

DAILY REPORT

At Federal Trial in Georgia, Supplier to Boeing Defeats Trade Secret Claim Seeking \$264M in Damages

By Mason Lawlor

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A federal jury sided with a defendant global supplier for aircraft manufacturers last week, rejecting allegations that it misappropriated an aluminum producer's trade secrets relating to its process to manufacture stretch form spar chords.

Aerospace producer Universal Alloy Corp. was sued by Arconic, formerly known as Alcoa Inc., in 2015 for allegedly stealing trade secrets of making the components of aluminum spar cords, located inside the wings of airplanes. Filed in the U.S. District Court for the Northern District of Georgia, the lawsuit claimed that UAC's efforts were made "in order to siphon away hundreds of millions of dollars of [Arconic's] sales" to Boeing, according to their first amended complaint, while requesting over \$264 million in damages.

Arconic and Howmet Aerospace are operated by Alcoa, based in Pittsburgh.

Specifically, the process claimed to be stolen was the Stretch Form Extrusion process, which heats an aluminum billet and forces



it through an extrusion die that is "custom designed by Alcoa for each specific part," their complaint stated.

By 2008, Alcoa claimed, they had optimized the process to the point where Boeing did not need to make any corrections. However, several former Alcoa employees were hired by UAC around the same time, in which the defendants "devised a strategy" to misappropriate this extrusion process.

"These Alcoa employees and contractors also had extensive knowledge of, among other things, each of the machines used in the Stretch Form Process, the iterative improvement project, residual stress containment or

minimization, and how to modify the variables and controls for the various component parts of the Stretch Form Process to avoid rework on Boeing's end," according to the complaint.

On July 26, the court published the verdict, in which the jury determined none of the claimed trade secrets were Alcoa's property.

According to the verdict, the jury was asked if the evidence showed that Alcoa discovered, or should have first become aware of, the misappropriation in November 2009. In its complaint, the plaintiffs claimed that UAC wanted a piece of Alcoa's Stretch Form Extrusion Parts business because Alcoa was the only producer in the world to develop the process necessary to meet Boeing's specifications.

"Not willing or able to expend the enormous amounts of time, money and effort needed to develop its own processes, UAC instead hired several former and current Alcoa employees and consultants ... who had been entrusted with Alcoa's trade secret information," they alleged in 2015.

However, the jury did not agree with these claims after a three-week trial.

Latham & Watkins, along with co-counsel Skadden, Arps, Slate, Meagher & Flom represented UAC in the case. Latham Partner Tony Sammi issued a statement following the trial's result, supporting the jury's decision.

"We thank the jury for their time and careful consideration of the facts. They reached the right verdict, that UAC developed its process to produce stretch formed spar chords on its own and did not steal Arconic's trade secrets, and we are grateful they came to this conclusion," he said. "UAC looks forward to putting this matter behind them and continuing to be the leading global manufacturer and highly integrated producer of structural components and assemblies for the aerospace industry."

Sammi was joined by counsel Rachel Blitzer, with help from associates Diane Ghrist, Melanie Grindle, Adam Herrera, Aaron Macris and Ramya Vallabhaneni.

Skadden trial team attorneys included Doug Nemec, Leslie Demers and Ryan Bisailon, based in New York.

A spokesperson for Arconic could not be reached for comment.