

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CAMELOT TECHNOLOGY, INC.,	:	CIVIL ACTION
Plaintiff,	:	
	:	NO. 01-CV-4719
v.	:	
	:	
RADIOSHACK CORPORATION,	:	
Defendant.	:	

MEMORANDUM

BUCKWALTER, J.

February 13, 2003

Presently before the Court are Defendant’s Motion for Summary Judgment, Plaintiff’s Motion for Summary Judgment as to Defendant’s Counterclaims, and Defendant’s Motion for Rule 11 Sanctions. For the reasons stated below, Defendant’s Motion for Summary Judgment is **DENIED**, Plaintiff’s Motion for Summary Judgment as to Defendant’s Counterclaims is **DENIED**, and Defendant’s Motion for Rule 11 Sanctions is **DENIED**.

I. BACKGROUND

In the Spring of 1999, Harry David Shoemaker (“Shoemaker”), a Senior Product Manager with Defendant RadioShack Corporation (hereinafter referred to as “RadioShack” or “Defendant”), had an idea to develop an inexpensive, passive,¹ bi-directional composite signal to S-video adapter or converter (hereinafter called a “converter”) to enable a retail consumer to easily convert a composite signal to S-video and *vice versa*. At that time, Shoemaker contacted

1. A “passive” converter does not require an electrical current to operate and does not need to be plugged into the wall.

Robert Sollee (“Sollee”), President of Audio Authority, to inquire whether Audio Authority had the capacity to develop and manufacture the converter. Sollee advised Shoemaker that while Audio Authority did not have the capability to develop such a product, Plaintiff Camelot Technology, Inc. (hereinafter referred to as “Camelot” or “Plaintiff”) had some video technology capabilities and that he would have someone from Camelot contact Shoemaker.

Thereafter, Sollee contacted Melvin Schilling (“M. Schilling”), the current CEO of Camelot. Sollee stated that RadioShack was interested in having a composite to S-video converter manufactured for it, and that if Camelot was interested, it should contact RadioShack.

At Sollee’s recommendation, M. Schilling contacted Shoemaker at RadioShack and advised him that Camelot had the ability to design a passive converter. During this initial telephone conversation, Shoemaker informed M. Schilling about the price points for the converter—specifically, that the product had to retail for less than \$20.00² and that RadioShack needed to have at least a three to three and one-half times mark-up on the product for it to be marketable.

After M. Schilling’s conversation with Shoemaker, Camelot then contacted Daniel Norman (“Norman”), an outside engineer, to design the circuitry for the prototype converter for RadioShack. Norman deliberated for a period of weeks, and after doing so, he determined a combination of components and a structure that accomplished the conversion of

2. RadioShack emphasized the need for a low cost converter because converters already on the market were more expensive. For example, on February 7, 1997, Gordon J. Gow Technologies, Inc. first sold the Tributaries C2S converter, which passively converted composite signals to S-Video and which sold for \$99.00. Pl./Countercl. Def.’s Mot. Summ. J. at 3. Additionally, beginning in 1999, Monster Cable Products, Inc. began selling its Entch CSVC-1 passive composite to S-Video converter at a retail price of \$129.00. *Id.* at 4.

composite video into S-video. Norman spent approximately six (6) hours building and testing the “spider web” circuit, for which he charged a rate of \$50.00 per hour.

In March 1999, Norman faxed Camelot a circuit diagram for the prototype converter and sent Camelot the raw circuitry. Camelot then evaluated the performance of the prototype and determined that it worked “fabulous[ly].” Def.’s Mot. Summ. J.-Ex. 6, Melvin Schilling Dep. (hereinafter referred to as “M. Schilling Dep.”) at 47.

Thereafter, on or about March 24, 1999, Camelot sent a prototype converter—which it had constructed by placing the prototype circuit in a metal box and potting³ the interior—to RadioShack for its review. Upon receipt of the sample, RadioShack designated it as a “green tag sample,” No. 15-D001.

Camelot did not forward any specifications with its sample prototype converter to RadioShack. As a result, on March 29, 1999, Shoemaker sent Howard Schilling (“H. Schilling”), current President of Camelot, an e-mail message indicating that RadioShack’s testing group would like some specifications on Camelot’s sample prototype converter, including “Input/Output Impedance, peak-to-peak voltage and the like.” Def.’s Mot. Summ. J. at 7. On March 31, 1999, RadioShack received the specifications for the Camelot prototype converter via an e-mail message from H. Schilling. There is nothing expressly stated in H. Schilling’s e-mail message denoting that the information contained therein was to be kept confidential or was Camelot’s proprietary information.

On or about April 19, 1999, RadioShack tested this prototype and determined that it met Shoemaker’s requirements, operated sufficiently, and was “acceptable for further

3. The “potting” material makes it difficult to see the components of the converter even if the product is opened.

development.” Id. at 8. According to RadioShack, at no time during this testing did RadioShack personnel ever open, disassemble, X-ray or reverse engineer⁴ the Camelot sample.

Meanwhile, during the time when RadioShack was in discussions with Camelot, Shoemaker also requested that RadioShack’s overseas division, A&A Taiwan (currently called RadioShack International Procurement), contact an overseas vendor to see if it could produce a sample prototype converter for RadioShack. In response to this request, Shin Kin Enterprises, Co., Ltd. (“Shin Kin”), a third party vendor from Taiwan, provided RadioShack with its sample prototype converter.

On or about June 14, 1999, RadioShack made the decision to purchase the converter from Shin Kin, not Camelot, and RadioShack assigned the Shin Kin product a working catalog number of 15-1238. Although the Shin Kin prototype converter had some quality problems, and did not function as well as the Camelot prototype, RadioShack decided to engage Shin Kin to manufacture the converter based upon Shin Kin’s cheaper manufacturing price.

By letter dated August 16, 1999 from M. Schilling to Shoemaker, Camelot acknowledged that although RadioShack did not select Camelot to manufacture the passive composite to S-video converter, Camelot had since refined and lowered the cost of its prototype converter and wondered if RadioShack would be interested in the refined product. On August 17, 1999, Shoemaker responded with an e-mail, requesting to review Camelot’s “lower cost version of the composite to S-video adapter.” Pl.’s Resp. at 9. Shoemaker also advised that RadioShack would review it and let Camelot know RadioShack’s level of interest.

4. “Reverse engineering is a process by which one analyzes a finished product and, working backwards, designs the machine capable of producing such a product.” Anaconda Co. v. Metric Tool & Die Co., 485 F.Supp. 410, 418 (E.D. Pa. 1980).

On August 18, 1999, M. Schilling replied and stated that he would send a sample converter to RadioShack once Camelot received its next shipment of converters. On September 7, 1999, Camelot shipped a pre-production sample of its converter to RadioShack, and M. Schilling sent an e-mail to Shoemaker confirming this shipment.

Shoemaker sent Camelot's refined sample prototype converter to RadioShack's Product Development Evaluation Department ("PDE") for evaluation and testing. On September 27, 1999, Shoemaker called M. Schilling to advise him that, while Camelot's converter had a tendency to cause a "red shift," *i.e.*, cause the converted signal to appear more red, he was satisfied with Camelot's converter.

Subsequently, M. Schilling had Camelot's engineer, Norman, investigate the alleged "red shift" problem with Camelot's converter. After conducting tests on Camelot's converter, Norman determined that the converter did not cause a red shift, and on October 7, 1999, provided M. Schilling with analytical graphs demonstrating the performance and effectiveness of Camelot's converter.⁵ This information was, in turn, provided to Shoemaker on October 8, 1999.

Afterwards, Shoemaker contacted M. Schilling, requesting Camelot to send RadioShack additional samples for testing. On October 18, 1999, Camelot sent four (4) additional samples of its converter to RadioShack.

5. Camelot notes that based upon the information contained in the analytical graphs and the performance of the converter that RadioShack possessed, one of reasonable skill in the art of circuit design would be able to readily discern the type of components and circuitry utilized in Camelot's converter. Pl.'s Resp. at 12. In addition, having knowledge of the circuitry and the components in the circuitry, then such an artisan could readily determine the values of the components without physically breaking open the converter and inspecting the internal components by sending a signal having a sufficiently low frequency across the converter and measuring the resultant signal. Id.

At the same time RadioShack was communicating with Camelot regarding its converter, RadioShack was also trying to develop the Shin Kin converter, but the record indicates that RadioShack had problems with the Shin Kin prototype converter. A report generated as a result of a viewing test of the Shin Kin sample indicated that the picture quality was unacceptable and that Camelot's converter performed better.

In response to RadioShack's comments about the Shin Kin sample, A&A Taiwan requested information about the domestic version which PDE used as a comparison. PDE told A&A Taiwan that "the brand name/model number cannot be discussed, as this is a competitor's product." Pl.s' Resp. at 13. PDE did offer, however, that the converter was a "passive device, and does not require power." Id. Additionally, the domestic model "is about the same diameter, and only slightly longer." Id.

Shin Kin refined its initial prototype converter, and then submitted both its "second improved" working sample and "third improved" working sample, both of which were unacceptable to RadioShack. It was not until Shin Kin's "fourth improved" working sample that RadioShack was satisfied with the Shin Kin converter. Camelot alleges that this "fourth improved" working sample materially differed from Shin Kin's previous versions of its converters and was not suggested by any of the previous versions. Instead, Camelot alleges that the "fourth improved" working sample was virtually identical to Camelot's converter. This "fourth improved" working sample performed better than Shin Kin's previous versions and was found to be acceptable for production by RadioShack.

Due to the lack of a response by RadioShack regarding its interest in Camelot's converter, in late December 1999, Camelot decided to move forward and offer for sale, on its

own, the converter it had designed and developed. In this regard, Camelot exhibited its “Excalibur Plus” converter at the Consumer Electronics Show, a leading electronics show, from January 6, 2000 to January 9, 2000. On January 18, 2002, Camelot made its first sale of the Excalibur Plus converter.⁶

RadioShack first offered its bidirectional passive composite to S-video converter (hereinafter called the “RadioShack Converter”) for sale in May, 2000.

Camelot filed the instant suit on September 17, 2001, alleging misappropriation of trade secrets and unjust enrichment. RadioShack filed a Counterclaim on January 28, 2002, also alleging misappropriation of trade secrets and unjust enrichment. RadioShack moved for summary judgment as to Camelot’s claims for misappropriation of trade secrets and unjust enrichment, to which Camelot responds. Additionally, Camelot moved for summary judgment as to RadioShack’s Counterclaims, to which RadioShack responds. Finally, RadioShack filed a Motion for Rule 11 Sanctions.

II. STANDARD OF REVIEW

A. Motion for Summary Judgment

A motion for summary judgment will be granted where all of the evidence demonstrates “that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c). A dispute about a material fact is genuine “if the evidence is such that a reasonable jury could return a verdict for the nonmoving

6. RadioShack takes issue with M. Schilling’s deposition testimony that Camelot first sold its converter in January of 2000, see Def.’s Mot. Summ. J.-Ex. 6, M. Schilling Dep. at 20, when he verified under penalty of perjury an interrogatory response indicating that Camelot’s converter was offered for sale in August of 1999. See Def.’s Mot. Summ. J.-Ex. 29, Pl.’s Resp. to Def.’s First Set of Interrogs. at No. 13.

party.” Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). Since a grant of summary judgment will deny a party its chance in court, all inferences must be drawn in the light most favorable to the party opposing the motion. U.S. v. Diebold, Inc., 369 U.S. 654, 655 (1962).

The ultimate question in determining whether a motion for summary judgment should be granted is “whether reasonable minds may differ as to the verdict.” Schoonejongen v. Curtiss-Wright Corp., 143 F.3d 120, 129 (3d Cir. 1998). “Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.” Anderson, 477 U.S. at 248.

B. Motion for Sanctions Pursuant to Fed. R. Civ. P. 11

Rule 11 of the Federal Rules of Civil Procedure provides in part:

(b) ... By presenting to the court ... a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person’s knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, - (1) [the pleading, written motion, or other paper] is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation; (2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law; (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and (4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

(c) ... If, after notice and a reasonable opportunity to respond, the court determines that subdivision (b) has been violated, the court may, subject to the conditions stated below, impose an appropriate sanction upon the

attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation.

Fed. R. Civ. P. 11(b) and (c).

Bad faith is not required to impose Rule 11 sanctions. Martin v. Brown, 63 F.3d 1252, 1264 (3d Cir. 1995). “The correct Rule 11 inquiry is ‘whether, at the time he filed the complaint, counsel . . . could reasonably have argued in support’ of his legal theory.” Mary Ann Pensiero, Inc. v. Lingle, 847 F.2d 90, 96 (3d Cir. 1988). An attorney’s conduct should be tested under a standard of what was “objectively reasonable under the circumstances.” Simmerman v. Corino, 27 F.3d 58, 62 (3d Cir. 1994). “To comply with this standard, counsel ‘must conduct a reasonable investigation of the facts and a normally competent level of legal research to support the presentation.’” Id.

III. RadioShack’s Motion for Summary Judgment

Defendant RadioShack moves for summary judgment relating to Camelot’s misappropriation of trade secrets claim and Plaintiff’s unjust enrichment claim.

A. Misappropriation of Trade Secrets

In order to succeed on its claim of misappropriation of trade secrets, Camelot must establish: (1) the existence of a trade secret (2) which was communicated in confidence to defendant and (3) was used by defendant in breach of that confidence (4) to the detriment of the plaintiff. Prudential Ins. Co. v. Stella, 994 F.Supp. 318, 323 (E.D. Pa. 1998). Pennsylvania follows the “property view” of trade secret law, under which a court first determines whether a trade secret exists, and secondly whether there was a breach of confidence. Den-Tal-Ez, Inc. v. Siemens Capital Corp., 389 Pa. Super. 219, 247 (1989).

1. Trade Secret

“The starting point in every case of this sort is . . . whether, in fact, there was a trade secret to be misappropriated.” Van Prods. Co. v. General Welding and Fabricating Co., 419 Pa. 248, 268 (1965). The burden of proof is on the owner to establish the existence of a protectable trade secret by a preponderance of the evidence.

Pennsylvania courts have adopted the definition of a trade secret contained in the Restatement of Torts: “[A] trade secret may consist of any formula, pattern, device or compilation of information which is used in one’s business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.” Id., at 258-59 (quoting Restatement of Torts § 757 cmt. b (1939)).

Courts refer to the factors set forth in § 757 of the Restatement of Torts in determining whether the information is a trade secret. These factors include: (1) the extent to which the information is known outside of the owner’s business; (2) the extent to which it is known by employees and others involved in the owner’s business; (3) the extent of measures taken by the owner to guard the secrecy of the information; (4) the value of the information to the owner and to his competitors; (5) the amount of effort or money expended by the owner in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others. SI Handling Sys., Inc. v. Heisley, 753 F.2d 1244, 1256 (3d Cir. 1985) (citing Restatement of Torts § 757 cmt. b (1939)).

The question of whether certain information constitutes a trade secret is a question of fact to be resolved by the jury or the trier of fact. “But factual issues are subject to summary judgment whenever the law as applied to uncontroverted facts shows that the movant is entitled

to summary judgment.” Continental Data Sys., Inc. v. Exxon Corp., 638 F.Supp. 432, 441 (E.D. Pa. 1986).

Upon a complete review of the evidence, the Court determines that the record is replete with genuine issues of material facts as to whether Camelot’s converter constitutes a trade secret.⁷ Accordingly, summary judgment is not appropriate.

A topic that requires some discussion is whether the Camelot Converter is subject to reverse engineering. “Reverse engineering is a process by which one analyzes a finished product and, working backwards, designs the machine capable of producing such a product.” Anaconda Co., 485 F.Supp. at 418. The standard in Pennsylvania regarding reverse engineering is that there is no trade secret “if, at the time of disclosure or use by a misappropriator, the allegedly secret information could have been ascertained by inspection of sold articles or by reverse engineering.” Henry Hope X-Ray Prods., Inc. v. Marron Carrel, Inc., 674 F.2d 1336, 1341 (9th Cir. 1982) (applying Pennsylvania law).

Defendant argues that the Camelot Converter “is capable of being easily reversed engineered.” Def.’s Mot. Summ. J. at 27. The evidence suggests, however, that the Camelot Converter was not sold publicly *at the time* when RadioShack developed its converter. See Henry Hope, 674 F.2d at 1341 (noting that “[t]here was ample evidence that machines containing

7. In its Surreply, Camelot clarifies what it claims as its trade secrets. Plaintiff states, “Camelot does not maintain that each individual element, specification or component of its converter constitutes a protectable trade secret in itself Rather . . . Camelot submits that the information provided in its description of its trade secrets, *as a whole*, relating to the design and configuration of its passive component to S-Video converter - which comprises information regarding the converter’s components, their arrangement and configuration and the converter’s preferred specifications - constitutes a protectable trade secret” Pl.’s Surreply at n.3. Because a “trade secret can exist in a combination of characteristics and components, each of which, by itself, is in the public domain, but the unified process, design and operation of which, in unique combination, affords a competitive advantage and is a protectible secret,” Anaconda Co., 485 F.Supp. at 422 (citation omitted), the Court reserves to the factfinder the issue as to whether the design and configuration of Camelot’s converter, as a whole, (hereinafter referred to as the “Camelot Converter”) constitutes a protectable trade secret.

these experimental items were not sold publicly. The defendants failed to show that, at the time they developed their machine, they could have discovered the information by honest means.”). As such, the Court reserves the issue to the factfinder to determine whether RadioShack could have, at the time, discovered the information on its own.

Camelot, however, concedes that the Camelot Converter is susceptible to reverse engineering if a party has access to the product. See Def.’s Reply-Ex. A, William H. Murray Report at 8 (stating that “[t]he circuitry of the Camelot product can be determined by reverse engineering if a party has access and possession of the product.”); see also Pl.’s Resp.-Daniel Norman Decl. at ¶ 4 (stating that “one of reasonable skill in the art of circuit design would be able to readily discern the type of circuitry utilized in the circuit that [Norman] designed for Camelot” if a party has access to the “information contained in the analytical graphs and the performance of the converter.”). Camelot argues that “at the time RadioShack misused and disclosed Camelot’s information relating to its converter to Shin Kin and Shin Kin fabricated its ‘final design’ for the RadioShack converter on or about December 23, 1999—Camelot’s converter was not publically available.” Pl.’s Surreply at 17-18. But this “fact is not crucial under Pennsylvania law.” Henry Hope, 674 F.2d at 1342. “The question is whether the defendants could have, *at the time*, obtained the information from materials in the public domain.” Id. (emphasis added). The Court reserves this question to the factfinder to determine whether RadioShack could have, at the time of the development of its converter, obtained the information from materials in the public domain. If a jury determines that RadioShack could have obtained this information from materials in the public domain and that the “unified process, design, and operation” of the Camelot Converter is not a unique combination, Anaconda Co., 485

F.Supp. at 422, then the Camelot Converter cannot be afforded trade secret protection. See, e.g., Emtec, Inc. v. Condor Tech. Solutions, Inc., No. 97-6652, 1998 U.S. Dist. LEXIS 18846, at *19 (E.D. Pa. Nov. 24, 1998) (stating that “information that is in the public domain cannot be protected as trade secrets”); Wexler v. Greenberg, 399 Pa. 569, 574 n.2 (Pa. 1960) (stating that “[m]atters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret”).

2. Confidential Relationship

“While trade secret cases often involve an express agreement of confidentiality between the parties, a confidential relationship may also be implied.” William M. Hendrickson, Inc. v. National R.R. Passenger Corp., No. 00-CV-3711, 2002 U.S. Dist. LEXIS, at *49 (E.D. Pa. Mar. 13, 2002). It is undisputed that an express confidentiality agreement was not executed in this case. See Pl.’s Resp. at 46. The parties dispute, however, whether a confidential relationship was formed.

The record indicates that Camelot took precautions to limit the use of the information physically contained within the Camelot Converter. For example, Camelot “potted” the prototype before sending it to RadioShack. Def.’s Mot. Summ. J.-Ex. 6, M. Schilling Dep. at 64. The “potting” material makes it difficult to see the components of the converter even if the product is opened. Id. at 35. Additionally, Shoemaker testified that he understood that RadioShack would keep confidential anything disclosed by Camelot.

QUESTION: Was it your understanding that you [Harry David Shoemaker] and RadioShack would keep confidential anything disclosed to you by Camelot?

ANSWER: Yes.

Def.'s Mot. Summ. J.-Ex.4, Harry David Shoemaker Dep. at 32.

RadioShack, however, presents evidence that Camelot's communications in writing or otherwise with RadioShack did not advise RadioShack that the information contained therein was confidential. See Def.'s Mot. Summ. J. at 31 (citing references to Camelot e-mails).

As such, the Court will allow a jury to determine whether a confidential relationship was formed between Camelot and RadioShack.

3. Use/Disclosure

Finally, plaintiffs in trade secret cases must prove by a preponderance of the evidence disclosure to third parties and use of the trade secret by third parties. Greenberg v. Croydon Plastics Co., 378 F.Supp. 806, 814 (E.D. Pa. 1974). This is "an extraordinarily difficult task" because "[m]isappropriation and misuse can rarely be proven by convincing direct evidence." Id. In Greenberg v. Croydon Plastics Co., the Court stated:

In most cases plaintiffs must construct a web of perhaps ambiguous circumstantial evidence from which the trier of fact may draw inferences which convince him that it is more probable than not that what plaintiffs allege happened did in fact take place. Against this often delicate construct of circumstantial evidence there frequently must be balanced defendants and defendants' witnesses who directly deny everything.

Id.

Camelot argues that RadioShack had access to information regarding the design and configuration of Camelot's converter and that Shin Kin fabricated a working converter which was strikingly similar in design and configuration to Camelot's converter. As such, Camelot contends that "[t]hese showings—access and similarity—support the conclusion that RadioShack disclosed Camelot's information to Shin Kin, so that RadioShack could use Shin Kin as an

inexpensive manufacturer and increase its profits.” Pl.’s Surreply at 19. Recognizing the difficulty of proving misappropriation and misuse by convincing direct evidence and given the complexity of this case, the Court finds that there are genuine issues of material fact relating to the alleged disclosure to third parties and the alleged use of any potential trade secret by third parties.

Accordingly, RadioShack’s Motion for Summary Judgment relating to Camelot’s misappropriation of trade secrets claim is denied.

B. Unjust Enrichment

In light of the Court’s finding that genuine issues of material fact exist regarding Camelot’s misappropriation of trade secrets claim, the Court also denies Defendant’s Motion for Summary Judgment relating to Camelot’s unjust enrichment claim.

**IV. CAMELOT’S MOTION FOR SUMMARY JUDGMENT AS TO
RADIOSHACK’S COUNTERCLAIMS**

Plaintiff/Counterclaim Defendant Camelot moves for summary judgment relating to Defendant/Counterclaim Plaintiff RadioShack’s Counterclaim for misappropriation of trade secrets and unjust enrichment.

A. Misappropriation of Trade Secrets

In its Counterclaim, RadioShack alleges that it provided “trade secrets and confidential and proprietary information relating to the Converter including: product specifications, testing protocols, and marketing information such as retail price points and consumer demand for the product.” Def.’s Countercl. at ¶ 8. But in its Response to Camelot’s Motion for Summary Judgment Dismissing RadioShack’s Counterclaims, RadioShack withdraws

all references to “product specifications” and “testing protocols.” Def./Countercl. Pl.’s Resp. at 3. The remaining elements of RadioShack’s misappropriation of trade secrets claim against Camelot include “(a) RadioShack’s strategic marketing information pertaining to RadioShack’s wholesale and retail price points for a passive converter to be sold to the retail public and (b) knowledge of consumer demand for such converter to be sold at those price points.” Id. at 2-3.

Camelot does not contest that this type of information may constitute a trade secret, nor does it contest that this information was communicated within a confidential relationship. Rather, Camelot contends that no reasonable jury could find that any trade secrets were disclosed or used by Camelot. Pl./Countercl. Def.’s Mot. Summ. J. at 2.

RadioShack argues that the fact that the Tributaries C2S converter retailed for \$99.00 and the Monster Cable converter retailed for \$129.00 supports RadioShack’s contention that Camelot used RadioShack’s trade secret price point information in setting the price for the Camelot Converter. RadioShack submits that “[s]imple arithmetic reveals that \$39.00 (the retail price for the Camelot Converter) is significantly closer to the RadioShack price point of \$20.00 than it is to either the retail price of the Tributaries C2S (\$99.00) converter or the Monster Cable (\$129.00) converter.” Def./Countercl. Pl.’s Resp. at 7 (emphasis in original).

Camelot, in turn, argues that because it priced its converter at double the retail price which RadioShack suggested indicates that Camelot did not use “strategic marketing information” to compete directly with RadioShack. Pl./Countercl. Def.’s Reply at 5. Additionally, Camelot points to the fact that it markets its Excalibur Plus converter only to dealers and distributors, and not directly to the general consuming public as RadioShack does, for additional support that it did not use RadioShack’s “strategic marketing information.”

Recognizing the difficulty of proving misappropriation and misuse by convincing direct evidence and given the complexity of this case, the Court finds that there are genuine issues of material fact relating to RadioShack's misappropriation of trade secrets Counterclaim.

Accordingly, Camelot's Motion for Summary Judgment Dismissing RadioShack's Counterclaim for misappropriation of trade secrets is denied.

B. Unjust Enrichment

In light of the Court's finding that genuine issues of material fact exist regarding RadioShack's misappropriation of trade secrets Counterclaim, the Court also denies Camelot's Motion for Summary Judgment Dismissing RadioShack's Counterclaim for unjust enrichment.

V. RULE 11 SANCTIONS

In light of the Court's finding that genuine issues of material facts exist regarding Camelot's misappropriation of trade secrets claim and unjust enrichment claim, the Court denies RadioShack's Motion for Rule 11(c) Sanctions.

The Court also denies Camelot's request for reasonable expenses and attorney's fees incurred in opposing Defendant's Motion for Rule 11(c) Sanctions.

VI. RADIOSHACK'S REQUEST FOR ORAL ARGUMENT

The Court denies RadioShack's request for oral argument.

VII. CONCLUSION

For the foregoing reasons, Defendant's Motion for Summary Judgment is denied and Plaintiff's Motion for Summary Judgment as to Defendant's Counterclaims is denied.

Further, Defendant's Motion for Sanctions Pursuant to Fed. R. Civ. P. 11 is denied. An appropriate Order follows.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CAMELOT TECHNOLOGY, INC.,	:	CIVIL ACTION
Plaintiff,	:	
	:	NO. 01-CV-4719
v.	:	
	:	
RADIOSHACK CORPORATION,	:	
Defendant.	:	

ORDER

AND NOW, this 13th day of February, 2003, upon consideration of Defendant RadioShack's Motion for Summary Judgment, Plaintiff Camelot Technology's Response thereto (Docket No. 27), Defendant's Reply (Docket No. 29), and Plaintiff's Surreply (Docket No. 30); Plaintiff's Motion for Summary Judgment Dismissing Defendant's Counterclaims (Docket No. 22), Defendant's Response thereto (Docket No. 26), and Plaintiff's Reply (Docket No. 28); and Defendant's Motion for Sanctions Pursuant to Fed. R. Civ. P. 11 (Docket No. 31) and Plaintiff's Response thereto (Docket No. 32), it is **ORDERED** that Defendant's Motion for Summary Judgment is **DENIED**, Plaintiff's Motion for Summary Judgment Dismissing Defendant's Counterclaims is **DENIED**, and Defendant's Motion for Sanctions Pursuant to Fed. R. Civ. P. 11 is **DENIED**.

Pre-trial memoranda are due within ten (10) days of the date of this Order.

Counsel are to contact the Courtroom Deputy, Matthew Higgins, for trial scheduling.

BY THE COURT:

RONALD L. BUCKWALTER, J.