

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on April ___, 2024, at 9:00 a.m., or as soon thereafter as the matter may be heard, in Department 5 of the above-entitled Court, located at 191 N. First Street, San Jose, CA 95113, defendant Tesla, Inc. ("Tesla") will, and hereby does, Tesla, Inc. will move this Court for an Order granting its application to seal the settlement amount listed in the Declaration of Thomas P. Branigan regarding Settlement Amount (the "Settlement Amount Declaration").

Tesla's 'Motion to Seal Settlement Amount Declaration will be based upon this Notice of Motion, the Memorandum of Points and Authorities submitted herewith, the Declaration of Thomas P. Branigan in support of Tesla, Inc's Motion for Determination of Good Faith Settlement, and exhibits hereto, the records, papers and pleadings already on file in this action, and upon such other and further evidence and oral argument as may be presented to the Court.

Dated: April 8, 2024

BOWMAN AND BROOKE LLP

/s/ Thomas P. Branigan
Thomas P. Branigan
Joel Smith

Daniel C. Posner #232009 Quinn Emanuel Urquhart & Sullivan, LLP

Attorneys for Defendant Tesla, Inc.

Lauren O. Miller #279448 Tesla, Inc.

MEMORANDUM OF POINTS AND AUTHORITIES

I. <u>INTRODUCTION</u>

To ensure that the amount of the confidential settlement between defendant Tesla, Inc. ("Tesla") and Sz Hua Huang, Trinity Huang (a minor), and Tristan Huang (a minor) (together, "Plaintiffs") remains confidential pursuant to the parties' agreement, Tesla requests (and all parties agree) that the Court seal the settlement amount referenced in the Settlement Amount Declaration pursuant to California Rule of Court 2.551. There is an overriding interest in protecting and encouraging settlement, as well as permitting parties to adhere to mandatory contractual obligations and protecting minors. Tesla and Plaintiffs would suffer great prejudice if the settlement amount is not sealed. Tesla's request, to seal a single declaration containing a single number, is narrowly tailored, and Tesla's requested relief cannot be achieved through less restrictive means.

II. ARGUMENT

The public's "right to inspect and copy judicial records is not absolute." (*Nixon v. Warner Commc'ns, Inc.* (1978) 435 U.S. 589, 598; see also *NBC Subsidiary, Inc. v. Superior Court* (1999) 20 Cal.4th 1178, 1207 (public's "First Amendment right [of access to courts] is not absolute, and can be overcome").) The California Rules of Court provide guidance on when, contrary to the general presumption of public access, court records may be sealed. A court may order that records be sealed if the court "expressly finds facts that establish: (1) [t]here exists an overriding interest that overcomes the right of public access to the record; (2) [t]he overriding interest supports sealing the record; (3) [a] substantial probability exists that the overriding interest will be prejudiced if the record is not sealed; (4) [t]he proposed sealing is narrowly tailored; and (5) [n]o less restrictive means exist to achieve the overriding interest." (Cal. Rules of Court, rule 2.550(d).)

Tesla seeks to seal the settlement amount referenced in the Settlement Amount Declaration because the settlement amount is a bargained for confidential term of the settlement. (See Declaration of Thomas P. Branigan ("Branigan Decl." at ¶ 2).) The confidential settlement between Plaintiffs and Tesla includes a critical and mutually negotiated term to maintain the confidentiality of the settlement terms. (*Id.*) The parties had to disclose the settlement amount to the Court and defendant Caltrans so

the Court can consider and resolve Tesla's Motion for Determination of Good Faith Settlement, but there is no need for it to become a matter of public record.

For the reasons stated below, it comes as no surprise that courts frequently seal similar confidential agreements and references to amounts of settlement payments. (See, e.g., *Pruyn v. Agricultural Ins. Co.* (1995) 36 Cal.App.4th 500, 512 at n. 11 (trial court sealed all good faith settlement documents); *L. Offs. of Mathew Higbee v. Expungement Assistance Servs.* (2013) 214 Cal.App.4th 544, 549-50 (trial court sealed settlement documents); *Low v. Golden Eagle Ins. Co.* (2003) 110 Cal.App.4th 1532, 1537 (same); *Regents of Univ. of Cal. v. Sumner* (1996) 42 Cal.App.4th 1209, 1210 (avoiding disclosure of confidential details of settlement agreement); *Universal City Studios, Inc. v. Superior Ct.* (2003) 110 Cal.App.4th 1273, 1286 (noting that the normal course is to seal financial information that "involves confidential matters relating to the business operations of defendant," but declining to seal in this case on the grounds that defendant had willingly divulged the information); *W. World Ins. Co. v. Assoc. Indus. Ins. Co.* (2018) 2018 WL 11385459, at *1-2 (sealing settlement amount).)

Tesla therefore requests that this Court seal the Settlement Amount Declaration and also requests that any orders the Court issues in connection with the Motion for Determination of Good Faith Settlement be filed under seal to the extent such orders disclose the confidential settlement amount.

A. Overriding Interests Overcome the Right of Public Access to the Settlement Amount and Those Interests Will Be Irreparably Prejudiced if the Settlement Amount Declaration Is Not Sealed

The overriding interests of promoting settlements generally, upholding the non-disclosure obligations in this settlement specifically, protecting Plaintiffs' financial privacy, and protecting the minor Plaintiff justify sealing the Settlement Amount Declaration, and those interests will be prejudiced absent sealing.

The California Supreme Court has recognized that the enforcement of binding contractual obligations to maintain the confidentiality of information constitutes an overriding interest sufficient to justify sealing documents. (*NBC Subsidiary, Inc., supra*, 20 Cal.4th at 1222 n. 46.) As such, courts may seal documents such as confidential settlement agreements that include a binding contractual obligation not to disclose certain information. (*Ibid.*) Doing so not only protects the parties' bargained-for

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agreements, but also supports the well-established principle that the law favors settlements, which oftentimes cannot, or will not, be effectuated absent confidentiality regarding some settlement terms. (Fisher v. Superior Court (1980) 103 Cal. App. 3d 434, 440 ("The encouragement of settlements has always been part of the strong public policy of our state."); Drulias v. 1st Century Bancshares, Inc. (2018) 30 Cal.App.5th 696 (discussing "this state's strong public policy in favor of pretrial settlements"); McClure v. McClure (1893) 100 Cal. 339, 343 (settlements "are highly favored as productive of peace and goodwill in the community, and reducing the expense and persistency of litigation.").) The protection of minors may also be an overriding interest sufficient to justify sealing documents. (NBC Subsidiary, Inc., supra, 20 Cal.4th at 1222 n. 46.)

Here, several overriding interests justify sealing the settlement amount, particularly because all parties agree (as explicitly stated in the settlement agreement between Tesla and Plaintiffs), and in fact desire, that the amount of the settlement remain confidential. Not only does confidentiality promote Tesla's interest in keeping from public view its decision-making in resolving lawsuits, but it also promotes Plaintiffs' constitutional right to financial privacy. (Cal. Const. art. I § 1; Valley Bank of Nev. v. Superior Ct. (1975) 15 Cal.3d 562, 656-57; see also Universal City Studios, Inc, supra, 110 Cal.App.4th at 1286 (noting that the normal course is to seal financial information that "involves confidential matters relating to the business operations of defendant," but declining to seal in this case on the grounds that defendant had willingly divulged the information).) Keeping settlement amounts private is preferable given the concerns associated with identity theft and solicitors who may attempt to take advantage of Plaintiffs should their financial information become public information. (Branigan Decl. ¶ 3.) This is especially true with respect to Trinity Huang and Tristan Huang, who are both minors. (NBC Subsidiary, Inc., supra, 20 Cal.4th at 1222 n. 46.) These important interests override the public interest in access to the courts (a right which a sealing order would only curtail as to a single number contained in a single declaration). This is especially true where, as here, the settlement is between two private parties and does not concern how public funds are spent. (Copley Press, Inc. v. Superior Ct. (1998) 63 Cal.App.4th 367, 376.) As such, several overriding interests justify sealing the settlement amount.

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Additionally, Tesla will suffer serious injury if the settlement amount is not sealed. Tesla entered into a settlement agreement with Plaintiffs to end years of litigation, but other potential claimants (or the plaintiffs' bar) may perceive the settlement amount as evidence of Tesla's potential liability for losses, which may have a chilling effect on settlement opportunity in subsequent cases. (Branigan Decl. ¶ 5.) As the Supreme Court has observed, "[t]he privacy of a settlement is generally understood and accepted in our legal system, which favors settlement and therefore supports attendant needs for confidentiality. Routine public disclosure of private settlement terms would chill the parties' ability in many cases to settle the action before trial. Such a result runs contrary to the strong public policy of this state favoring settlement of actions." (Monster Energy Co. v. Schechter (2019) 7 Cal.5th 781, 793, 795 (cleaned up).) Further, the confidentiality clause shielding the settlement amount from disclosure was an integral, material term in inducing Tesla to move forward with this settlement. (Branigan Decl. ¶ 4.) If the settlement amount is disclosed, that bell can never be unrung: Tesla will forever lose the full confidentiality benefit of the settlement agreement and will be irreparably harmed as a result. As such, Tesla will be substantially prejudiced in any future claims or lawsuits if the amount of its settlement is made public.

В. The Proposed Sealing Is Narrowly Tailored and No Less Restrictive Means Exist to **Achieve the Overriding Interests**

Tesla's request to seal a single declaration containing a single number is also narrowly tailored and no less restrictive alternative exists. Tesla seeks to seal only the amount of the settlement, not the existence of the settlement. Tesla and Plaintiffs have taken all steps to attempt to keep the settlement amount confidential and out of the Court's record, as the parties have agreed. Tesla confidentially provided the settlement amount to counsel for Caltrans so it could evaluate whether to object to the settlement. Tesla's counsel requested that Caltrans stipulate to a good faith settlement determination, but Caltrans informed Tesla's counsel that it will oppose the motion for good faith settlement determination, necessitating the filing of these motions. (Branigan Decl. ¶ 6.) However, all parties, including Plaintiffs, Tesla, and Caltrans, have agreed to keep the settlement amount confidential, and no party is challenging this Motion to Seal. As a result, there is no less restrictive means than Tesla's requested

relief—unopposed sealing of a single declaration containing a single number—that would honor the 2 terms of the settlement agreement and uphold the various overriding interests at play. 3 Therefore, to further the public interest and the interests of the litigants in this case, the Court should seal the settlement amount referenced in the Settlement Amount Declaration. 5 Ш. **CONCLUSION** 6 For the foregoing reasons, Tesla, Inc. respectfully requests that the Court grant its motion to seal 7 the settlement amount as stated in the Settlement Amount Declaration. 8 Dated: April 8, 2024 BOWMAN AND BROOKE LLP 9 /s/ Thomas P. Branigan 10 Thomas P. Branigan Joel Smith 11 Daniel C. Posner #232009 12 Quinn Emanuel Urquhart & Sullivan, LLP 13 Attorneys for Defendant Tesla, Inc. 14 Lauren O. Miller #279448 Tesla, Inc. 15 16 17 18 19 20 21 22 23 24 25 26 27

PROOF OF SERVICE

I am over 18 years of age, not a party to this action and employed in Plano, Texas at 5850
Granite Parkway, Ste. 900, Plano, Texas 75024. On the date indicated below, I served the foregoing
documents TESLA INC.'S MOTION TO SEAL SETTLEMENT AMOUNT STATED IN
SETTLEMENT AMOUNT DECLARATION on all interested parties, or through their attorneys of
record, in the manner noted, addressed as follows:

Attorneys for Plaintiffs

B. Mark Fong

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Seema Bhatt

Minami Tamaki LLP

101 Montgomery Street, 8th Floor

San Francisco, CA 94104

mfong@minamitamaki.com

sbhatt@minamitamaki.com

eoparowski@minamitamaki.com

12 Erica Sullivan: ESullivan@MinamiTamaki.com

Elise Everett: <u>EEverett@MinamiTamaki.com</u>

Michael A. Kelly

Doris Cheng

15 Andrew P. McDevitt

Walkup, Melodia, Kelly & Schoenberger

16 650 California Street, 26th Floor

San Francisco, CA 94108

17 <u>mkelly@walkuplawoffice.com</u>

dcheng@walkuplawoffice.com

18 amcdevitt@walkuplawoffice.com

Ashley Freeman afreeman@walkuplawoffice.com

19 Marlena White <u>mwhite@walkuplawoffice.com</u>

Mahul Patel: mpatel@walkuplawoffice.com

eserve@WalkupLawOffice.com

Attorneys for State of California

22 Landa Low

California Dept of Transportation-Legal Div.

23 P.O. Box 24325

Oakland, CA 94623-1325

24 Landa.low@dot.ca.gov

Rosemary Love: rosemary.love@dot.ca.gov

Maria Cordonero: maria.cordonero@dot.ca.gov

26 Skitch Crosby: skitch.crosby@dot.ca.gov

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DECLARATION OF THOMAS P. BRANIGAN

I, Thomas P. Branigan, declare:

- 1. I am an attorney licensed to practice law before all of the courts of the States of Illinois, Michigan and Ohio, have been admitted *pro hac vice* in this matter and, I am a partner with the law firm of Bowman & Brooke LLP, and counsel of record for Defendant Tesla, Inc. ("Tesla") in the above-titled action. This declaration is based upon my personal knowledge, except as to those matters stated on information and belief, and as to those matters, I believe them to be true: if called upon as a witness, I could and would competently testify to the facts set forth therein.
- 2. Tesla seeks to seal the settlement amount referenced in the Settlement Amount Declaration because the settlement amount is a confidential term of the settlement. The confidential settlement between Plaintiffs and Tesla includes a critical and mutually negotiated term to maintain the confidentiality of the settlement terms.
- 3. Keeping settlement amounts private is preferable given the concerns associated with identity theft and solicitors who may attempt to take advantage of Plaintiffs should their financial information become public information. This is especially true with respect to minor plaintiffs.
- 4. The confidentiality clause shielding the settlement amount from disclosure was an integral, material term in inducing Tesla to move forward with this settlement.
- 5. Tesla entered into a settlement agreement with Plaintiffs to end years of litigation, but other potential claimants (or the plaintiffs' bar) may perceive the settlement amount as evidence of Tesla's potential liability for losses, which may have a chilling effect on settlement opportunity in subsequent cases.
- 6. Tesla confidentially provided the settlement amount to counsel for Caltrans so it could evaluate whether to object to the settlement. Tesla's counsel requested that Caltrans stipulate to a good faith settlement determination, but Caltrans informed Tesla's counsel that it will oppose the motion for good faith settlement determination, necessitating the filing of these motions.

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1	I declare under penalty of perjury under the laws of the State of California that the foregoing
2 t	rue and correct and that this declaration is executed on April 8, 2024, at San Jose, California.
3	Thomas P. Brangan
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;	Thomas I. Braingan
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1 2 3	Thomas P. Branigan (<i>Pro Hac Vice</i>) BOWMAN AND BROOKE LLP 101 West Big Beaver Road, Suite 100 Troy, MI 48084-5820 Telephone: (248) 205.3300 Facsimile: (248) 205.3399				
4	Thomas.branigan@bowmanandbrooke.com				
5	Joel Smith (<i>Pro Hac Vice</i>) BOWMAN AND BROOKE LLP				
6	1441 Main Street, Suite 1200 Columbia, SC 29201				
7	Telephone: (803) 726-7420 Facsimile: (803) 726-7421				
8	Joel.Smith@bowmanandbrooke.com				
9	Daniel C. Posner #232009 Quinn Emanuel Urquhart & Sullivan, LLP				
10	865 S. Figueroa St., 10 th Floor Los Angeles, CA 90017				
11	Telephone: (213) 443-3000 Facsimile: (213) 433-3100				
12	DanPosner@quinnemanuel.com				
13	Lauren O. Miller #279448 Tesla, Inc.				
14	3000 Hanover Street Palo Alto, CA 94304				
15	MillerL@tesla.com				
16	Attorneys for Defendant Tesla, Inc.				
17	IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA				
18	COUNTY OF SANTA CLARA				
19	SZ HUA HUANG, Individually and as successor in interest to WEI LUN HUANG,) Case No. 19CV346663			
20	deceased; TESLA HUANG, a minor;	Assigned for trial to: Hon. Lori E. Pegg			
21	TRISTAN HUANG, a minor; HSI KENG HUANG; and CHING FEN HUANG,) Dept. 5)			
22	Plaintiff,	(PROPOSED) ORDER GRANTING TESLA,INC.'S MOTION TO SEAL SETTLEMENT			
23	VS.) AMOUNT DECLARATION)			
24	TESLA, INC. dba TESLA MOTORS INC.))			
25	THE STATE OF CALIFORNIA, and DOES 1 through 100,	Case Filed: April 26, 2019 Trial Date: March 18, 2024			
26)			
27	Defendants.))			
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ORDER ON TESLA'S MOTION FOR TO SEAL SETTLEMENT AMOUNT DECLARATION

1	The hearing on Tesla, Inc.'s Motion for and Order to Seal Settlement Amount came on for
2	hearing on, 2024. After consideration of the motion and argument made thereon,
3	IT IS HEREBY ORDERED that the motion to file under seal the settlement amount stated in
4	the Settlement Amount Declaration of Thomas P. Branigan lodged in support of Tesla, Inc.'s Motion for
5	Determination of Good Faith Settlement pursuant to Code of Civil Procedure section 877.6 is
6	GRANTED.
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8	DATED: Honorable Lori E. Pegg
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