

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

International Medical Devices, Inc. v. Robert Cornell

International Medical Devices · No. 2:20-cv-03503-CBM (RAOx) · Decided March 14, 2025

SUMMARY

The United States District Court for the Central District of California denies Defendants’ renewed motion for judgment as a matter of law and motion for a new trial. The order addresses trade secret misappropriation, trademark infringement, counterfeit marking, breach of contract, patent invalidity, and claim-construction arguments arising from the development and marketing of a competing penile implant product. The court concludes that sufficient evidence supported the jury’s verdicts and that Defendants did not establish grounds for a new trial.

CASE DETAILS

COURT	United States District Court for the Central District of California
JURISDICTION	United States District Court for the Central District of California
DECIDED	March 14, 2025
DOCKET	2:20-cv-03503-CBM (RAOx)
DISPOSITION	other
PROCEDURAL POSTURE	Defendants renewed their motion for judgment as a matter of law under Federal Rule of Civil Procedure 50(b) and moved for a new trial under Rule 59 after a jury verdict for Plaintiffs on trade-secret misappropriation, trademark infringement, counterfeit-mark, breach-of-contract, and patent-invalidity claims.
STANDARD OF REVIEW	For Rule 50(b), the court determines whether, viewing the evidence and reasonable inferences in favor of the nonmoving party and without weighing credibility, there is a legally sufficient evidentiary basis for a reasonable jury to find for that party. A Rule 59 motion may be granted when the verdict is contrary to the clear weight of the evidence, is based on false or perjurious evidence, or is necessary to prevent a miscarriage of justice.
PRECEDENTIAL VALUE	district court opinion; precedential status not identified in the source
PARTIES	International Medical Devices, Inc., Menova International, Inc., James Elist, MD v. Robert Cornell, MD, Augmenta, LLC, Robert J. Cornell

M.D., P.A., Jonathan Clavell Hernandez, MD, Clavell Urology, PLLC, OAM LLC, Cornell Cosmetic Urology, LLC, David Louis Nichols, Huck Medical Technologies, Inc., Hans Mische, Hans Mische, LLC, Run Wang, MD, RW Global Men's Health Consulting Services, PLLC, Richard B. Finger, Lata Lignum

TOPICS

trade secrets

trademark infringement

motion for new trial

civil procedure

contracts

PRACTICE AREAS

intellectual property

trade secrets

trademark law

contracts

civil procedure

QUESTIONS PRESENTED

1. Whether Defendants were entitled to judgment as a matter of law or a new trial because Plaintiffs failed to prove that the four alleged trade secrets were secret, had independent economic value, or were subject to reasonable efforts to maintain secrecy.
2. Whether the evidence was legally insufficient to establish that Cornell and the other Defendants individually misappropriated Plaintiffs' trade secrets.
3. Whether Plaintiffs presented sufficient evidence of harm resulting from the alleged trade-secret misappropriation.
4. Whether the evidence was insufficient to support the jury's trademark-infringement verdict because Plaintiffs did not prove damages or likelihood of confusion.
5. Whether the evidence was insufficient to support the counterfeit-mark verdict because the mark was not counterfeit, Defendants lacked the requisite knowledge, confusion was not shown, or the mark was not used in connection with an offer for sale.
6. Whether the evidence was insufficient to support the breach-of-contract verdict because the information was publicly available, already known, or not confidential under the nondisclosure agreement.
7. Whether Plaintiffs failed to prove their patent-invalidity claims by clear and convincing evidence because the trade secrets were not significant inventive aspects of the patents.
8. Whether Defendants were entitled to a new trial based on the court's alleged failure to construe patent claims.

HOLDINGS

1. The evidence was legally sufficient for the jury to find that Plaintiffs' four alleged trade secrets were not generally known, had independent economic value, and were protected through reasonable efforts; judgment as a matter of law and a new trial were therefore unwarranted.
2. The evidence supported the jury's finding that Cornell misappropriated Plaintiffs' trade secrets by acquiring them during training subject to an NDA and using them to develop Augmenta; neither judgment as a matter of law nor a new trial was warranted.

3. The evidence permitted reasonable jurors to find that Mische, Nichols, HMT, Finger, and Wang knew or had reason to know that trade-secret information was derived from Cornell or another person owing Plaintiffs a duty of secrecy, and that some defendants used the information; judgment as a matter of law and a new trial were unwarranted.
4. Plaintiffs presented sufficient evidence of harm, including loss of secrecy, loss of commercial protection, and inability to commercialize the concepts with protection; judgment as a matter of law and a new trial were unwarranted.
5. The evidence supported the trademark-infringement verdict because Plaintiffs presented evidence of harm and actual customer confusion resulting from Defendants' use of the Penuma mark; the motion was denied.
6. The evidence supported findings that the Penuma mark was counterfeit, Cornell knew it was counterfeit, its use was likely to confuse, and the mark was used in connection with an offer for sale even though no actual sale or distribution occurred.
7. The evidence supporting trade-secret misappropriation also supported the jury's finding that Cornell breached the NDA; judgment as a matter of law and a new trial were unwarranted.
8. The evidence was sufficient for the jury to find that Plaintiffs' trade secrets significantly contributed to claims in the challenged patents, and Defendants failed to show that the clear weight of the evidence made the patent-invalidity verdict erroneous.
9. Defendants could not obtain a new trial based on the court's alleged failure to construe patent claims because they had not previously objected and had affirmatively taken the position that the relevant issues should be decided by the jury.

KEY QUOTATIONS

"A Rule 50(b) motion for judgment as a matter of law is not a freestanding motion. Rather, it is a renewed Rule 50(a) motion." (at 2)

"The secrecy requirement is generally treated as a relative concept and requires a fact-intensive analysis." (at 3)

"Even if Cornell did not use his breach of the NDA to acquire the information, signing the NDA to acquire the trade secrets only to breach the NDA later can also constitute 'improper means.'" (at 6)

"Because direct evidence of misappropriation and misuse is not always available, plaintiffs can rely on circumstantial evidence to prove their case." (at 7)

"where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, he may not thereafter, simply because his interests have changed, assume a contrary position" (at 11)

FACTUAL BACKGROUND

Plaintiffs alleged that four trade secrets concerning the design and surgical use of a cosmetic penile implant were disclosed during a training session attended by Robert Cornell, who had signed a nondisclosure agreement. Evidence showed Cornell used the information in developing a competing Augmenta implant, and that other

defendants participated in developing, marketing, or patenting the competing product. Plaintiffs also presented evidence that Cornell and his medical practice used or advertised the Penuma mark without authorization, and that the challenged trade secrets contributed to claims in two patents.

PROCEDURAL HISTORY

Plaintiffs brought claims arising from alleged misappropriation of trade secrets relating to a cosmetic penile implant, infringement and counterfeiting of the Penuma mark, breach of a nondisclosure agreement, and patent invalidity. After a jury trial, the jury returned verdicts supporting Plaintiffs' claims. Defendants filed the renewed Rule 50(b) and Rule 59 motions, which the court denied in full; the court had previously entered a permanent injunction concerning the Penuma trademark.

DISPOSITION

other

CASES CITED

- E.E.O.C. v. Go Daddy Software, Inc., 581 F.3d 951, 961 (9th Cir. 2009)
- Reeves v. Sanderson Plumbing Prods., Inc., 530 U.S. 133 (2000)
- Molski v. M.J. Cable, Inc., 481 F.3d 724, 729 (9th Cir. 2007)
- DVD Copy Control Assn., Inc. v. Bunner, 116 Cal. App. 4th 241, 251 (2004)
- BladeRoom Grp. Ltd. v. Facebook, Inc., 2018 WL 452111, at *3-*4 (N.D. Cal. Jan. 17, 2018)
- Religious Tech. Ctr. v. Netcom On-Line Commc’n Servs., Inc., 923 F. Supp. 1231, 1253-1254 (N.D. Cal. 1995)
- Calendar Rsch. LLC v. StubHub, Inc., 2017 WL 10378336, at *3-*4 (C.D. Cal. Aug. 16, 2017)
- Yield Dynamics, Inc. v. TEA Sys. Corp., 154 Cal. App. 4th 547, 564 (2007)
- In re Qualcomm Litig., 2019 WL 13159816, at *9 (S.D. Cal. Mar. 14, 2019)
- Wisk Aero LLC v. Archer Aviation Inc., at *14 (N.D. Cal. June 9, 2023)
- Silvaco Data Sys. v. Intel Corp., 184 Cal. App. 4th 210, 229 (2010)
- Kwikset Corp. v. Superior Ct., 51 Cal. 4th 210, 229 (2011)
- New Hampshire v. Maine, 532 U.S. 742, 749 (2001)
- SkinMedica, Inc. v. Histogen Inc., 869 F. Supp. 2d 1176, 1195 (S.D. Cal. 2012)

OPINION

International Medical Devices, Inc. v. Robert Cornell

PER CURIAM.

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UNITED STATES DISTRICT COURT

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CENTRAL DISTRICT OF CALIFORNIA

10 11 International Medical Devices, et al, Case No.: 2:20-cv-03503-CBM (RAOx) 12 Plaintiffs,
ORDER RE: DEFENDANTS' v.

13 MOTION FOR JUDGMENT AS A

Robert Cornell, MD, an individual, et MATTER OF LAW AND FOR NEW 14 al, TRIAL 15
Defendants. 16 17 The matter before the Court is Renewed Motion for Judgment as a Matter of 18
Law and Motion for New Trial. (Dkt. No. 716 ("Motion").)

19 I. BACKGROUND

20 This is a trade secrets case filed by Plaintiffs International Medical Devices, 21 Inc., Menova
International, Inc., and James Elist, MD against multiple Defendants.¹ 22 (Dkt. No. 578.) The
parties are familiar with the factual and procedural background 23 of the case; therefore, the Court
does not repeat the relevant facts herein. On June 24 25 1 Defendants are Robert Cornell, MD;
Augmenta, LLC; Robert J. Cornell M.D., P.A.; Jonathan Clavell Hernandez, MD; Clavell Urology,
PLLC; OAM LLC; 26 Cornell Cosmetic Urology, LLC; David Louis Nichols; Huck Medical 27
Technologies, Inc.; Hans Mische; Hans Mische, LLC; Run Wang, MD; RW Global Men's Health
Consulting Services, PLLC; Richard B. Finger; and Lata Lignum 28 1 13, 2024, Defendants filed
the instant Motion, and on June 24, 2024, Defendants 2 filed an amended version of the Motion.
(Dkt. Nos. 713, 716.)

3 II. STATEMENT OF THE LAW

4 Federal Rule of Civil Procedure Rule 50(b) states that "[n]o later than 28 days 5 after the entry
of judgment . . . the movant may file a renewed motion for judgment 6 as a matter of law and may
include an alternative or joint request for a new trial 7 under Rule 59." "A Rule 50(b) motion for
judgment as a matter of law is not a 8 freestanding motion. Rather, it is a renewed Rule 50(a)
motion." *E.E.O.C. v. Go 9 Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009). "Thus, a party
cannot 10 properly raise arguments in its post-trial motion for judgment as a matter of law 11
under Rule 50(b) that it did not raise in its preverdict Rule 50(a) motion." *Id.* 12 (internal
quotations omitted). Relief is proper if "a party has been fully heard on an 13 issue, and there is no
legally sufficient evidentiary basis for a reasonable jury to find 14 for that party on that issue."
Reeves, 530 U.S. at 149. "[T]he court must draw all 15 reasonable inferences in favor of the
nonmoving party, and it may not make 16 credibility determinations or weigh the evidence." *Id.* at
150. And "although the 17 court should review the record as a whole, it must disregard all
evidence favorable 18 to the moving party that the jury is not required to believe." *Id.* at 151.

19 Rule 59(a) states, "[a] new trial may be granted ... in an action in which there
20 has been a trial by jury, for any of the reasons for which new trials have heretofore 21 been
granted in actions at law in the courts of the United States." Rule 59 authorizes 22 the district
courts to grant a motion for new trial "on all or some of the issues ... 23 after a jury trial, for any
reason for which a new trial has heretofore been granted in 24 an action at law in federal court."
Fed. R. Civ. P. 59(a)(1)(A). The Ninth Circuit 25 has applied Rule 59 to permit a new trial "if the
verdict is contrary to the clear 26 weight of the evidence, is based upon false or perjurious

evidence, or to prevent a miscarriage of justice.” *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 28 2007) (internal citation omitted).

1 III. DISCUSSION

2 A. Trade Secret Misappropriation 3 Secrecy 4 The CUTSA defines “trade secret” as
“information, including a formula, 5 pattern, compilation, program, device, method, technique, or
process, that: (1) 6 [d]erives independent economic value, actual or potential, from not being
generally 7 known to the public or to other persons who can obtain economic value from its 8
disclosure or use; and (2) [i]s the subject of efforts that are reasonable under the 9 circumstances to
maintain its secrecy.” Cal. Civ. Code § 3426.1(d). “The secrecy 10 requirement is generally treated
as a relative concept and requires a fact-intensive 11 analysis.” *DVD Copy Control Assn., Inc. v.*
Bunner, 116 Cal. App. 4th 241, 251 12 (2004). “[T]he value of a trade secret arises from its
secrecy and the ability to 13 control whether, how and to whom it is disclosed,” not from their
novelty. 14 *BladeRoom Grp. Ltd. v. Facebook, Inc.*, 2018 WL 452111, at *3 (N.D. Cal. Jan. 17, 15
2018) (citing *Bunner*). 16 Defendants contend that Plaintiffs failed to introduce sufficient evidence
that 17 the alleged four trade secrets were secret, that they derived “independent economic 18
value from secrecy,” and that Plaintiffs “used reasonable efforts to maintain its 19 secrecy.” (Mot.
at 7.) 20 a) Not generally known 21 The four trade secrets at issue here are: (1) the incorporation
of internal 22 pockets or voids of space within the silicone body of a cosmetic penile silicone 23
implant to add softness and elasticity; (2) the incorporation of mesh tabs embedded 24 in or
around the distal tip of a cosmetic penile implant to facilitate tissue ingrowth; 25 (3) the use of
absorbable sutures as part of the cosmetic silicone penile implant 26 procedure paired or in
combination with mesh tabs embedded in and around the 27 distal tip of the implant to hold the
implant; and (4) a particular list of instruments 28 and materials used to perform the surgical
method associated with the placement of 1 a cosmetic penile implant referred to as the Penuma
Instrument and Supply List. 2 Plaintiffs introduced evidence that each of the four trade secrets was
not generally 3 known in 2018.2 4 b) Reasonable steps to protect trade secrets 5 “‘Reasonable
efforts’ can include advising employees of the existence of a 6 trade secret, limiting access to the
information on a ‘need to know basis,’ requiring 7 employees to sign confidentiality agreements,
and keeping secret documents under 8 lock.” *Religious Tech. Ctr. v. Netcom On-Line Commc’n*
Servs., Inc., 923 F. Supp. 9 1231, 1253 (N.D. Cal. 1995) (citations omitted). In *Religious Tech*, the
district court 10 found reasonable steps were taken, including “use of locked cabinets, safes,
logging 11 and identification of the materials, availability of the materials at only a handful of 12
sites worldwide . . . and confidentiality agreements for all of those given access to 13 the
materials.” *Id.* at 1254. Plaintiffs introduced evidence at trial of the reasonable 14 steps they took
to protect their trade secrets.3 15 16 17 18 2 (See Trial Tr. at 1182:18-1183:1, 1184:7-10, 820:17-
822:24, 1591:3-1592:17, 19 1596:8-1597:12, 1658:15-24, 1660:1-1661:22 (testimony showing
that internal pockets/voids within implant was not generally known); *id.* at 1591:10-25, 1415:14-
20 1418:3, 1419:9-1420:17, 1651:18-1652:7, 1653:5-1655-4, 1657:11-1658:1, 21 1671:7-1673:14,

1673:15-1674:19, 1655:24-1657:10 (testimony showing that mesh tabs around distal tip of implant was not generally known); id. at 1555:9-15, 1419:9- 22 1420:17 (testimony that mesh tabs around distal tip in combination with absorbable 23 sutures was not generally known); id. at 1678:3-1679:18, 1709:13-16 (testimony that the Penuma instrument and supply list was not generally known). 24 3 (See Trial Tr. at 1780:21-1783:21 (testimony from Jonathan Elist describing steps 25 Plaintiffs took to keep information confidential); id. at 1778:11-17, 1784:20-1785:5 (testimony regarding why IMD requires visiting surgeons sign an NDA and how 26 IMD conducts its trade secret audits to make sure all measures to protect trade 27 secrets “are in use and that they continue to be effective measures”); Ex. 86 (image of cabinet labeled “CONFIDENTIAL AND SENSITIVE, AUTHORIZED IMD 28 1 “To have independent economic value, a trade secret must be ‘sufficiently 2 valuable and secret to afford an actual or potential economic advantage over 3 others.’” Calendar Rsch. LLC v. StubHub, Inc., 2017 WL 10378336, at *3 (C.D. 4 Cal. Aug. 16, 2017) (quoting Yield Dynamics, Inc. v. TEA Sys. Corp., 154 Cal. App. 5 4th 547, 564 (2007). “Independent economic value can be shown by circumstantial 6 evidence of the resources invested in producing the information, the precautions 7 taken to protect its secrecy, and the willingness of others to pay for its access.” Id. 8 Moreover, “information can have independent economic value even if there is no 9 actual product on the market utilizing the information. Id. “The standard to show 10 that trade secrets derive economic value is not a high standard.” Id. Plaintiffs 11 introduced evidence establishing the trade secrets had economic value.4 See 12 Calendar Rsch., 2017 WL 10378336 at *4 (noting that creation and development of 13 products “would be less profitable without the expedited and simplified 14 development processes inherent in these trade secrets”). 15 Accordingly, there was evidence supporting that the four trade secrets were 16 indeed secret, and judgment as a matter of law on this basis is not warranted. 17 Similarly, Defendants have not identified evidence5 that shows the clear weight of 18 all the evidence was contrary to the jury verdict. Thus, a new trial is not warranted 19 20 4 (See Trial Tr. at 1787:18-22, 1792:18-1794:13 (testimony from Jonathan Elist 21 regarding value of trade secrets); id. at 1677:2-1678:2 (expert testimony that instrument list was valuable); id. at 1778:11-17, 1780:21-1783:21, 1784:20-1785:5, 22 Ex 436 (testimony and exhibit describing steps taken to protect trade secrets); id. at 23 1075:1-21, Ex. 76 (Offering Memorandum for Augmenta Investors LLC indicating value of Augmenta product); id. at 1271:12-1279:23, Exs. 29 (‘413 Patent), 78 (‘639 24 Patent) (testimony and exhibits regarding the two patents Cornell obtained using the 25 trade secrets). 5 (See Trial Tr. at 334:21-335:4, 414:25-415:2 (evidence merely showing that 26 general use of mesh for ingrowth and voids/internal pockets in a medical device is 27 not a trade secret, not that Plaintiffs’ contemplated use of those items in a penile implant was not a trade secret); 334:7-9, 1704:21-22 (evidence only indicates that 28 1 on this basis either. 2 Each Defendant’s Misappropriation 3 Defendants contend that Plaintiffs “failed to introduce evidence” establishing 4 “that each Defendant, individually, misappropriated any of [Plaintiffs’] four alleged 5 trade secrets” because there was no evidence that each Defendant acquired the trade 6 secrets “by

improper means,” no evidence that any Defendant other than Cornell 7 “acquired knowledge of a trade secret under circumstances giving rise to a duty to 8 maintain its secrecy or limit its use,” and no evidence that any Defendants other 9 than Cornell “used or disclosed any trade secret with knowledge that it was derived 10 from or through a person who owed a duty to Plaintiff[s] to maintain its secrecy or 11 limit its use.” (Mot. at 12–16.) 12 The CUTSA defines “misappropriation” to mean: 13

(1) Acquisition of a trade secret of another by a person who knows or

14 has reason to know that the trade secret was acquired by improper means; or 15

(2) Disclosure or use of a trade secret of another without express or

16 implied consent by a person who: (A) Used improper means to acquire knowledge of the trade secret; 17 or 18 (B) At the time of disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was: 19 (i) Derived from or through a person who had utilized improper 20 means to acquire it; (ii) Acquired under circumstances giving rise to a duty to 21 maintain its secrecy or limit its use; or 22 (iii) Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or 23 (C) Before a material change of his or her position, knew or had 24 reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake. 25 Cal. Civ. Code 3426.1(b). The CUTSA also states that “improper means”: 26 27 “includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic 28 or other means. Reverse engineering or independent derivation alone 1 shall not be considered improper means.” 2 Cal. Civ. Code 3426.1(a). 3 a) Cornell 4 The evidence at trial demonstrated that Cornell acquired the trade secrets 5 when he attended the Penuma training session, that the NDA gave rise to a duty to 6 maintain the secrecy of the information, that Cornell knew the NDA required him 7 to maintain secrecy, and that he used those trade secrets in developing Augmenta.6 8 This is sufficient to establish misappropriation as to Cornell. See BladeRoom, 2018 9 WL 452111 at *4 (“The court reiterates that a violation of CUTSA may occur when 10 trade secrets are disclosed in violation of a contractual duty to maintain 11 confidentiality”).7 Second, the CUTSA explicitly lists breach of a duty to maintain 12 secrecy as “improper means.” Even if Cornell did not use his breach of the NDA 13 to acquire the information, signing the NDA to acquire the trade secrets only to 14 breach the NDA later can also constitute “improper means.” There was 15 circumstantial evidence indicating that when Cornell signed the NDA, he did not 16 intend to keep the trade secrets confidential, but instead was there to learn 17 information he could use to develop a competing implant product.8 Therefore, there 18 was evidence supporting Cornell’s liability under either section 3426.1(b)(2)(A) or 19 3426.1(b)(2)(B)(ii), and judgment as a matter of law is not warranted. Nor is a new 20 21 6 See Exs. 29, 78 (trade secrets incorporated into ‘413 and ‘639 patents). 7 It is unclear why Defendants argue that Plaintiffs must show the Defendants each 22 acquired the trade secrets by “improper means” when the statute provides for 23 multiple ways of misappropriation, some referencing “improper means” and some not. Note, however, that in the

Final Pretrial Conference Order, the parties agreed 24 that one of the elements necessary to establish a trade secret claim is “Defendants 25 acquired, used, or disclosed Plaintiffs’ trade secrets through improper means.” The parties adopted this language from CACI 4401. (Dkt. No. 578 at 12.) 26 8 See Exs. 20 (document incorporating trade secrets into a plan for developing 27 Augmenta weeks after signing NDA); 212 (email from Cornell to Mische asking if the NDA required Cornell to stay “under the radar on the patent”); 1605:2-1607:14 28 1 trial warranted, as the clear weight of the evidence is not contrary to the jury verdict 2 as to Cornell’s misappropriation. (See Dkt. No. 649.) 3 a) Other defendants 4 Plaintiffs argue that the other Defendants “induced Cornell to breach the 5 NDA and thus themselves acquired the trade secrets by improper means.” (Opp. at 6 17.) This argument is tenuous. “To induce means to ‘bring on or about, to affect, 7 cause, to influence to an actor or course of conduct, lead by persuasion or reasoning, 8 incite by motives, prevail on.’” *In re Qualcomm Litig.*, 2019 WL 13159816, at *9 9 (S.D. Cal. Mar. 14, 2019) (quoting Black’s Law Dictionary 775 (6th ed. 1990)). 10 None of the evidence cited by Plaintiffs reflects that these Defendants took any 11 actions to “bring . . . about,” cause, influence, or incite Cornell to share the trade 12 secrets he learned from the training. However, there was evidence to support that 13 these Defendants knew or had reason to know that some of the trade secrets were 14 “[d]erived from or through a person who had utilized improper means to acquire it” 15 or “derived from . . . a person who owed a duty to the person seeking relief to 16 maintain its secrecy or limit its use.” Cal. Civ. Code § 3426.1(b)(2)(B)(i) & (iii). 17 First, the evidence showed that Defendants Mische and Nichols (and by 18 extension, HMT) knew Cornell signed an NDA with IMD in connection with the 19 Penuma training session.⁹ This evidence also showed that Cornell shared certain of 20 the trade secrets with these Defendants to develop a competing product to Penuma.¹⁰ 21 Thus, there was evidence supporting that Mische and Nichols (and HMT) had 22 reason to know that these trade secrets were derived from a person (Cornell) who 23 9 (See Trial Tr. at 972:13-974:22, 979:10-984:8 (testimony that Mische knew about 24 the NDA); 1097:6-15 (testimony that Nichols knew about the NDA).) 25 10 (See Trial Tr. at 984:4-986:16, 972:13- 974:22, Exs. 20, 213, 308 (testimony and exhibits showing Cornell shared trade secrets with Mische); 1100:2-25, 1113:3- 26 1114:10, 1105:12-1107:11, Exs. 119, 123 (testimony and exhibits showing Cornell 27 shared trade secrets with Nichols and HMT); Exs. 29, 78 (the ‘413 and ‘639 patents incorporating internal pockets, mesh tabs, and mesh tabs with absorbable sutures 28 1 owed a duty to Plaintiffs to maintain the secrecy of those ideas—Mische as to the 2 mesh tabs, mesh tabs with absorbable sutures, and instrument list, and Nichols and 3 HMT as to the internal pockets, mesh tabs, and mesh tabs with absorbable sutures. 4 Defendants argue that the jury “could not reasonably infer that any of the 5 Defendants knew or had reason to know” that the information Cornell shared was 6 in violation of the NDA from the evidence Plaintiffs cited. (Reply at 5.) But 7 “[b]ecause direct evidence of misappropriation and misuse is not always available, 8 plaintiffs can rely on circumstantial evidence to prove their case. [citation]. In 9 most cases plaintiffs must construct a web of perhaps ambiguous circumstantial 10 evidence from which

the trier of fact may draw inferences which convince him that 11 it is more probable than not that what plaintiffs allege happened did in fact take 12 place.” *Wisk Aero LLC v. Archer Aviation Inc.*, at *14 (N.D. Cal. June 9, 2023) 13 (internal quotations and citation omitted). As for “disclosure or use” of the trade 14 secrets, there was evidence that Defendants Mische and Nichols used the trade 15 secrets in designing and developing Augmenta and by filing patents that 16 incorporated the trade secrets.¹¹ 17 Second, there was evidence to support a reasonable inference that Finger had 18 reason to know aspects of the Augmenta were derived from a person who owed a 19 duty to Plaintiffs to maintain trade secrets.¹² Finger was aware Cornell attended the 20 Penuma training and that Cornell built off what he learned at the training to develop 21 the Augmenta. Evidence also showed that Finger was involved in the development 22 of the implant with HMT. The Offering Memorandum, in which Finger was 23 involved as CFO, showed that Augmenta Investors LLC was aware of the risk of 24 litigation over the trade secrets at issue. A reasonable jury could conclude that 25 (1) Finger was so involved in Augmenta that he would have been familiar with its 26 27 11 (See Trial Tr. at 1088:1-10 (HMT hired to help develop Augmenta implant); Exs. 20, 29, 78, 119.) 28 12 1 product specifications, including the trade secrets, and (2) Finger knew Cornell 2 observed the Penuma procedure under an NDA and anticipated Elist might sue for 3 trade secret misappropriation, yet proceeded with developing Augmenta with 4 Cornell anyway.¹³ 5 Third, there was evidence to support a reasonable inference that Wang had 6 reason to know aspects of the Augmenta were derived from a person (Cornell) who 7 owed a duty to maintain the secrecy of those ideas. The evidence established that 8 Wang “was a member of IMD’s advisory board” and had himself signed an NDA 9 with Plaintiffs.¹⁴ Wang also assisted Cornell in performing two cadaver surgeries 10 testing prototypes of Augmenta that incorporated the trade secrets.¹⁵ Based on this 11 evidence, a reasonable jury could conclude that, having signed an IMD NDA 12 himself, Wang had reason to know during the cadaver surgeries that Cornell was 13 utilizing the same trade secrets in the Augmenta that belonged to IMD. 14 Accordingly, judgment as a matter of law is not warranted on the basis that 15 there was no evidence of each Defendant’s misappropriation. As for a new trial, 16 Defendants have not shown that the clear weight of the evidence is contrary to the 17 jury verdict. (See Dkt. No. 649.) 18 Harm 19 Defendants contend that “IMD introduced no evidence” showing that the 20 misappropriation “harmed Plaintiffs or caused Defendants to be unjustly enriched.” 21 (Mot. at 21.) Defendants cite to nothing in support of this argument. Jonathan Elist 22 23 13 Defendants’ argument that Finger could not have acquired the trade secrets because the technical information would be “incomprehensible” to him is 24 unavailing. “Liability under CUTSA is not dependent on the defendant’s 25 ‘comprehension’ of the trade secret”—rather, it requires only “knowledge” of the secret. *Silvaco Data Sys. v. Intel Corp.*, 184 Cal. App. 4th 210, 229 (2010), as 26 modified on denial of reh’g (May 27, 2010), disapproved of on other grounds by 27 *Kwikset Corp. v. Superior Ct.*, 51 Cal. 4th 210, 229 (2011). 14 (See Trial Tr. at 885:10-888:4; Ex. 339.) 28 15 1 testified that Cornell’s breach of the NDA “put our confidential concepts out into 2 the world”

such that “they’re not protected anymore” and “the value is just 3 destroyed,” and that in addition, the concepts are “now in a patent precluding us 4 from using our own ideas.” (Trial Tr. at 1792:18-24.) Elist also testified that 5 because of Defendants’ “use, unauthorized misappropriation of the plaintiffs’ trade 6 secret concepts, and the instrument list,” Plaintiffs have been “extremely harmed” 7 because they “lost something that was in development based on [Dr. Elist’s] 8 experience” and that “there is no ability to commercialize it at this point and have 9 any modicum of protection around it.” (Trial Tr. at 1793:5-14.) Elist elaborated 10 that the trade secrets, use of the Penuma mark “to syphon off patients,” use of 11 Plaintiffs’ “copyright image to get a patent,” “complete disregard” for the NDA, 12 and the “idea of pretending to be one of our customers,” particularly “just as we 13 were starting to get going as a company,” were instances of harm to Plaintiffs. (Id. 14 at 1793:14-22.) Thus, judgment as a matter of law on the basis that there was no 15 evidence of harm is not warranted. Nor is a new trial warranted, as Defendants have 16 not shown that the clear weight of the evidence is contrary to the jury verdict. 17 * * * 18 Accordingly, the Court denies the Motion as to the misappropriation claims. 19 B. Trademark Infringement 20 Defendants argue that Cornell and his medical practice (the “Cornell 21 Defendants”) are entitled to judgment as a matter of law or a new trial on the 22 trademark infringement claim because Plaintiffs “offered no evidence of damages 23 caused by” the Cornell Defendants’ “use of the Penuma mark or evidence of profits 24 attributable to their use of the Penuma mark.” (Mot. at 22.) That no damages 25 stemmed from the infringement does not mean that no harm was suffered. Jonathan 26 Elist’s testimony at trial indicated that Plaintiffs suffered harm.¹⁶ On this basis, the 27 16 (See Trial Tr. at 1792:6-17 (in response to the question of how IMD has been 28 1 Court entered a permanent injunction with respect to the Penuma trademark. (Dkt.

2 No. 700 at 3.)

3 Defendants also argue that Menova did not introduce sufficient evidence as 4 to likelihood of customer confusion, a factor in the Sleekcraft test for trademark 5 infringement. (Mot. at 22–24.) The trial record reflects there was actual confusion 6 due to the trademark.¹⁷ As for Defendants’ request for a new trial, Defendants cite 7 to no evidence indicating the jury’s finding was clearly wrong. Accordingly, the 8 Court denies the Motion as to the trademark infringement claim. 9 C. Counterfeit Mark 10 Defendants contend that the Cornell Defendants are entitled to judgment as a 11 matter of law or a new trial on the counterfeit claim because Menova failed to 12 “establish evidence” that the mark used was a counterfeit mark, that the Cornell 13 Defendants knew the mark used was counterfeit, or that the use of the mark was 14 likely to confuse or deceive. (Mot. at 25–26.) Defendants also argue that Plaintiffs 15 fail to show use of the mark “in connection with the sale, offering for sale, or 16 distribution of goods.” (Reply at 10.) 17 Evidence in the record demonstrated that the mark was counterfeit and 18 Cornell knew the mark was counterfeit (Cornell was not authorized to provide 19 Penuma, which he knew, and he used the mark “in anticipation of being credentialed 20 to provide” the implant), and that the use was likely to confuse (patients contacted 21 Plaintiffs and were under the impression Penuma was offered at

Cornell's clinic).¹⁸ ²² ²³ Elist testified that "[i]t caused a lot of confusion in the marketplace" at a time "when [Plaintiffs were] just starting to establish [themselves]" and "represented lost ²⁴ opportunities with patients.") ²⁵ ¹⁷ (See Trial Tr. at 1792:6-17; Ex. 94A (document logging inquiries received regarding Cornell offering the Penuma procedure and implant).) ²⁶ ¹⁸ (See Trial Tr. at 1192:13-1195:16 (testimony by Cornell indicating the website ²⁷ for Robert J. Cornell, M.D., PA displayed the Penuma mark, confirming that Cornell didn't provide the Penuma surgery at the time the website displayed the ²⁸ ¹ Contrary to Defendants' contentions, the evidence indicated that Cornell and his ² medical practice did "offer for sale" the Penuma implant (even if no actual sale or ³ distribution occurred), as Penuma was advertised on the website. Defendants' ⁴ alternative request for a new trial is unsupported by any evidence that clearly weighs ⁵ against the jury verdict on this claim. Accordingly, the Court denies the Motion as ⁶ to the counterfeit mark claim. ⁷ D. Breach of Contract ⁸ Defendants argue that Cornell is entitled to judgment as a matter of law or a ⁹ new trial on the breach of contract claim because "[e]vidence at trial confirmed that ¹⁰ some or all of the trade secrets alleged by Plaintiffs were publicly available, already ¹¹ known by Dr. Cornell, or otherwise generally known," and that therefore the ¹² information was not confidential "under the definition in the NDA." (Mot. at 26.) ¹³ As explained above, there was evidence in the record that Defendants ¹⁴ misappropriated the four trade secrets, which necessarily also showed that the trade ¹⁵ secrets were not generally known. The same evidence indicated that Cornell ¹⁶ breached the NDA. Judgment as a matter of law on this claim is not warranted. The ¹⁷ evidence similarly supports the jury verdict and a new trial is not warranted. ¹⁸ Accordingly, the Court denies the Motion as to the breach of contract claim. ¹⁹ E. Patent Invalidation ²⁰ Defendants contend that Plaintiffs failed to prove the elements of their patent ²¹ invalidity claims "by clear and convincing evidence" because there was no evidence ²² the trade secrets "constituted the 'significant inventive' aspects of" the Augmenta ²³ advertisement "was in anticipation of being credentialed to provide this product"); ²⁴ Ex. ²⁴ (image of the website for Robert J. Cornell, M.D., PA advertising Cornell as ²⁵ a "Penuma Penile Enhancement Specialist"); Ex. ²⁵ (June 25, 2018 cease-and- desist email from Jonathan Elist to Cornell); Ex. ⁵¹¹ (August 4-6, 2024 email ²⁶ correspondence between Jonathan Elist and Cornell regarding Elist "receiving some ²⁷ confusing inquiries from potential patients about Penuma being offered at your clinic" and Cornell confirming he would "request that" his marketing team ²⁸ ¹ patents. (Reply at 11.) Defendants contend that the significant element in the '413 ² Patent was varying the pockets along the implant to achieve a gradient of elasticity, ³ as described in Claim 1 of the patent. (Id. at ¹² (citing to Ex. 29, the '413 Patent).) ⁴ But evidence in the record indicates that the trade secrets at issue significantly ⁵ contributed to other claims in the patents.¹⁹ The "clear weight" of this evidence ⁶ does not indicate that the jury verdict on patent invalidity was wrong. Accordingly, ⁷ neither judgment as a matter of law nor a new trial are warranted on this basis. The ⁸ Court denies the Motion as to the patent invalidity claims. ⁹ F. New Trial Based on Claim Construction Question ¹⁰ Defendants argue that because "[m]uch of the dispute in this case concerned ¹¹ the

meaning of the Augmenta patent and various prior-art patents and the Court 12 “never construed the claims,” the Court “erroneously treat[ed] the meaning of the 13 claims as a question of fact for the jury (and a subject for expert testimony). (Id.) 14 Plaintiffs argue that Defendants waived any claim construction argument because 15 they raised no such objections previously, and in fact “consistently took the position 16 the jury must decide . . . who invented the claims of [the patents].” (Opp. at 25– 17 26.)20 18 Defendants previously did not object to the lack of claim construction, and in 19 fact took the position that these issues should be decided by the jury. They cannot 20 21 19 (See Trial Tr. at 328:15-23, 334:16-335:4 (Dr. Elist testified that he conceived of the use of internal pockets to make Penuma softer and more flexible); 335:11-337:1 22 (Dr. Elist planned to incorporate mesh at or around the distal tip to secure the 23 implant in place, which could be used in combination with absorbable sutures); 1789:21-1791:11 (Defendants used the design concept trade secrets Cornell 24 obtained during the Penuma training to obtain the ‘413 Patent and the ‘639 Patent);

25 Exs. 29, 78 (Claims 1-10 of the ‘413 Patent and claims 1, and 13-17 of the ‘639 Patent based on Plaintiffs’ internal pockets concept); Ex. 29 (Claims 11-15 of the 26 ‘413 Patent based on Plaintiffs’ design concepts for mesh tabs and absorbable 27 sutures).) 20 Plaintiffs also note that “Defendants argued in a bench brief that ‘the question of 28 1 | now argue the opposite. See New Hampshire v. Maine, 532 U.S. 742, 749 (2001) 2 | (“[W]here a party assumes a certain position in a legal proceeding, and succeeds in 3 | maintaining that position, he may not thereafter, simply because his interests have 4 || changed, assume a contrary position”). In any case, “the determination of secrecy 5 | under the UTSA is not the same as the PTO’s decision whether an invention is 6 | obvious in view of the prior art,” and this question of whether patent applications 7 | or prior art made information generally known is a “fact-intensive question” for the 8 | jury. SkinMedica, Inc. v. Histogen Inc., 869 F. Supp. 2d 1176, 1195 (S.D. Cal. 9 | 2012). Accordingly, the Court denies the Motion for a new trial on this ground.

10 IV. CONCLUSION

11] Accordingly, the Court DENIES Defendants’ Motion. 12 IT IS SO ORDERED. 13 14 | DATED: March 14, 2025. re

15 UNITED STATES DISTRICT JUDGE

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