not be construed to include the omitted provision.”” (*Crespin v. Kizer* (1990) 226 Cal.App.3d 498, 514.) The UTSA drafters’ decision not to shift the burden of proof is now reflected in the California UTSA. Sargent Fletcher’s proposed instruction shifting the burden of proof thus stated the law incorrectly, and the trial court properly rejected it.

2. The Legislature failed to authorize burden-shifting in another statute relating to trade secrets.

The absence of burden-shifting in the California UTSA is no oversight. The Legislature has specifically enacted express burden-shifting prohibitions in other trade secrets contexts.

In 1979 the Legislature enacted provisions dealing with agreements requiring employees to assign rights in inventions to their employers. (Lab. Code, §§ 2870-2872.) Section 2870 excepts from such assignments inventions “developed entirely on [the employee’s] own time without using the employer’s . . . trade secret information.” When an employee invokes section 2870, “the burden of proof shall be on the employee claiming the benefits of its provisions.” (Lab. Code, § 2872.) Thus, the employee bears the burden of proving that he or she “did not use any . . . ‘trade secret information of the employer.’” (*Cubic Corp. v. Marty* (1986) 185 Cal.App.3d 438, 451-452.)

¹⁸ All UTSA materials cited herein appear in Able’s motion for judicial notice.

Section 2872 demonstrates that the Legislature knows how to shift the burden of proof in trade secrets cases when it wants to. ““Where a statute, with reference to one subject contains a given provision, the omission of such provision from a similar statute concerning a related subject is sufficient to show that a different intention existed.”” (*City of Port Hueneme v. City of Oxnard* (1959) 52 Cal.2d 385, 395.) Considered against the backdrop of section 2972, the omission of a burden-shifting provision from the California UTSA is powerful evidence that burden-shifting is *not* part of that statutory scheme.

B. No Public Policy Justifies Shifting The Burden Of Proof.

The burden of proof may be shifted only if justified by some substantial public policy. (Evid. Code, § 605, comment.) Such compelling policies are scarce, and confined to “unusual factual circumstances.” (*Mathis v. Morrissey* (1992) 11 Cal.App.4th 332, 346, fn. 8, [citing *Summers v. Tice* (1948) 33 Cal.2d 80, 86 [in *Summers*, burden of proof on causation shifted to defendants when it could not be determined which one was responsible for shooting the plaintiff, but one certainly was]]; *Haft v. Lone Palm Hotel* (1970) 3 Cal.3d 756, 773 [burden of proof on causation shifted to defendants whose unlawful failure to provide a lifeguard resulted in plaintiffs’ complete inability to establish cause of drownings].) None of the cases Sargent Fletcher cites (AOB 27-29) articulates any comparable compelling policy justification for shifting the burden of proof to defendants in trade secrets cases.

Sargent Fletcher argues that Able’s supposedly superior access to evidence justifies shifting the burden of proof. (AOB 22-23, 28.) But there was no evidence of unequal access. It is reversible error to shift the burden of proof on such unsupported claims. (See *Samuels v. Mix* (1999) 22 Cal.4th 1, 20 [declining to shift the burden of proof on the “speculation” that one party “had more peculiar access to relevant evidence”]; *Thomas v.*

Lusk (1994) 27 Cal.App.4th 1709, 1718 [declining to shift the burden of proof where evidence was destroyed inadvertently and was “no more available to appellant than the respondent”].)¹⁹

Sargent Fletcher also contends that the burden of proof should be shifted to defendants because trade secrets are “of growing importance to the competitiveness of American industry.” (AOB 28-29.) But Sargent Fletcher cites no authority for shifting the burden of proof (and we are aware of none) merely because a claim is “important.” For instance, the right of employees to work in a discrimination-free environment is certainly important. Yet even in employment discrimination litigation, the plaintiff’s presentation of a *prima facie* case does not shift the burden of proof but only the burden of *production*. (*Caldwell v. Paramount Unified School Dist.* (1996) 41 Cal.App.4th 189, 201-202.)

In fact, public policy points in the opposite direction. The need for vigorous competition actually militates *against* shifting the burden of proof in cases like this. Here, Able set out to design a better hose reel. (20 RT 5721-5722.) Sargent Fletcher’s admitted primary goal was not damages but enjoining Able from producing a competing hose reel (24 RT 6918), a result that would give Sargent Fletcher and its parent a monopoly in this market (14 RT 4028-4029). Because the primary purpose of trade secrets law is to encourage innovation, the law should not be used to suppress legitimate competition. (*Kewanee Oil Co. v. Bicron Corp.* (1974) 416 U.S. 470, 481-482 [94 S. Ct. 1879, 1886-1887, 40 L.Ed.2d 315].) The risk of

¹⁹ Sargent Fletcher’s “unequal access” argument lacks legal as well as factual support. Unequal access to evidence may justify shifting the burden of *production*—but only as a way of facilitating the trial, *not* as an expression of public policy. (Evid. Code, § 603, comment.) To shift the burden of *proof*, some other, more compelling, policy is needed. (Evid. Code, § 605, comment.) We discuss below the crucial differences between the burden of proof (or persuasion) and the burden of production (or going forward with the evidence). (§ III.D.1.) Suffice it to say here that shifting the burden of *production* does not require or permit any jury instruction on burden-shifting.

stifling competition is especially great where, as here, Sargent Fletcher advanced such a broad definition of its “trade secrets” that any injunctive relief it obtained could have barred Able from using parts in the public domain. (See 29 RT 8717; see also *Chemetall GMBH v. ZR Energy, Inc.* (N.D. Ill. 2001) 138 F.Supp.2d 1079, 1082 [“construing the trade secret too broadly would accord plaintiff protection beyond its legitimate interests and run the risk of unnecessarily stifling competition”].)

In sum, the “policies” that Sargent Fletcher mentions in its brief are either not public policies within the meaning of the burden-shifting provisions of the California Evidence Code, or are policies that have no application to trade secrets disputes. There is no basis in California law for shifting the burden of proof.

C. None of Sargent Fletcher’s Authorities Supports Shifting The Burden Of Proof.

Sargent Fletcher’s brief barely mentions the California UTSA or the UTSA, relying instead on non-California cases that mostly pre-date the 1980 UTSA. Sargent Fletcher has not identified a single citeable California authority in support of its argument that any portion of its burden of proof shifted to Able. Moreover, none of the authorities Sargent Fletcher cites considers the question of how to instruct a jury on burden-shifting in trade secrets cases.

1. Droeger did not involve shifting the burden of proof.

Sargent Fletcher relies heavily on *Droeger v. Welsh Sporting Goods Corp.* (9th Cir. 1976) 541 F.2d 790, 791 (“*Droeger*”), a case that involved the alleged misappropriation of a design for a backpack. (AOB 22-24.) But *Droeger* referred only to shifting “the burden of *going forward with evidence*”—not the burden of *proof*—and it did not prescribe *any* burden-shifting jury instruction. (See *Droeger, supra*, 541 F.2d at 793, emphasis added.) *Droeger* is inapposite, for several reasons.

First, *Droeger*’s discussion of burden-shifting is dictum. *Droeger* had shown drawings for a new backpack design to a Welsh representative, and then sued after Welsh manufactured a similar backpack. (*Id.* at pp. 791-792.) Although Welsh claimed it had no knowledge of *Droeger*’s drawings, the court instructed the jury to presume that Welsh had access. (*Id.* at p. 792.) *Droeger* prevailed at trial, but the Ninth Circuit reversed because the imposition of an irrebuttable presumption of access foreclosed Welsh’s claims of independent development. (*Ibid.*) Although the court could have ended its discussion there, it went on to explain why it was *improper to foreclose* the defense of independent development. The court stated in dictum that “disclosure of the secret to the defendant, followed by manufacture of a closely similar device by the defendant, shifts to the defendant the burden of going forward with the evidence to prove, if it can, that it arrived at the process by independent invention.” (*Id.* at p. 793.) In other words, the court’s concern was whether Welsh had the *right* to show independent development—not whether it had the *burden* to do so.

Second, *Droeger* is factually inapposite. The backpack it involved was a simple product, and there was apparently no dispute about its similarity to *Droeger*’s drawings. (*Droeger, supra*, 541 F.2d at pp. 791-792.) Here, in contrast, Able introduced significant evidence that its hose reel was dissimilar to the FR-300. A simplistic approach that might work perfectly well under *Droeger*’s facts does not support the proposition that a

jury can be expected to intuit that aerospace systems containing hundreds of parts measured to the ten-thousandth of an inch are “substantially similar,” at least not without defining the term to eliminate the many nonprotectable variables that could contribute to the appearance of similarity.

Third, to whatever extent *Droege*’s dictum purports to state the law in California, it has no California support. It neither cites nor has ever been cited by any published California opinion. When the Ninth Circuit misstates California law on burden-shifting, California courts do not perpetuate the error. (*Mathis, supra*, 11 Cal.App.4th at p. 347 [declining to follow *Hutchinson v. United States* (9th Cir. 1988) 841 F.2d 966, 967 because it “erroneously equated . . . the burden of producing evidence with the burden of proof”].)

2. Sargent Fletcher’s other authorities are equally inapposite.

None of the other cases Sargent Fletcher cites supports its instruction shifting the burden of proof. Some rely on *Droege*, some are concerned only with the burden of production (see § III.D.3) and some confuse the two burdens. None undertakes the kind of careful public policy analysis California requires to shift the burden of proof, and none examines the drafting history of the UTSA (which most of the cases predate). The absence of any serious discussion of the burden of proof is understandable—most of the cases involved injunctions or other pretrial dispositions, which would not call for any discussion of jury instructions shifting the burden of proof. (E.g., *Integrated Cash Mgmt. Servs. v. Digital Transactions* (S.D.N.Y. 1989) 732 F.Supp. 370, 377-378 [preliminary injunction]; *Rapco Foam, Inc. v. Scientific Applications, Inc.* (S.D.N.Y. 1979) 479 F.Supp. 1027, 1030 [preliminary injunction]; *Imi-Tech Corp. v. Gagliani* (S.D. Cal. 1986) 691 F.Supp. 214, 216 [preliminary injunction]; *Henry Hope X-Ray Products, Inc. v. Marron Carrell, Inc.* (9th Cir. 1982)

674 F.2d 1336, 1340 [permanent injunction]; *Bolt Assoc., Inc. v. Alpine Geophysical Assoc., Inc.* (3d Cir. 1966) 365 F.2d 742, 749 [summary judgment]; *Garter-Bare Co. v. Munsingwear Inc.* (9th Cir. 1984) 723 F.2d 707, 709 [j.n.o.v.; no jury instruction mentioned].)²⁰ Accordingly, those cases offer no insight as to whether the jury instruction Sargent Fletcher actually proposed was proper.²¹

Sargent Fletcher's heavy reliance on the Milgrim treatise is equally unavailing. (See AOB 22-23.) For one thing, Milgrim acknowledges that the law in this area is not nearly as clear as Sargent Fletcher depicts it. (4 Milgrim on Trade Secrets (2001) § 15.01[2][a], p. 15-100 ("Milgrim") ["The burdens of a plaintiff and defendant in a trade secret action are not always addressed with clarity or consistency in the cases"].) Nor does Milgrim do anything to clear up the confusion; one simply can't tell from his discussion whether he's referring to the burden of proof, or the burden of production, or both. (*Ibid.* ["*Burdens of proof* flow, of course, from

²⁰ The lone California "authority" Sargent Fletcher cites is *Cybertek Computer Products v. Whitfield* (Cal. Super. Ct., Nov. 31, 1977, No. 23911) 1977 WL 22730 [203 U.S.P.Q. 1020]. (AOB 25.) *Cybertek* is an unpublished, non-citeable Superior Court decision. (Cal. Rules of Court, rules 976, 976.1, 977.) In any event, *Cybertek* is inapposite. It cites only an out-of-state decision, *Bolt Assoc., Inc., supra*, which itself is inapposite because it involved the burden on a defendant that claims it acquired the plaintiff's trade secret from a third party. (365 F.2d at p. 749.)

²¹ Nor is copyright law consistent on this point. Contrary to Sargent Fletcher's authorities, some copyright cases hold that only the burden of *production* shifts to the defendant upon a showing of access and substantial similarity. (*Overman v. Loesser* (9th Cir. 1953) 205 F.2d 521, 524; *Shaw v. Lindheim* (C.D. Cal. 1992) 809 F.Supp. 1393, 1402 [to rebut the presumption of copying, "the defendant must produce evidence which offers an alternative reason for the similarity"]; see also *Keeler Brass Co. v. Continental Brass Co.* (4th Cir. 1988) 862 F.2d 1063, 1065-1066 [defendant only has the burden of production after plaintiff shows substantial similarity and access to the copyrighted work; "[w]e see no reason to establish a proof scheme for copyright infringement cases varying so drastically from normal proof requirements"].)

general legal principles. Accordingly, as a general matter, after plaintiff has adduced evidence which, unrebutted, would establish plaintiff's case, defendant has the *burden of rebutting* such evidence"; if the plaintiff's evidence "tends to support" its trade secret contention, "defendant must go forward with proof to the contrary," emphases added].)

For another, even when Milgrim appears to be talking about the burden of proof, he recognizes that where, as here, the evidence establishes the defendant had the capacity to derive independently the matter the plaintiff claims to be secret, the burden of proving that the defendant in fact misappropriated trade secrets *does not shift*; it remains with the plaintiff. (Milgrim, § 15.01[1][d][v], p. 15-75 [citing *RTE Corp. v. Coatings, Inc.* (1978) 84 Wis.2d 105 [267 N.W.2d 226, 230-233]]; see also *Reinforced Earth Co. v. Neumann* (D.Md. 1978) 201 U.S.P.Q. 205, 214-216 [plaintiff had trade secrets in its earth retaining system, but no improper use found where defendant's comparable system was derived from general principles].)

D. At Most, Only The Burden of Production Should Shift, In Which Case No Instruction Would Be Appropriate Or Permissible In This Case.

1. Sargent Fletcher fails to distinguish between California's two distinct types of burden-shifting.

Sargent Fletcher's assumption that a burden-shifting instruction should have been given ignores the crucial link between burden-shifting and evidentiary presumptions. (Evid. Code, §§ 601-606.) Under California law, "[e]very rebuttable presumption is either (a) a presumption affecting the burden of producing evidence or (b) a presumption affecting the burden of proof." (Evid. Code, § 601, emphasis added.) In either case, burden-shifting is proper only when a party introduces evidence of "basic facts"

that give rise to a “presumed fact.” (*Haycock v. Hughes Aircraft Co.* (1994) 22 Cal.App.4th 1473, 1493-1495.)

Sargent Fletcher argues that it introduced the basic facts necessary to give rise to a presumption of “use”: (1) that Able had “access” to its trade secrets; and (2) that Able’s hose reel was “substantially similar” to the FR-300. (AOB 22.) Sargent Fletcher then argues that Able could rebut the “presumed fact” of use only by proving that it “developed” its design “independent of reliance on the trade secret.” (AOB 22.) In so arguing, Sargent Fletcher fails to recognize the distinction between the burden of producing evidence and the burden of proof. (See AOB 22-29.) The difference is fundamental, and fatal to Sargent Fletcher’s case.

The burden of *production*—also known as the burden of going forward with the evidence—is “the obligation of a party to introduce evidence sufficient to avoid a ruling against him on the issue.” (Evid. Code, § 110 and comment.) This burden initially rests with the plaintiff. (Evid. Code, §§ 500, 550.)

When the burden of production shifts, a presumption arises that a given fact exists, unless the defendant rebuts it with admissible evidence. (Evid. Code, § 604.) To defeat the presumption, the defendant need only introduce some evidence. (*Xebec Development Partners, Ltd v. National Union Fire Ins. Co.* (1993) 12 Cal.App. 4th 501, 548.) When the burden of production is met the presumption disappears, and the jury receives no instruction on the point. (See Evid. Code, § 604, comment.)

The burden of *proof* (persuasion) works differently. The plaintiff always bears the ultimate burden of proving all elements of its claims. (Evid. Code, § 520.) As discussed above, the burden of proof on an issue can be shifted to the defendant, but only for significant reasons of public policy. (Evid. Code, §§ 605-606.) Merely facilitating trial of the action is not sufficient reason to shift the entire burden of proof. (Evid. Code, § 605, comment.)

Shifting the burden of *production* does not operate to shift the burden of *proof*—that remains with the plaintiff. (*Tusher v. Gabrielsen* (1998) 68 Cal.App.4th 131, 145.)

2. Even if the burden of production shifted to Able, no instruction on the subject was appropriate or even permissible.

The difference between shifting the burden of production and shifting burden of proof is critical to evaluating Sargent Fletcher's appeal. A trial court *must* reject an instruction that improperly equates the burden of production with the burden of proof. (*Mathis v. Morrissey, supra*, 11 Cal.App.4th at pp. 346-347.)

If the presumption Sargent Fletcher sought to apply affected the burden of production, the jury would have received *no instruction at all* about the presumption *unless* Able introduced *no* evidence that it did not use any of Sargent Fletcher's trade secrets when designing its hose reel. (See Evid. Code, § 604, comment.) The judge, not the jury, determines whether the defendant introduced sufficient evidence. (*Slater v. Kehoe* (1974) 38 Cal.App.3d 819, 833.) If, on the other hand, Able introduced *some* evidence that it did not use Sargent Fletcher's trade secrets, the trial court *must not* instruct the jury. (*Buzgheia v. Leasco Sierra Grove, supra*, 60 Cal.App.4th at p. 392; see also *Mathis, supra*, 11 Cal.App.4th at p. 346.)

Able easily satisfied any burden it carried of producing evidence that it did not use Sargent Fletcher's trade secrets—whatever they may have been. Able introduced scores of exhibits (including thousands of pages of engineering notes, calculations, draft drawings, change orders, cutouts and templates), as well as the testimony of several engineers, to show that it designed its hose reel to meet rigorous interface requirements, using off-the-shelf parts, independent development, reverse engineering, and publicly-available information and documents. Thus, even if Sargent

Fletcher had proposed an instruction shifting the burden of production to Able, Able's showing more than sufficed to meet the low evidentiary threshold required to eliminate the instruction. (See *In re Marriage of Scherr* (1986) 177 Cal.App.3d 314, 320 [trial court's determination that presumption has been overcome "will not be disturbed on appeal if the evidence is in substantial conflict or is subject to varying inferences"].)

3. Sargent Fletcher's own authorities suggest that evidence of access and similarity only shifts the burden of production or triggers a permissive inference of use.

Apart from *Droege* (see § III.C.1.), the Ninth Circuit cases Sargent Fletcher cites state only that the defendant must "show" that it "could have" reverse engineered or independently developed its product. (*Garter Bare Co. v. Munsingwear Inc.*, *supra*, 723 F.2d at p. 715; *Henry Hope X-Ray Prods., Inc. v. Marron Carrel, Inc.*, *supra*, 674 F.2d at p. 1341.) This language implies an evidentiary showing more consistent with shifting the burden of production than shifting the burden of proof.

Other decisions Sargent Fletcher cites do not even go this far. Rather, they hold that evidence of access and substantial similarity can give rise to a permissive inference of use. For example, in *Greenberg v. Croydon Plastics Co.* (E.D.Pa. 1974) 378 F.Supp. 806, 815 (cited at AOB 22), the court made clear that, despite the permissive inference of use, *the burden of proof remained with the plaintiff*. (*Greenberg*, *supra*, 378 F.Supp. at p. 816 ["plaintiffs have proved by a fair preponderance of the evidence that defendants did not arrive at the flavoring method through independent investigation"].)

More recent cases likewise suggest that a showing of access and substantial similarity gives rise to only a permissive inference of use, and does not warrant a burden-shifting instruction. (See, e.g., *Sokol Crystal*

Prods., Inc. v. DSC Comm. Corp. (7th Cir. 1994) 15 F.3d 1427, 1432 [jury could, but was not compelled to, “draw an inference of misappropriation from the circumstantial evidence presented”]; *Pioneer Hi-Bred Int'l, Inc. v. Holden Foundation Seeds, Inc.* (S.D. Iowa, Oct. 30, 1987, Civ. No. 81-60-E) 1987 WL 341211, *33 [plaintiff had adduced “sufficient evidence from which this Court may reasonably draw the inferences which persuade it that it is more probable than not that the plaintiff's claims are true”].) These cases frame the issue as one of credibility—the weight that the fact-finder may give to the defendant's evidence of reverse engineering and independent development—rather than one of shifting the burden of proof.

Sargent Fletcher's proposed instruction was much more aggressive. It said nothing about a “permissive inference”; its goal—though never stated with sufficient intelligibility—was to *require*, rather than just to permit, the jury to find use. Not one of Sargent Fletcher's authorities provides support for such an instruction.

IV.

THERE WAS NEITHER ERROR NOR PREJUDICE IN ADMITTING DOCUMENTARY EVIDENCE SHOWING ABLE'S REVERSE ENGINEERING AND INDEPENDENT DEVELOPMENT.

A. The Trial Court Did Not Abuse Its Discretion.

Sargent Fletcher ignores the standard of review applicable to the trial court's admission of Able's evidence: abuse of discretion. (AOB 35-38; *In re Marriage of Slayton & Biggums-Slayton* (2001) 86 Cal.App.4th 653, 661; *Moyal v. Lanphear* (1989) 208 Cal.App.3d 491, 498 [trial management is discretionary area].) There was no abuse here.

1. Sargent Fletcher was not surprised.

Surprise is not a ground for the exclusion of evidence. (Evid. Code, § 352.) Even if it were, the record belies Sargent Fletcher's claim that it was surprised by Able's introduction of its engineers' notes and drawings. (AOB 35.) Able identified these exhibits *more than a year before trial*. (*See* Aug. CT 3-4 [Exhs. 2067-2079 (identifying documents retained by nine Able engineers).])²²

Able specifically identified and produced "engineering drawings, calculations, and notes" retained by various named engineers who had worked on Able's hose reel. (See Aug. CT 3-4 [identifying documents retained by nine Able engineers that would later become trial Exhibits 2067-2079].) At trial, Sargent Fletcher's own counsel represented to the court that "I've been through these boxes of papers," and he even had prepared a written motion to exclude them *before* Able offered the

²² See footnote 14, *ante*.

documents. (11 RT 3047.) And, as noted above (p. 22), Able never sought to use anything from the “additional box” Sargent Fletcher complains about (AOB 13).

2. Sargent Fletcher’s relevance and foundational objections are meritless.

There is likewise no merit to Sargent Fletcher’s claim that the documents were irrelevant and lacked foundation. (AOB 36.) An Able engineer testified that each exhibit contained documentation of Able’s hose reel efforts and had been retrieved from an individual engineer’s work area. (11 RT 3050; 12 RT 3335.) The court has wide discretion to decide foundational issues, including relevance. (*DePalma v. Westland Software House* (1990) 225 Cal.App.3d 1534, 1538.) Sargent Fletcher has failed to show any abuse of discretion here.

3. No prejudice ensued.

The erroneous admission of evidence is not a ground to overturn a verdict unless the examination of the entire record shows the mistake resulted in a “miscarriage of justice.” (Cal. Const., art. VI, § 13; Evid. Code, § 353.) In other words, “[t]he appellate court should reverse only when a prejudicial abuse of discretion has occurred.” (*DePalma v. Westland Software House, supra*, 225 Cal.App.3d at p. 1538.) For three reasons, Sargent Fletcher has failed to show prejudice.

First, the court determined that the best way to ensure a fair trial was to permit introduction of these previously-produced documents and give Sargent Fletcher as much time as necessary for cross-examination. (11 RT 3049; 23 RT 6633.) This determination eliminated any prejudice to Sargent Fletcher even if it had been surprised, which it was not.

Second, the jury instructions remedied any conceivable prejudice. The crux of Sargent Fletcher's claim of evidentiary error is that Able's engineers failed to explain at trial each of the 12,000 pages of engineering documentation found in their files. (AOB 36.) But the jury was given BAJI 2.04, which permits the jury to draw inferences if a party fails to explain evidence. (2 Supp. CT 258.)

Third, many of the exhibits Sargent Fletcher complains about merely corroborated Able's other documentary and testimonial evidence of its reverse engineering and independent development efforts. In fact, Sargent Fletcher itself describes the documents as "duplicative." (AOB 34.) Apart from the documents themselves, the engineers who created and used them testified at length about their reverse engineering and independent development efforts.²³ Where the evidence is merely cumulative or corroborative of other evidence properly in the record, its admission is not prejudicial. (*Rue-Ell Enterprises, Inc. v. City of Berkeley* (1983) 147 Cal.App.3d 81, 91.)

B. Sargent Fletcher Waived Any Claim Of Prejudice By Its Tactical Decision To Forgo Remedies In The Trial Court.

The trial court gave Sargent Fletcher an opportunity to cross-examine Able's engineers on each of the documents recovered from their files (11 RT 3049, 3052), but Sargent Fletcher declined to do so. This

²³ See 9 RT 2496-2498, 2502-2515; 10 RT 2702-2714, 2727-2728, 2731-2734, 2768-2769, 2776-2777, 2780-2782, 2798, 2815-2823, 2855-2864, 2884-2889, 2892; 11 RT 3008-3020, 3027-3032, 3037-3046, 3079-3080 (Pham's testimony of his role in Able's hose reel design); 11 RT 3124-3135; 3152-3170, 3174-3175; 12 RT 3313-3344, 3354-3355 (Obrovsky's testimony of his role in Able's hose reel design); 25 RT 7358-7362, 7372-7374; 27 RT 7945-7970; 28 RT 8118-8144, 8171, 8177-8186, 8188-8199, 8203-8206, 8209-8245 (Moller's testimony of Able's hose reel design strategy and engineering assignments).

tactical decision to forgo the opportunity to present its case waives any claims of error. (*Jones v. City of Los Angeles* (1993) 20 Cal.App.4th 436, 445; *Doers v. Golden Gate Bridge etc. Dist.* (1979) 23 Cal.3d 180, 184-185, fn. 1 [error deemed waived where it would be unfair to judge and adverse party to take advantage of error on appeal that could easily have been corrected at trial].)

Moreover, if Sargent Fletcher really felt it needed additional time to review the engineers' notes, its proper remedy was to seek a continuance. (*Kauffman v. De Mutiis* (1948) 31 Cal.2d 429, 432-433.) It made no such request. For this reason, too, Sargent Fletcher waived any error.

CONCLUSION

The trial court properly refused Sargent Fletcher's jury instruction shifting the burden of proof in trade secrets cases because such a theory has no support in California law. But even if the theory were valid, this appeal would founder on fundamental threshold issues—the proffered instruction was incorrect, incomplete and misleading, and its rejection by the trial court caused no conceivable prejudice. In addition, the court was well within its discretion in admitting Able's documentary evidence. Not only are Sargent Fletcher's claims of surprise and lack of foundation meritless, but its claim of prejudice rings hollow, since it expressly declined the trial court's offer to remedy any purported harm.

The judgment on the jury's verdict should be affirmed.

DATED: August 16, 2002

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CERTIFICATE OF WORD COUNT

(Cal. Rules of Court, rule 14(c)(1))

Pursuant to California Rules of Court, Rule 14, subdivision (c), I certify that this Respondent's Brief contains 17,572 words, not including the tables of contents and authorities, the caption page, signature blocks, or this Certification page.

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