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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

WISK AERO LLC,
Plaintiff,
v.
ARCHER AVIATION INC.,
Defendant.

Case No. [21-cv-02450-WHO](#) (DMR)

ORDER ON JOINT DISCOVERY LETTER

Re: Dkt. No. 287-1

The parties filed a joint discovery letter in which Defendant Archer Aviation Inc. (“Archer”) sought to modify the operative protective order to give certain Archer employees limited access to documents designated as Highly Confidential – Attorneys’ Eyes Only (AEO) by Plaintiff Wisk Aero LLC (“Wisk”). [Docket No. 278.] On July 1, 2022, the court denied the joint letter without prejudice because the dispute “is fact-intensive and requires the court to balance the risk of inadvertent disclosure of trade secrets to a competitor against the risk of impairing a party’s defense or prosecution of its claims” and “the parties only provided generalized concerns about the risks.” [Docket No. 279 (7/1/22 Order) (citing *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470-71 (9th Cir. 1992)).] The parties were ordered to meet and confer about the dispute, taking into account the *Brown Bag* balancing test. The court ordered the parties to file a joint letter about any remaining disputes by July 6, 2022. 7/1/22 Order at 2.

On July 8, 2022, the parties filed a stipulation along with their joint discovery letter asking the court to extend their deadline by two days. [Docket Nos. 287, 287-1 (Jt. Letter).] The extension is granted. This matter is suitable for resolution without a hearing. Civ. L.R. 7-1(b). For the following reasons, Archer’s motion is granted in part and denied in part.

I. BACKGROUND

Wisk asserts claims for misappropriation of trade secrets and patent infringement related to

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1 the development of electronic vertical takeoff and landing (“eVTOL”) aircraft against its
2 competitor, Archer. Wisk has been developing eVTOL vehicles for over ten years. [Docket No.
3 148 (Second Amended Complaint, “SAC”) ¶ 2.] Archer was founded in 2018. In 2019 and 2020,
4 Archer hired ten engineers from Wisk, including Wisk’s VP of engineering and chief engineer.
5 [Docket No. 133 (Order on Prelim. Inj.) 4-5; SAC ¶ 6.] In February 2021, Archer announced that
6 it would soon release its own eVTOL aircraft. SAC ¶ 4. Wisk alleges that the announcement was
7 “surprising” because Archer appeared to have had “little or no meaningful operations” and had
8 only a fraction of the number of engineers employed by its competitors just one year prior to the
9 announcement. Wisk further alleges that the design Archer released for its eVTOL aircraft
10 “appeared to be a copy of a potential design that Wisk had developed for its next-generation
11 aircraft and submitted in a confidential patent application” in January 2020 to the U.S. Patent and
12 Trademark Office. *Id.* Specifically, Wisk alleges that Archer’s aircraft has “the same overall
13 aircraft configuration” disclosed in the patent application, even though that configuration has not
14 been publicly disclosed. *Id.* at ¶ 83. Wisk asserts that Archer’s design “infring[es] at least several
15 patents issued to Wisk[.]” *Id.* at ¶ 5. According to Wisk, the resemblance between Archer’s
16 aircraft design and Wisk’s aircraft “could not have been a coincidence” given Archer’s “targeted
17 recruiting” of Wisk’s engineers. *Id.* at ¶ 6.

18 Archer now moves to modify the existing protective order to permit limited disclosure of
19 AEO-designated information to ten former Wisk engineers who now work for Archer. It proposes
20 the following modification:

21 If Wisk contends that an individual developed or used a specific
22 alleged trade secret while at Wisk, then Archer’s outside counsel may
23 disclose to that individual (1) the portion of Wisk’s [California Code
24 of Civil Procedure section] 2019.210 Statement (Dkt. 148-7)
25 describing that alleged trade secret, and (2) the portions of Wisk’s
26 responses to Archer’s Interrogatory Nos. 1, 23-25 where Wisk makes
27 its contentions that relate to that alleged trade secret; in each case
28 limited to the specific portions of those documents under the headings
that include that alleged trade secret and provided that the individual
agrees to be bound by Section 7.1 of the PO, and views a copy of
those portions of those documents solely in the presence of Archer’s
outside counsel.

Jt. Letter 1. Section 7.1 of the protective order states in relevant part that “[a] Receiving Party

1 may use Protected Material . . . in connection with this case only for prosecuting, defending, or
 2 attempting to settle this litigation . . .” [See Docket No. 161 (Protective Order).] Archer states
 3 that “Interrogatory No. 1 identifies who developed or used the trade secret at Wisk; No. 23
 4 provides Wisk’s misappropriation contentions and further identifies individuals’ alleged
 5 development or use of the trade secret at Wisk; [and] Nos. 24 and 25 provide Wisk’s contentions
 6 why the trade secret is allegedly not publicly known or readily ascertainable.” *Id.* In sum, under
 7 Archer’s proposal, if Wisk contends that a particular individual who now works for Archer either
 8 developed or used a trade secret while employed at Wisk, the proposed modification would permit
 9 Archer to disclose to that individual Wisk’s description of the trade secret (but not any associated
 10 documents) and the portions of Wisk’s interrogatory responses containing Wisk’s contentions
 11 regarding that trade secret. *Id.* at 2.

12 Archer contends that it needs the proposed modification to develop evidence to defend
 13 against Wisk’s trade secret claims. *Id.* It identifies the ten individuals and the trade secret(s) with
 14 which each is associated and states that Wisk can reduce the list by confirming in writing that
 15 Wisk does not contend that specific individual(s) developed or used a particular trade secret while
 16 at Wisk. *See id.*

17 Wisk opposes the modification. It argues that if the court grants Archer’s motion to
 18 modify the protective order, it should: 1) require that every Archer employee with whom Wisk’s
 19 trade secret information is shared must agree to be bound by the prosecution bar in the protective
 20 order¹; 2) enjoin any use by Archer or its employees of the disclosed information, including
 21 requiring the withdrawal of any pending patent applications on technologies in the same subject
 22 matter area; and 3) require that at the close of discovery, Archer must disclose which individuals
 23 had access to Wisk’s trade secret information, each of whom must sit for an additional deposition
 24

25 ¹ Section 8 states in relevant part that any individual who receives access to AEO or source code
 26 information “shall not be involved in the prosecution of patents or patent applications relating to
 27 the subject matter of this action, including without limitation the patents asserted in this action and
 28 any patent or application claiming priority to or otherwise related to the patents asserted in this
 action, before any foreign or domestic agency, including the United States Patent and Trademark
 Office . . . [t]his Prosecution Bar shall begin when access to [AEO] or [source code] information is
 first received by the affected individual and shall end two (2) years after final termination of this
 action.”

1 about their use of the information in the disclosure, and that these depositions will not count
2 against Wisk’s time limit. *Id.*

3 **II. DISCUSSION**

4 Pursuant to Federal Rule of Civil Procedure 26(c), courts may issue orders “requiring that
5 a trade secret or other confidential research, development, or commercial information not be
6 revealed or be revealed only in a specified way.” Fed. R. Civ. P. 26(c)(1)(G). In *Brown Bag*, the
7 Ninth Circuit observed that when considering entry of a protective order for trade secrets, “[t]he
8 issue entails conflicting interests,” as follows:

9 On the one hand, parties seeking discovery are entitled to all
10 information “reasonably calculated to lead to the discovery of
11 admissible evidence,” Fed. R. Civ. P. 26(b)(1)—an intentionally
12 broad mandate. On the other hand, responding parties are entitled to
13 protection from “undue burden” in discovery, including protection
14 from misuse of trade secrets by competitors. Fed. R. Civ. P. 26(c).

15 960 F.2d at 1470. Accordingly, courts must balance the risk of inadvertent disclosure of trade
16 secrets to a competitor against the risk of impairing a party’s defense or prosecution of its claims.
17 *Id.* at 1470-71.

18 Archer argues that the proposed modification is necessary to “develop factual evidence
19 *that is available only from [the former Wisk employees]* in the defense of Wisk’s trade secret
20 claims.” Jt. Letter 2 (emphasis in original). Archer argues that the former Wisk employees who
21 now work for Archer are the best source of evidence relevant to these claims, including each
22 individual’s alleged development or use of the trade secret information while employed at Wisk;
23 whether the information was treated as secret at Wisk; and whether the information originated
24 from Wisk or another source. *Id.* at 2-3 (citing *Mitchell Int’l, Inc. v. HealthLift Pharmacy Servs.,*
25 *LLC*, No. 219CV000637RJSDAO, 2020 WL 2736094, at *3 (D. Utah May 26, 2020), *aff’d*, No.
26 219CV000637RJSDAO, 2020 WL 5645321 (D. Utah Sept. 22, 2020) (discussing trade secret-
27 related information that “can be addressed only by the parties themselves, not by retained
28 experts”). Archer further argues that disclosure of the protected information to the ten individuals
poses no serious risk of harm to Wisk because Wisk specifically contends that those individuals
already possessed or knew the trade secret information at issue while employed at Wisk. Jt. Letter

1 2-3.

2 In response, Wisk disputes that Archer's defense would be prejudiced or impaired if it is
3 unable to show its employees the trade secret information. *Id.* at 3. Wisk denies that the
4 individuals possess special knowledge relevant to Archer's defense, noting that all of the
5 information in Wisk's trade secret disclosure and discovery responses came from Wisk's own
6 witnesses. *Id.* at 4. Therefore, it argues, Wisk's current personnel and its documents are the best
7 sources of information regarding its trade secrets. It also argues that Archer has retained experts
8 that can analyze Wisk's trade secret disclosure and that Archer can depose Wisk's own experts to
9 obtain the necessary information. *Id.* at 3, 4. Wisk emphasizes that the ten individuals at issue are
10 currently "working on competitive technologies" and that it is "wishful thinking" that disclosure
11 of AEO material to them would pose no risk of harm to Wisk, arguing that the individuals "should
12 not have seen the details of Wisk's trade secrets for almost two years now, and would be amply
13 refreshed" on the details if given access to the trade secret information at issue. *Id.* at 4. It argues
14 that "[g]iving disloyal former employees renewed access to Wisk's trade secrets would facilitate
15 and perversely encourage further misappropriation," and that if these individuals are permitted to
16 review this information, they should be subject to a two-year prosecution bar (among other
17 restrictions). *Id.* at 5.

18 First, the court concludes that the former Wisk/now Archer employees should have limited
19 access to the protected information. The applicable statutes define trade secrets as "various types
20 of information that are (1) sufficiently secret and (2) derive economic value from their secrecy,"
21 and "the first element requires that its owner have 'taken reasonable measures to keep such
22 information secret,' or that the secret '[i]s the subject of efforts that are reasonable under the
23 circumstances to maintain its secrecy.'" Order on Prelim. Inj. 16 (citing 18 U.S.C. § 1839(3) and
24 Cal. Civ. Code § 3426.1(d)). As to the second element, "the secret must have some economic
25 value just from the fact that it is secret." *Id.* (citing *WeRide Corp. v. Kun Huang*, 379 F. Supp. 3d
26 834, 847 (N.D. Cal. 2019)). Wisk's position does not adequately account for Archer's need to
27 discover information from witnesses that Wisk itself has identified as having percipient
28 knowledge about the trade secrets at issue, including facts that may be uniquely in their possession

1 about how and whether they developed or used the information while at Wisk, and what steps
2 Wisk took to protect the information to maintain its secrecy. Wisk argues that its own personnel
3 and documents “are the best, or at least an extremely, substantial source of information” relevant
4 to these inquiries, Jt. Letter 4, but its former employees may have different facts and perspectives
5 that conflict with Wisk’s position. It is not fair to completely block Archer from obtaining
6 relevant information from key percipient witnesses; expert testimony is no substitute for facts that
7 may be uniquely within their knowledge. *See Brown Bag*, 960 F.2d at 1470 (“parties seeking
8 discovery are entitled to all information ‘reasonably calculated to lead to the discovery of
9 admissible evidence’” (citation omitted)).

10 Providing limited access to the protected information to the Archer employees must be
11 balanced against the risks to Wisk. *See id.* (“responding parties are entitled to protection . . . from
12 misuse of trade secrets by competitors”). Wisk requests that the court mitigate the risks by
13 subjecting the individual Archer employees to a prosecution bar, and by enjoining any use by
14 Archer or its employees of the disclosed information, including requiring Archer to withdraw any
15 pending patent applications on technologies in the same subject matter area. The court recognizes
16 the sensitivity of Wisk’s confidential trade secret information and acknowledges that it is entitled
17 to a high degree of protection. However, Wisk’s proposed conditions—severely restricting the
18 employees’ work in the eVTOL industry for two years as well as fully disrupting Archer’s subject
19 area patent applications—amount to a competitive poison pill.

20 Courts recognize that “there may be circumstances in which even the most rigorous efforts
21 of the recipient of [information designated as confidential] to preserve confidentiality in
22 compliance with the provisions of . . . a protective order may not prevent inadvertent
23 compromise.” *In re Deutsche Bank Trust Co.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010)). This is
24 because “it is very difficult for the human mind to compartmentalize and selectively suppress
25 information once learned, no matter how well-intentioned the effort may be to do so.” *Id.* (quoting
26 *FTC v. Exxon Corp.*, 636 F.2d 1336, 1350 (D.C. Cir. 1980)). “As individuals cannot simply purge
27 selected information from their memory, the risk is that they may later use the knowledge gained
28 from the confidential material, however inadvertently, in the prosecution of future patents.”

1 *Applied Signal Tech., Inc. v. Emerging Markets Commc 'ns, Inc.*, No. C-09-02180 SBA DMR,
2 2011 WL 197811, at *3 (N.D. Cal. Jan. 20, 2011). “Accordingly, courts authorize the inclusion of
3 prosecution bars in protective orders as a less drastic alternative to the disqualification of counsel
4 or experts.” *Id.* at *1.

5 Here, Wisk’s theory is that specifically identified former employees already know the
6 information comprising its alleged trade secrets and that they are currently misappropriating the
7 trade secrets in their work at Archer. *See* Jt. Letter at 2, 5 (“[t]he infringement and
8 misappropriation that Wisk has alleged in this case *is ongoing*” (emphasis in original)). This
9 theory is inconsistent with Wisk’s current position that disclosure of the trade secret information
10 to these same individuals risks misappropriation. *See id.* (“giving these employees a detailed
11 primer on Wisk’s trade secrets would risk precisely the misuse of Wisk’s information that Wisk
12 filed this suit *to stop*.” (emphasis in original)). Under Wisk’s theory of the case, the Archer
13 individuals already possess most, if not all, of the protected information because they allegedly
14 developed or used the alleged trade secrets while working for Wisk. This distinguishes the current
15 case from *In re Deutsche Bank* and *Applied Signal*, which wrestled with the problem of being
16 unable to “unring the bell” when an individual learns sensitive competitive information for the
17 first time. Moreover, Archer does not seek to give these individuals access to all of Wisk’s AEO
18 information. Rather, the proposed modification is narrowly tailored to provide the former Wisk
19 employees with access only to the portions of Wisk’s trade secret disclosure describing the alleged
20 trade secrets that Wisk specifically has associated with each individual, and the corresponding
21 portions of Wisk’s interrogatory responses setting forth its contentions about the trade secrets.

22 Wisk identifies a valid concern that providing access to the Archer individuals may refresh
23 their memories about Wisk’s trade secrets that they haven’t seen in two years, but that concern can
24 be managed through appropriate limits on the time and method of reviewing the information.

25 The court has balanced the risk of disclosure of Wisk’s trade secrets to the individuals
26 accused of misappropriation with the risk of impairing Archer’s defense against those claims. *See*
27 *Brown Bag*, 960 F.2d at 1470-71. It concludes that there are less restrictive alternatives to the
28 prosecution bar and the requirement that Archer and its employees withdraw any pending patent

1 applications on technologies in the same subject matter area that will minimize any risk of misuse
2 of Wisk's confidential information. These are:

- 3 • The individuals that Wisk contends developed or used an alleged trade secret while
4 employed at Wisk must agree in writing to be bound by Section 7.1;
- 5 • The individuals may view the relevant portion(s) of Wisk's trade secret disclosure
6 and interrogatory responses regarding the trade secret(s) with which they are
7 associated ("the restricted information") solely in the presence of Archer's outside
8 counsel;
- 9 • The amount of time during which the individuals may view the restricted
10 information is restricted to no more than 15 minutes total per trade secret;
- 11 • The individuals are barred from retaining copies of the restricted information or
12 taking notes about the restricted information for any purpose;
- 13 • Within two days of the date that fact discovery closes, Archer must identify each of
14 the former Wisk employees with whom it shared the trade secret disclosure and
15 interrogatory responses pursuant to the modification to the protective order. Within
16 seven days of the date of the disclosure, each of those individuals must provide a
17 declaration that (1) for each trade secret, sets forth the amount of time that they
18 viewed the restricted information; (2) provides the name of the individual(s) who
19 were present when they viewed the restricted information; (3) confirms that they
20 did not copy or take notes about the restricted information; and (4) describes in
21 detail their use of the restricted information after they viewed it. The declarations
22 must be sworn under penalty of perjury and may not include any information that is
23 protected by the attorney-client privilege.

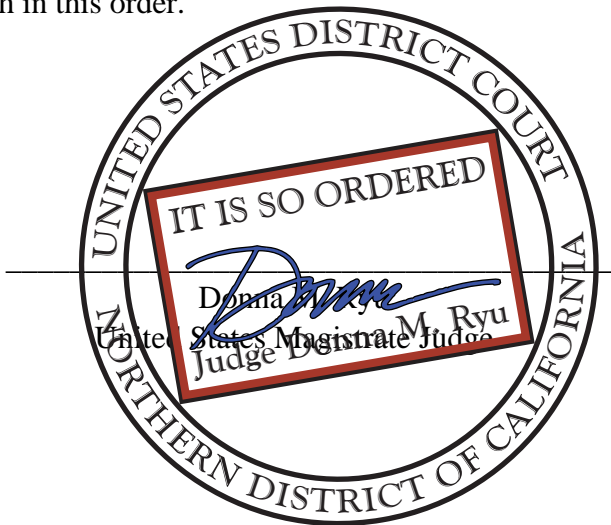
24 Accordingly, Archer's motion to modify the protective order is granted in part and denied
25 in part. Given the approaching fact discovery cutoff and number of depositions that the parties
26 must complete, the court denies Wisk's request that it stay this order by 14 days to permit Wisk
27 time to seek review. *See* Jt. Letter at 5. If Wisk seeks a stay of this order, it must do so before the
28 Honorable William H. Orrick.

III. CONCLUSION

For the foregoing reasons, Archer’s motion to modify the protective order is granted in part, in conformance with the conditions set forth in this order.

IT IS SO ORDERED.

Dated: August 30, 2022



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