

Titan Wheel Spins Out on Highway to Legal Hell, Losing \$16 Million

By Garry Abrams

Ladies and gentlemen of the jury, start your engines.

A Los Angeles Superior Court jury this week took a fast and furious drive through the competitive world of high-performance aftermarket auto parts.

Vroom, vroom.

In a verdict, that may give a Quincy, Ill.-based manufacturer whiplash, the jury awarded \$16 million in compensatory and punitive damages to a defunct Los Angeles maker of a traction-control and enhancement device for light trucks and performance vehicles.

Screech.

Before it took the judicial checkered flag on Tuesday, the jury awarded \$13.8 million in compensatory and \$2.5 million in punitive damages to Vehicular Technologies Corp.

The defendant was Titan Wheel International, a maker of performance thingies for whomping big vehicles such as behemoth tractors and military vehicles suitable for invading countries consisting mostly of rock and snipers.

Somebody call an ambulance.

Needless to say, the verdict made two plaintiffs' lawyers, Jerome L. Ringler and Robert M. Turner of Santa Monica's Fogel, Feldman, Ostrov, Ringler & Klevens, feel like they had won the Indy 500 for lawyers.

Ringler and Turner told me that, after a month-long trial, the jury sided with their argument that Titan Wheel had run a dirty race against Vehicular Technologies.

Indeed, Ringler asserted that the trial echoed bigger and more notorious examples of corporate misbehavior such as Enron and WorldCom. He added that such "corporate arrogance no longer has any place in American commerce."

Forget the ambulance, get me a medevac.

The lug nut of Vehicular Technologies' complaint for misappropriation of trade secrets was that in 1993 Titan Wheel went into a vindictive snit after it failed to acquire ownership of licensing rights to Vehicular Technologies' "Lock Right" differential locker. Among other things, such lockers allow vehicles to negotiate difficult terrain and treacherous roads by redistributing traction to only the wheels that have some grip on the earth's surface.

Don't try this in a 747.

According to plaintiffs' court papers, the "Lock Right" was a hit with automobile enthusiasts because it was simpler, easier to install and more reliable than Titan Wheels' "Detroit Locker," which had had a lock on the locker market for decades.

Just the thing for those grueling, off-road lizard-crushing contests.

Again according to court papers, Titan Wheels acquired various trade secrets behind Vehicular Technologies' market-share gobbling "Lock Right" product when the two held the unfruitful acquisition/licensing talks.

As part of the deal to start the talks, Titan agreed that it would not exploit any of the information, including sales and sales projections, that it learned about "Lock Right" during the talks, Ringler said.

But, Ringler added, Titan didn't keep its promise. Instead, the Illinois firm manufactured and marketed the "E-Z Locker," a virtual copy of "Lock Right."

Clone this!

Ringler explained that Vehicular Technologies did not allege patent infringement in its state court case and that the complaint hinged mainly on the charge that Titan did not abide by its word.

Titan's large marketing clout reduced Vehicular Technologies' traction in the aftermarket, Ringler said.

But making the case against Titan has been a rocky road.

Court papers show that the case has a convoluted history. It was first filed in Federal District Court in 1996 as mainly a patent infringement and trade dress case. It finally ended up in Superior Court in December 2001 as a trade secrets suit after Titan won summary judgment on the federal issues raised by Vehicle Technologies.

Vehicular Technologies, whose annual sales ranged from \$2.5 million to \$3.5 million per year, was sold late last year to Regal-Beloit Corp., a manufacturer of motion control devices, for \$2 million, Ringler said. Of the sale price, \$1.4 million went to pay off debts, he added.

Take a drive to the junkyard of dreams.

I was not able to make contact with the attorneys at L.A.'s Morris, Polich & Purdy, which represented Titan. It had sales last year of \$462 million.

However, Ringler and Turner expect a tough post-trial phase in this hard-fought case. Beyond that, they also expect lengthy appeals by Titan.

Which would you rather have on the highway to hell: Good traction? Or great brakes?