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IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SIXTH APPELLATE DISTRICT

INTELLISOFT, LTD., Plaintiff and Appellant, v. ACER AMERICA CORPORATION, Defendant and Respondent.	H049311 (Santa Clara County Super. Ct. No. 2014-1-CV-272381)

In 2014, appellant Intellisoft, Ltd. (Intellisoft) and its founder Bruce Bierman filed a lawsuit in Santa Clara County Superior Court alleging that respondent Acer America Corporation (Acer)[1] misappropriated computer trade secrets developed by Bierman over 20 years earlier. After several years of litigation (including removal to federal court and remand to state court following a federal appeal), Acer moved for summary judgment. Acer asserted, among other grounds, that Intellisoft could not prove damages. In opposing the motion, Intellisoft requested judicial notice of additional facts and sought a continuance pursuant to Code of Civil Procedure section 437c, subdivision (h).

[1] Acer America Corporation is an indirect subsidiary of Acer Incorporated, also a named defendant in the complaint. We refer to Acer America Corporation and Acer Incorporated, collectively, as “Acer.”

The trial court denied these requests and granted summary judgment in favor of Acer. It found that undisputed facts related to the development of an industry standard in 1996 (addressing the same subject as Intellisoft's alleged trade secrets) precluded Intellisoft's theory of relief. The court characterized Intellisoft's theory of relief as seeking a reasonable royalty from 1997 forward on Acer's sales of computers compatible with the 1996 standard.

On appeal, Intellisoft contends that the trial court erred in granting summary judgment and abused its discretion in denying its request for judicial notice and a continuance. Intellisoft argues that the issue of damages was not properly raised in Acer's motion for summary judgment. It further asserts that the ruling failed to address, as a predicate to reasonable royalty damages, actual loss and unjust enrichment under California's Uniform Trade Secret Act (UTSA) (Civ. Code, § 3426 et seq.).[2] Intellisoft also maintains that the trial court misinterpreted the UTSA's reasonable royalty provisions to limit recovery to the time before a trade secret ceases to exist, whereas the statute (according to Intellisoft) authorizes recovery to include any commercial advantage the defendant continued to derive from the misappropriation.

For the reasons we explain below, we conclude that Intellisoft has failed to establish a viable claim for damages. Because Intellisoft is unable to establish a necessary element raised by Acer in its motion, summary judgment is warranted. We also decide that the trial court did not abuse its discretion in denying Intellisoft's request for a continuance and for judicial notice of additional facts in support of its opposition to the summary judgment motion. We therefore affirm the judgment in favor of Acer.

I. FACTS AND PROCEDURAL BACKGROUND

To help explain our conclusions in this appeal, we set out in some detail the factual background. We draw these facts from the record that was before the trial court

[2] Unspecified statutory references are to the Civil Code.

when it ruled on the motion for summary judgment (*Yanowitz v. L'Oreal USA, Inc.* (2005) 36 Cal.4th 1028, 1037), including the parties' separate statements of undisputed material facts and evidence judicially noticed in conjunction with the motion for summary judgment.

A. Intellisoft's Alleged Trade Secrets

In the 1980s, Bierman began developing computer software capable of saving and storing the state of a computer system. The software allowed computer users to " 'take a picture' of the computer system's state and store that 'image' to the system's non-volatile storage medium for later use, either automatically or manually." It provided a way for users to return the computer to a previously saved state in the event of a power failure or system shutdown, or to quickly resume from a powered-off state.

Bierman established Intellisoft in 1988 to sell and license the software. He remained the company's sole president and managing officer, though by early 1997 Intellisoft "ceased active business operations" and Bierman moved into other fields.[3] The software, which came to be called "Memory Image Transfer technology or '(MIT)' and was subsequently renamed Memory System Imaging or '(MIS)' " (hereafter, MIT software), interfaced with an internal backup battery card interconnected with a computer's power supply and allowed desktop computers to automatically save the system state after loss of power.

In 1990, Bierman approached Acer on behalf of Intellisoft about establishing an original equipment manufacturer (OEM) arrangement for installation of MIT software in Acer's personal computers. Acer agreed to evaluate Intellisoft's product. In September

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[3] According to the complaint, Intellisoft changed its name several times between 1989 and 2010, when it changed its name back to Intellisoft, Ltd. Intellisoft's shares have changed ownership several times. Like the complaint, we refer to all Intellisoft-related entities as "Intellisoft" unless otherwise stated. Bierman, who is no longer a party to this action, assigned in 2015 any interest and rights in the intellectual property and any related contract rights at issue in this case to Intellisoft.

1990, Acer signed a one-page nondisclosure agreement titled "Confidentiality and Technology Disclosure Agreement" (some capitalization omitted) (1990 NDA). In the 1990 NDA, Acer agreed to maintain confidential and prevent unauthorized dissemination and use of the information disclosed by Intellisoft, particularly with regard to MIT software products, so long as the information was not "generally known" or otherwise publicly available. Bierman subsequently began sharing ideas and discussing technology proposals with Acer.

In January 1992, Acer and Intellisoft entered into an OEM Software License Agreement in which Intellisoft agreed to license a customized version of MIT software defined by specifications set out in the agreement (1992 agreement). Under the 1992 agreement, Acer committed to purchase 30,000 software units per year for approximately three years, from April 1992 through June 1995, for a royalty of $2.50 to $3 per unit. The 1992 agreement specified uses for MIT software as well as confidentiality and proprietary rights. The agreement prohibited Acer from reverse engineering, reproducing, distributing, or using Intellisoft's "MSI software or related information for the benefit of any other party." Acer's obligations regarding confidential information extended under the 1992 agreement through June 1998.

Also in January 1992, Acer began filing a series of patent applications, which Intellisoft contends misappropriated its trade secrets. The first of those patents issued in 1995 as the '713 patent. The '713 patent described a "power-management system for a computer" (capitalization omitted) comprising hardware including a "power management processor, a switchable power supply and a keep alive power supply." Acer notified Intellisoft later that year that it would not renew the license agreement for the 1995 option year.

Intellisoft does not allege that Acer failed to pay for licenses as required pursuant to the royalty terms of the 1992 agreement. Rather, Intellisoft asserts that Acer incorporated and utilized Intellisoft's confidential information in the '713 patent application without informing Bierman or Intellisoft, violating the terms of the 1992 agreement and destroying Intellisoft's trade secrets by placing them in the public record once the patent issued in late April 1995. In its briefing in this court, Intellisoft asserts the "act of securing the '713 Patent" is "the operative act constituting Acer's misappropriation of the trade secrets."[4]

B. Industry Adoption of Computer Power Management Standards (ACPI)

In December 1996, Microsoft Corporation, Intel Corporation, and Toshiba Corporation independently published and publicly released a specification titled "Advanced Configuration and Power Interface" (ACPI), enabling industry standardization of computer power management functions. ACPI described standard specifications to enable industry adoption of "operating system (OS) directed power management." Among the goals of the ACPI specification were to enable all PCs to implement ACPI-compatible configuration and power management functions and to facilitate and accelerate industry-wide implementation of power management. It informed hardware manufacturers of the specifications needed in order to build products compatible with specific functionality, such as save-and-restore.

Intellisoft concedes that Microsoft, Intel, and Toshiba independently developed the ACPI specification, and there is no evidence that in doing so they relied on Intellisoft's purported trade secrets or the '713 patents. Although Intellisoft agrees the ACPI specification does not constitute, publish, or disclose the alleged trade secrets, Intellisoft alleges its implementation "necessarily uses" Intellisoft's alleged trade secrets. After its December 1996 release, most major computer manufacturers began complying

[4] Acer vigorously disputes Intellisoft's claim that Acer used Intellisoft's confidential trade secrets to develop the power management system that is the subject of the '713 patents and points to (subsequently vacated) findings of the federal district court on this issue. As the summary judgment ruling at issue in this appeal does not hinge on that dispute, we need not further address it.

with the ACPI specification. ACPI-compliant hardware thus became the industry-wide standard for computer power management.

C. Intellisoft's Action Against Acer

Intellisoft alleges that Bierman first became aware of Acer's apparent use of Intellisoft's trade secrets around June or July 2013, when Bierman received a copy of an agreement that purported to settle an unrelated dispute between Wistron Corporation (alleged to be an "entity that was 'spun off' from, and related to, Acer") and Toshiba Corporation. After reviewing these documents, Bierman learned that Acer was the owner of the '713 patent, leading him to discover Acer's alleged misappropriation and breach of the 1990 nondisclosure agreement.

1. <u>Operative Complaint and First Motion for Summary Judgment</u>

In March 2014, Intellisoft sued Acer and related entities.[5] The operative complaint, filed in September 2015, asserted claims for misappropriation of trade secrets, intentional misrepresentation and concealment, breach of contract, and a derivative claim for an accounting. Intellisoft alleged that it had developed confidential information and commercially valuable trade secrets relating to "soft-switch and smart power supply wake up; auto startup, auto resume and auto shutdown processes; ring detect; short boot/long boot; timed wake up; 'saving the system state,' and restoring the system state," which (according to Intellisoft) "individually and collectively" comprised its trade secrets. Intellisoft alleged that after it shared its confidential information with Acer pursuant to the 1990 nondisclosure agreement, Acer used that information, in breach of the parties' agreement and in violation of the UTSA, to secretly draft the patent

[5] The defendants named in the complaint are Acer America Corporation (AAC) and Acer Incorporated (AI) (collectively, Acer), Wistron Corporation and Wistron Infocomm Technology (America) Corporation (collectively, Wistron defendants), and Smith Corona and Smith Corona Acer. In 2019, a panel of this court affirmed the trial court's dismissal of Intellisoft's claims against the Wistron defendants. (*Intellisoft, LTD. v. Wistron Corporation* (Oct. 16, 2019, H044281) [nonpub. opn.].) Only Acer and Intellisoft remain as parties in the action.

application resulting in the ‘713 patent, and to sell and distribute PC computer systems that incorporate some or all of the described trade secret components.

In 2016, Acer filed a motion for summary judgment, or in the alternative summary adjudication (first summary judgment motion). In February 2017, the trial court granted summary adjudication of the intentional misrepresentation cause of action because it was preempted by the UTSA and denied summary adjudication of Intellisoft’s breach of contract and misappropriation claims.

2. Expert Disclosures and Intellisoft’s Theory of Damages

The parties exchanged expert reports, two of which are relevant here.

Intellisoft’s liability expert, Robert Zeidman, opined in his September 2017 report that the ‘713 patents “incorporate the trade secrets and/or confidential information that Intellisoft disclosed to Acer” and that “all personal computers manufactured, sold and/or marketed by Acer that were ACPI compatible incorporate the trade secrets and/or confidential information that Intellisoft disclosed to Acer.” Zeidman stated that “to comply with the ACPI specification” (which “does not give any details about how to implement the hardware or software to support going into” a “powered off state”), “a computer would need to incorporate Intellisoft’s trade secrets.” Zeidman explained that he “cannot see any way to implement ACPI without doing so.”

Intellisoft’s damages expert, Brian Napper, disclosed two theories of damages in an October 2017 report. Intellisoft refers to Napper’s report as “unfinished.”

First, Napper opined that Intellisoft’s loss from Acer’s breach of the NDA and misappropriation of the trade secrets based on Acer’s unauthorized use of those trade secrets in its computers “can be measured by the amount of money Acer agreed to pay Intellisoft per the Acer License Agreement [1992 agreement] which covered the customized save and restore software as one component” of the alleged trade secrets. The assumptions supporting this damages theory included: that Acer initially breached the 1990 NDA and misappropriated Intellisoft’s trade secrets when it filed the initial patent application on January 2, 1992; that "[a]s of this date and due to the breach of the NDA and the misappropriation, . . . Intellisoft was harmed and Acer was unjustly enriched;" and that on April 25, 1995 (the date the '713 patent issued), Intellisoft's trade secrets "became generally known to the public and were therefore were destroyed by such publication." Napper further assumed that Acer also breached the NDA and misappropriated Intellisoft's trade secrets by using the trade secrets in its computer products without authorization, which "may have begun as early as 1992, . . . [and] by either 1997 or 2000 it could be certain that all Acer computers used the [t]rade [s]ecrets."

Napper explained: "Assuming that Intellisoft is able to demonstrate Acer breached the NDA and/or it misappropriated the [t]rade [s]ecrets, I have calculated the amount of lost profits due to Intellisoft using the worldwide unit counts provided by Acer. To these unit counts I have applied a royalty amount pursuant to the Acer License Agreement, adjusted for the decline in computer prices over the damages timeframe." (Fn. omitted.) Napper used 1997 "as the starting point for damages" based on testimony that "all Acer computers complied with the ACPI standard beginning in 1996 or 1997 and the contention of Intellisoft that computers require use of the [t]rade [s]ecrets to comply with the ACPI standard." Napper calculated lost profits from Acer's alleged breach of the NDA and/or misappropriation of the trade secrets "from January 1997 through December 2016" to be "approximately $157.7 [million] before any pre-judgment interest." Napper also provided a calculation based on the alternative assumption that, starting in 2000, all ACPI-compliant Acer computers sold with the Windows ME operating system (or later Windows operating systems) utilized the trade secrets. Using 2000 as the starting point, Napper calculated lost profits under that scenario to be approximately $137.5 million.

Second, Napper articulated a theory of damages based on disgorgement of any benefit Acer accrued from its defensive use of the '713 patents in other patent litigation. Napper opined that it would be "reasonable to include a damage amount based upon an accounting for the benefit that Acer gained" from its alleged use of the trade secrets and information under the NDA to file and obtain the '713 patents, which it then used years later to defend against patent infringement claims in a series of lawsuits with Hewlett-Packard. Napper stated that his analysis of this damages theory was "on-going." Napper's report did not calculate a damages figure based on this unjust enrichment/disgorgement theory.

3. Removal to Federal Court

Following these expert disclosures and shortly before trial, Acer lodged a cross-complaint for declaratory relief related to the '713 patents and removed the action to the United States District Court for the Northern District of California (federal district court). The notice of removal claimed that Intellisoft, based on its recently disclosed expert reports, was asserting an inventorship claim under federal patent laws. Acer argued that while Intellisoft's complaint only alleged state law causes of action, the expert reports necessarily raised the issue of inventorship (i.e., whether Bierman should have been named a coinventor or sole inventor of the '713 patents), revealing the claim underlying the state law causes of action to arise under federal patent law. The federal district court denied Intellisoft's motion to remand the case to state court, agreeing with Acer that Intellisoft's theory of liability and damages necessarily assumed that Bierman conceived the invention named by the '713 patents and raised substantial patent issues.

While litigating in federal district court, the parties stipulated, for purposes of Acer's filing a motion for summary judgment there, to treat the Napper report as "complete" and to limit the scope of Napper's testimony to the first damages theory, premised on Acer's implementation of the ACPI specification, and calculated for the period January 1997 through December 2016. The federal district court entered an order pursuant to the stipulation, deeming the Napper report complete and striking those paragraphs of the report that described Napper's "on-going" and unquantified disgorgement theory.

The federal district court later granted Acer's motion for summary judgment on grounds related to Intellisoft's alleged inventorship claim underlying its state law claims, Intellisoft's sole theory of damages, and the timeliness of Intellisoft's action. (*Intellisoft, Ltd. v. Acer America Corp.* (N.D. Cal., Dec. 6, 2018, No. 17-CV-06272-PJH) 2018 WL 6421872, at *1, vacated and remanded (Fed. Cir. 2020) 955 F.3d 927.)

On appeal, the United States Court of Appeals for the Federal Circuit decided that the federal district court lacked jurisdiction. (*Intellisoft, Ltd. v. Acer America Corp.* (Fed. Cir. 2020) 955 F.3d 927, 929, 933.) The Federal Circuit did not address the district court's findings on summary judgment. Without reaching the merits of the dispute, it concluded that the case should not have been removed to federal court. The Federal Circuit decided that removal was improper because, first, Intellisoft's reliance on the patent as evidence to support its state law claims did not require resolution of a substantial patent question and, second, Acer's patent-law counterclaim was not contained in an operative pleading (either of which would have justified removal). (*Id.* at pp. 933, 935.) The Federal Circuit vacated the district court's judgment, reversed its denial of Intellisoft's motion to remand, and ordered the district court to remand the action to the state superior court. (*Id.* at p. 936.) The Federal Circuit expressly declined to "express any opinion concerning the merits of Intellisoft's state law claims." (*Ibid.*, fn. 4.)

4. <u>Remand to State Court and Second Motion for Summary Judgment</u>

Following remand from federal court, in September 2020, Acer filed its second motion for summary judgment in the state court action (motion). The trial court's ruling granting that motion is the subject of this appeal.

Acer asserted the motion was based on "new and different grounds that could not have been raised in Acer's first motion for summary judgment" filed almost four years earlier. These included two grounds addressed in the federal district court's (vacated) summary judgment ruling – namely, that Intellisoft's "claims are time-barred and

Intellisoft is not entitled to damages based on its sole liability theory." Acer urged the trial court to reach the "same, sound conclusion" as the federal district court.

Acer articulated "four distinct grounds" in support of summary judgment as follows: "*First*, Intellisoft cannot prevail on its sole theory of liability and damages, namely that Acer owes royalties on all of its computers that implement the Advanced Configuration and Power Interface (ACPI) standard because ACPI requires use of the trade secrets. . . . [¶] *Second*, Intellisoft's claims are time-barred. . . . [¶] *Third*, Intellisoft failed to take reasonable efforts to protect its purported trade secrets from disclosure. . . . [¶] Finally, Intellisoft remains unable to sufficiently identify its trade secrets, even after years of litigation."

Intellisoft moved to dismiss or strike all or portions of the motion, arguing that Acer's improper removal to federal court should not afford it a second opportunity to seek summary judgment, and furthermore that Acer failed to raise any " 'new facts' " to justify the renewed motion and merely sought to relitigate issues previously rejected in its first summary judgment motion. (Code Civ. Proc., § 437c, subd. (f)(2).) The trial court denied the motion to dismiss or strike. In rejecting Intellisoft's arguments, the trial court compared the issues in the prior and current motion and deemed those in the second summary judgment motion to be different from those previously raised.

Intellisoft opposed Acer's motion and requested judicial notice of several matters.[6] With respect to the issue of purported nonliability based on Acer's sales of ACPI-compliant computers, Intellisoft disputed that summary judgment was proper. It argued that conflicting expert opinions regarding the ACPI standard (whether it is a "technology" or "specification," and whether its publication in 1996 publicly disclosed

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[6] In separate requests before and after Acer filed its reply, Intellisoft asked the trial court to take judicial notice of the '713 patent, the operative complaint, and the federal district court's dismissal of a further, declaratory judgment action filed by Acer in the federal court after reversal by the Federal Circuit and remand.

Intellisoft's trade secrets) demonstrated that there were material issues of fact about the scope and existence of trade secrets which were inappropriate for summary judgment. Intellisoft did not otherwise address Acer's claim that Intellisoft cannot prevail on its theory of liability and damages because ACPI was developed independently of the purported trade secrets and Acer cannot be liable for implementing public ideas.

In April 2021, the trial court issued a tentative opinion to grant summary judgment based on Intellisoft's inability to prove damages based solely on Acer's implementation of the publicly available ACPI standard.[7]

In response to the tentative ruling, Intellisoft filed a third request for judicial notice, directed at providing evidence of damages for misappropriation and breach of contract from 1990 to the present. Intellisoft argued that it had already addressed this damages argument in response to Acer's first summary judgment motion in 2017 and pointed to the Napper report to refute Acer's claim that Intellisoft had only one theory of damages. Among the documents for which Intellisoft requested judicial notice were Intellisoft's opposition documents filed in response to Acer's first summary judgment motion, the trial court's 2017 order denying summary adjudication of Intellisoft's misappropriation and breach of contract claims, and the complete ("yet unfinished") Napper report. Intellisoft argued that a "full and fair reading" of the Napper report showed it had more than one theory of damages not limited to damages based on compliance with ACPI.

Intellisoft simultaneously sought a continuance of the motion for summary judgment pursuant to Code of Civil Procedure section 437c, subdivision (h) (hereafter, Code Civ. Proc., § 437c(h)). Intellisoft argued that a brief continuance was required as a matter of due process "in order to allow both parties to fully brief the damage claim

[7] The trial court's tentative ruling does not appear to be included in the record on appeal, though a transcript of the hearing and oral argument on the tentative ruling is part of the appellate record.

histories in this case so that the [c]ourt is fully informed of the evidence involved." Intellisoft noted there was no need for further discovery, simply time to allow both parties to fully brief the damages issue.

Intellisoft reiterated these points at the hearing on the motion and asserted it lacked notice that Acer's motion was challenging the viability of its evidence of damages. Acer countered that its motion referred extensively to Intellisoft's sole theory of liability and damages and argued that any other theory was based on unspecified harm and not supported by any evidence of damages. To the extent Intellisoft sought to claim injury based on the alleged disclosure of the trade secrets in the patent application, Acer argued that Intellisoft had disclaimed any damages based on publication of the '713 patents.

On April 27, 2021, the trial court granted the motion for summary judgment. In its ruling, the court addressed only the first of Acer's asserted grounds for summary judgment, which it characterized as Acer's contention that "Intellisoft cannot prevail on its sole theory of monetary relief, namely that Acer owes reasonable royalties on all of its computers that implement the [ACPI] standard because ACPI requires use of the alleged trade secrets and Intellisoft has conceded that ACPI was independently developed.

The trial court granted each side's timely requests for judicial notice (including of the publication and contents of the '713 patent, the operative complaint in this action, and the vacated summary judgment ruling by the federal district court). The court denied Intellisoft's request for continuance and third request for judicial notice. The court reasoned that the request, filed *after* Intellisoft received the trial court's ruling, was "far, far too late to seek to add material to the summary judgment record."

The court also rejected Intellisoft's contention that Acer had not squarely asserted its damages-based summary judgment argument in its motion, thus taking Intellisoft by "surprise" and necessitating the filing of the third request for judicial notice. The court found, based on the motion and notice of motion, that Acer's claim that Intellisoft was not entitled to damages "was a live issue" for which Intellisoft was "on notice." The court faulted Intellisoft for "padd[ing] its request for judicial notice with ample argument, thus rendering the request an unauthorized sur-reply" and stated it would exercise its discretion to ignore or strike the unauthorized sur-reply. It rejected Intellisoft's statutory and due process arguments, noting that Code of Civil Procedure section 437c(h), applies to requests filed *before* the date the opposition is due and pertains to a need for further discovery, and that Acer's argument was present in its opening brief and hence there was "no due process issue." Despite having denied Intellisoft's third request for judicial notice, the trial court included a brief analysis "for the sake of completeness" of the arguments and material raised in the request and concluded "they do not change the [c]ourt's conclusions."

On the merits of the summary judgment motion, the trial court examined the contentions and evidence related to Acer's alleged misappropriation and use of the trade secrets. It concluded that the undisputed evidence showed Intellisoft's theory of relief was precluded as a matter of law. The court reasoned that under the UTSA, use of a trade secret cannot be prohibited once the secret is reasonably ascertainable, and payment of a reasonable royalty is limited to the period of time the use could have been prohibited. (§§ 3426.1, subd. (d)(1), 3426.3, subd. (b).)

The court found that Intellisoft could not prove damages, because its only theory of monetary relief claimed entitlement to a reasonable royalty on Acer's sales of ACPI-compatible computers starting in 1997. However by that time, according to the undisputed evidence, the purported trade secrets were reasonably ascertainable due to their alleged publication in the '713 patent in 1995 and subsequent utilization in all ACPI-compliant computers after 1996. The court similarly found that while Acer might in theory be liable for damages arising from a breach of the 1990 NDA before December 1996 (when the alleged trade secrets became public or readily ascertainable), Intellisoft did not seek damages prior to 1997 and therefore failed to assert a cognizable basis for breach of contract damages.

The trial court determined that Intellisoft failed to raise a triable issue of material fact regarding entitlement to damages for its trade secret misappropriation and breach of contract claims, and Acer was entitled to summary judgment as a matter of law. The court concluded Acer was also entitled to summary judgment on Intellisoft's claim for an accounting, which was derivative of the other claims. The court did not reach the other grounds for summary judgment presented by Acer's motion. The court granted Acer's motion and entered judgment in favor of Acer on all claims.

After the trial court denied Intellisoft's subsequent motion for new trial, Intellisoft timely appealed.

II. DISCUSSION

Intellisoft challenges the trial court's summary judgment decision on two grounds. First, Intellisoft argues that the trial court erroneously decided the case based entirely on " 'reasonable royalty' " damages—even though Acer never raised a failure of damages as a ground for summary judgment and notwithstanding the statutory requirement under the UTSA that a court first determine whether damages for actual loss and unjust enrichment are provable before deciding whether reasonable royalty damages are appropriate. (See § 3426.3, subds. (a), (b).) Intellisoft contends that the trial court further misconstrued the relevant statutory provisions to limit the time period for which a reasonable royalty may be available.

Second, Intellisoft argues that the trial court improperly denied as untimely both its request for a continuance and third request for judicial notice. Intellisoft contends that given "the manner in which the issue of damages arose" in the proceedings, there was ample good cause for the court to grant the continuance and allow Intellisoft to fairly address the issue of damages before the court dismissed its claims on that ground. Intellisoft maintains that contrary to the trial court's determination, the evidence submitted in its third request for judicial notice demonstrated a basis to establish actual loss and unjust enrichment and created a triable issue of fact as to damages.

Acer counters that Intellisoft's trade secret and contract claims are precluded as a matter of law because Intellisoft seeks damages only for the period after the alleged trade secrets were "undisputedly unprotectable"—that is, after the alleged secrets were independently available or readily ascertainable in the computer industry following publication of the ACPI specification. Acer asserts that the trial court properly evaluated the issue of damages as raised in the summary judgment motion and correctly concluded that publication of the ACPI specification by sources independent from Acer in December 1996 limits any damages arising from the implementation of that publicly available standard. Acer further disputes there is any evidence to support an award for actual loss or unjust enrichment and maintains the court did not abuse its discretion in rejecting Intellisoft's attempt to obtain a continuance and submit post-reply evidence and argument. Acer argues that the trial court's summary judgment ruling is also correct on the independent ground (raised in the motion but not addressed in the court's order) that Intellisoft's claims are untimely under the applicable statute of limitations.

We first address the summary judgment ruling on the evidence before the trial court before considering Intellisoft's arguments concerning its request for a continuance and for judicial notice of additional evidence on damages.

A. Principles of Summary Judgment and Standard of Review

Summary judgment is warranted where there are no triable issues of material fact, and the moving party is entitled to judgment as a matter of law. (Code Civ. Proc., § 437c, subd. (c).) Whether the trial court erred in granting a motion for summary judgment is a question of law that we review de novo. (*Samara v. Matar* (2018) 5 Cal.5th 322, 338.) Because we review de novo the summary judgment decision, not the trial court's reasoning, we may affirm the summary judgment " '[i]f right upon any theory of the law applicable to the case, . . . regardless of the considerations which may have moved the trial court to its conclusion.' " (*D'Amico v. Board of Medical Examiners* (1974) 11 Cal.3d 1, 19; accord, *California School of Culinary Arts v. Lujan* (2003) 112

Cal.App.4th 16, 22, citing Eisenberg et al., Cal. Practice Guide: Civil Appeals & Writs (The Rutter Group 1989) ¶ 8:168.5a, pp. 8–98.3 to 8–98.4 (rev. # 1, 2001).)

A defendant moving for summary judgment must show that the plaintiff " ' "has not established, and cannot reasonably expect to establish," the elements' " of that cause of action. (*State of California v. Allstate Ins. Co.* (2009) 45 Cal.4th 1008, 1017; Code Civ. Proc., § 437c, subds. (*o*), (p)(2).) Support for the motion must take the form of evidence, including declarations, admissions, depositions, and matters of which judicial notice may be taken. (Code Civ. Proc., § 437c, subd. (b)(1); *Aguilar v. Atlantic Richfield Co.* (2001) 25 Cal.4th 826, 843 (*Aguilar*).)

Once the defendant makes this initial showing, the burden shifts to the plaintiff to set forth "specific facts" beyond the pleadings that show a triable issue of one or more material facts as to the cause of action at issue. (Code Civ. Proc., § 437c, subd. (p)(2); see *Aguilar*, *supra*, 25 Cal.4th at p. 850; *Pipitone v. Williams* (2016) 244 Cal.App.4th 1437, 1449 (*Pipitone*).) A plaintiff opposing the motion may "not rely upon the allegations . . . of its pleadings to show that a triable issue of material fact exists but, instead, shall set forth the specific facts showing that a triable issue of material fact exists as to the cause of action or a defense thereto." (Code Civ. Proc., § 437c, subd. (p)(1); see *Aguilar*, at p. 849.)

A triable issue of fact exists only if "the evidence would allow a reasonable trier of fact to find the underlying fact in favor of the party opposing the motion in accordance with the applicable standard of proof." (*Aguilar*, *supra*, 25 Cal.4th at p. 850.) To determine whether there are any triable issues of fact to preclude summary adjudication, we independently review the record that was before the trial court when it ruled on the summary judgment motion. (*Elk Hills Power, LLC v. Board of Equalization* (2013) 57 Cal.4th 593, 605–606.) We "apply the same three-step analysis as the trial court: first we 'identify the issues framed by the pleadings;' next we 'determine whether the moving party's showing has satisfied [its] burden of proof and justifies a judgment in movant's favor;' and finally we 'determine whether the opposition demonstrates the existence of a triable issue of material fact.' " (*Pipitone*, *supra*, 244 Cal.App.4th at p. 1449.) In doing so, we view the evidence in the light most favorable to the plaintiff as the party opposing summary judgment, resolving evidentiary doubts and ambiguities in the plaintiff's favor. (*Elk Hills*, at pp. 605–606.)

B. Summary Judgment For Failure to Establish Entitlement to Damages

We first examine Intellisoft's cause of action for trade secret misappropriation and then turn to its cause of action for breach of contract.

1. <u>Trade Secret Misappropriation</u>

a. Elements

California's statutory cause of action for trade secret misappropriation arises under this state's version of the UTSA, adopted in 1984. (*DVD Copy Control Assn., Inc. v. Bunner* (2003) 31 Cal.4th 864, 874 (*DVD Copy*); *Altavion, Inc. v. Konica Minolta Systems Laboratory, Inc.* (2014) 226 Cal.App.4th 26, 41 (*Altavion*).) Under California's UTSA, a trade secret consists of "information" that "[d]erives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use" (§ 3426.1, subd. (d)(1) and "[i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy." (*Id*., subd. (d)(2); see *DVD Copy*, at p. 874.)

To prove misappropriation of a trade secret, a plaintiff must establish the following elements: (1) possession by the plaintiff of a trade secret; (2) the defendant's misappropriation of the trade secret, meaning its wrongful acquisition, disclosure, or use;[8] and (3) resulting harm to the plaintiff or unjust enrichment of the defendant, where the defendant's acquisition, use, or disclosure of the trade secret was a substantial factor in causing that harm or unjust enrichment. (*AMN Healthcare, Inc. v. Aya Healthcare*

[8] The various ways in which misappropriation may occur are articulated in section 3426.1, subdivision (b), and in *DVD Copy*, *supra*, 31 Cal.4th at page 874.

Services, Inc. (2018) 28 Cal.App.5th 923, 942 (*AMN Healthcare*); *Silvaco Data Systems v. Intel Corp.* (2010) 184 Cal.App.4th 210, 220 (*Silvaco*), disapproved on another ground by *Kwikset Corp. v. Superior Court* (2011) 51 Cal.4th 310, 337; see also Judicial Council of California Civil Jury Instruction (CACI) Nos. 4400 & 4401.)

A plaintiff who proves misappropriation is entitled to recover "damages for the actual loss caused by misappropriation" as well as "recover for the unjust enrichment caused by [the] misappropriation that is not taken into account in computing damages for actual loss." (§ 3426.3, subd. (a); CACI No. 4409.) "If neither damages nor unjust enrichment caused by misappropriation are provable, the court may order payment of a reasonable royalty for no longer than the period of time the use could have been prohibited." (§ 3426.3, subd. (b); see *Ajaxo, Inc. v. E*Trade Financial Corp.* (2020) 48 Cal.App.5th 129, 160 (*Ajaxo III*)[9].)

As set forth in the complaint, Intellisoft alleges it developed commercially valuable trade secrets (including "soft-switch and smart power supply wakeup," " 'saving the system state,' " and "restoring the system state"), kept that information secret by restricting its use and disclosure, and shared the trade secret information with Acer under the 1990 NDA. It alleges Acer then disclosed and used the trade secret information in violation of California's trade secrets law (§ 3426, et seq.). Intellisoft alleges that as a result of Acer's misappropriation of its trade secrets, it suffered "actual losses" within the meaning of section 3426.3, subdivision (a), and Acer was "unjustly enriched through the wrongful use of the information."

b. Misappropriation Damages

According to Intellisoft's later expert disclosures, summarized *ante* (pt. I.C.2.), Intellisoft's damages could be calculated two ways. First, in the form of lost profits by

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[9] The two opinions preceding *Ajaxo III* are *Ajaxo Inc. v. E*Trade Group Inc.* (2005) 135 Cal.App.4th 21 and *Ajaxo Inc. v. E*Trade Financial Corp.* (2010) 187 Cal.App.4th 1295 (*Ajaxo II*).

applying a royalty amount (based on the Acer License Agreement, adjusted for the damages timeframe) starting in 1997, at which point "all Acer computers complied with the ACPI standard" and therefore "require[d] use of the [t]rade [s]ecrets." Napper calculated lost profits in accordance with this method "from January 1997 through December 2016" to be "approximately $157.7 [million] before any pre-judgment interest."

Second, Napper articulated a theory of damages based on disgorgement of any benefit Acer gained from its alleged use of the trade secrets and information under the NDA to file and obtain the '713 patents (later used to defend against patent infringement claims). Critically, however, Napper's expert report did not contain any damages calculations based on the disgorgement theory.

In its motion, Acer argued that summary judgment was proper in relevant part because "Intellisoft cannot prevail on its sole theory of liability and damages, namely that Acer owes royalties on all of its computers that implement the Advanced Configuration and Power Interface (ACPI) standard because ACPI requires use of the trade secrets." Acer asserted that "Intellisoft made a case-dispositive concession that ACPI was independently-developed" and argued "it is undisputed that Acer cannot be liable for misappropriation or breach of contract based on the use of independently-developed technology." Acer further argued that "in asserting that ACPI 'requires' the use of the purported trade secrets and that a person of ordinary skill would know to use the trade secrets to implement ACPI, Intellisoft necessarily concedes that the ACPI creators independently developed and publicly disclosed the trade secrets." Acer contended it "cannot be liable for using publicly disclosed technology as a matter of law."

In support, Acer relied on facts reflecting the December 1996 publication of the ACPI specification, its rapid adoption industrywide for power management, and the testimony of Intellisoft's liability expert, Robert Zeidman, stating that a computer manufacturer implementing the ACPI specification would need to use the trade secrets allegedly disclosed in the ‘713 patents. Acer maintained it was undisputed that Intellisoft’s theory of liability and damages, revealed in the reports and testimony of Zeidman and Napper, was that “Acer owes royalties on all of its ACPI-compliant computers” and that Intellisoft’s “damages analysis begins no earlier than 1997, after ACPI’s public disclosure.” (Boldface omitted.)

In opposing the motion, Intellisoft did not directly address whether it could demonstrate the existence of a triable issue of material fact as to entitlement to damages but instead focused on discrete issues that it maintained precluded summary judgment on the question of liability following publication of the ACPI specification. Intellisoft argued there were disputed factual issues concerning the nature of the ACPI specification (whether it was “technology that would compete with [Intellisoft]’s trade secrets”) and whether ACPI “publicly disclosed” and “destroyed” those trade secrets, or, as Intellisoft maintained, whether the trade secrets were already destroyed by Acer filing for the‘713 patent in January 1992.

Intellisoft responded to Acer’s separate statement of material facts by admitting that the ACPI specification does not “reveal[] or publish[]” Intellisoft’s alleged trade secrets. Nevertheless, Intellisoft asserted (without specifying how) that the ACPI specification “necessarily uses Intellisoft’s alleged trade secrets” (boldface omitted) and that compliance with ACPI “requires the use of Plaintiff’s [t]rade [s]ecrets in order for the computer to function.” (Boldface & italics omitted.) Intellisoft further admitted that its theory of liability and monetary relief was that Acer owed a royalty amount (presumably as a measure of lost profits) on all of its ACPI-compliant computers, since they (in Intellisoft’s view) require use of the trade secret. Intellisoft also admitted it had no evidence that Intel, Microsoft, or Toshiba relied on the purported trade secrets in developing ACPI, and that Napper’s damages calculation “begins no earlier than 1997” (coinciding with ACPI’s implementation industrywide).

In sum, in opposing the motion, Intellisoft did not point to evidence supporting *any* theory of recovery apart from its calculation based on Acer's sales of ACPI-compliant computers starting in 1997. Further, it admitted that it had "[s]tipulated and agree[d] to never seek to obtain the disgorgement damages" identified in Napper's expert report, which might have extended to pre-1997 conduct. Apart from the Napper report's reference to disgorgement of any benefit to Acer from its defensive use of the '713 patents in subsequent litigation, Intellisoft did not identify any evidence upon which to claim or calculate unjust enrichment flowing from Acer's alleged misappropriation and acquisition or use of the '713 patents.

Based on our independent review of the evidence before the trial court on the motion for summary judgment, Acer met its initial burden to make a prima facie showing that Intellisoft could not establish entitlement to damages under the UTSA because the evidence supporting Intellisoft's damages claim depended solely on sales of ACPI-compliant computers starting in 1997. By that time, according to undisputed evidence, industrywide implementation of the ACPI standard necessarily depended upon use of the alleged trade secret—not because the ACPI standard disclosed or relied upon the trade secret itself, but because, as Zeidman testified, " 'one of ordinary skill in the art would know [to use the trade secrets] . . . – in order to implement the specification.' "

Insofar as use of the alleged trade secret, by the year 1997, was either readily ascertainable or generally known by all computer manufacturers producing ACPI-compliant computers, it was not protectable, per se, as a trade secret. (See § 3426.1, subd. (d)(1).) So too, Acer's motion made a prima facie showing that Acer's implementation of the ACPI-standard and sale of ACPI-compliant computers starting in 1997, using readily ascertainable (no longer secret) power management strategies, could not serve as a cognizable basis for damages, which under the UTSA, must be "caused by" the alleged misappropriation—here, Acer's alleged use and disclosure of Intellisoft's trade secrets in 1992 to obtain the '713 patents. (See § 3426.3, subd. (a).)

The burden then shifted to Intellisoft to demonstrate a triable issue of material fact as to damages. (*Aguilar, supra,* 25 Cal.4th at p. 850; Code Civ. Proc., § 437c, subd. (b)(3).) This required Intellisoft either to set forth "specific facts" beyond the pleadings that show a triable issue of one or more material facts as to the element of damages (Code Civ. Proc., § 437c, subd. (p)(2)), or to counter Acer's legal proposition that Intellisoft's theory of liability failed to support any entitlement to damages under the UTSA because its damages analysis "begins no earlier than 1997, after ACPI's public disclosure." But as noted, Intellisoft's opposition papers did neither, appearing instead to construe Acer's arguments concerning Intellisoft's inability to prove liability based on implementing ACPI as pertaining strictly to the nature of ACPI and consequences of its publication. Because Intellisoft did not present any evidence of monetary loss it assertedly incurred due to the alleged misappropriation of its trade secrets prior to 1997, nor did it present evidence of unjust enrichment to Acer based on the alleged misappropriation and use of the '713 patents, Intellisoft's opposition failed to demonstrate the existence of a triable issue of material fact as to the element of damages, warranting the trial court's grant of summary judgment on that ground alone. (*Id.,* subd. (c).)

Intellisoft's arguments to the contrary are unavailing.

c. Acer Raised the Issue of Damages in its Motion

Intellisoft contends that Acer never raised damages, let alone " 'reasonable royalty' " damages, as a basis for summary judgment in the first place, rendering the trial court's decision on that ground both procedurally and substantively improper. We disagree.

In its introduction to the motion, Acer asserted "four distinct grounds" in support of summary judgment. The first ground, summarized above, articulated Acer's principal argument that "Intellisoft cannot prevail on its sole theory of liability and damages." Acer also listed this ground in its notice of motion, stating "Intellisoft is not entitled to damages based on its theory of liability." Acer summarized the factual basis for that argument in the section titled “statement of material facts” (capitalization & boldface omitted), addressing the 1996 publication and subsequent, industrywide adoption of the ACPI specification, as well as facts relating to what Acer asserted was “Intellisoft’s sole theory of liability and damages, as first revealed in expert discovery.” (Boldface & underscoring omitted.) That section touched on both liability and damages.

In its argument, Acer reiterated the same points but framed them primarily as a matter of liability, e.g., “Acer cannot be liable for either misappropriation or breach of the 1990 NDA as a matter of law based on implementing ACPI because Intel, Microsoft, and Toshiba developed ACPI independently of the alleged trade secrets” and “Intellisoft’s damages analysis begins no earlier than 1997, after ACPI’s public disclosure.” Finally, Acer’s separate statement in support of the motion separately set forth the relied-upon facts, including that ACPI was independently developed, that there was no evidence ACPI’s developers relied on the purported trade secrets, and the damages analysis begins no earlier than 1997 and is based on Acer’s sales of ACPI-compliant computers.

Thus, Acer’s moving papers belie Intellisoft’s contention that the issue of damages was not before the superior court to decide. While the motion pertaining to liability and damages largely treated the two elements as a unitary issue, the intertwined challenge to liability and damages does not negate the fact that damages was clearly raised. This distinguishes the matter from *Luebke v. Automobile Club of Southern California* (2020) 59 Cal.App.5th 694 (*Luebke*), cited by Intellisoft for the proposition that a court cannot decide an issue not raised in the moving papers.

In *Luebke*, the defendant in a negligence action moved for summary judgment on the sole issue of causation. The trial court held there was a triable issue as to causation but nevertheless granted summary judgment on the issue of duty, concluding the defendant auto club had no duty under tort law to assist the plaintiff driver. (*Luebke, supra*, 59 Cal.App.5th at pp. 703–704.) The appellate court reversed, noting the defendant’s moving papers did not raise the issue of duty, nor did the separate statement set forth undisputed material facts entitling the defendant to judgment as a matter of law on that issue. (*Id*. at pp. 703–704, 706.) Furthermore, because the issue was not raised, the contract between the driver and auto club (highly determinative of the issue of duty) was not in the summary judgment record. (*Id*. at p. 708.) The appellate court held that under such circumstances, by "reaching out to decide an issue not addressed" in the defendant's moving papers, the trial court had deprived the plaintiff of his right to oppose the summary judgment. (*Ibid*.)

Here, Acer's motion expressly asserted Intellisoft's "sole theory of liability and damages" as a basis for summary judgment and included the relevant material facts and underlying evidence in the separate statement as required by the summary judgment statute (Code Civ. Proc., § 437c, subd. (b)(1)). What is more, Acer repeatedly referred in its motion to the federal district court's summary judgment ruling on that issue and urged the trial court "to come to the same, sound conclusion that the [Northern District of Californina] reached." This is therefore not a case in which the facts supporting the grant of summary judgment were omitted from the moving party's separate statement, or the moving papers otherwise deprived the plaintiff of fair notice of the issues before the court. (Cf. *Luebke*, *supra*, 59 Cal.App.5th at pp. 705–706.)

d. Intellisoft Failed to Establish a Triable Issue As to Damages

Intellisoft contends the trial court failed to apply the "well-worn three step analysis" in analyzing the motion, ignoring entirely Intellisoft's allegations of unjust enrichment and actual loss and focusing inexplicably on the issue of " 'reasonable royalty.' " Given that its pleadings allege actual losses and unjust enrichment, Intellisoft argues the trial court erred in concluding that a " 'reasonable royalty' " was the only relief Intellisoft was seeking. Moreover, Intellisoft argues the court's determination based on " 'reasonable royalty' " damages does not completely resolve an element of Intellisoft's UTSA claim, which according to the statutory framework requires a court to first determine whether actual losses or unjust enrichment are provable before deciding whether to award "reasonable royalty" damages. (§ 3426.3, subd. (b).) Because the trial court did not rule on the predicate issues regarding Intellisoft's allegations of actual loss and unjust enrichment, Intellisoft maintains the court improperly "shifted the evidentiary burden" (boldface omitted) to Intellisoft and erred in granting summary judgment.

We are not persuaded that the trial court's use of the term "reasonable royalty" or failure to explicitly refer to Intellisoft's allegations of unjust enrichment and actual loss in its analysis is of consequence under the circumstances of this case. Central to the trial court's determination was its evaluation of Intellisoft's ability to prove damages as an essential element of its trade secret misappropriation claim. It concluded, based on the allegations and evidence produced in opposition to the motion, that "Intellisoft only seeks monetary relief during the time period where it is barred as a matter of law from getting any monetary relief." Having independently reviewed the record, we agree that Intellisoft is unable to prove damages caused by the alleged misappropriation.

First, while bare allegations of actual loss and unjust enrichment appear in Intellisoft's pleadings, more is required to defeat a defendant's prima facie showing on summary judgment. A plaintiff opposing a summary judgment motion may "not rely upon the allegations . . . of its pleadings to show that a triable issue of material fact exists but, instead, shall set forth the specific facts showing that a triable issue of material fact exists as to the cause of action or a defense thereto." (Code Civ. Proc., § 437c, subd. (p)(2); see *Aguilar*, *supra*, 25 Cal.4th at p. 849.) Intellisoft's assertion that the trial court "ignored allegations sufficient to support actual losses and unjust enrichment" (boldface omitted) fails to recognize Intellisoft's own burden on summary judgment.

Once Acer met its initial burden by showing that Intellisoft could not establish at least one element of its claim (here, on damages) the burden shifted to Intellisoft to present facts supporting a viable claim of damages tied to the alleged misappropriation (Acer's conduct with respect to the '713 patents). (See *Aguilar*, *supra*, 25 Cal.4th at p. 853.) As described above, it did not do so.

Next, Intellisoft claims that by failing to examine the predicate factual issues of actual loss and unjust enrichment, the trial court erred under the statute because, according to Intellisoft, "it is the superior court that ultimately carries the burden of determining that actual loss and unjust enrichment are unprovable before addressing 'reasonable royalty.' " This reading of section 3426.3 conflates the concept of "burden" (as in the plaintiff's responsive burden of production under Code Civil Proc., § 437c, subd. (p)(2)) with the statutory guidelines delimiting when a court may order payment of a reasonable royalty as a form of monetary damages.

Section 3426.3 authorizes several measures of damages upon proof of misappropriation of a trade secret: "(a) A complainant may recover damages for the actual loss caused by misappropriation. A complainant also may recover for the unjust enrichment caused by misappropriation that is not taken into account in computing damages for actual loss. [¶] (b) If neither damages nor unjust enrichment caused by misappropriation are provable, the court may order payment of a reasonable royalty for no longer than the period of time the use could have been prohibited." (§ 3426.3, subds. (a), (b).)

Thus, a plaintiff who proves misappropriation is entitled to recover "damages for the actual loss caused by misappropriation" as well as "for the unjust enrichment caused by [the] misappropriation" not accounted for in computing damages for actual loss. (§ 3426.3, subd. (a); see CACI No. 4409.) While a court must first decide whether "damages []or unjust enrichment caused by misappropriation are provable" (§ 3426.3, subd. (b)) before considering ordering a reasonable royalty, it is the plaintiff's burden to prove the misappropriation and resulting damages or unjust enrichment, or alternatively to demonstrate entitlement to a reasonable royalty payment. (*AMN Healthcare*, *supra*, 28 Cal.App.5th at pp. 942–943; CACI No. 4401.)

In the trial context, a plaintiff who proves misappropriation but is unable to demonstrate entitlement to damages, unjust enrichment, or reasonable royalties faces dismissal of his or her claim. (See, e.g., *Unilogic, Inc. v. Burroughs Corp.* (1992) 10 Cal.App.4th 612, 627–629 [affirming grant of defendant's motion for nonsuit of trade secret claim where plaintiff established misappropriation but conceded no "actual loss" and failed to present evidence to support other measures of damages (unjust enrichment or reasonable royalties) under § 3426.3]; *Ajaxo III*, *supra*, 48 Cal.App.5th at pp. 140, 185–186 [affirming denial of a reasonable royalty under § 3426.3, subd. (b) based on plaintiff's failure to support its royalty theories with credible and nonspeculative evidence, after earlier trial findings held defendant liable for trade secret misappropriation but concluded plaintiff did not prove actual loss or any net damages for unjust enrichment].)

In the summary judgment context applicable here, Intellisoft likewise needed to show there existed a triable issue of fact to justify monetary relief under section 3426.3—whether based on actual loss and/or unjust enrichment, as alleged in the complaint, or if those were not provable, for the court to exercise its discretion to order a reasonable royalty for Acer's alleged use of the trade secret.

Instead of making this showing based on the record before the trial court at summary judgment, Intellisoft merely repeats the allegations of its complaint and contends these allegations demonstrate that "Intellisoft's unjust enrichment and actual loss damages were provable." But Intellisoft elicited no evidence in support of its theoretical assertion of damages; nor did it demonstrate a causal link between its theory of unjust enrichment and the claimed misappropriation. Even if we were to accept Intellisoft's assertion that "it is undisputed that Acer misappropriated Intellisoft's trade secrets when it filed the '713 patent application in 1992, ultimately resulting in a patent being awarded to Acer," proof of misappropriation does not equate with proof of damages or entitlement to monetary relief. (See *Ajaxo II*, *supra*, 187 Cal.App.4th at pp. 1309, 1313; *Ajaxo III*, *supra*, 48 Cal.App.5th at p. 165 [explaining that a plaintiff, having proven misappropriation but unable to prove either actual loss or unjust enrichment, is not guaranteed recovery of a reasonable royalty under § 3426.3, subd. (b)].)

As a matter of law, information that is generally known in the industry or readily ascertainable by proper means is not protectable as a trade secret. (§ 3426.1, subd. (d)(1) [defining trade secret in part based on it deriving "independent economic value . . . from *not being generally known* to the public or to other persons who can obtain economic value from its disclosure or use"], italics added.) Indeed, "[t]he *sine qua non* of a trade secret [] is the plaintiff's possession of information of a type that can, at the possessor's option, be made known to others, or withheld from them, i.e., kept secret." (*Silvaco*, *supra*, 184 Cal.App.4th at p. 220.) " 'Information that is readily ascertainable by a business competitor derives no independent value from not being generally known.' " (*Altavion*, *supra*, 226 Cal.App.4th at p. 62, quoting *Syngenta Crop Protection, Inc. v. Helliker* (2006) 138 Cal.App.4th 1135, 1172.) A trade secret holder therefore loses its property interest in the data comprising the trade secret once that data has been disclosed to others, or others are allowed to use it. (*DVD Copy*, *supra*, 31 Cal.4th at p. 881, citing *Ruckelshaus v. Monsanto Co*. (1984) 467 U.S. 986, 1011.)

The parties vigorously dispute whether the remedies available under the UTSA have a temporal element limiting monetary recovery for misappropriation to the time in which the trade secret is protectable as a secret. Acer asserts that a plaintiff's monetary recovery in these circumstances is tied to the period of time that the trade secret information would have remained unavailable to the defendant in the absence of the appropriation. Acer maintains that, while independent disclosure of a trade secret generally serves to cut off misappropriation damages, "a limited additional remedy may exist after that time *if* the plaintiff proves the defendant was unjustly enriched from a 'head start' that earlier misappropriation afforded the defendant in the market."

Support for Acer's position is found in section 45 of the Restatement of Unfair Competition, as well as in the comments to the Uniform Act, to which California courts "accord substantial weight" regarding the construction of those provisions of the UTSA derived "almost verbatim" from the Uniform Act.[10] (*Glue-Fold, Inc. v. Slautterback Corp.* (2000) 82 Cal.App.4th 1018, 1023; see Rest. 3d Unfair Competition, § 45, com. h; 14 West's U. Laws Ann. (2005) U. Trade Secrets Act, § 3, com., p. 634 ["Like injunctive relief, a monetary recovery for trade secret misappropriation is appropriate only for the period in which information is entitled to protection as a trade secret, plus the additional period, if any, in which a misappropriator retains an advantage over good faith competitors because of misappropriation. Actual damage to a complainant and unjust benefit to a misappropriator are caused by misappropriation during this time alone."].)

Intellisoft disputes that any bright-line, temporal element limits the timeline for availability of actual loss and unjust enrichment damages, given that the statute specifies none. (§ 3426.3, subd. (a).) (This is not necessarily the case for reasonable royalty damages, discussed further, *post.*) Instead, Intellisoft argues that the element of damages is based on the economic benefit the trade secret misappropriation conferred to the defendant, which in the context of misappropriation by disclosure through a patent application or award, may be calculated based on the "incremental benefit" the defendant derives from the patent. Intellisoft cites *Russo v. Ballard Medical Products* (10th Cir. 2008) 550 F.3d 1004 (*Russo*) and other cases as support for its position that decisional law generally makes clear that recovery after the extinguishment of a trade secret is

[10] The National Conference of Commissioners on Uniform State Laws approved the Uniform Act in 1979, and California adopted it as the UTSA " 'without significant change . . . in 1984.' " (*Cadence Design Systems, Inc. v. Avant! Corp.* (2002) 29 Cal.4th 215, 221 (*Cadence*).) Civil Code section 3426.3, subdivision (a), concerning recovery for actual loss and unjust enrichment, is one such provision adopted almost verbatim from the Uniform Act, though as Intellisoft notes in its reply brief, California law differs from the Uniform Act with respect to the availability of a reasonable royalty remedy. (See *Ajaxo II, supra*, 187 Cal.App.4th 1295, 1308–1309 [Uniform Act does not require damages and unjust enrichment to be unprovable before a reasonable royalty may be imposed]; *Cacique, Inc. v. Robert Reiser & Co., Inc.* (9th Cir.1999) 169 F.3d 619, 623 (*Cacique*); 14 West's U. Laws Ann. (2005) U. Trade Secrets Act, § 3(a), pp. 633–634.)

permissible, since a defendant may continue to realize benefits from the misappropriation, even after the protectible trade secret ceases to exist.[11]

In *Russo*, the plaintiff shared trade secrets for an improved catheter design with the defendant under a confidential disclosure agreement. (*Russo*, *supra*, 550 F.3d at p. 1007.) After failed licensing negotiations, the defendant secretly filed patent applications and brought to market a catheter incorporating the trade secrets. (*Id*. at pp. 1007–1008.) A jury found in favor of the plaintiff's trade secret misappropriation claim under Utah's Uniform Trade Secret Act and awarded $17 million in unjust enrichment damages. (*Id*. at p. 1009.) On appeal, the defendant argued that its misappropriation "at most only gave the company a 'head start' to a result it would have eventually achieved on its own, and that the district court should have given its proffered jury instruction underscoring this point." (*Id*. at p. 1020.) The Tenth Circuit rejected this argument, noting that even assuming the " 'head start' " or " 'lead time' " rule applied, thus limiting damages to the time the defendant saved in getting a product to market by virtue of its misappropriation, the district court did not err in instructing the jury "that unjust enrichment 'is defined as the reasonable value of the benefit that the party who misappropriated the trade secret has gained from disclosing or using the trade secret,' and that it 'may only award damages for a time period equal to the amount of time (1) you find that [the plaintiff]'s trade secret would be entitled to protection, plus (2) any additional period, if any, that you find that the trade secret afforded the [] [d]efendant a competitive advantage.' " (*Ibid*.)

Intellisoft contends that, like the " 'head start' " period advocated by the *Russo* defendants, Acer seeks to treat the publication of ACPI as a conclusive damages cut-off,

[11] "Because the [UTSA] is derived from the [Uniform Act] (Stats. 1984, ch. 1724, § 1, pp. 6252–6253), California courts consider case law from other jurisdictions applying similar sections of the Uniform Act." (*Ajaxo III*, *supra*, 48 Cal.App.5th at p. 160, fn. 9, citing *Altavion*, *supra*, 226 Cal.App.4th at p. 41; *Ajaxo II*, *supra*, 187 Cal.App.4th at p. 1305, fn. 6.)

under the assumption that ACPI's release marks the time at which Acer would have uncovered Intellisoft's trade secrets on its own. According to Intellisoft, the result in *Russo* suggests there is no bright-line damages cut-off. Rather, damages may be assessed based on the reasonable value of the benefit to the defendant for the time the trade secret would be entitled to protection, *plus* any additional period during which the trade secret afforded the defendant a competitive advantage. (See *Russo, supra,* 550 F.3d at p. 1020.)

Intellisoft maintains that the trial court erred by failing to consider such a " ' "competitive advantage" ' " period here in assessing whether there existed triable issues of fact concerning the economic benefit realized by Acer even after publication of the ACPI specification. Intellisoft submits that the proper measure of those damages, given that Acer's misappropriation both "extinguished the trade secret" and "cement[ed] exclusive economic exploitation of the trade secret for the term of the '713 Patent," would be "the incremental economic benefit conferred by the patent to" Acer. (See *Russo, supra,* 550 F.3d at p. 1017 [concluding the district court properly informed the jury that it could award to the plaintiff only the "amounts causally attributable" to the defendant's misconduct, including "the *incremental value*" the trade secret added to the defendant's products].)

We do not disagree with Intellisoft's reading of *Russo,* insofar as the guidance it provides regarding fair application of the " 'head start' " rule (assuming, without here deciding, that it applies) and valuation of benefits accruing to a defendant that may be attributable to the alleged trade secret misappropriation. But *Russo* does not assist Intellisoft. To the contrary, *Russo* reinforces the requirement that recoverable damages are only those that may be "causally attribute[ed]" to the misappropriation. (*Russo, supra*, 550 F.3d at p. 1017.) "In any trade secret or breach of a [nondisclosure agreement] trial, a properly instructed jury may award the plaintiff only those damages it has suffered, or the amount the defendant has been enriched, *by virtue of the defendant's misconduct*. By dint of this required causal link between the defendant's misconduct and the plaintiff's recovery, the plaintiff is precluded from obtaining any earnings the defendant received, or value it derived, from other causal factors." (*Id*. at p. 1016, italics added.)

Intellisoft's effort to redefine the potential time frame for damages beyond the December 1996 publication of the ACPI specification, to encompass some alleged, continuing competitive advantage based on Acer's ownership of the '713 patents, does not salvage its damages claim on summary judgment because there remains the crucial, missing link of causation.

Intellisoft introduced no evidence from which a trier of fact could conclude that the benefits to Acer from its sales of ACPI-compliant computers in 1997 and the years following may be "causally attribute[ed]" (*Russo*, *supra*, 550 F.3d at p. 1017) to its alleged misappropriation of Intellisoft's trade secret and disclosure of that information in obtaining the '713 patents. In other words, Intellisoft, in opposing summary judgment, did not set forth any evidence that Acer's earnings from sales of ACPI-compliant products are attributable to its alleged misappropriation of Intellisoft's trade secrets, rather than Acer's embrace of the independently developed and widely implemented ACPI standard. Intellisoft has not shown, in the words of *Russo*, that the latter is not value "from other causal factors" (*id*. at p. 1016), defeating Intellisoft's claim of damages.

We reach the same conclusion under California's statutory framework, which authorizes a plaintiff to recover damages for actual loss and for unjust enrichment "*caused by* misappropriation" (§ 3426.3, subd. (a), italics added). Although Intellisoft claims that the facts it has alleged (i.e., Acer's misappropriation of trade secrets by filing the '713 patents and incorporation of the secrets into its products which it sold for considerable profit while denying Intellisoft the licensing fees it should have been paying for use of the protected information) "are more than sufficient to establish that damages under [s]ection 3426.3, subdivision (a) are provable," it points to no evidence supporting what those “provable” damages might be. Further, Intellisoft does not demonstrate how such damages were “caused by” the misappropriation alleged in the complaint.

Instead, the only damages Intellisoft claims are derived from Acer’s implementation, starting in 1997, of the public, widely used, and independently derived ACPI standard released in 1996. The information necessary to implement ACPI as of 1997—even if previously protected—was by that time readily ascertainable by computer manufacturers industry-wide. Because it is undisputed that there is no evidence either that ACPI’s creators used the ‘713 patents to develop the specification, or that the ACPI specification disclosed the purported trade secrets, any measure of damages (whether actual loss to Intellisoft for denied license fees, or unjust enrichment to Acer for profiting from those sales) based upon Acer’s sales of ACPI-compliant computers lacks the necessary element of damages “caused by [the] misappropriation” (§ 3426.3, subd. (a)).

Intellisoft’s argument that the facts of this case “are not of a kind that required the award of a ‘reasonable royalty’ ” therefore misses the mark. Intellisoft recites only its own allegations of misappropriation and Acer’s alleged incorporation of its proprietary secrets into Acer products and makes no attempt to establish a triable issue as to entitlement to damages under the evidence put forth in its own expert report and referenced as support for the summary judgment motion.

Intellisoft’s references to cases illustrative of how monetary relief is typically awarded under section 3426.3, including distinguishing cases in which courts have deemed unjust enrichment and actual loss “provable” from “not provable,” are inapt. By way of example, Intellisoft points to *Cacique*, *supra*, 169 F.3d 619, in which the Ninth Circuit Court of Appeals rejected the district court’s order authorizing discovery of third-party sales data to support the plaintiff’s request for a Civil Code section 3426.3, subdivision (b) reasonable royalty award, since it concluded there was “simply no reason to believe that unjust enrichment could not be proved.” (*Id*. at p. 623.)

Cacique does not assist Intellisoft because this is not a case in which the trial court misconstrued California's trade secrets law to allow evaluation of a reasonable royalty award despite evidence demonstrating that other monetary damages were provable. Nor are cases like *Ajaxo II* or *Altavion* instructive. Those cases reinforce the legal standard set forth in Civil Code section 3426.3 and describe facts illustrative of circumstances in which more direct forms of monetary recovery (i.e., actual loss, or unjust enrichment) are deemed not provable. (*Ajaxo II*, *supra*, 187 Cal.App.4th at pp. 1313–1314; *Altavion*, *supra*, 226 Cal.App.4th at pp. 66–69.) They do not support Intellisoft's assertion of trial court error here, where the shortcoming lies not with the trial court's contended failure to independently determine whether unjust enrichment and actual loss damages were provable, but with Intellisoft's demonstrated failure to present evidence of damages premised on Acer's alleged use of the misappropriated trade secrets.

Intellisoft also contends that to the extent a reasonable royalty was at issue, the trial court misinterpreted the relevant statutory language to limit recovery to the time before a trade secret ceases to exist. We decline Acer's invitation to apply the doctrine of forfeiture to this argument.

Intellisoft contends the trial court erred by interpreting the language in Civil Code section 3426.3, subdivision (b), providing that the court "may order payment of a reasonable royalty for no longer than the period of time the use could have been prohibited" (if neither damages nor unjust enrichment caused by misappropriation are provable), to mean that the damages period ends when the trade secret ceases to exist, i.e., when it becomes readily ascertainable. It argues that the phrase "for no longer than the period of time the use could have been prohibited" as it appears in the section on damages (*ibid*.), should be construed in light of that same phrase's appearance in section 3426.2, subdivision (b), concerning the application of a reasonable royalty in the context of an injunction. Civil Code section 3426.2, subdivision (a), authorizes a court to enjoin "[a]ctual or threatened misappropriation" and provides that "an injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation." Civil Code section 3426.2, subdivision (b), provides that "[i]f the court determines that it would be unreasonable to prohibit future use, an injunction may condition future use upon payment of a reasonable royalty for no longer than the period of time the use could have been prohibited."

Intellisoft suggests that to harmonize these provisions, in accordance with basic canons of statutory interpretation, the meaning of Civil Code section 3426.2, subdivision (b), must be interpreted alongside subdivision (a), such that "the period of time the use could have been prohibited" (§ 3426.2, subd. (b)) may refer to one of two potential end points—the first being "when the trade secret has ceased to exist" (*id.*, subd. (a)), and the second being after the end of "an additional period of time" (*ibid.*) during which the enjoined party would have enjoyed "commercial advantage that otherwise would be derived from the misappropriation." (*Ibid.*)

Intellisoft maintains that the reasonable royalty provision on damages (§ 3426.3, subd. (b)) should likewise be construed consistent with its sister provisions on injunctions (§ 3426.2, subd. (b)). Consequently, Intellisoft maintains the trial court erred in reading the reasonable royalty provision directing "payment of a reasonable royalty for no longer than the period of time the use could have been prohibited" (§ 3426.3, subd. (b)) as limiting the monetary remedy to the period in which the trade secret was protectable, i.e., not readily ascertainable. Instead, Intellisoft argues that the phrase " 'period of time the use could have been prohibited' " should be interpreted to extend beyond when the trade secret ceases to exist, to include time during which the misappropriator realized a commercial advantage.

We decline to adopt Intellisoft's proposed construction. In matters of statutory interpretation, "[t]he statute's plain meaning controls the court's interpretation unless its words are ambiguous. If the plain language of a statute is unambiguous, no court need, or should, go beyond that pure expression of legislative intent." (*Green v. State of California* (2007) 42 Cal.4th 254, 260.) Here, the plain language of section 3426.3 controls. Giving the words of the statute their usual and ordinary meaning (*Green*, at p. 260), the reasonable royalty provision unambiguously restricts a reasonable royalty award to "the period of time the use could have been prohibited." (§ 3426.3, subd. (b).) That limitation is consistent with the existence of a trade secret, as defined by the statute, since " '[t]rade secret' " derives its actual or potential value "from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use" (§ 3426.1, subd. (d)(1) and is the subject of reasonable efforts "to maintain its secrecy." (*Id*., subd. (d)(2).) It is therefore unnecessary, under the circumstances of this case, to judicially construe Civil Code section 3426.3, subdivision (b), or attempt to harmonize it with other statutory sections not at issue.

Furthermore, Intellisoft's construction of the statute—were it to prevail—would not suffice to reverse the grant of summary judgment. According to Intellisoft, the period in which Acer obtained a commercial advantage in this case "arguable run[s] until the expiration of the '713 patent family" (between 2015 and 2017, based on the '713 patent family filing dates; see 35 U.S.C. § 154(a)(2) [term of patent grant ends "20 years from the date on which the application for the patent was filed in the United States"]). But even assuming for purposes of this argument that reasonable royalty damages were available for this additional period of time, beyond the trade secret's extinguishment, to account for Acer's alleged, ongoing commercial advantage derived from the misappropriation, Intellisoft has not proffered any evidence of commercial advantage.

Intellisoft's argument that the publication of ACPI was of "no legal consequence" misses the mark. Intellisoft asserts that the public release of the ACPI specification neither extinguished the trade secret (since it already had been destroyed) nor invalidated Acer's patent, and thus, did not "diminish or otherwise alter the extraordinary commercial advantage Acer obtained by patenting Intellisoft's trade secrets." However, because Intellisoft offers no evidence on summary judgment of damages reflecting the economic benefit Acer allegedly gained by misappropriating the trade secrets, the legal significance of ACPI's publication with respect to the existence or value of Intellisoft's trade secret is not determinative.

For example, there is no evidence that Acer generated revenue by licensing the '713 patents, or that it used the '713 patents offensively to foreclose competition with its products. As Acer points out, the only potential monetary advantage to Acer that Intellisoft identified was based on the avoidance of liability described in the Napper report. Napper suggested that Acer could be required to disgorge any benefit it might have gained when using the '713 family of patents defensively in settling patent infringement claims brought against it by Hewlett-Packard. However, apart from the fact that Intellisoft admitted in its response to Acer's separate statement in support of the summary judgment motion that it had stipulated to "never seek to obtain the disgorgement damages identified in [Napper report] [p]aragraphs 23 [through] 26," Napper merely described this theory of damages as "on-going" and provided no information or evidence to support the proposed theory.

In sum, because Intellisoft's claim for damages is premised exclusively on Acer's sale of products implementing ACPI starting in 1997, and there is *no evidence* proffered to support Intellisoft's conclusory assertion that Acer obtained a commercial advantage by obtaining the '713 patents, the trial court correctly decided that Intellisoft failed to raise a triable issue of material fact regarding entitlement to damages for its trade secret misappropriation claims.

Intellisoft argues that the trial court's ruling contravenes the policy considerations behind trade secret law and effectively sanctions Acer's alleged theft of Intellisoft's intellectual property. Intellisoft asserts that the trial court's grant of summary judgment upon the facts presented "demonstrate[s] the absurdity of a rule barring recovery of damages after a trade secret has ceased to exist; if this were the rule, then stealing a trade secret by patent application would both perfect a misappropriation and insulate the perpetrator from civil liability from the very act which ensures its continuing economic value to the perpetrator."

We do not interpret the trial court's summary judgment ruling as effecting a "rule barring recovery of damages after a trade secret has ceased to exist." We conclude that Intellisoft's claim to damages fails, not because independent publication of the ACPI specification necessarily extinguished the trade secret or barred recovery of damages after that point, but because Intellisoft failed to introduce any evidence of damages based on Acer's alleged misappropriation and use of the trade secrets or any benefit derived from the '713 patents. As a publicly available standard, conceded to be the result of independent development with no evidence of reference to or utilization of the '713 patents, Acer's profits from product sales implementing ACPI do not satisfy, as a matter of law, the legal standard for monetary damages under section 3426.3 for damages caused by the misappropriation. Because this evidence would not allow a reasonable trier of fact to find damages caused by the alleged misappropriation, Acer has met its burden of showing that Intellisoft cannot establish the element of damages, and summary judgment is warranted as a matter of law. (Code Civ. Proc., § 437c, subds. (c), (*o*)(1); see *Aguilar*, *supra*, 25 Cal.4th at pp. 850, 853.) It is therefore not necessary to resolve the remaining questions raised by Intellisoft, including whether material factual issues exist regarding the effect of ACPI's publication on the status or ascertainability of the purported trade secret.

2. Breach of Contract (NDA)

Intellisoft also challenges the trial court's summary judgment ruling as to Intellisoft's breach of contract claim based on the 1990 NDA. Based on our independent review, Intellisoft's premise for and evidence of damages is the same for its breach of contract claim as its trade secret misappropriation claim. The claim fails as a matter of law for the same reasons.

Intellisoft alleges in its breach of contract claim that Acer entered into the 1990 NDA with Intellisoft, breached the NDA by disclosing and using Intellisoft's proprietary and confidential information, and as a direct and proximate result of that breach, Intellisoft "has been damaged in an amount to be proven at trial." In expert disclosures, summarized *ante* (pt. I.C.2.), Napper assessed Intellisoft's damages for both claims together and opined that "[a]ssuming that Intellisoft is able to demonstrate Acer breached the NDA and/or it misappropriated the [t]rade [s]ecrets, I have calculated the amount of lost profits due to Intellisoft using the worldwide unit counts provided by Acer. . . . Using 1997 as the starting point for damages, I have calculated Intellisoft's lost profits from [b]reach of the NDA and/or misappropriation of the [t]rade [s]ecrets from January 1997 through December 2016 are approximately $157.7 [million] before any pre-judgment interest." (Fns. omitted.) In its order, the trial court found that while Acer might theoretically be liable for damages arising from a breach of the 1990 NDA before December of 1996, consistent with Intellisoft's allegation "that Acer breached the 1990 NDA with the submission of the '713 Patent application to the PTO in 1992 and the eventual publication of the '713 Patent in 1995," Intellisoft had not actually sought damages "for that pre-December 1996 time period, based on this alleged Acer conduct."

We agree. Intellisoft's breach of contract claim suffers the same flaw as the misappropriation claim. "The elements of a cause of action for breach of contract are (1) the existence of the contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) the resulting damages to the plaintiff." (*Oasis West Realty, LLC v. Goldman* (2011) 51 Cal.4th811, 821.) Intellisoft has adequately alleged, as to the element of "resulting damages," that Acer's alleged breach of the 1990 NDA caused Intellisoft harm, both in the form of lost profits and Acer's unjust enrichment. However, in response to the summary judgment motion, Intellisoft has not shown that there exists any evidence, beyond allegations contained in the pleadings, of actual loss or unjust enrichment attributable to the breach. (See Code Civ. Proc., § 437c, subd. (p)(2).)

Instead, Intellisoft has claimed damages based on Acer's implementation of the ACPI specification and its sales of ACPI-compliant computers. For the reasons described earlier, given the undisputed facts concerning the independent development of ACPI and its public implementation, and the lack of evidence of any commercial benefit to Acer based on the '713 patents, that showing is inadequate as a matter of law to establish a triable issue of fact as to the element of damages for the breach of contract claim framed by the pleadings.[12] (Code Civ. Proc., § 437c, subds. (c), (*o*)(1).)

C. Request For Judicial Notice of Additional Evidence and For a Continuance

We turn to whether the trial court improperly denied Intellisoft's third request for judicial notice and request for a continuance.

Intellisoft contends that because Acer did not raise the issue of damages in its motion papers, and the trial court had not identified it as a new ground for summary judgment in its order denying Intellisoft's motion to dismiss or strike, Intellisoft did not recognize the need to address that ground for summary judgment until the trial court issued its tentative opinion. At that point, Intellisoft immediately "undertook efforts to address damages" by filing the third request for judicial notice "in which Intellisoft sought to provide argument and further evidence on damages" and requested a continuance. Intellisoft contends that given the way the issue of damages arose in the proceedings and the trial court's tentative decision to dismiss Intellisoft's lawsuit on that basis, the trial court abused its discretion in denying the continuance, or "at a minimum" considering the evidence presented in the judicial notice request.

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[12] Having decided that the trial court did not err in granting summary judgment of Intellisoft's trade secret misappropriation and breach of contract claims, we need not address Intellisoft's derivative claim for an accounting, which fails as a matter of law. It is also unnecessary to address Acer's argument, raised in its respondent's brief, regarding an additional basis for summary judgment based on the statute of limitations argument asserted in Acer's motion.

1. <u>Request for Continuance (Code Civ. Proc., § 437c(h))</u>

Because " 'summary judgment is a drastic measure which deprives the losing party of trial on the merits,' " "technical compliance with the procedures of Code of Civil Procedure section 437c is required to ensure there is no infringement of a litigant's hallowed right to have a dispute settled by a jury of his or her peers." (*Bahl v. Bank of America* (2001) 89 Cal.App.4th 389, 395 (*Bahl*).) Among these procedures is the statutory provision to obtain a continuance of the summary judgment proceedings.

Code of Civil Procedure section 437c(h) provides that "if it appears from the affidavits submitted in opposition to a motion for summary judgment or summary adjudication, or both, that facts essential to justify opposition may exist but cannot, for reasons stated, be presented, the court shall deny the motion, order a continuance to permit affidavits to be obtained or discovery to be had, or make any other order as may be just. The application to continue the motion to obtain necessary discovery may also be made by ex parte motion at any time on or before the date the opposition response to the motion is due."

This provision dictates that summary judgment may not be granted when the plaintiff can reasonably obtain needed evidence. (See *Aguilar*, *supra*, 25 Cal.4th at p. 854.) It is intended "[t]o mitigate summary judgment's harshness." (*Bahl*, *supra*, 89 Cal.App.4th at p. 395.) Consequently, in the summary judgment context, "continuances—which are normally a matter within the broad discretion of trial courts—[are] virtually mandated ' "upon a good faith showing by affidavit that a continuance is needed to obtain facts essential to justify opposition to the motion." ' " (*Ibid*.; accord *Lerma v. County of Orange* (2004) 120 Cal.App.4th 709, 714 (*Lerma*).) Even when a continuance of the summary judgment motion is not mandatory due to a failure to meet the requirements of Code of Civil Procedure section 437c(h), it remains within the court's discretion to "determine whether the party requesting the continuance has nonetheless established good cause therefor." (*Lerma*, at p. 716.) We review an order under Code of

Civil Procedure section 437c(h) for abuse of discretion. (*Frazee v. Seely* (2002) 95 Cal.App.4th 627, 633 (*Frazee*).)

Here, the trial court held that Intellisoft's request—filed after the court issued its tentative ruling—was "far, far too late to seek to add material to the summary judgment record." Intellisoft contends that despite having brought its continuance and third judicial notice request after the court had already issued a tentative decision, there was good cause for the trial court to grant the request, based "not only from the court's [tentative] ruling but from the context and proceedings leading up to the [motion] itself."

Intellisoft points to the procedural history of the case. It asserts that "Acer exploited the delay it had created" by removing the case to federal court just before trial and, upon remand, by filing a second motion for summary judgment. Intellisoft maintains Acer would not have been able to bring the motion absent its improper removal. It asserts that the trial court's denial of its motion to strike or dismiss Acer's summary judgment motion identified four "new" issues being raised on summary judgment but maintains that "[n]one of these issues involves 'reasonable royalty' or damages, let alone . . . that there was no evidence of these damages or Intellisoft would not be able to obtain such evidence."

In other words, Intellisoft contends that because the trial court's ruling on the motion to strike or dismiss did not expressly refer to "damages" as an issue, and instead referred to the related liability argument ("Acer has no liability as a matter of law because ACPI was independently developed and publicly disclosed"), Intellisoft's ignorance of the damages issue was "reasonable" and justified its third request for judicial notice as a way to respond to the issue of damages. Intellisoft argues that by denying the request, the trial court abused its discretion under Code of Civil Procedure section 437c(h) and "deprived Intellisoft of the opportunity to be heard on the issue of damages."

We perceive no abuse of discretion in the trial court's decision to deny the continuance request. The request was not timely. (Code Civ. Proc., § 437c(h); *Cooksey* *v. Alexakis* (2004) 123 Cal.App.4th 246, 259 [noting "the declarations seeking a justification for a continuance had to be filed in a timely opposition to the motion for summary judgment"].) Moreover, a trial court's primary consideration in evaluating a motion to continue the summary judgment proceeding is whether " ' "a continuance is needed to obtain facts essential to justify opposition to the motion." ' " (*Bahl*, *supra*, 89 Cal.App.4th at p. 395; Code Civ. Proc., § 437c(h).) These are not those circumstances.

In *Bahl*, the appellate court held that a continuance was justified where the defendant had moved for summary judgment while discovery was still ongoing, the plaintiff was awaiting deposition transcripts essential to oppose the motion, and the defendant produced over 600 pages of documentation after the plaintiff filed her opposition. (*Bahl*, *supra*, 89 Cal.App.4th at pp. 392, 396; see also *Frazee*, *supra*, 95 Cal.App.4th at p. 633 [party opposing summary judgment motion needed to complete depositions and obtain awaited discovery responses].)

Similarly, in *Lerma*, there was good cause to grant the continuance despite the plaintiff's technical noncompliance with the requirements of Code of Civil Procedure section 437c(h). (*Lerma*, *supra*, 120 Cal.App.4th at p. 715.) The plaintiff's counsel in *Lerma* was hospitalized with a life-threatening condition, only learned of the summary judgment proceeding upon his hospital release two business days before the opposition was due, and nevertheless prepared a brief opposition which identified the plaintiff's theory of liability and provided an affidavit requesting the continuance, from which the court could "infer that [the plaintiffs], had they more time, would have presented evidence sufficient to raise a triable issue of fact [regarding] the allegedly dangerous condition of property." (*Ibid*.)

By contrast, Intellisoft acknowledged it did not require more time to obtain evidence needed to support its opposition. The trial court's summary of the "new issues" raised in Acer's motion, in the context of ruling on Intellisoft's separate motion to dismiss or strike, was not presented as an outline for opposing the issues asserted in the summary judgment motion. As described in detail in our earlier analysis, the motion expressly asserted, as a basis for summary judgment, that "Intellisoft is not entitled to damages based on its sole liability theory." (See *ante*, pt. II.B.1.c.) We are not persuaded that Intellisoft's delayed recognition of that issue constitutes good cause for a continuance—especially given Acer's explicit reference to the federal district court's analysis of the theory of damages as grounds for summary judgment and urging of the trial court to adopt the same reasoning. On this record, Intellisoft had a reasonable opportunity to oppose the motion.

2. <u>Evidence Submitted in the Request for Judicial Notice</u>

The trial court elected to treat Intellisoft's third request for judicial notice as an unauthorized sur-reply. Noting that a sur-reply under such circumstances can be "ignored or stricken," the trial court indicated it would exercise its discretion to ignore the arguments raised. Nevertheless, the court included a brief analysis "for the sake of completeness" of the arguments and material in the request and concluded "they do not change the [c]ourt's conclusions."

Intellisoft contends that contrary to the trial court's decision following its "cursory and deeply flawed review" of Intellisoft's proffered arguments and evidence of damages, the material submitted in the third request for judicial notice "demonstrated actual loss and [u]njust enrichment." (Boldface omitted.) We disagree.

It was within the trial court's discretion to permit or disallow the filing of an effective sur-reply brief. (*Fowler v. Golden Pacific Bancorp, Inc.* (2022) 80 Cal.App.5th 205, 217; *Jacobs v. Coldwell Banker Residential Brokerage Co.* (2017) 14 Cal.App.5th 438, 449.) Because Intellisoft's third request for judicial notice did not arise from an attempt by Acer to raise a new issue or submit additional evidence in its reply brief, the court did not abuse its discretion by denying Intellisoft's request. (Cf. *Jacobs*, at p. 449 [explaining that a party opposing summary judgment must have notice and an opportunity to respond to any new material submitted for the first time in a reply brief].)

Furthermore, though not required to consider the evidence referenced in the judicial notice request, the trial court evaluated that evidence and reasonably found it did not alter the court's summary judgment analysis. In challenging that determination, Intellisoft repeats its earlier arguments concerning Acer's alleged disclosure in 1992 of the trade secrets by its filing of the patent application and, consequently, the legal irrelevance of ACPI's publication in December 1996 in terms of destruction of the trade secrets. Intellisoft asserts that the post-1997 sales of "Acer's computers containing Intellisoft's trade secrets" represent "instances of unjust enrichment that Acer realized because of its earlier misappropriation." However, as we have explained *ante*, Intellisoft failed to proffer any evidence connecting Acer's post-1997 sales to its alleged, earlier misappropriation, because Intellisoft's showing of damages rests not on Acer's use of the trade secrets but on its implementation of the public, independently developed ACPI specification.

Intellisoft cites *Underwater Storage, Inc. v. U.S. Rubber Co.* (D.C. Cir. 1966) 371 F.2d 950, for the proposition that a misappropriator's publication of the trade secret does not protect it from liability for the continued use of the stolen secret (*id*. at p. 955). While the language Intellisoft quotes from *Underwater Storage* reinforces the principle that destruction of a trade secret by a misappropriator does not "prevent[] the continued use by the misappropriator . . . from being a continuing wrong vis-a-vis the original possessor of the secret" (*ibid*.), *Underwater Storage* does not address damages. Rather, *Underwater Storage* addressed what was, at the time, an unresolved question for statute of limitation purposes regarding whether misappropriation and continuing use constitute a continuing tort.[13] (*Id*. at pp. 952–953.) Intellisoft's reliance on cases like *Underwater*

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[13] The California Supreme Court in *Cadence*, *supra*, 29 Cal.4th 215, declined to adopt the reasoning of the court in *Underwater Storage* on this issue, holding that the continued improper use or disclosure of a trade secret after the defendant's initial misappropriation is viewed under California's UTSA as part of a single claim of

Storage and *Russo* for their recitation of these well-established principles of trade secret law (e.g., "one of the functions of trade secret law is to ensure that 'industrial espionage is [not] condoned or . . . made profitable' ") (*Russo*, *supra*, 550 F.3d at p. 1021) does not mitigate Intellisoft's inability to demonstrate that its asserted damages could be "causally attribute[ed]" to the misappropriation. (*Id*. at p. 1017.)

Intellisoft also repeats its assertion that the Napper report provided competent evidence of unjust enrichment or actual loss under Civil Code section 3426.3, subdivision (a). It recites Napper's calculation of " 'Intellisoft's lost profits from Breach of the NDA and/or misappropriation of the [t]rade [s]ecrets from January 1997 through December 2016 for approximately $157.7 million before any pre-judgment interest . . . . Alternatively, using the above methodology with September 2000 as the starting point for damages, lost profits are approximately $137.5 [m]illion before any pre-judgment interest.' " Because Intellisoft does not offer any new argument or authority that would alter our conclusion that these damages calculations—tied explicitly in the Napper report to Acer's sales of ACPI-compliant computers—do not create a triable issue of material fact as to damages, we are not persuaded that the trial court erred in rejecting the additional evidence (none of which pertained to Acer's alleged exploitation of the trade secrets in its computer products, independent of its implementation of ACPI).

Intellisoft criticizes the trial court's rejection of Intellisoft's proffered, "second alternate theory of monetary relief" based on Acer's alleged, unjust enrichment from obtaining the '713 patents. But Intellisoft does not provide any evidence that would support a different conclusion. Notably, the Napper report contains no quantification of any such unjust enrichment. The only hint of how or on what evidence Intellisoft might have been able to calculate unjust enrichment based on acquisition of the '713 patents refers to its defensive use of the patents in patent litigation with Hewlett-Packard.

" 'continuing misappropriation' " accruing at the time of the initial misappropriation. (*Id*. at p. 218.)

However, Intellisoft disclaimed any right to damages on this ground in the stipulation entered in federal district court.

Intellisoft claims that the trial court accepted Acer's argument that Intellisoft had expressly disclaimed these alleged, unjust enrichment damages, even though Acer had not asserted the disclaimer (via stipulation) as an undisputed fact in its motion. Intellisoft also points out that the trial court did not have a copy of the stipulation between the parties or the subsequent order signed by the federal district court.

It is true that Acer did not separately assert the disclaimer of any unjust enrichment damages based on the defensive value of the '713 patents. However, that fact was encapsulated within the broader, asserted undisputed fact that "Intellisoft's damages analysis begins no earlier than 1997, after ACPI's public disclosure." (Boldface omitted.) In its opposition to the motion, Intellisoft not only admitted this fact but further clarified in its response to Acer's separate statement that it had stipulated to strike the paragraphs from the Napper report concerning such damages "and ha[s] [s]tipulated and agree[d] to never seek to obtain the disgorgement damages" identified in those paragraphs. Furthermore, Intellisoft's reliance on the narrow scope of the stipulation disclaiming those disgorgement damages is unavailing, because there is no other evidence in the record to support unjust enrichment damages flowing from the '713 patents or, more generally, from Acer's alleged misappropriation and use of the trade secrets.

We reject Intellisoft's contention that the material in the third request for judicial notice established the existence of actual loss and unjust enrichment damages attributable to the alleged misappropriation. We conclude that the trial court did not abuse its discretion in declining to further consider the evidence submitted with the request.

III. DISPOSITION

The judgment is affirmed. Respondent is entitled to recover its reasonable costs on appeal. (Cal. Rules of Court, rule 8.278(a)(2).)

Danner, J.

WE CONCUR:

Bamattre-Manoukian, Acting P.J.

Wilson, J.

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