

As Uber and Waymo duke it out in court, the ugly battle over driverless cars is underway

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It's big. It's nasty. It's the fight for dominance in the burgeoning market for driverless cars - and the service they'll provide.

Alliances are forming. Competitors are bulking up. The gloves are coming off.

There are accusations of subterfuge. On Monday, U.S. District Judge William Alsup slapped restrictions on ride-hailing giant Uber's driverless car research in a trade secrets civil lawsuit filed by archfoe Waymo, Google's autonomous car project.

There are hints of criminality. Last week, the same judge referred Waymo's allegations that Uber stole its proprietary technology to the U.S. Department of Justice for investigation.

There are questions of commitment. Even as nearly every automaker positions itself for a future of self-driving cars, the board of Ford is putting pressure on Chief Executive Mark Fields to justify his big bet on the driverless future, implying some think it might not be worth the financial risk.

The driverless economy is one few economic sectors with huge growth potential, now that the bloom is fading on consumer electronics.

Tens of billions of dollars are at stake, maybe hundreds of billions, according to market analysts.

"It's a huge market, but there are a lot of people who feel they have a right to compete - the tech companies, the automakers, the suppliers," said Mark Wakefield, head of the auto practice at consulting firm AlixPartners.

Add in driverless ride-hailing services, and the total could reach a trillion dollars or more, Tasha Keeney of ARK Invest said.

The most powerful weapon, along with the cash to make use of it, is intellectual property.

"When you own the I.P. for autonomous technology, that's a huge asset,"

Keeney said. "That's who's going to own the economics of this market."

And who stands to gain the most? Whoever is first to market, Keeney said. That's because data collection is crucial to perfecting robot car technology, and the sooner technology hits the road, the more data stream back to improve the systems.

Which explains the bare-knuckles nature of the Waymo-Uber battle.

Waymo's suit, filed in February, accuses Uber of knowingly using stolen trade secrets to "cheat" its way into the market.

The judge on Monday ordered Uber to keep Anthony Levandowski, the alleged thief, away from any work on lidar, a light-beam technology considered key to the development of autonomous vehicles.

Levandowski was considered a star in the self-driving industry and key to Uber's effort to replace human drivers with robot cars. Levandowski left Waymo last year and started Otto, a driverless truck company, where he soon grabbed headlines for testing driverless big rigs in Nevada. In August, Uber bought his company for \$680 million and made him head of driverless cars.

Before he left Waymo, Levandowski downloaded 14,000 documents - an action that doesn't appear to be in dispute. While Waymo claimed 121 trade secrets were stolen, Alsup said in his order Monday that only some of them might have been used by Uber. He cited two examples but most of the detail was blacked out in the public document.

"Uber likely knew or should have known that Levandowski had taken and retained possession of Waymo's confidential files," the judge wrote.

The judge rejected Waymo's request to block Uber's work on lidar

technology - but said it must continue without Levandowski, or any purloined data.

A court-appointed special master will inspect Uber work sites to ensure compliance.

Uber was also ordered to conduct a thorough investigation of the case, including interviews with anyone who might have been involved, and report back to the court June 23.

Alsop dismissed the patent claims and said only "some" of the trade secret claims hold merit.

Uber positioned the order as a victory. "We are pleased with the court's ruling that Uber can continue building and utilizing all of its self-driving technology, including our innovation around lidar," a spokeswoman said.

Anything short of shutting down its research could be considered a win for Uber, which has been hammered this year on controversies including a lawsuit claiming workplace harassment and the revelation that it used a program called Grayball to deceive local authorities about how its service was being used.

Replacing its drivers with robots is "existential" to Uber's future, founder and Chief Executive Travis Kalanick said last year.

"The entity that's in first, then rolls out a ride-sharing network that is far cheaper or far higher-quality than Uber's, then Uber is no longer a thing," he said last year.

Kalanick, meanwhile, will have to prove that he can guide Uber into that driverless future.

Uber will survive, said Evan Rawley, a professor at Columbia Business School. "People want a clean, safe, cheap ride that comes quickly and gets them where they're going."

But Kalanick? "The capital markets are not going to be quite as forgiving," Rawley said. Investors, he said, may "demand a change in strategy and perhaps a change in the executive ranks."

The private company, valued at \$68 billion, is burning cash as it keeps fares low to put pressure on Lyft and other competitors.

Some investors are already growing impatient with Kalanick, who is under pressure to bring in a strong No. 2. After a viral video that showed Kalanick insulting an Uber driver from the back seat of the car, the executive publicly admitted he needs to "fundamentally change as a leader and grow up."

A criminal investigation in the Waymo case will only darken the clouds hanging over Kalanick. The judge's Justice Department referral "is not a good sign for Uber," said Robert Milligan, an attorney at Seyfarth Shaw in Los Angeles. "You don't normally see a judge make a criminal referral in a trade secrets case."

"Travis and the Uber board have to come out and own this problem," said Grayson Brulte, a autonomous vehicle consultant in Beverly Hills.

Kalanick couldn't have been happy to learn Sunday that archfoes Waymo and Lyft had signed a deal to collaborate on autonomous technology through pilot projects and product development. Already, Lyft and General Motors are using the new Bolt EV as a test vehicle for [driverless cars](#).

Waymo is a leader in driverless technology. Lyft is the No. 2 ride-hailing

company in the U.S. GM, which owns a major stake in Lyft, is an automobile manufacturing behemoth.

The partnership underlines the need for Uber to survive the [trade-secrets](#) case unscathed. Without an automobile fleet of its own and without competitive driverless technology, all Uber has in the long run is its name recognition - for better or worse - and the passenger data behind its app.

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