IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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BONDPRO CORPORATION,

Plaintiff,

v.

SIEMENS WESTINGHOUSE POWER CORP.,

Defendant.

ORDER

04-C-0026-C

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Following the return of a verdict in plaintiff BondPro Corporation's favor, defendant Siemens Westinghouse Power Corp. sought a ruling on its motion for judgment as a matter of law, made at the end of plaintiff's case and renewed after all the evidence was in. After hearing extensive argument from counsel, I granted the motion. In response to a request from plaintiff's counsel to allow them to file a supplemental brief, I deferred a final ruling until today. Having read plaintiff's supplemental brief and reconsidering the arguments made yesterday, I reaffirm my decision to grant defendant judgment as a matter of law for the reasons set out below.

In order to prevail, plaintiff had to establish that its method for making composite

cell slots for electrical generators was a trade secret, that is, information that derived economic value, actual or potential, from not being generally known to or readily ascertainable by persons who could obtain economic value from its disclosure. In addition, plaintiff had to prove that it took efforts to maintain the secrecy of the information that were reasonable under the circumstances and finally, that defendant had disclosed the secret to others.

Roughly summarized, plaintiff's purported trade secret is a process for making composite slot cells for the electrical generator industry using a male mold without a matching female mold, layering special materials (chosen for their bonding, release or breathing characteristics) over the male mold, attaching a vacuum bag to pull the materials tight to the tool without wrinkles or folds and then putting the tool and vacuum bag into an autoclave for curing at pressure and high temperature for a period of time. When the tool is removed from the autoclave, the composite slot cell can be taken off the tool, ready for use.

Complicating the question whether plaintiff's process met the requirements of a trade secret was the protean quality of the "trade secret" that plaintiff claimed. For example, in its brief in support of its motion for partial summary judgment, plaintiff identified the secret as the "Autoclave Process" and explained that "the modern technology of the vacuum bag and autoclave can make multiple slot cells at one time and thereby reduce costs by reducing

cycle times." It did not mention the U shape of the male mold it used. In its Nov. 9, 1991 Process Traveler (instructions to its employees for assembly of the composite), it listed autoclave as the first item of standard equipment and then set out 45 steps to be followed using a vacuum bag and autoclave, Teflon/Glass material, Epoxy Prepreg and Nomex and ending with a perforated release line material and breather material. It did not mention the U shape of the male mold. At trial, however, plaintiff emphasized the shape of the male mold in its pretrial submissions in an effort to distinguish its process from those disclosed in other publications or web sites. At times, it argued that the secret was the process considered as a whole; at other times, it tended to focus on one or more of the individual elements of the process as the ones that were critical.

Scott Wang is BondPro's founder and the developer of the process at issue. He testified at trial that he has never laid claim to any of the materials identified in the Process Traveler but has laid claim to the male tool, laying the material on the male mold only, putting a vacuum bag around the tool, pulling vacuum from it and then putting it into an autoclave for the application of heat and pressure. He testified that the male tool that he used was built to fit the shapes and dimensions of a slot cell that defendant provided him and that defendant specified the materials to be used and the cure cycle (temperature, pressure and time).

In light of this evidence, it seems reasonable to view plaintiff's claimed trade secret

as one involving the preparation of a composite slot cell, using a male mold only, a vacuum bag and an autoclave for curing. The question is whether such a process was generally known in the relevant composite industry before 2001, when plaintiff developed his slot cell insulation process. On this point, plaintiff produced no evidence that it was not. Its only expert was Grady Frenchick, a patent lawyer, who did not hold himself out as being knowledgeable about the industry but only about patent law. The only witness that plaintiff called that worked in the relevant industry was Mark Miller, an employee of defendant and the person plaintiff believed had stolen its trade secret. Plaintiff elicited testimony from other employees of defendant that they were unaware of plaintiff's process before Miller told them about it, but those witnesses were not working directly in the field or in a position to know the composite industry. During plaintiff's case in chief, defendant produced patents indicating that it was well known in the industry before 2001 to use an autoclave and vacuum bag for bonding composite materials to a mold to make slot cells. Plaintiff no evidence to rebut this evidence. It adduced no evidence to suggest that persons in the composite industry who attended the Society for the Advancement of Materials Process Engineering (SAMPE) conference in 2000 would not have seen materials put out for distribution by Torr Technologies describing a procedure for composite bonding using a single male mold without a matching female mold, vacuum bag and autoclave.

Wang himself testified that before he began discussions with defendant about the

manufacture of slot cells, he did not own an autoclave but was familiar with them, had wanted to buy one since the early 90s and knew that they could be and often were designed specifically to be used with vacuum bags. He had attended two public seminars on the repair of composites, where the instructors taught the use of autoclaves. Some of the techniques taught in the seminar involved the use of vacuum bags; although plaintiff was aware of the use of vacuum bags with autoclaves before he attended the seminar, he learned more about bagging techniques. Plaintiff testified that he is aware of a company called Torr Technologies and had sought a price quote for a vacuum bag from the company in 2000 and that he has attended SAMPE seminars. He agreed that one of the Torr brochures made available to the public at a SAMPE seminar describes a process for making a vacuum bag autoclave composite, using only a male mold, layering the materials and using heat and pressure to cure them.

Plaintiff adduced no evidence from which a reasonable jury could have found that the elements of the purported trade secret were not generally known by persons in the relevant industry or, at the least, readily ascertainable. (In saying that a reasonable jury could not have reached the verdict it did, I mean no disrespect for the eight conscientious and hard working members of the jury that heard this case. I am simply persuaded that their view of the evidence was not a reasonable one under the governing law.)

As for protecting the secrecy of the process, plaintiff did not keep the instructions in

a locked file cabinet on any regular basis . Scott Wang often left them out even when he was away from his desk because he worked with them on a regular basis. Plaintiff had no signed confidentiality agreements with its line workers, although they were told in the employees' handbook to keep company matters confidential. The plant had limited access and was surrounded by a barbed wire fence, but Bruce Wang, Scott Wang's brother and a founder and former employee of plaintiff, testified that anyone could have walked into Scott Wang's office and pulled out the process file. Plaintiff did not have a confidentiality agreement with Anthony Marshall, a former employee of defendant, whom plaintiff was hiring as a consultant to re-engineer some of its processes, until shortly before Marshall's deposition was to be taken in this trial. Scott Wang kept the process on his computer to which others had access. Although plaintiff could have handled the trade secret with considerably more care, I cannot say that a reasonable jury could not have found that the protections plaintiff took were not reasonable under the circumstances, given plaintiff's small size, Scott Wang's lack of business sophistication and the confidentiality instructions in the handbook and Process Traveler.

However, giving reasonable protection to a process does not mean that the process is a true trade secret. I remain convinced that no reasonable jury could have found that plaintiff's composite bonding process was a trade secret under Wisconsin law because the process was generally known or reasonably ascertainable in the industry. Even if I were to

reach the opposite conclusion, I would conclude that plaintiff cannot prevail because it failed to prove that defendant disclosed plaintiff's trade secret.

The alleged disclosure of the trade secret came when defendant's patent application was published to the public 18 months after defendant filed it, in accordance with patent office procedures. Plaintiff's expert testified that the application did not disclose the use of an autoclave. The application did include an illustration that plaintiff argues would have been alerted anyone in the industry to the recommended use of an autoclave but plaintiff adduced no evidence to support this argument. Scott Wang testified that the patent application did not use the word autoclave. If the trade secret was supposed to include the cure cycles, the patent application did not specify the precise cure cycles. Wang testified that a general range of cure cycles would not convey valuable information to any reader because of the variables in every application. For example, the Process Traveler discloses a cure cycle with a 25-50 psi, a temperature of 175 plus or minus 10 degrees Celsius and time of 45 minutes; the patent application discloses 50-300 psi, "more preferably about 85-100 psi," a temperature of 175-185 degrees Celsius and a time of one to four hours.

As plaintiff BondPro Corporation points out, "It is a significant thing to set aside the findings of eight impartial jurors." Plt.'s Mem., dkt. #205, at 1. I agree. I make the decision to do so reluctantly and only because I am convinced that the evidence adduced by plaintiff cannot sustain the jury verdict in its favor.

ORDER

IT IS ORDERED that defendant Siemens Westinghouse Power Corp.'s motion for judgment as a matter of law is GRANTED. The clerk of court is directed to enter judgment in favor of defendant and close this case.

Entered this 15th day of June, 2005.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge