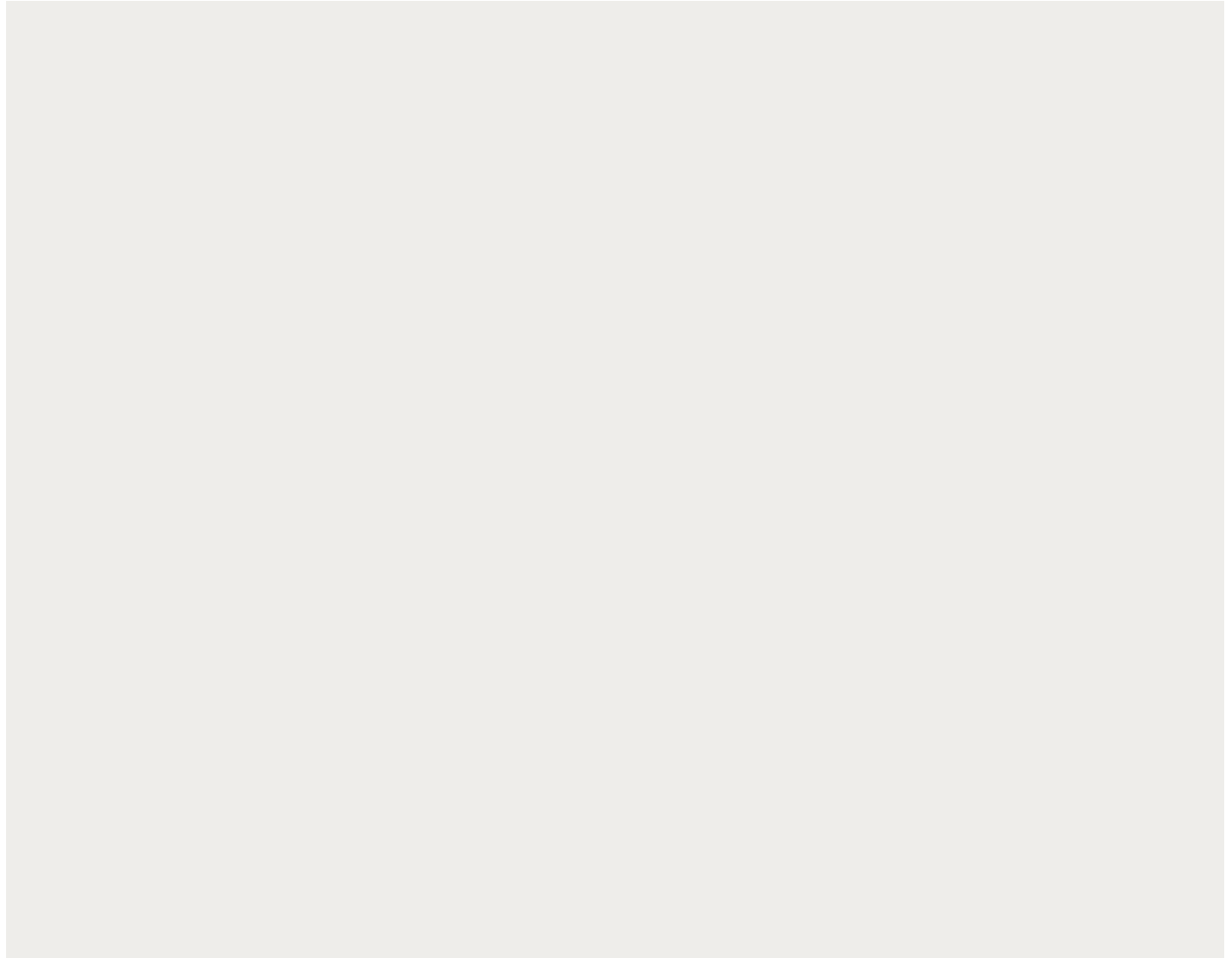


## Mitsubishi alleges in counterstrike that Bombardier is trying to kill its new regional jet

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Japan's first domestically-produced passenger jet, the Mitsubishi Regional Jet (MRJ), takes off from Nagoya Airport in Toyoyama, central Japan, for its first flight.

M U N E Y U K I T O M A R I / A P

Japanese plane maker Mitsubishi Aircraft Corp., pushed to the defensive by Bombardier Inc. over claims it used its trade secrets, is suing the Canadian plane maker in a counterstrike that alleges the Montreal-based company is trying to stymie its new regional jet before its market debut.

Mitsubishi's U.S.-based subsidiary planned to file a counterclaim Monday evening in a federal court in Seattle, alleging Bombardier engaged in illegal anti-competitive behaviour with the intent to disrupt the development of the Mitsubishi Regional Jet (MRJ) aircraft, the Japanese-based company said in a statement provided to reporters.

"Since late 2015, Bombardier has threatened, pressured and sought to coerce Mitsubishi Aircraft, its U.S.-based partners, and individual employees working on the MRJ program," Mitsubishi said in the statement, adding that when Mitsubishi refused to accede to Bombardier's demands, Bombardier launched legal action against its Japanese rival alleging the misappropriation of trade secrets.

S T O R Y C O N T I N U E S B E L O W A D V E R T I S E M E N T

"None of this is about trade secrets," Mitsubishi said in an internal blog posting also shared with media outlets. "It's about Bombardier's attempts to stifle competition."

Bombardier said Monday that Mitsubishi's attempt to recast the dispute is "misguided and disingenuous." "The facts of this case plainly show an unlawful attempt by [Mitsubishi] to obtain and use Bombardier trade secrets to advance the certification of its MRJ aircraft. That sort of misconduct is not fair competition as [the company] pretends, it is wrong and it is illegal."

This latest gambit by Mitsubishi deepens the discord between the two plane makers, adding another layer of intrigue to a fight that escalated to the courts last fall. It also shines a light on the complications that can arise when a plane maker such as Bombardier loses engineering talent, something analysts had warned about after the company ceded control of its C Series jet to Airbus SE in 2017 and completed work on its new Global 7500 luxury jet. The company currently has no new plane programs in its development pipeline.

Bombardier first sued Mitsubishi in October last year, alleging in documents filed in the U.S. District Court for the Western District of Washington at Seattle that former Bombardier employees passed on documents containing confidential information to Mitsubishi before going to work for the company. The suit also names engineering service firm Aerospace Testing Engineering & Certification (AeroTEC) as well as several former Bombardier staffers.

Bombardier alleges Mitsubishi and AeroTEC recruited no fewer than 92 of its former employees based in Canada and the United States. It accused Mitsubishi of violating the U.S. Defend Trade Secrets Act of 2016 by trying to use proprietary Bombardier documents related to the aircraft-certification process obtained from those workers to try to speed up the regulatory approval timelines for its own MRJ airliner. Mitsubishi denies it did anything wrong.

Mitsubishi has blamed the difficulty in winning certification as one of the factors holding up the launch of the MRJ90, according to Bombardier's filing. The 90-seater aircraft, which is seven years behind its initial planned commercial debut, will compete directly against Bombardier's CRJ-900 jet as well as planes built by Brazil's Embraer.

S T O R Y   C O N T I N U E S   B E L O W   A D V E R T I S E M E N T

Bombardier is keen to protect its share of the U.S. regional-jet market, which represents about 70 per cent of sales for such aircraft worldwide. The CRJ benefits at the moment from the language contained in U.S. airline pilot contracts that limit the weight and capacity of planes flown by regional affiliates for mainline carriers. Under the language, called scope clauses, the new MRJ90 and Embraer's E175-E2 exceed the 86,000-pound weight limit, while the CRJ complies.

"Bombardier does not have to try too hard to hobble the MRJ," aerospace consultant Addison Schonland of AirInsight said. "The program is already suffering from all kinds of delays. And now Bombardier is chasing them. You could frighten off a lot of customers."

Bombardier is weighing options for its CRJ business. The plane maker loses \$2-million for every CRJ built and needs more orders for the aircraft to save the program, Bombardier chief executive Alain Bellemare told the Journal de Montréal in an interview published Nov. 17. A refresh of the cabin, announced last year, was the company's first significant reinvestment in the plane family in years.

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