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Docket No. 16-1172

United States Court of Appeals for the Fourth Circuit

GOODYEAR DUNLOP TIRES NORTH AMERICA LTD, a foreign corporation; and THE GOODYEAR TIRE & RUBBER COMPANY, a foreign corporation,

Defendants – Appellants,

FILED
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U.S. Court of Appeals
Fourth Circuit

v.

THEODORE G. HARTSOCK, JR., as Personal Representative of the Estate of Sarah Mills Hartsock (Estate of Sarah Mills Hartsock),

Plaintiff – Appellee.

APPEAL FROM THE U.S. DISTRICT COURT FOR THE DISTRICT OF SOUTH CAROLINA

BRIEF OF AMICUS CURIAE THE PRODUCT LIABILITY ADVISORY COUNCIL, INC.

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U.S. COURT OF APPEALS
FOURTH CIRCUIT

CORPORATE DISCLOSURE STATEMENT AND STATEMENT OF INTEREST

Pursuant to Federal Rule of Appellate Procedure 26.1 and Local Rule 26.1, the Product Liability Advisory Council, Inc., as *amicus curiae*, makes the following disclosures:

1. Is party/amicus a publicly held corporation or other publicly held entity? **No.**

2. Does party/amicus have any parent corporations? **No.**

3. Is 10% or more of the stock of a party/amicus owned by a publicly held corporation or other publicly held entity? **No.**

4. Is there any other publicly held corporation or other publicly held entity that has a direct financial interest in the outcome of the litigation (Local Rule 26.1(b))? **No.**

5. Is party a trade association? (*Amicus curaie* do not complete this question.) **N/A.**

6. Does this case arise out of a bankruptcy proceeding? **No.**

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STATEMENT OF INTEREST

The Product Liability Advisory Council, Inc., ("PLAC") is a non-profit association of 102 corporate members representing a broad cross-section of American and international product manufacturers. These companies seek to contribute to the improvement and reform of law in the United States and elsewhere, with emphasis on the law governing the liability of manufacturers of products. PLAC's perspective is derived from the experiences of a corporate membership that spans a diverse group of industries in various facets of the manufacturing sector. In addition, several hundred of the leading product liability defense attorneys in the country are sustaining (non-voting) members of PLAC. Since 1983, PLAC has filed over 925 briefs as amicus curiae in both state and federal courts, including this Court, presenting the broad perspective of product manufacturers seeking fairness and balance in the application and development of the law as it affects product liability. A list of PLAC's corporate members is attached as Appendix A.

PLAC members, most if not all of which do business in South Carolina, are particularly concerned with the protection of trade secret information. The protection of such information from unnecessary disclosure is vital to the maintenance of a competitive and vibrant economy in South Carolina, the nation, and the world. Here, the district court ignored the clear mandate of Federal Rule of

Evidence 501 that the *state* law of privilege, including specifically trade secret protection, governs whenever state law claims are brought in federal court. Accordingly, this Court should use the present case to enforce that mandate, and to uphold the stringent requirements established by the South Carolina General Assembly before such vital business information is subjected to disclosure to others.

STATEMENT REGARDING PARTICIPATION

This brief was funded and authored by The Product Liability Advisory Council, Inc., and the undersigned counsel. No counsel for any party authored this brief in whole or in part; no party or counsel made a monetary contribution intended to fund the preparation or submission of this brief; and no person other than the *amicus curiae* made such a contribution.

ADOPTION OF APPELLANT'S STATEMENT OF THE CASE AND SUMMARY OF THE ARGUMENT

PLAC adopts by reference the statement of the case and the summary of the argument set forth in Appellants' briefing.

ARGUMENT

PLAC, as *amicus curiae*, submits this brief in support of the position of Appellants on the merits. As set forth more fully below, PLAC requests that the Court either conclude on the record that Plaintiff has failed to demonstrate that compelled disclosure is available under South Carolina law, or reverse the

Disclosure Order and remand for further proceedings consistent with South Carolina law.

I. Under Federal Rule of Evidence 501, The District Court In This Diversity Case Incorrectly Applied a Federal Rather Than State Law Standard in Ordering the Production of Trade Secret Information.

The trial court, citing *Coca-Cola Bottling of Shreveport, Inc. v. Coca-Cola Co.*, 107 F.R.D. 288, 292 (D. Del. 1985), held that discovery of trade secret information in this product liability action is governed by federal common law and not by the South Carolina Trade Secrets Act, S.C. Code Ann. § 39-8-60(B) (Supp. 2007), as interpreted by *Laffitte v. Bridgestone Corp.*, 674 S.E.2d 154, 161-62 (S.C. 2009). This was in error. The Court should take this opportunity to hold that, in cases where the cause of action arises under South Carolina law, the South Carolina Trade Secrets Act governs the disclosure of trade secrets in the discovery process.

The current form of Federal Rule of Evidence 501 makes state law privileges applicable in federal courts, providing:

> The common law—as interpreted by the United States courts in the light of reason and experience— governs a claim of privilege unless any of the following provides otherwise:
>
> - the United States Constitution
> - a federal statute; or
> - rules prescribed by the Supreme Court.

> But in a civil case, state law governs privilege regarding a claim or defense for which state law supplies the rule of the decision.

Fed. R. Evid. 501.

The original 1974 advisory committee note indicates that the first draft of the rule did not include the language above, but instead enumerated nine "specific non-constitutional privileges which the federal courts must recognize," and included trade secrets among them. Fed. R. Evid. 501, advisory committee's note.

However, Congress amended the rule to eliminate the specific enumerations. The underlying rationale for the Rule as it stands in its current form is that "federal law should not supersede that of the States in substantive areas, such as privilege, absent a compelling reason." *Id.* The advisory committee note further explains that in civil cases in federal courts "where an element of a claim or defense is not grounded upon a federal question, there is no federal interest strong enough to justify departure from State policy." *Id.* In addition, the committee noted that requiring state privilege law to apply regardless of whether a state law claim was pursued in state or federal court would eliminate forum-shopping based on different privilege standards. *Id.* It is thus clear from the advisory committee note that both Congress and the committee were in agreement that the state law on privilege, including trade secret privilege, should apply. Indeed, the advisory committee note states that "a federally developed common law based on modern

reason and experience shall apply *except* where the State nature of the issues renders deference to State privilege law the wiser course, as in the usual diversity case." *Id.*

It is clear that Federal Rule of Evidence 501 mandates that state law controlling privileges, including trade secret privilege, must apply in federal cases sitting in diversity, and thus, the South Carolina Trade Secrets Act must apply for evidentiary and discovery purposes in federal court. Accordingly, the trial court erred in applying a federal law standard rather than the South Carolina Trade Secrets Act.

II. The District Court Erred in Concluding that Plaintiff Met His Burden of Proof for Access to Goodyear's Trade Secret Information.

Additionally, the district court erred in concluding that Plaintiff met his burden of proof because Plaintiff failed to establish the requisite level of "substantial need" for Goodyear's trade secrets under South Carolina's Trade Secrets Act and pursuant to *Laffitte*. Indeed, even if the federal standard put forth in *Coca-Cola Bottling* were applicable, which it is not, Plaintiff's showing was inadequate.

A. Plaintiff Failed to Establish the Requisite "Substantial Need" for Defendants' Butyl Formula and Global Design Manual Under South Carolina's Trade Secret Act.

Maintenance and use of a trade secret is a key to a company's success in the marketplace. The substantiality of the right to exploit the "independent economic value" of a trade secret is demonstrated by the South Carolina General Assembly's extensive treatment of trade secrets under the South Carolina Trade Secrets Act. The statutory law regarding the privileged nature of trade secrets, unlike the law pertaining to other recognized privileges under South Carolina law, extends both civil and criminal penalties for the breach of the privilege of secrecy surrounding trade secret information. *See* S.C. Code Ann. §§ 39-8-40, 39-8-90 (Supp. 2007). The passage of the Trade Secrets Act demonstrates the South Carolina General Assembly's strong policy commitment to the protection of trade secret information. The South Carolina Supreme Court established that the Trade Secrets Act applies to product liability cases in *Laffitte* and recognized the importance of demanding a particularized showing of both relevance and strict necessity, the standard that should have been applied in this case. *Laffitte*, 674 S.E.2d 154 (S.C. 2009).

Under the South Carolina Trade Secrets Act, the threshold inquiry in any matter involving trade secrets is whether a trade secret is, in fact, at issue. *Lowndes Prods. v. Bower*, 259 S.C. 322, 327 (1972). The initial burden of establishing the existence of a protectable trade secret falls upon the holder of the trade secret. *Id.* at 329. In this case, it is conceded by all that Defendants' butyl formula and Global

Design Manual are trade secrets; therefore, Defendants fully met their burden before the trial court of establishing a substantial right to protection of the information from disclosure in this litigation.

Once the existence of a protectable trade secret is established, the burden shifts to the party seeking discovery to demonstrate a "substantial need" for discovery of the trade secret information. S.C. Code Ann. § 39-8-60(B) (Supp. 2007). To establish the required "substantial need," it is Plaintiff's burden to establish:

> (1) the allegations in the initial pleading setting forth the factual predicate for or against liability have been plead with particularity;
>
> (2) the information sought is directly relevant to the allegations plead with particularity in the initial pleading;
>
> (3) the information is such that the proponent of the discovery will be substantially prejudiced if not permitted access to the information; and
>
> (4) a good faith basis exists for the belief that testimony based on or evidence deriving from the trade secret information will be admissible at trial.

S.C. Code Ann. § 39-8-60(B).

The specific language of this section is important. The first two parts of the test focus of the relevancy of the trade secret information to the claims asserted in the Plaintiff's complaint. Subsection 1 of the statute ensures that the claim or claims set forth in the complaint are stated with sufficient "particularity," or

clarity, so that a meaningful and specific relevancy determination can be made. § 39-8-60(B)(1). Subsection 2 then emphasizes that the trade secret must be more than relevant to the allegations in some broad, undefined sense, but instead must be "directly" relevant to the claims asserted in the complaint with particularity. § 39-8-60(B)(2).

The second two parts of the test focus on the necessity of the requested information to the presentation of the case of the party seeking to compel disclosure. Subsection 3 requires that the proponent of disclosure must show that the development or presentation of their case will not suffer just any prejudice, but rather "substantial prejudice" without disclosure of the trade secrets. § 39-8-60(B)(3). Finally, Subsection 4 states that there must be a good faith basis for asserting that "testimony based on or evidence deriving from the trade secret information will be admissible at trial." § 39-8-60(B)(4).

The "substantial need" requirements were addressed at length in *Laffitte v. Bridgestone Corp*. There, the court held that the plaintiff was not entitled to disclosure of the trade secrets, stating that:

> [T]he information must be relevant not only to the general subject matter of the litigation, but also relevant specifically to the issues involved in the litigation . . . . For the trade secret information to be deemed "necessary," we hold that the party seeking the information "cannot merely assert unfairness but must *demonstrate with specificity exactly how the lack of the information will impair the presentation of the case on*

> *the merits to the point that an unjust result is a real, rather than merely a possible, threat.*"

674 S.E.2d at 163, quoting *Bridgestone/Firestone, Inc. v. Superior Court*, 7 Cal. App. 4th 1384 (Cal. Ct. App. 1992)) (emphasis added).

The plaintiff in *Laffitte* claimed to need defendant Bridgestone's skim stock formula to support her design defect and manufacturing defect allegations against Bridgestone. *Id.* at 157. In support of her claim, the plaintiff presented expert testimony from four experts in the form of affidavits or deposition testimony on the need for the trade secrets at issue in that case. *Id.* None of the plaintiff's experts had formed an expert opinion yet, and all of them testified that they required the trade secrets to do so. *Id.* at 158-160.

Plaintiff here has presented significantly less to demonstrate his "substantial need" for Appellant's trade secret. To begin, Plaintiff has only presented the testimony of a single expert. Further, Mr. Carlson sets forth only generalized statements that the butyl content of the tire is "relevant to the performance of the inner liner and additional design defects" and that insufficient butyl "will contribute to" the failure of the subject tire. JA 363. However, prior to Plaintiff's Motion to Compel, Plaintiff's expert, Dennis Carlson, had already formed an expert opinion as to the alleged defect prior to requesting Appellant's trade secrets. JA 69-83; JA 165-66. Mr. Carlson also conceded that he would give the same opinions with regard to design defect and manufacturing defect regardless of

whether he knew the butyl content or reviewed the Global Design Manual. JA 582; JA 432.

Additionally, the court in *Laffitte* found that there were other reasonable alternatives to discovery, including physical testing and chemical analysis of the subject tire, and that other discovery including documents concerning the design, development, and testing of the subject tire was already available to the plaintiff. Similarly, Appellant has produced over 1,400 pages of documents, including the design file, inner liner specifications, master specifications with information about tolerances for the inner liner, drawings, and testing. JA 84-152; JA 234; JA 250-51; JA 263-64; JA 346.

Ultimately, the court in *Laffite* found that the plaintiff had not met her burden because the experts did not establish with specificity that the formula would necessarily enable them to opine on a defect, and because other methods of developing an opinion, such as tire testing, were available in even if the trade secrets were not disclosed. *Id.* at 164-65. The court further explained that "the standard for discovery of trade secret information is 'necessary,' not 'useful.'" *Id.* at 164. If the plaintiff's showing in *Laffitte* was not sufficient to show a substantial need, it is clear that Plaintiff, who has not provided any reason why access to the trade secret information is necessary and not just merely useful, has not come close to meeting his burden.

In addition to *Laffitte*, the case of *In re Bridgestone Firestone*, 106 S.W.3d 730, 731 (Tex. 2003), is instructive because there the Texas Supreme Court applied a test similar to the South Carolina statutory test in addressing the compelled disclosure of a skim stock formula in a product liability case. In *Bridgestone/Firestone*, the Texas Supreme Court held that the requesting parties "were required to establish the information was necessary or essential to the fair adjudication of the case, weighing the requesting party's need for the information against the potential for harm to the resisting party from disclosure." 106 S.W.3d at 732.

Detailing a test of necessity and essentiality requiring the compelling party to show it "cannot prevail without [the trade secret]" before requiring disclosure, the Texas Supreme Court noted that "the degree to which information is necessary in a case depends on the nature of the information and the context of the case." *Id.* A party seeking access to a trade secret cannot assert general unfairness, "but must demonstrate with specificity exactly how the lack of the information will impair the presentation of the case on the merits to the point that an unjust result is a real, rather than a merely possible, threat." *Id.* at 733.

Plaintiff's evidence on the issue of necessity, like that in *Bridgestone/Firestone*, falls far short of the requisite standard. The *Bridgestone/Firestone* court, for instance, noted that the plaintiffs' experts had

already formulated opinions on the defectiveness of the tires without access to the formula. *Id.* Likewise, Plaintiff's expert, Mr. Carlson, has already formulated an opinion regarding product defect without access to the trade secret. JA 608-14.

The Texas Supreme Court also noted that the experts in that case conceded that no objective point of comparison existed by which they could determine, after receiving access to the formula, that the formula itself fell below some acceptable standard of care as to the composition of a skim stock formula. 106 S.W.3d at 733. In the same way, Dennis Carlson, the Plaintiff's expert, cannot testify as to what a proper halobutyl formula should be in terms of content.

Further, in concluding that no necessity existed for compelling production of the skim stock formula, the court noted the chemical changes from the tire's initial composition that take place during the tire's manufacturing process and subsequent use as further reason for not requiring production of the formula. *Id.* Similarly, here, evidence was submitted that the halobutyl content and the tire generally undergo chemical and physical changes during curing and vulcanization, and in the course of use, that prohibit any direct comparison between the formula and the finished tire. JA 244, JA 24-47; JA 466.

The very same issues in *Bridgestone/Firestone* that precluded a finding of necessity to produce the skim stock formula also exist in this case. Here, too, Plaintiff has proven neither "substantial prejudice" nor the two components of the

necessity requirement specified in S.C. Code Ann. § 39-8-60(B)(3) & (4), are met in this case.

Furthermore, under the South Carolina Trade Secrets Act, the ability to fashion a protective order is not part of the "substantial need" analysis; rather, the "substantial need" requirements must first be fully demonstrated *before*, and independently of, the issuance of a protective order when a party seeks disclosure of trade secret information. S.C. Code Ann. § 39-8-60(B) (stating that "before ordering discovery a court shall first determine whether there is a substantial need by the party seeking discovery for the information"); S.C. Code Ann. § 39-8-60(E) (stating, after the "substantial need" section of the statute, that any production ordered must be pursuant to a protective order). In this case, however, the opposite happened. At a hearing on August 31, 2015 related to Plaintiff's Motion to Compel the Global Design Manual and the butyl formula, the Magistrate Judge stated that she was not worried about the disclosure of trade secrets *because* a confidentiality agreement was in place, and commented that "I trust" that the trade secret "will not get out so to speak, otherwise, except in the context of this litigation." JA 667-69 (emphasis added).

B. Even If Appellee Could Show "Substantial Need" for Goodyear's Trade Secrets, Appellee's Need Does Not Outweigh the Potential Harm Posed by Appellee's Expert Given His History of Violating Protective Orders.

The Magistrate Judge erred in letting the availability of a protective order essentially eliminate any close analysis of the "substantial need" requirement, and this error is significant for several distinct reasons. First, if all that was needed was a protective order, the "substantial need" analysis would be rendered moot. Furthermore, protective orders can never be one hundred percent effective, especially when trade secrets—such as the halobutyl content percentage at issue here—can be committed to memory.

Moreover, once a trade secret is disclosed, it cannot be taken back. Those who have had access to it, particularly experts, now possess the information. They cannot be made to "unknow" the information. In addition, unlike the trade secret owner, discovering parties do not have strong incentives to take costly measures to protect the confidentiality of trade secrets. Thus, once a trade secret is publicly available, it loses its status and value. As the California Superior Court stated in *DVD Copy Control Association v. Bunner*, 31 Cal. 4th 864, 881 (2003), "trade secrets are a peculiar kind of property. Their only value consists in their being kept private." The court further explained that "prohibiting the disclosure of trade

secrets . . . is the only way to preserve the property interests created by trade secret law and its concomitant ability to encourage invention." *Id.* at 881.

Additionally, trade secrets are so valuable that competitors go to great lengths, including criminal activity, to obtain them. Indeed, in 2013, a federal appeals court affirmed the conviction of two engineers who surreptitiously took photos while at a Goodyear tire plant. *See United States v. Howely*, 707 F.3d 575, 577-79 (6th Cir. 2013). A federal district court sanctioned a plaintiffs' attorney for disseminating a tire company's trade secrets to other plaintiffs' attorneys in violation of a protective order. *See Trenado v. Cooper Tire & Rubber Co.*, No. 4:08-cv-0249, 2011 WL 79525 (S.D. Tex. Jan 6, 2011), *aff'd*, *Smith & Fuller, P.A. v. Cooper Tire & Rubber Co.*, 685 F.3d 486, 491 (5th Cir. 2012). In yet another matter, a different plaintiffs' lawyer was sanctioned for failing to destroy all confidential documents subject to a non-sharing protective order. *Johnson v. Hankook Tires Am. Corp.*, Misc. Action H-10-422, slip op. at 1 (S.D. Tex. March 1, 2011).

Finally, in this particular case, there are unique concerns arising from the fact that Plaintiff's counsel, Donald Fountain, is a prominent and well-connected plaintiffs' attorney and Plaintiff's tire consultant, Dennis Carlson, has a long and known history of failing to respect the intellectual property rights of tire companies and violating protective orders. Mr. Fountain is a partner at Clark, Fountain, La

Vista, Prather, Keen & Littky-Rubin. Affidavit of Don Fountain at 2, *Hartsock v. Goodyear*, 2:13-cv-00419 (D.S.C. 2015) (Dckt. No. 158-2). Mr. Fountain admittedly has "handled in excess of 400-500 tire defect cases" in his career against over 15 different tire manufacturers. *Id.* Based on what has been previously produced by Goodyear in those cases, Mr. Fountain has accumulated personal knowledge of the expanse of Goodyear's available documentation, and Mr. Fountain has attempted to use his personal knowledge to provide support in other cases where those documents have been requested, proffering opinions that the material should be produced based on his privileged review of those documents. *Id.* at 3-4.

Second, a confidentiality order cannot adequately protect Appellant's trade secrets if Plaintiff's expert inadvertently or intentionally discloses those trade secrets in later matters. In the age of *Daubert*, courts increasingly scrutinize the proposed testimony of experts for a reliable foundation and methodology. *Daubert v. Merrell Dow Pharms.*, 509 U.S. 579 (1993). As a result, experts may rely on trade secret information obtained in one case to support their opinions about the same company, or even a different defendant, in another case. Again, this is more than a remote risk or an unreasonable fear. Plaintiff's tire consultant, Mr. Carlson, has a long history of violating protective orders and disclosing confidential tire

manufacturing documents and information, as well as providing scientifically unreliable testimojny as an expert.[1]

Courts have consistently expressed serious concern over Mr. Carlson's clear lack of respect for protecting confidential tire company information and have questioned his trustworthiness. In *Nevil v. Ford Motor Co.*, 1999 U.S. Dist. LEXIS 23222 (S.D. Ga. Dec. 23, 1999), the Southern District of Georgia held Mr. Carlson in contempt for violating a protective order after revealing another tire company's, confidential information during his deposition testimony in two separate cases. JA 470. Despite Mr. Carlson's arguments that he merely disclosed the existence of

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[1] Dennis Carlson's unreliable methodologies were expressly rejected by the United States Supreme Court in *Kumho Tire Co., Ltd. v. Carmichael* opinion. *Kumho Tire Co. v. Carmichael*, 526 U.S. 137 (1999) (excluding Carlson's testimony that the tire at issue was defective because the methodology was not reliable); *see also Samuel v. Goodyear Tire and Rubber Co.*, Civil Action No. 7:03-CV-3099-TMP, 2007 WL 4618475, at *2 (N.D. Ala. Feb. 14, 2007) (finding that Mr. Carlson took "a 180-degree turn" after discovery closed and only 25 days before trial, by opining that "load and speed contributed to the failure, after previously denying any such contributory factors"); *Andrews v. Bridgestone/Firestone, Inc.*, No. CV-07-1591-PHX-DCG, 2008 WL 5142155, at *5-*6 (D. Ariz. Dec. 5, 2008) (finding Mr. Carlson fails to provide a sufficient basis for his opinion as "Mr. Carlson cites to a number of sources for his opinion, and provides reference numbers for those sources, but none of the sources is identified in the report. For example, Mr. Carlson cites to reference numbers 31, 39, 46, 47, 48, 49, and 50, but his references list includes only 26 entries."); and *Baez v. Wal-Mart*, Case No. 10-62344-Civ-MGC (S.D. Fla. May 14, 2012) (stating that "Mr. Carlson did not conduct any testing to support his conclusion that the accident 'would not have likely happened' if the placement of the tires had been different. Although he relied on general industry standards and research to reach this conclusion, he did not apply that information to the facts of this case. . . . Mr. Carlson reaches a conclusion about this accident that has no basis in objective data or testing of the collision in this case.")

protected documents and not their substance, the court in *Nevil* found that it was "evident that Mr. Carlson disclosed information in his deposition testimony about the General Tire documents covered by the Protective Order. At several points in his testimony, Mr. Carlson discloses specific information contained in the General Tire studies." JA 474.

In an order dated July 24, 1997, a South Carolina state court in *Michelin Americas Research & Development Corp., v. Dennis Carlson, Jr.*, Case 96-CP-23-2943 (Court of Common Pleas, Greenville County, S.C.), found that Mr. Carlson violated the non-disclosure agreement he entered into during his employment with Michelin. JA 489-96. The court noted that "it is clear that Carlson possesses significantly valuable company trade secrets and confidential information that could cause [Michelin] significant and immeasurable harm. Further, given the very nature of Carlson's business, there certainly is a reasonable basis for concern by [Michelin] of a real threat of future disclosures" and found it necessary to remind Mr. Carlson of his confidentiality obligations under that agreement and to direct him to comply. JA 495.

However, Mr. Carlson has continued to provide protected Michelin information to third parties and even competitors. In a September 5, 2008, letter to Mr. Carlson, counsel for Michelin reached out to Mr. Carlson with concern about his preparation of a supplemental report in another case that revealed a tolerance

for belt splices at Michelin and Michelin's quality assurance procedures, both confidential and trade secret information, to Michelin's competitors in violation of the confidentiality provision in his settlement agreement with Michelin. JA 497-509. The report was prepared for a case where Goodyear was a defendant, prompting Michelin to send the letter attaching the original settlement agreement and reminding Mr. Carlson that he was not permitted to disclose protected information, especially to competitors. JA 498.

Mr. Carlson's lack of respect for protecting the trade secrets and protected information of tire companies goes beyond just Michelin. During his April 7, 2008, deposition in *Crowther v. Goodyear Tire & Rubber Corp.*, Case No. 06041981 (Utah County, Utah), Mr. Carlson attempted to volunteer the protected tolerances for joints and belt edges from "every [tire manufacturer] I know," which is information he had learned in litigation. JA 510-13. It became clear during the deposition that Mr. Carlson and plaintiffs' attorneys, at least in that case, took the position that Mr. Carlson could testify about the substance of the protected documents as long as he had not identified a specific document:

> Q. Are you aware of any published testing, scientific studies or peer-reviewed literature indicating that waviness at the belt edge is a defect in the tire?
> A. There are many company documents that indicate that, but every company I know of has a tolerance for joints and belt edges.

> Q. I am going to object, nonresponsive. Are you talking about protected documents of other tire companies?
> A. Yes.
> Q. Then why are you talking about them?
> A. I can tell you the general substance of what they say.
> Q. Do the Protective Orders allow you to do that, really?
> [Plaintiffs' counsel]: Well, he hasn't identified a document, so how could he have violated a Protective Order?

JA 511, lines 6-22.

In an order dated October 28, 2008 in *Galle v. Goodyear Tire & Rubber Co.*, No. 2007-CI-0041, ¶ 2(g) (Dist. Ct. 37th Jud. Dist., Sept. 19, 2015), the court ordered that "under no circumstances shall Dennis Carlson receive any protected or confidential documents of The Goodyear Tire & Rubber Company since the Court has found that he does not appear to take protected orders seriously."[2]

Interestingly, even many plaintiffs' attorneys are admittedly aware of Mr. Carlson's history of violating protective orders. In *Buxbaum v. Trustees of Indiana Univ.*, Cause No. CDV-2000-31, 2002 Mont. Dist. LEXIS 3146, *10 (Mont. Dist. Oct. 22, 2002), plaintiffs proactively sought to exclude evidence of previous instances of misconduct by Dennis Carlson. The court there noted that the "incidents of misconduct on Carlson's part" including "his failure to comply with a protective order, his failure to comply with a subpoena, a violation of an

[2] Previously filed in *Hartsock v.* Goodyear, 2:13-cv-00419 at Dkt. No. 130-2.

employment confidentiality agreement, and lost evidence . . . don't speak particularly well of Carlson." However, given that the court did not think the incidents bore on his truthfulness, the court granted Plaintiff's motion.

Additionally, courts concerned with Mr. Carlson's continued violation of protective orders have not been shy to take action, and have refused to let Mr. Carlson testify or have limited his access to trade secrets for previous violations. In an Amended Protective Order dated July 1, 2013, in *Hobbs v. The Goodyear Tire & Rubber Co.*, Case 4:09-CV-01765, 2(d) (S.D. Tex. 2013), the court ordered a hearing to determine Mr. Carlson's access to any protected documents or testimony. JA 478-488. The court further explicitly stated that the confidential documents could be provided to

> independent professional engineers, accident reconstruction or other independent experts retained by a party or an attorney of record to assist in the preparation of this litigation, *other than Dennis Carlson*. If Mr. Carlson is a consultant in this case, a court hearing shall be held in order to determine his access to any protected documents or testimony.

JA 480.

Finally, in an order dated October 1, 2002, the court in *Coleman v. Cooper Tire*, Case No. CV202-036 (S.D. Ga. 2002), the Southern District of Georgia refused to order the disclosure of Cooper Tire's rubber compound formulas. There the court recognized Mr. Carlson's history of failure to comply with protective orders, noting in part that "Mr. Carlson had been previously sanctioned by "this

court because of disclosure of confidential information," citing to *Nevil v. Ford Motor Co.*, No. CV 294-15, 1999 WL 1338625 (S.D. Ga. 1999).

In sum, it is clear that no confidentiality agreement will protect Appellants should this information be disclosed to Mr. Carlson, and once the information is available to Mr. Carlson and Goodyear's competitors, there will be no way to retrieve and ensure the value of the protected trade secrets. Balancing these factors against Goodyear's trade secret rights, the district court should not have ordered disclosure.

C. Alternatively, Even If the Court Were to Consider Federal Common Law, Plaintiff Did Not Meet His Burden to Show the Trade Secrets Were Relevant and Necessary.

Plaintiff and the district court rely heavily on *Coca-Cola Bottling of Shreveport, Inc. v. Coca-Cola Co.*, 107 F.R.D. 288, 292 (D. Del. 1985). However, even if the federal common law standard set forth in *Coca-Cola Bottling* were the governing standard, which it is not, Plaintiff in this case still has not met his burden.

Coca-Cola Bottling involved a dispute over a business contract between Coca-Cola and Coca-Cola's bottling companies, including Coca-Cola Bottling Co. of Shreveport, Inc. *Id.* at 290-91. After the introduction of Diet Coke, the plaintiff bottling companies brought an action against Coca-Cola claiming that Coca-Cola was obligated to sell them the Diet Coke syrup used for bottling under the terms of

their existing contract for the regular Coca-Cola syrup. *Id.* at 291-92. Coca-Cola argued that since Coca-Cola and Diet Coke were two different products, the existing contracts did not apply to the new Diet Coke product. *Id.* The bottling companies moved to compel the disclosure of the secret formulas of several variations of Coca-Cola, including the original formula as well as Diet Coke. *Id.* Cocoa-Cola refused to disclose the secret formula on the basis that it was a protected trade secret. *Id.* at 294. The bottling companies argued that without the two formulas, they would not be able to show that the original Coca-Cola and the new Diet Coke were in fact, the same product, subject to the same contractual agreement. *Coca Cola Bottling*, 107 F.R.D. at 295-98. On appeal to the United States District Court for Delaware, the Court found that the secret formula trade secrets were necessary to the bottling companies' theory of their case and their need for the formula outweighed the harm that might occur from disclosure. *Id.* at 298-99.

However, *Coca-Cola Bottling* is distinguishable from this case. Although Coca-Cola convinced the court that its formulas were trade secrets, the court found that the only possible way to address the primary issue in the case was to disclose the trade secret formulas for Coca-Cola formulations. Coca-Cola argued that the difference between Coca-Cola original and Diet Coke were the sweeteners used, thus making them different products. *Id.* at 296. However, the Court sided with the

bottlers who argued that the two were merely variations of the *same* product, stating that the "all the ingredients are relevant to determine whether the two colas are the same product. In fact, the secret ingredients may be the most relevant ones because the secret ingredients are what gives these drinks their distinctive tastes." *Id.* The Court thus found the secret ingredients relevant to product identity. *Id.* at 297. The bottlers further argued that they could not respond to Coca-Cola's defenses that the products were not the same without knowledge of the secret ingredients and that the secret ingredients were necessary to "put in context" the entire formula. *Id.* at 297-98. The court agreed. *Id.* Plaintiff here, however, has made no such showing. As explained above, Plaintiff's expert has only asserted generally that Defendants' trade secrets are "relevant." JA 363. This does not even meet the standard set forth by the court in *Coca-Cola Bottling.*

In balancing the need for the trade secret information versus the potential harm, the court reasoned that a protective order would sufficiently protect Coca-Cola from harm because the bottlers would have an incentive to keep the formula secret. *Id.* at 299. As discussed more thoroughly above, Plaintiff, Plaintiff's counsel, and Plaintiff's expert have no such incentive and have demonstrated that their professional and economic interest lies in disseminating Defendants' trade secrets to other plaintiffs' attorneys and experts, and potentially to competitors through carelessness.

Thus, the court erred in granting Plaintiff's motion even under the federal common law standard. Plaintiff simply has not sufficiently demonstrated that his need for Defendants' trade secrets is relevant and necessary and outweighs the potential harm to Defendants.

CONCLUSION

For all of the foregoing reasons, PLAC submits that the Court should either deny the Motion to Compel and grant to Appellants protection from disclosure of the requested trade secrets or reverse the district court's Disclosure Order and remand the case for further proceedings in accordance with the South Carolina Trade Secrets Act.

Respectfully Submitted,

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CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing Brief of Amicus Curiae the Product Liability Advisory Council, Inc., complies with the type-volume limitation of Fed. R. App. P. 28.1(e)(2) or 32(a)(7)(B) because this brief contains 5,761 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii). This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft 2010 in 14-point in Times New Roman typeface.

/s/ Timothy L. Mullin
Timothy L. Mullen

DATED: April 5, 2016

Counsel for The Product Liability Advisory Council, Inc.

CERTIFICATE OF SERVICE

I certify that on the 5th day of April, 2016, the foregoing document was served on all parties or their counsel of record through the CM/ECF system.

____________________________	*<u>/s/ Timothy L. Mullin</u>*
Date: April 5, 2016	Timothy L. Mullen

APPENDIX: CORPORATE MEMBERS OF THE PRODUCT LIABILITY ADVISORY COUNCIL, INC.

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