Coalition Stops Proposal to Force Trade Secret Reveals

The California Chamber of Commerce and a broad coalition of associations have blocked legislation that would have unfairly leveraged California companies into costly settlements to avoid having to publicly disclose trade secret information.

**AB 889 (M. Stone; D-Scotts Valley)**

would have unfairly leveraged California companies into costly settlements to avoid having to publicly disclose trade secret information based upon an unproven allegation that a product is defective. AB 889 would also have overwhelmed the already-crowded dockets in civil courts with motions and hearings by parties seeking to protect their trade secrets.

January 31 was the deadline for legislation to pass the house in which it was introduced. Although AB 889 was amended as recently as January 29, it had not come up for a vote by the Assembly before the deadline.

**Jeopardizes Trade Secrets**

In civil litigation, it generally is presumed that trade secrets are not subject to public disclosure, in keeping with a 1992 court decision (*Bridgestone/Firestone, Inc. v. Superior Court*).

Under the guise of informing the public of potentially harmful products or environmental conditions, AB 889 flipped this existing standard. The bill created a presumption that all information exchanged during civil litigation shall be publicly disclosed, including confidential trade secret information, based upon an **allegation** that a product is defective or an environmental condition is harmful.

The only potential way under AB 889 to avoid public disclosure of such valuable information was by having a company representative sign a declaration under penalty of perjury that none of the confidential documents contained evidence of any product or condition that has or is likely to create a public harm.

---

Senior Advocate Steps Up to Lead CalChamber Policy Team

Jennifer Barrera, senior policy advocate for the California Chamber of Commerce, took over as senior vice president of policy and leader of the policy team on February 1. She will oversee the development and implementation of CalChamber policy and strategy. Barrera led CalChamber advocacy on labor and employment and taxation from September 2010 through the end of 2017. She will continue to head CalChamber’s legal reform efforts, as she has since June 2012.

Barrera succeeds Jeanne Cain, a 18-year CalChamber veteran and outgoing executive vice president of policy.

“For the last 13 months, Jennifer and Jeanne have worked closely on developing policy strategy,” said CalChamber President and CEO Allan Zaremberg. “I am confident that CalChamber’s impact in the State Capitol will remain strong and effective under Jennifer’s leadership. She has distinguished herself as a successful attorney and policy advocate who has worked diligently on behalf of CalChamber members to protect our business climate.”

In addition to her advocacy duties, Barrera advises the CalChamber business compliance division about interpreting

**See Coalition:** Page 4

---

**SAVE THE DATE • MAY 23-24, 2018**

**CAPITOL SUMMIT & SACRAMENTO HOST BREAKFAST**
Cal/OSHA Corner

New Rules from Standards Board Range from Specific to General Areas

As the owner of a small manufacturing business, I would like to know if there were any new regulations adopted by the Occupational Safety and Health Standards Board (OSHSB) that will affect my company.

From October 2016 through December 2017, the OSHSB had received approval from the Office of Administrative Law for 18 rulemaking packages that had been developed, noticed, presented for public hearing, and accepted by the OSHSB. Of these rulemaking packages, two are specific to construction, one to commercial diving operations, one to the health care industry, one to petroleum refineries, one specific to agriculture operations, one to the pulp, paper and paperboard mills, and 11 that could apply to all industries.

New Requirements

- Sections 1532.3, 5155, and 5204 are new requirements addressing the hazards of working with materials containing respirable crystalline silica. The regulations are contained in both the construction and general industry safety orders. This rulemaking was the result of federal rulemaking and was the subject of the December 1, 2017 Cal/OSHA Corner.
- Section 1637(n) addresses access to elevated scaffold platforms. The Standards Board has adopted federal language relating to the use of hook-on and attachable ladders with scaffolds and rest platforms.
- Sections 1711, 1712, 1713, 1717, and 1721 of the Construction Safety Orders were revised as the result of a petition to require specific safe work practices for installation and placement of rebar in conjunction with post tensioning operations.
- Sections 1535.1, 5205, 5155 (existing) and 8959.1 of the construction, general industry and the ship building operations, one to the pulp, paper and paperboard mills, and 11 that could apply to all industries.

Call/OSHA Adviser
Mel Davis
Cal/OSHA Adviser

CalChamber Calendar

Water Committee:
March 1, Coronado

Board of Directors:
March 1–2, Coronado

International Trade Breakfast:
March 2, Coronado

Capitol Summit:
May 23, Sacramento
CalChamber in Court

Timely Economic Analysis of Major Regs Upheld in Unanimous Appeal Court Ruling

State agencies must take seriously the requirement to conduct a timely, accurate economic analysis of major regulations, according to a just-released opinion by the 5th District Court of Appeal.

In a unanimous opinion upholding the trial court, the appellate justices found that the final economic impact analysis used in rulemaking must be based on evidence, as must the responses to public comments regarding nonspeculative economic impacts which introduce new evidence into the rulemaking file.

The California Chamber of Commerce filed a friend-of-the-court brief in the case.

The court also ruled that a state agency must address both intrastate and interstate economic competitiveness impacts and concerns.

In deciding this case, the appellate court rejected the application of a deferential standard of review to the state agency’s interpretation of its obligations under the Administrative Procedures Act (APA). In effect, the court held that the agency doesn’t get to decide for itself what the Legislature meant by holding the agency accountable.

Core Dispute

The APA ruling in this dispute, John R. Lawson Rock & Oil, Inc. and California Trucking Association v. State Air Resources Board et al., Case No. F074003, centered around the adequacy of the economic analysis conducted by the Air Resources Board (ARB) when it adopted an amendment to a rule regulating diesel truck engines.

The California Trucking Association successfully argued that the analysis was a “rosy scenario without merit,” and that the economic analysis “merely evaluated the Amendments’ ‘benefits,’ and did not include any analysis of the Amendments’ potential ‘adverse economic impact[s]’ on affected businesses.”

The appellate court found that behavior unacceptable.

The court also rejected the agency’s willful ignorance of evidence of additional economic impacts, developed through the APA’s iterative regulatory analysis and review process.

That is, once an agency is made aware of relevant economic information—especially potentially adverse economic impacts—then it must address those impacts in good faith as it completes its final economic analysis.

Legislative Authorization

The requirement that agencies conduct rigorous economic impact analyses was enacted by the Legislature in 2011 (SB 617; R. Calderon; D-Montebello). The CalChamber was a key supporter of the legislation and has worked closely with the Department of Finance to develop the rules by which agencies must comply with these requirements.

Joining the CalChamber in filing the amicus curiae brief in this case were the California Manufacturers and Technology Association, California Business Properties Association, California Retailers Association, Consumer Specialty Products Association, California Independent Oil Marketers Association, Automotive Specialty Products Alliance, National Elevator Industry and Pacific Merchant Shipping Association.

Contact: Loren Kaye

More at www.calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. February 13, Modesto; February 28, San Diego; April 11, Oakland; April 26, Costa Mesa; June 5, Santa Clara; August 21, Sacramento; September 5, Long Beach. (800) 331-8877.

Leaves of Absence: Making Sense of It All. March 15, Sacramento; March 22, Pasadena; June 21, San Diego; August 10, Oakland. (800) 331-8877.

Business Resources


TECHSPO LA 2018. TECHSPO. June 13–14, Santa Monica. (800) 805-5385.

International Trade

Israeli HLS Technologies Delegation. The Israel Export and International Cooperation Institute, and Israel Ministry of Economy and Industry. February 13–16, Los Angeles, San Francisco and Seattle.


Import Compliance Training Program. Orange County Center for International Trade Development. February 23, Santa Ana. (714) 564-5415.


83rd Thessaloniki International Fair. HELEXPO. September 8–16, Thessaloniki, Greece.

Coalition Stops Proposal to Force Trade Secret Reveals

From Page 1
This declaration was based not just upon actual knowledge, but also a “should know” standard.

No company representative would have been willing to make such an attestation and risk a felony perjury conviction in California with up to 4 years in prison.

The outcome of such an onerous declaration requirement is that companies will be unfairly leveraged into costly settlements to avoid public disclosure of their confidential trade secret and proprietary information. A similar type of unfair leverage was previously recognized and resolved by courts with regard to document requests for a company’s financial information based upon the mere allegation of punitive damages (Rawnsley v. Superior Court, (1986)).

Flooding Civil Courts

The new presumption AB 889 created that trade secret and proprietary information will be disclosed would undoubtedly have attracted significantly more product defect and environmental cases to California. Forum shopping by trial attorneys in California is already a problem. AB 889 would only have exacerbated this problem and overwhelmed California’s court dockets.

Once lawsuits were filed, given the significant implications of this bill with regard to disclosure of trade secret information, courts would undoubtedly have been swamped with demurrers challenging the factual basis for the claims and discovery motions for protective orders to prevent the disclosure of confidential/trade secret information.

Interference with Negotiations

AB 889 sought to preclude settlement agreements that contain nondisclosure or confidentiality provisions related to the case. Many businesses settle cases as a business decision to resolve the issue before spending significant fees through litigation. A settlement is in no way an admission of liability or a concession of the validity of the plaintiff’s claims. Confidentiality provisions are included to prevent the risk of attorneys and consumers assuming companies will automatically settle and, therefore, are easy targets in litigation.

By preventing these provisions, AB 889 placed companies in an unfair predicament. If they did not settle, they were faced with being forced to publicly disclose confidential information, such as trade secrets. If they settled, they risked having to fight off future, repeated, meritless claims by consumers/attorneys that piggyback off the original settlement, seeking a quick financial recovery.

There is no policy basis to include settlement agreements under the purview of AB 889 and risk discouraging the resolution of civil disputes outside of the courtroom.

Of further concern was the deletion of language in the prior version of AB 889 about the confidentiality of pre-agreement negotiations and settlement discussions between mediation participants. The prior version of AB 889 explicitly protected these negotiations and discussions from disclosure pursuant to Section 1153.5 or 1154 of the Evidence Code.

By removing this explicit protection, the most recent amendments raised concern that the bill would have extended to even these most sensitive and highly protected discussions amongst litigants. This would have further discouraged and deterred the informal resolution of claims.

Public Already Has Access

AB 889’s stated intent was to make sure the public is aware of products or environmental conditions that pose dangers to public health or safety. AB 889 is unnecessary for the following reasons:

• An individual’s complaint in civil litigation, which sets forth the allegations upon which the lawsuit is based, is never confidential. The complaint is always accessible to the public to review and determine the allegations of danger to public health or safety.

• The plaintiff and his/her attorney also are able to communicate to the public through media or any other means the allegations of danger to the public health or safety, both before and after a civil lawsuit is filed.

• The Consumer Product Safety Commission already requires any manufacturer, importer, distributor, and/or retailer of consumer products to report to the commission any defective product that could create a substantial risk of injury to the public, at which time the commission can investigate to determine if a public notice or recall is necessary. Whether a product poses a risk to the public is determined by the commission, rather than a trial attorney seeking a financially lucrative settlement, as would have been the case under AB 889.

There already are numerous ways for the public to receive information regarding a dangerous consumer product or environmental condition without exposing individuals to felony prosecution, jeopardizing trade secret and proprietary information, interfering with the settlement of such cases, and creating an unfair litigation advantage for plaintiffs as AB 889 proposed.

Staff Contact: Jennifer Barrera

New Rules from Standards Board Range from Specific to General Areas

From Page 2
revised to be at least as effective as the counterpart federal regulation. The regulation specifically addresses a minimum saw tooth arc exposure.

• Section 4412, pulp paper and paperboard mills conveyor warning sign, has been revised to mirror federal language which specifically warns employees of the existence of overhead conveyors.

• Section 5155 (two rulemaking packages), airborne contaminants: benzyl chloride and wood dust and western red cedar have been revised to be current with published data.

• Section 5189.1, process safety management for petroleum refineries, was the subject of the June 16, 2017 Cal/OSHA Corner article.

• Sections 6052, 6056, 6056.1 (new), 6057, 6060, and 6052, commercial diving operations, have been revised to mirror the federal regulations as the result of a complaint filed within the federal jurisdiction that California’s regulations were not as effective as the counterpart federal regulations.

A full copy of these revisions may be found with the list of approved regulations on the Cal/OSHA Standards Board website at https://www.dir.ca.gov/oshsb/apprvd.html.
California Has Bigger Stake than Other States in Immigration Reform Debate

A look at estimates of both the number of undocumented immigrants and young unauthorized immigrants who call California home reveals the potential significant impact of whatever Congress and the administration work out on immigration reform.

The uncertainty over the legal status of undocumented immigrants could be a drag on the economy and, if resolved, would continue to stimulate consumer spending and investment.

Estimates

It has been estimated that somewhere between 2.35 million and 2.6 million undocumented immigrants—23% of the nation’s total and about 6% of the state’s population—reside in California. About half of these individuals have lived here for more than 10 years.

Many of these individuals are holding jobs and doing work upon which employers and the economy depend. These individuals have developed roots in this country, leaving little incentive to return to their country of origin.

Approximately 1.85 million undocumented immigrants are estimated to be working in California, meaning about 1 in 10 workers in California is an undocumented immigrant.

Immigration, both documented and undocumented, is expected to account for more than all the growth in the state labor force.

Young Dreamers

In his State of the Union address this week, President Donald Trump reiterated the proposal released by the White House on January 25 for providing legal status to “illegal immigrants who were brought here by their parents at a young age.”

The child undocumented immigrants often are referred to as “Dreamers” after the 2011 California Dream Act that provides state financial aid for undocumented college students.

Then-President Barack Obama’s 2012 executive order on Deferred Action for Childhood Arrivals (DACA) allowed certain undocumented immigrants brought to the United States under the age of 16 to apply for two-year work permits and be protected from deportation during that time. Although the permits were set up to be renewed indefinitely, they did not provide a path to citizenship.

In September 2017, the Trump administration said it would phase out DACA and not accept new DACA applications. Current DACA holders had until October 5, 2017 to apply for one-time renewals.

The Trump administration proposal on January 25, 2018 included a 10–12 year path to citizenship, with requirements for work, education and “good moral character.” The administration estimated about 1.8 million individuals are eligible.

Other Statistics

On September 4, 2017, the U.S. Citizenship and Immigration Services (USCIS) released a report estimating the total number of active DACA recipients across the nation was 689,800.

California was home to the largest number of active DACA recipients—197,900 (28.7% of the total). Moreover, eight of the top 25 core based statistical areas were in California, with the No. 1 area, Los Angeles-Long Beach-Anaheim, having 89,900 DACA recipients (13% of the total), significantly more than the No. 2 area, which was New York-Newark-Jersey City, NY-NJ-PA, with 47,200 DACA recipients (6.8% of the total).

In the top 25 areas by population, according to the USCIS report were:

- No. 6: Riverside-San Bernardino-Ontario: 22,300 (3.2%);
- No. 9: San Francisco-Oakland-Hayward: 15,500 (2.3%);
- No. 12: San Diego-Carlsbad: 11,300 (1.6%);
- No. 15: San Jose-Sunnyvale-Santa Clara: 9,400 (1.4%);
- No. 21: Fresno: 5,900 (0.9%);
- No. 22: Sacramento-Roseville-Arden-Arcade: 5,900 (0.9%);
- No. 25: Bakersfield: 4,900 (0.7%).

Data Hub

The Migration Policy Institute’s (MPI) data hub on DACA placed the number of California DACA recipients as of September 2017 at 197,900 with an estimated 384,000 individuals meeting all criteria to apply, for a program participation rate of 51%.

EdSource on September 5, 2017 reported that 242,339 young people received DACA status between 2012 and March 2017, according to MPI. According to EdSource, officials estimate that 72,300 undocumented students are enrolled at the state’s public colleges and universities (60,000 at community colleges, 8,300 at California State University and 4,000 at the University of California) with about half having DACA protection at the time.

White House Framework

In addition to the DACA provisions, the White House Framework on Immigration Reform and Border Security released on January 25 calls for, among other provisions:

- A $25 billion trust fund for the border wall system, ports of entry/exit, and northern border improvements and enhancements;
- Limiting family sponsorships to spouses and minor children only and ending “extended-family chain migration.” The changes would be applied “prospectively, not retroactively,” by processing the “backlog.”
- Eliminating the “visa lottery” and reallocating the visas to reduce the family-based “backlog” and high-skilled employment “backlog.”

The White House framework and various immigration fact sheets are available at www.whitehouse.gov.

Staff Contact: Marti Fisher
Legislative Outlook

Polystyrene Ban Falls Short of Votes Again

A California Chamber of Commerce—opposed job killer bill to prohibit food vendors from using polystyrene foam food service packaging failed again this week to gain the votes needed to pass the Senate.

SB 705 (B. Allen; D-Santa Monica) would have increased the cost of prepared food, overly burdened the restaurant industry, and threatened the loss of jobs by banning food service containers made from expanded polystyrene foam as of January 1, 2020.

The bill fell short of the votes needed to pass last year, 15-19 on May 31, 2017.

It came closer to passing this year, with a vote of 18-16 on January 30, 2018.

On both votes, there was bipartisan opposition.

Beverage Container Mandate Fails to Move

A proposal to require tethered caps for single-use plastic beverage containers failed to move out of the Assembly before this week’s January 31 deadline to pass the house in which it was introduced.

AB 319 (M. Stone; D-Scotts Valley) was opposed by the California Chamber of Commerce and a coalition of business groups.

The bill was a burdensome mandate on beverage containers. It would have driven up the cost of beverages and imposed impractical technology requirements by mandating that the cap of a single-use plastic beverage container be tethered or affixed to the container.

In opposing AB 319, the coalition pointed out that the technology to design and utilize tethered caps for certain beverage products has not been developed for market.

As no prototype is available for carbonated or hot filled drinks, it is impossible to determine when such a tethered cap could be in production. AB 319 would not only have significant impact on production and possibly jobs in the state, but also would affect thousands of companies around the globe that manufacture and distribute beverage products in California.

A tethered cap also creates challenges for California’s recycle goals and efforts, the coalition letter explained. Current single-use bottles are 100% recyclable and move easily through the recycle chain. A tethered top would require small recyclers to make changes to their equipment at a significant expense.

The California Department of Resources Recycling and Recovery (CalRecycle) has recently updated its guidelines to explicitly state “when recycling, we suggest you empty your bottles and put the caps back on the bottles.” Current CalRecycle data indicates that 87% of plastic beverage containers are returned with caps on.

The coalition pointed out that tethered lids still can be unscrewed from the bottle, and often are sealed with a removable plastic closure. A more effective approach, the coalition stated, would be to educate consumers about recycling the lids with the bottles.

New Cyber Tools Available to CalChamber Members

The program is made available through a new partnership with Gallagher Affinity’s 360 Coverage Pros platform. Signing up for the program gives CalChamber members access to a business cyber risk assessment, ongoing data breach compliance and prevention services, plus cyber insurance options.

According to Gallagher Affinity, these programs can help companies protect their business against the high costs associated with cyber attacks or other types of data breaches.

For more information, visit the CalChamber member perks page on HRCalifornia.
NAFTA Negotiations Make Real Headway

The sixth round of negotiations on the North American Free Trade Agreement (NAFTA) made real headway, according to U.S. Trade Representative Robert Lighthizer. The latest round of discussions between the United States, Canada and Mexico concluded on January 29 in Montreal, Canada.

In his closing statement, Lighthizer discussed the bilateral relationship between the United States and Canada, saying he believes there is some misunderstanding that the U.S. is somehow being unfair in these negotiations. “This is not the case,” Lighthizer said.

Agreements are essentially grants of preferential treatment to other countries in exchange for an approximately equal grant of preferential treatment in their economy, Lighthizer explained, adding, “Thus, it is reasonable from time to time to assess whether the bargain has turned out to be equitable.”

Example

Lighthizer offered the following example to illustrate his point:

Using Canadian statistics, Canada sold the United States $298 billion U.S. dollars in goods in 2016, the last numbers that we have. We sold Canada $210 billion dollars in goods. Now that’s a lot of two-way trade, but it also means that Canada has an over $87 billion U.S. dollar surplus with the United States. To put this in perspective, that figure is equal to approximately 5.7 percent of Canada’s GDP. When energy is removed, and in some people’s opinion that’s a fair thing to do, the number is still $46 billion dollars. The projected figures for 2017 show that the surplus will be even larger when those numbers are in.

Now I ask Canadians because we’re in Canada, is it not fair for us to wonder whether this imbalance could in part be caused by the rules of NAFTA? Would Canada not ask this same question if the situation were reversed? So we need to modernize and we need to rebalance.

Some progress was made during this latest round of negotiations, specifically on corruption, closing one of the nearly 30 chapters of discussion.

Lighthizer went on to reject the notion that there is a presumed compromise on the rules of origin. “We find that the automobile rules of origin idea that was presented, when analyzed, may actually lead to less regional content than we have now and fewer jobs in the United States, Canada, and likely Mexico. So this is the opposite of what we are trying to do,” Lighthizer said.

He concluded that the United States views NAFTA as a very important agreement and is hopeful for a “major breakthrough” during the next round of negotiations.

There will be another round of negotiations in Mexico in late February. According to The Associated Press, negotiators had originally hoped to reach an agreement before Mexico’s July presidential election and U.S. midterms turn up the political pressure.

CalChamber Position

The California Chamber of Commerce understands that the NAFTA was negotiated more than 25 years ago, and, while our economy and businesses have changed considerably over that period, NAFTA has not. We agree with the premise that the United States should seek to support higher-paying jobs in the United States and to grow the U.S. economy by improving U.S. opportunities under NAFTA.

The provisions of the NAFTA with Canada and Mexico have been beneficial for U.S. industries, agricultural enterprises, farmers, ranchers, energy companies and automakers. Any renegotiation of NAFTA must recognize the gains achieved and ensure that U.S. trade with Canada and Mexico remains strong and without interruption.

The CalChamber actively supported the creation of the NAFTA among the United States, Canada and Mexico, comprising 484.3 million people with combined annual trade with the United States being around $1.069 trillion in 2016. In 2016, goods exports exceeded $496,919 billion while goods imports totaled nearly $572.217 billion.

The CalChamber’s longstanding support for NAFTA is based upon an assessment that it serves the employment, trading and environmental interests of California and the United States, as well as Canada and Mexico, and is beneficial to the business community and society as a whole. Since 1993, trade among the three NAFTA countries has nearly quadrupled.

Staff Contact: Susanne T. Stirling

Senior Advocate Steps Up to Lead CalChamber Policy Team

From Page 1
changes in employment law.

Before joining the CalChamber staff, Barrera had worked since May 2003 at a statewide law firm (now Carothers, DiSane & Freudenberger, LLP) that specializes in labor/employment defense. She represented employers in both state and federal court on a variety of issues, including wage and hour disputes, discrimination, harassment, retaliation, breach of contract, and wrongful termination.

She also advised both small and large businesses on compliance issues, presented seminars on various employment-related topics, and regularly authored articles in human resources publications.

Barrera earned a B.A. in English from California State University, Bakersfield, and a J.D. with high honors from California Western School of Law.

Cain plans to devote more time to her responsibilities as president of Fairview Farms, Inc., a family farming operation in Northern California, and will continue as a board member of California Women Lead. She will put nearly three decades of experience in public policy to use on various projects, including consulting with CalChamber on health care issues.
LIVE WEBINAR  |  FRIDAY, FEBRUARY 23, 2018  |  10:00 - 11:30 AM PT
Sexual Harassment Investigations From A to Z

She said. He said. Do you know exactly what to do—the moment an employee informs you of sexual harassment?

As a California employer, you have a legal duty to conduct an investigation and take appropriate action.

Join CalChamber and special guest presenter Lisa Buehler for a start-to-finish overview of properly investigating sexual harassment in your workplace.

Cost: $199.00  |  Preferred/Executive Members: $159.20

LEARN MORE at calchamber.com/investigate or call (800) 331-8877.