

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Blockchain Innovation, LLC v. Franklin Resources, Inc.

Blockchain Innovation · No. 21-cv-08787-TSH · Decided March 3, 2025

SUMMARY

The United States District Court for the Northern District of California denied Defendants’ motion for reconsideration in Blockchain Innovation, LLC v. Franklin Resources, Inc. Defendants sought reconsideration of rulings concerning objections to a declaration and the striking of expert rebuttal opinions. The Court held that Defendants’ arguments regarding the declaration were waived or improperly raised for the first time, and that the declaration did not justify reinstating the expert reports.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Thomas S. Hixson
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 3, 2025
DOCKET	21-cv-08787-TSH
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved for reconsideration of portions of the court's prior summary-judgment order and order striking expert rebuttal opinions.
STANDARD OF REVIEW	Reconsideration of an interlocutory order is disfavored and may be granted under Civil Local Rule 7-9 only upon a material difference in fact or law previously unknown despite reasonable diligence, newly emerging material facts or a change in law, or a manifest failure to consider material facts or dispositive legal arguments. Reconsideration is not available to raise arguments or evidence that could have been presented earlier or to reargue matters previously submitted.
PRECEDENTIAL VALUE	Unknown
PARTIES	Franklin Resources, Inc. d/b/a Franklin Templeton, FT FinTech Holdings, LLC, Franklin Templeton Companies, LLC v. Blockchain Innovation, LLC

TOPICS

motion for reconsideration expert testimony evidence trade secrets misappropriation of trade secrets

PRACTICE AREAS

civil procedure evidence trade secret litigation commercial litigation intellectual property

QUESTIONS PRESENTED

1. Whether defendants were entitled to reconsideration of the court's ruling overruling their objections to the Trombley Declaration based on an argument that the declaration contained expert testimony under Federal Rule of Evidence 702.
2. Whether the later admission of the Trombley Declaration constituted a material difference in fact or law warranting reconsideration of the order striking the Kim Report and portions of the Melvin Report as improper rebuttal opinions.
3. Whether defendants could assert substantial justification for serving the Kim and Melvin reports as rebuttal reports, or propose a new rebuttal-report process, for the first time on reconsideration.

HOLDINGS

1. Reconsideration was not warranted because defendants raised the Rule 702 argument for the first time on reconsideration and had previously argued the opposite—that Trombley's statements were based only on personal knowledge and were insufficient for summary judgment.
2. Trombley may testify as a lay witness about his personal knowledge and experience, including admissible lay opinions under Rule 701, but may not testify that the alleged trade secrets were unique in the industry or that no other companies developed them when those opinions are not rationally based on his perception.
3. The admission of the Trombley Declaration did not create a material difference in fact or law warranting reconsideration of the order striking the Kim Report and portions of the Melvin Report.
4. Defendants waived their substantial-justification argument by failing to raise it in opposition to the original motion to strike, and the court rejected the proposed new rebuttal-report process because it would disrupt the case schedule and substantially burden Blockchain.

KEY QUOTATIONS

“A motion for reconsideration ‘may not be used to raise arguments or present evidence for the first time when they could reasonably have been raised earlier in the litigation.’”

“The Court agrees with Plaintiff that Trombley may testify about his knowledge but agrees with Defendants that his declaration purported to do more than that.”

“The Court will not allow him to testify about whether the alleged trade secrets are unique in the industry or that no other companies have developed them.”

“The Court DENIES Defendants’ motion for reconsideration of the portions of the Court’s October 3, 2024 Order on Motion to Strike striking the Kim Report and portions of the Melvin Report.”

FACTUAL BACKGROUND

Onsa developed blockchain technology to tokenize financial assets and was acquired or funded through an agreement involving FT FinTech. After Onsa's operations ceased, its assets and legal claims were transferred through an assignment for the benefit of creditors and later purchased by Blockchain Innovation. Blockchain asserted that Franklin-related defendants misappropriated alleged trade secrets in developing and launching blockchain-related financial products. In opposing summary judgment, Blockchain submitted a declaration from Onsa founder Austin Trombley, while defendants relied on expert reports from Dr. Seoyoung Kim and Dr. Stephen Melvin concerning whether the alleged trade secrets were generally known.

PROCEDURAL HISTORY

Blockchain Innovation filed the action in the Northern District of California on November 12, 2021 and later filed a Third Amended Complaint asserting Defend Trade Secrets Act, breach-of-contract, breach-of-fiduciary-duty, and aiding-and-abetting claims. The court granted in part and denied in part the parties' summary-judgment motions on November 27, 2024, overruling objections to Austin Trombley's declaration. The court had previously struck the Kim Report and portions of the Melvin Report as improper rebuttal expert opinions. Defendants sought reconsideration under Northern District of California Civil Local Rule 7-9, and the court denied the motion.

DISPOSITION

other

CASES CITED

- McDowell v. [citation omitted in source]
- Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co., 571 F.3d 873, 880 (9th Cir. 2009)
- Kona Enters., Inc. v. Estate of Bishop, 229 F.3d 877, 890 (9th Cir. 2000)
- Siebert v. Gene Sec. Network, Inc., 75 F. Supp. 3d 1108, 1114 (N.D. Cal. 2014)
- Abdo v. Fitzsimmons, 2020 WL 4051299, at *2 (N.D. Cal. July 20, 2020)