

2009 WL 1346635 (Cal.Superior) (Trial Motion, Memorandum and Affidavit)  
Superior Court of California.  
Santa Clara County

HANSEN MEDICAL, INC., Plaintiff,

v.

LUNA INNOVATIONS INCORPORATED, and Does 1-10, Defendants.

Luna Innovations Incorporated, Plaintiff,

v.

Hansen Medical, Inc., and Does 11-20, Defendants.

No. 1-07-CV-088551.

February 13, 2009.

**Luna Innovations Incorporated's Reply Brief in Support of Motion for Summary Adjudication of Hansen's First Cause of Action for Misappropriation of Trade Secrets Regarding Hansen's Alleged Trade Secret Concerning Grating Spacings**

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Hon. [Joseph Huber](#).

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**Department: 8**

**Trial Date: March 23, 2009**

**[PUBLIC VERSION -- ORIGINAL VERSION CONDITIONALLY LODGED UNDER SEAL  
PURSUANT TO STIPULATED PROTECTIVE ORDER AND PENDING MOTION TO SEAL]**

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**I. INTRODUCTION**

Hansen's opposition is not so much a challenge to Luna's proffered evidence, as an attempt to redefine and recharacterize its trade secret allegations for the purpose of avoiding summary adjudication. Luna has moved for summary adjudication of the [Text redacted in copy.], which was identified and listed by Hansen in Category Two, Item No.1 in its Interrogatory Response to Luna's Interrogatory requesting Hansen to provide a detailed and complete list identifying each and every trade secret alleged by Hansen. ("Hansen's Trade Secret List.") See Luna Opening Brief at 3:20-23, Luna Appx. Exh. C. at page 4, SS 10, 11. Hansen now claims that 1) California does not permit the adjudication of separate trade secret claims that are pled under one cause of action, and 2) the [Text redacted in copy.] is not a Hansen trade secret at all, but merely a general concept. See Oppn. at 6. Hansen's efforts are not compelling for two reasons. First, California law permits the separate adjudication of different trade secret claims that are pled as one cause of action. Failing to do so would contradict the principles behind [Section 437](#), set the table for inequitable trade secret judgments, and lead to reversible error. The [Text redacted in copy.] involves a different set of facts and defenses than Hansen's other trade secret claims and should be treated accordingly. Second, Hansen's own evidence concedes that the [Text redacted in copy.] (Item No.1 of Hansen's Trade Secret List) is not a trade secret under California law. Luna's motion should be granted.

**II. ARGUMENT**

**A. The [Text redacted in copy.] is Separate From The Other Concepts and Ideas Hansen Has Alleged As Trade Secrets**

As stated in its opening brief, Luna seeks summary adjudication of Hansen's first cause of action for trade secret misappropriation of the allegedly secret information described by Hansen in Item No.1 of Hansen's Trade Secret List as the, [Text redacted in copy.] (Abbreviated by Luna as "[Text redacted in copy.]" for the sake of convenience). See Luna Brief at 3, SS 10, 11, Luna App. Ex. C at 4-6. Hansen listed this information as one item out of more than 19 different technologies and information that it accuses Luna of misappropriating. See *id.* Hansen alleges a wide variety of different concepts and ideas, all outside the purview of the [Text redacted in copy.] Just a few examples include [Text redacted in copy.] See *Id.* Hansen claims that the [Text redacted in copy.] is just one small portion of one large trade secret that is comprised of every single item in Hansen's Trade Secret List. See Oppn. at 7. Luna respectfully disagrees.

First, Item No.1 of Hansen's Trade Secret List makes no mention of [Text redacted in copy.] or any of the other concepts listed by Hansen as a trade secret. Further, the evidence submitted by Luna to the Court with its Opening Brief concerning

the public and prior knowledge of the [Text redacted in copy.] does not address, nor mention these other concepts identified by Hansen. Luna shall present separate evidence at trial to address each of these separate claims. The fact that different evidence is needed to handle each of the separate concepts is unsurprising because each concept requires a different set of defenses to prove that the concept is not a trade secret. For example, at trial Luna shall present separate evidence to prove that [Text redacted in copy.] is known by doctors and engineers in the medical field, while also supplying unrelated evidence to prove that Luna had prior knowledge of [Text redacted in copy.], and additional evidence to show that the software and firmware were never disclosed to Luna. The defenses and evidence Luna shall employ differs for each trade concept and technology, and varies widely from the evidence and defenses theories that Luna has already offered to the Court on the [Text redacted in copy.].

Hansen responds that the word [Text redacted in copy.]” is also used in Item Nos. 2 and 3 of their trade secret list, and that prevents an isolated adjudication of the [Text redacted in copy.]. See Oppn. at 3. However, merely using the word “[Text redacted in copy.]” alone does not conflate the concepts into one single claim for the purposes of § 437(c). With respect to Item 2, the information invoked is a subset of [Text redacted in copy.] See Luna App. Ex. C at 5. This information is different from the [Text redacted in copy.] in Item consists of [Text redacted in copy.]. See *id* The [Text redacted in copy.] (Item No.1) does not mention, nor refer to [Text redacted in copy.], as discussed in Item No.2, which lists [Text redacted in copy.]. See *id*. Item No.2 is a separate issue to be addressed at trial with separate evidence and defenses, Similarly, Item No. 3 is different as it deals with the [Text redacted in copy.] Luna's motion for summary adjudication makes no reference to [Text redacted in copy.] --a concept that is distinct and not mentioned in the [Text redacted in copy.] (Item No.1). See *id*.

### **B. California Permits Separate Adjudication of Separate Trade Secret Claims**

Hansen has opposed Luna's motion on the procedural basis that the [Text redacted in copy.], and every other one of the numerous concepts, technologies, and information they have alleged in their Trade Secret List, must be treated as one single cause of action that cannot be separately adjudicated. See Oppn. at 5. This position contradicts California law. California routinely awards split decisions at summary judgment and at trial when multiple concepts and technologies are alleged under one trade secret misappropriation cause of action. See *O2 Micro Intern. Ltd. v. Monolithic Power Sys., Inc.*, 399 F.Supp.2d 1064, 1069 (N.D. Cal. 2005) (Plaintiff alleges 11 different technologies under one cause of action for trade misappropriation. Jury reaches verdict finding that defendant had misappropriated trade secret claims 1, and 8-11, but rejects trade secret claims 2-7); *Pixion Inc., v. PlaceWare, Inc.* 421 F.Supp.2d 1233, 1246 (N.D. Cal. 2005) (Plaintiff alleges six different categories of trade secrets and various subsets of information within each of the six categories in one cause of action for misappropriation. Applying California law, the Court partially grants defendant's motion for summary judgment with respect to information in trade secret categories 1, 3, 5 and 6, but denies summary judgment with respect to subcategories of information within categories 2 and 4); *Rita Medical Systems, Inc. v. Resect Medical, Inc.*, 2007 WL 161049 at 5 (N.D. Cal. 2007) (Plaintiff alleges trade secret misappropriation of three different concepts in same cause of action, and Court grants partial summary judgment as to two of the alleged trade secret concepts, and denies summary judgment as to the third concept in its earlier May 18, 2006 Order); *Callaway Golf Company v. Dunlop*, 318 F.Supp.2d 205, 216 (D. Del., 2004) (Applying California law, Court grants defendant's partial summary judgment of only 1 concept alleged by plaintiff as a trade secret, and does not adjudicate merits of other trade secret concepts also alleged by plaintiff in same cause of action); *Convolve Inc., v. Compaq Computer*, 2006 WL 839022 at 9-10, (S.D.N.Y. 2006) (Applying California law, Court rejects plaintiff's objection that Court has no authority to hear partial summary judgment of just a subset of the entire list technology alleged by plaintiff in trade secret misappropriation claim and decides motion for summary judgment on the merits.)

The *Fineman* decision is in accord with these decisions and provides guidance as to how California courts treat different claims that are pled as part of one cause of action, as they are here. In *Fineman*, the Court treated each single check at issue as a separate claim under Section 437(c) even though the checks all came from the same checking account, were cashed by the same defendant bank, and impacted the same plaintiff. See *Edward Fineman Co. v. Super. Crt.*, 66 Cal.App.4th

1110, 1116 (1998). Hansen does not deny that the *Fineman* decision interprets Cal. Civ. Proc. Code §437(c) to permit summary adjudication in instances where multiple instances of alleged wrongdoing are pled in the same cause of action, and Hansen offers no California cases or statutes that state that trade secret concepts should be treated differently.<sup>1</sup>

Hansen relies on the Judicial Council of California Civil Jury Instructions for its contention that a claim of trade secret misappropriation must unequivocally be treated as one single cause of action for purposes of summary adjudication under Cal. Civ. Code §437. See Oppn. at 5. Such reliance is misplaced. The council's jury instructions were never intended to serve as authority for how to interpret California statutes, but merely offer recommendations on how to present ideas to a jury. Further, CACI 4400 and 4401 do not relate to, nor mention Cal. Civ. Code §437, nor summary adjudication, and make no efforts to interpret when summary adjudication is proper in instances where multiple claims are pled under a trade secret misappropriation cause of action. See CACI 4400, 4401. Rather, CACI 4400 and 4401 merely suggests ways to provide an introduction for the jury to what constitutes trade secret misappropriation. See *id.* Despite this, Hansen argues that CACI establishes that "California law does not cast individual trade secret 'items' as separate causes of action." Oppn. at 5.

Hansen's further reference to the CUTSA statute of limitations rule is equally unavailing. Oppn at 4. The rule concerning the statute of limitations applies to the same concept being misappropriated repeatedly. See Cal. Civ. Code §3426. Luna's motion does not argue that multiple instances of the same trade secret being repeatedly misappropriated constitute separate claims, but that different trade secret concepts are different claims. Furthermore, where a plaintiff has multiple trade secret claims, the statute of limitations begins to run on all the separate claims at the same time only when the claims are closely related. See *HiRel Connectors, Inc. v. United States*, 465 F. Supp.2d 984, 988 (C.D. Cal. 2005) (applying CUTSA). When different trade secret claims are alleged, the statute of limitations runs separately. See *id.* Different technologies and concepts alleged by Hansen as trade secrets should be treated as separate claims and ruled upon accordingly.

If Hansen's interpretation of CACI and California law were to be believed, claims of trade secret misappropriation would always be treated as one cause of action under any and all circumstances -- even in instances where a plaintiff brought distinct and separate concepts and information. This position not only contradicts California law (see above), but would invariably lead to inequitable consequences. As one example, a trade secret plaintiff could arguably plead one legitimate concept in a trade secret misappropriation claim, combine this one concept with 99 other concepts of a frivolous nature, and bring to trial all 100 concepts as one cause of action for trade secret misappropriation even if 99 of those claims were frivolous. This position contradicts the time and cost saving purposes behind Section 437(c). See *Lilienthal & Fowler v. Super. Ct.*, 12 Cal. App. 4th 1848, 1855 (1993). Defendants and the Court would be left with no recourse to defeat frivolous trade secret claims so long as a plaintiff artfully packages them along with at least one trade secret concept that had merit.

The inequities of Hansen's interpretation do not end there. Hansen suggests that all the alleged trade secret concepts must always be presented to the jury and adjudicated at trial as one single cause of action for trade secret misappropriation. See Oppn. at 7. Should this Court agree with Hansen that single separate trade secret claims cannot be adjudicated separately, the jury would be forced to issue one single ruling on the more than 19 different claims and concepts offered by Hansen, regardless of whether or not the decision warranted a split verdict. As an example, if Luna were to successfully prove that just one of the more than 19 different concepts was not a trade secret, would the jury then be required to find that Luna has not misappropriated **any of the more than 19 concepts** because all the alleged secrets must be adjudicated as one cause of action under Hansen's view? Conversely, if a jury finds that only one of the more than 19 different concepts was a misappropriated trade secret, but that the 18 others were not trade secrets, would the jury be forced to issue a judgment in favor of Hansen as to all the concepts on Hansen's Trade Secret List because they are required to be adjudicated as one single cause of action? This interpretation is improper, contradicts California law, and would constitute reversible error. See *O2 Micro Intern. Ltd. v. Monolithic Power Sys., Inc.*, at 1069; *Pixion Inc., v. PlaceWare, Inc.* at 1246; *Rita Medical Systems, Inc. v. Resect Medical, Inc.*, at 5; *Callaway Golf Company v. Dunlop* at 216.

Presumably Hansen contends that each concept on its Trade Secret List is a potential valuable property right on its own. They should be adjudicated accordingly. To award rights over all of them to one party irrespective of merit simply because they were all pled under one cause of action would be legally erroneous. Parties would be able to obtain valuable intellectual property rights over concepts that belonged to others simply by packaging them alongside a single claim that had merit. Hansen's position contradicts California law and opens the door for Hansen to argue before a jury that proof of misappropriation of one distinct concept on its Trade Secret List is sufficient proof that Luna has misappropriated each and every other concept and idea on the Trade Secret List, regardless of the contrary evidence. This should be rejected.

**C. Hansen Provides Insufficient Evidence To Refute The Fact That The  
[Text redacted in copy.] Is Not a Trade Secret Under California Law.**

Hansen's opposition to the substantive evidence submitted by Luna is equally unavailing. Hansen seeks to redefine its trade secret allegations at the last minute, arguing that the [Text redacted in copy.] (Item No.1) is not a Hansen trade secret at all, but rather a general concept that captures almost none of Hansen's alleged secret. See Oppn. at 6. If Hansen is to be believed, then this Court should automatically grant Luna's motion outright, since Hansen no longer appears to be claiming Item No.1 in its Trade Secret List as a trade secret. Rather than address Luna's evidence, Hansen explains that Item No.1 is not what it has written in its Interrogatory Response, but rather a nebulous concept that encompasses technologies and ideas beyond what is even mentioned in its Trade Secret List. This should be rejected. Hansen cannot refute the evidence that Luna has presented in support of the fact that the [Text redacted in copy.] is not a trade under California law.

**1. Hansen Does Not Refute That Luna Had Prior Knowledge of the Concept:**

Hansen spends significant time in its opposition brief referring to communications between Luna engineer Roger Duncan and Hansen personnel in the October 2006 to January 2007 time frame as evidence that Luna was not aware of the [Text redacted in copy.]. Oppn. at 7-8. However, the content of messages between one of Luna's engineers and Hansen does not discredit the evidence presented that shows what was known to several other Luna personnel and employees prior to Luna's business dealings with Hansen. SS 27-34, 13. Hansen does not dispute that Luna's CTO Mark Froggatt 1) was previously aware that [Text redacted in copy.], (SS 28, 32) and 2) had previously used and tested [Text redacted in copy.] prior to 2006. (SS 29, 30.) Hansen does not dispute that Luna was previously aware of [Text redacted in copy.]. SS 34. Finally, Hansen also acknowledges that its employees discussed with Luna prior to the signing of any confidentiality agreement the [Text redacted in copy.] SS 13. The emails and messages Hansen to do not refute these facts concerning Luna's prior knowledge of the concept.

**2. Hansen Cannot Refute That The Concept Exists In the Public Domain:**

Hansen again points to communications made by Mr. Duncan as evidence that the [Text redacted in copy.] is not known in the public domain. However, the communications from one employee at Luna does not speak on behalf of the entire fiber optic industry, nor does it silence the articles and publications that discuss the [Text redacted in copy.]. Hansen does not dispute that published patents and articles describe the implementation and use of [Text redacted in copy.] (SS 14, 16, 17, 18, 20, 21, 24, 25, 15), as well as [Text redacted in copy.]. SS 20, 21-23. Finally Hansen also admits that the [Text redacted in copy.] is well known in the industry. SS 19. The concept, as described in Hansen's Interrogatory Response at Item No.1 is known in the public domain.

Hansen seeks to qualify the evidence by identifying technological distinctions such as [Text redacted in copy.]. SS 14-16, 18. However, these distinctions do not comprise the [Text redacted in copy.] as identified by Hansen in Item No.1 of its

trade secret disclosing Interrogatory Response. In fact, “[Text redacted in copy.] are not mentioned anywhere in Hansen's entire Trade Secret List, let alone in Item No.1 of that list. *See* Luna App. Ex. C at 4-6. Hansen responded to Luna's trade secret identification Interrogatory Request with a detailed list of all trade secrets it intends to pursue at trial, and its attempt to redefine them now to avoid summary adjudication should be disregarded.

### **3. Hansen Cannot Refute The Fact That Hansen Discussed The Concept With Luna Prior To Signing Any Confidentiality Agreement:**

Importantly, Hansen does not dispute the fact that its own employees disclosed the idea of using [Text redacted in copy.] at the March 2, 2006 trade show, before the parties had signed any confidentiality agreement. SS 13. Hansen claims that this disclosure does not amount to full disclosure of the [Text redacted in copy.] because the disclosure to Luna does not discuss [Text redacted in copy.]. *See id.* However, the Schlesinger email states that his pre-NDA conversation with Luna included discussions about [Text redacted in copy.] *See id.* This meeting, coupled with Luna's (Mark Froggatt and Matt Raum) undisputed prior knowledge of [Text redacted in copy.], confirms that Luna was previously aware of this Concept well before doing business with Hansen. SS 28, 32.

Hansen argues that public knowledge and Luna's prior knowledge of these ideas is insufficient evidence because Luna has not demonstrated a working implementation of this concept [Text redacted in copy.]. Oppn at 10. Hansen's attempts to reframe its alleged concept from an idea into an idea that must be implemented into a working application should be rejected. Importantly, Item No.1 as described by Hansen in its own Interrogatory Responses does not claim as a trade secret [Text redacted in copy.]. *See* Luna App. Ex. C at 5. Rather, claims [Text redacted in copy.]. Hansen does not deny that this concept is in the public domain and Luna's motion should be granted.

### **4. Hansen's Published Patents:**

Finally, Hansen's own published patents are instructive for two reasons: 1) they limit the alleged period of misappropriation at the point when the patent is published, and 2) they establish that Hansen had no intention of subjecting the [Text redacted in copy.] to efforts to maintain its alleged secrecy. First, if a plaintiff has published its own alleged trade secret information in a patent or patent application, the information is in the public domain and the trade secret is extinguished. *See Stutz Motor Car of America, Inc. v. Reebok Intern., Ltd.*, 909 F.Supp. 1353, 1359 (C.D.Cal. 1995), *affirmed by* 113 F.3d 1258 (Fed.Cir. May 16, 1997). Hansen does not dispute that on March 22, 2006, Hansen filed U.S. patent application 60/785,001 which was published in September 2007. SS 38. This publication states, “[a]s depicted in Figure 12B, a distal portion of a given fiber may have constant gratings created to facilitate high-resolution detection of distal lengthening or shortening of the given fiber.” SS 38. (emphasis added). The application disclosing the [Text redacted in copy.] was published to the public on September 2007. *See id.* Thus, any allegations from Hansen that Luna has misappropriated the concept after September 2007 cannot stand. Second, Hansen actively took steps to publicize this concept when it filed this patent application on March 22, 2006, more than one year before it brought this litigation against Luna in the summer of 2007, and [Text redacted in copy.]. SS 38, 9, 10, Luna App. Ex. C at 4-6. Hansen's voluntary disclosure of this concept to Luna at the March 2006 trade show (without a confidentiality agreement), along with its patent application filing of the concept in March 2006 is inconsistent with taking reasonable efforts to protect the secrecy of this concept and it cannot now claim this concept as a trade secret. *See Cal. Civ. Code § 3426.1(d)*. (California requires that a trade secret must consist of information that is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.)

## **III. CONCLUSION**

For the foregoing reasons, Luna respectfully requests that the Court grant its motion for summary adjudication.

Dated: February 13, 2009

Respectfully submitted,

By: <<signature>>

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Footnotes

- 1 The *Catalano* decision is a non-trade secret case involving summary adjudication of a punitive damages claim that was premised on interrelated facts of an attorney's improper legal representation. See *Catalano v. Super. Ct.*, 82 Cal. App. 4th 91, 98 (2000). The motion was denied because the facts that the moving party sought adjudication on (double billing and concealing conflicts of interest) were interrelated to facts that remained in play for the punitive damages cause of action (concealing the impropriety and risks that Plaintiff faced in a business transaction). See *id.* The *Catalano* decision specifically states that its holding does not address instances where a motion seeks summary adjudication of a distinct claim that is pled with other claims. See *Catalano* at 98.

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