

Judge Unravels Bosch's Partial Win In Brake Parts IP Fight

By **Tiffany Hu**

Law360 (August 24, 2020, 8:36 PM EDT) -- An Illinois federal court will reconsider Bosch's partial victory in a dispute with Nucap over aftermarket brake components, narrowly convinced by Nucap's arguments that a lack of clarity on either side of the bench require another look at the ruling.

In a 15-page order issued Sunday, U.S. District Judge Edmond E. Chang granted Nucap Industries Inc.'s request for reconsideration of his decision last September to grant partial summary judgment to Robert Bosch LLC in the former business partners' wide-ranging fight.

Notably, Judge Chang said he would revisit whether Bosch misappropriated trade secrets by disclosing Nucap's drawings to third parties. Nucap's reconsideration motion was sealed, but Sunday's order notes that Nucap had argued that the court overlooked instances where Bosch improperly disclosed the drawings internally and externally.

Though the judge criticized Nucap for not calling attention to this "highly important point" earlier, he acknowledged that what "tips the scale (just barely)" were certain citations the company made referencing the purported overlap in a "barebones" response to Bosch's arguments.

"The better practice of course would have been for Nucap to explain these important points in its actual briefing," Judge Chang wrote. "But the factual citations at least ensure that this argument is not coming out of thin air, so reconsideration would not be improper here."

Noting that it was a "close call," the judge said that Nucap's trade secrets claim can move to trial, but warned that it would be given "no extra leeway to make new arguments that should have been fleshed out earlier in the litigation."

Nucap also sought to clarify a part of the summary judgment ruling that Bosch did not expressly waive its rights to use Nucap's drawings, saying the ruling shouldn't apply to its separate affirmative defense of waiver to Bosch's counterclaim that Nucap breached obligations to continue supplying parts to Bosch.

Judge Chang said that although Nucap was "technically right" that the ruling included a sentence that only discussed drawing rights — not the supply rights — the rest of the decision was "not so narrowly cabined" and was meant to address Bosch's alleged rights in general.

"Having said that, however, the better course would have been for the court to explicitly notify Nucap

that it was considering the entry of summary judgment in favor of Bosch on Nucap's affirmative defense of waiver," the judge wrote.

Bosch buys component parts from suppliers, such as Nucap, and builds aftermarket brake systems that are sold to retailers. According to the March 2015 complaint, Bosch was Nucap's biggest customer and Nucap was Bosch's biggest supplier of brake components. But the relationship fell apart in 2014.

Nucap's suit said certain employees of two Robert Bosch GmbH units — Robert Bosch LLC and Bosch Brake Components LLC — obtained Nucap drawings ostensibly to satisfy Bosch's quality control requirements, but then copied and passed them onto Chinese competitors that could more cheaply produce the parts.

Bosch threw back counterclaims, ranging from antitrust concerns — which the court already dismissed — to breach of contract.

Last September, the judge dismissed several claims and counterclaims and limited what Nucap can argue at trial, but allowed Nucap to push forward on claims that Bosch internally misappropriated trade secrets and infringed its copyright, and Bosch to fight back with breach of contract allegations.

Both sides have agreed to set a new trial date and pretrial deadlines in light of travel restrictions and other difficulties brought by the COVID-19 crisis, court documents show.

"Nucap is pleased that the court granted its motion for reconsideration and recognized that Nucap's refusal to supply black steel brake components that it believes are unsafe goes to the heart of the dispute," Michael A. Jacobs of Morrison & Foerster LLP, an attorney for Nucap, said Monday in a statement to Law360. "Nucap looks forward to presenting its claims to a jury and holding Bosch accountable for the full scope of its misuse of Nucap's IP."

Counsel for Bosch did not immediately respond to a request for comment Monday.

Nucap is represented by Todd H. Flaming of Todd Flaming LLC, and Michael A. Jacobs and Kyle W.K. Mooney of Morrison & Foerster LLP.

Bosch is represented by Alan N. Salpeter and Dina M. Hayes of Arnold & Porter, and Robert W. Unikel of Paul Hastings LLP.

The case is Nucap Industries Inc. et al. v. Robert Bosch LLC et al., case number 1:15-cv-02207, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Dani Kass. Editing by Adam LoBelia.