

**PRESS RELEASE**  
**DECEMBER 10, 2014**

RE: **Federal Court Ruling Issued December 8, 2014**  
**Reuland Electric Co. vs. Burgi Engineers, LLC et al., Case #CV 13-09499 SJO (JCx)**

In late 2013, Reuland Electric Co. (“**Reuland**”), the "world’s most flexible electric motor manufacturer," filed a lawsuit in the United States District Court for the Central District of California against Montana companies Burgi Engineering, Inc. ("**BEI**") and Burgi Engineers, LLC ("**BELLC**") for breach of contract and other related claims. In that suit, Reuland alleges that Reuland and BEI entered into a non-disclosure and proprietary rights agreement under which all information, documentation and other materials created by BEI in connection with work done for Reuland over the 12 year relationship belongs exclusively to Reuland. Reuland further alleges that BELLC is also bound by the agreement.

In response, BELLC asserts it is not bound by the agreement and can use information it received and created in connection with the work it performed for Reuland for any purpose.

Reuland recently filed a motion asking the Court to rule that BELLC is the successor of BEI and is bound by the non-disclosure and proprietary rights agreement [“**NDA/PRA**”]. On December 8, 2014, the Hon. S. James Otero, United States District Court Judge, granted Reuland's motion in part and issued an Order stating:

**"The Court finds that for the purposes of the NDA/PRA,  
BELLC is the successor to BEI."**

A trial is scheduled for February 18, 2015 to determine, in part, the amount of monetary damages to be assessed against BEI and BELLC for breaching the NDA/PRA.

Reuland’s management is gratified that the Court confirmed its understanding of the business relationship under which BELLC performed engineering services for Reuland. For more than twenty-five years, Reuland has acted to protect its confidential and proprietary information. Reuland intends to continue to aggressively protect its intellectual property rights, and will take strong action to prevent any unauthorized and improper use of its intellectual property.

Reuland is represented by Eric N. Lindquist of Law Offices of Eric Nelson Lindquist and by Thomas J. Daly and G. Warren Bleeker of Christie, Parker & Hale.

For more information: Please visit the Reuland website ([www.reuland.com](http://www.reuland.com)) or contact William Kramer, Executive Vice President of Reuland. See the following pages for the particular findings made by the Court in its Order.

## SUMMARY OF FINDINGS BY THE UNITED STATES DISTRICT COURT

More particularly, the Court's Order made these findings, in part:

- REC [Reuland Electric Co.] and BEI entered into a Nondisclosure and Proprietary Rights Agreement ("NDA/PRA") as of May 9, 2001.
- In the NDA/PRA, REC and BEI agree that REC has disclosed and may continue to disclose confidential information which has enabled or will enable BEI to perform engineering services for REC.
- Under the NDA/PRA, all information, documentation, software (including listings thereof and documentation related thereto) and devices disclosed or made available by REC to BEI, or developed by BEI in connection with BEI's work for REC, including, but not limited to the discussions and existence of discussions between the parties, business plans, present and future products and policies, technology, processes, designs, marketing information, pricing, costs, revenue, margins, information, concerning customers, other sales-related data, information concerning patents or copyrights and the application thereof, inventions or information relating to products under development, or other work in process, and any information which would enable BEI or some other party to obtain a competitive advantage, is defined as "Confidential Information."
- Under the NDA/PRA, BEI agrees that all information, documentation, software, other types of works of authorship, ideas and devices created by BEI in connection with BEI's work for REC (the "Work"), whether or not the Work is subject to patent or copyright, shall belong exclusively to and be the property of REC, and shall be deemed part of the Confidential Information.
- BEI irrevocably assigns to REC the full and exclusive worldwide copyrights, works of authorship, patent rights, and all subsidiary rights of whatsoever kind or nature in or regarding the Work for the full legal term of such rights and renewals, extensions, continuations and reissues thereof.
- The NDA/PRA provides that all Confidential Information shall be deemed the exclusive property of REC and shall remain the valuable scientific, trade and engineering secrets of REC.
- BEI agrees not to disclose the Confidential Information to any person or persons other than (a) those to whom disclosure is necessary and appropriate in the best interests of REC and (b) as part of BEI's responsibilities as a consultant to REC.
- BEI agrees that anyone receiving the Confidential Information from BEI will be told by BEI that the Confidential Information is strictly confidential.
- BEI will ensure that there is no unauthorized use or disclosure of Confidential Information by anyone receiving the Confidential Information by or through BEI.
- Under the NDA/PRA, BEI acknowledges and agrees that the Confidential Information is proprietary to and a valuable trade secret of REC and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to REC.

- Without limitation to other provisions hereof, BEI agrees that the Confidential Information constitutes a "trade secret" of REC as the term "trade secret" is defined in the Uniform Trade Secrets Act, as the same may from time to time be amended.
- Under the NDA/PRA, the restrictions and obligations of BEI shall survive any expiration, termination or cancellation of this Agreement or the consultant relationship between REC and BEI and shall continue to bind the parties hereto and their respective successors, heirs and assigns.
- Additionally, BEI signs this Agreement for and on behalf of BEI and New Employer and binds New Employer to the terms and conditions of this Agreement which are applicable to BEI as a party hereto.
- Mr. [Robert] Burgi signed the NDA/PRA as President of BEI
- The Articles of Organization for BELLC are dated December 31, 2001.
- After BELLC became operational, the engineers formerly working for BEI then worked for BELLC.
- BEI's place of business became BELLC's place of business.
- BELLC continued providing the same services to REC as had BEI.
- Before BELLC became operational, REC provided confidential and proprietary documents to BEI, and BEI used those documents to perform mechanical engineering services for REC.
- After BELLC became operational, REC provided confidential and proprietary documents to BELLC.
- As BEI had done before, BELLC used the confidential and proprietary documents to perform mechanical engineering services for REC
- For more than twenty-five years, REC has had a policy requiring all proprietary materials going out of REC to be stamped as the sole property of REC.
- For more than twenty-five years, REC has had a policy requiring its outside servicers and contractors to stamp all materials that they create for REC, using REC proprietary information, as the property of REC.
- It is REC's policy to do business with third parties which agree to REC's policies regarding its confidential and proprietary information.
- There are substantial undisputed facts to support that the transition from BEI to BELLC was quite seamless.

**Ruling:** “The Court finds that for the purposes of the NDA/PRA, BELLC is the successor to BEI.”