UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

International Medical Devices, Inc. v. Robert Cornell

No. 2:20-cv-03503-CBM (RAOx) (C.D. Cal. Mar. 14, 2025) · No. 2:20-cv-03503-CBM (RAOx) · Decided March 14, 2025

SUMMARY

The United States District Court for the Central District of California denied Defendants' motion under Federal Rules of Civil Procedure 52(a) and 59(e) for amended or additional findings and to alter or amend the judgment. The court upheld its findings concerning reasonable-royalty compensatory damages, willful and malicious trade-secret misappropriation, exemplary damages, joint and several liability, and a five-year permanent injunction. The action involved claims under the California Uniform Trade Secrets Act.

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 moved under Federal Rules of Civil Procedure 52(a) and 59(e) for amended or additional findings and to alter or amend the court's post-trial judgment awarding compensatory and exemplary damages and imposing a permanent injunction in a trade-secrets misappropriation action.
STANDARD OF REVIEW	A Rule 59(e) motion requires a substantive change of mind and is an extraordinary remedy to be used sparingly; the district court has considerable discretion in granting or denying such a motion. Review of the terms of an injunction is correspondingly narrow.
PRECEDENTIAL VALUE	unpublished district-court opinion; persuasive authority only

TOPICS

misappropriation of trade secrets · trade secrets · motion for reconsideration · injunctions · damages

PRACTICE AREAS

trade secrets · intellectual property · commercial litigation · civil procedure · remedies

QUESTIONS PRESENTED

1. Whether the court's post-trial findings regarding the reasonable-royalty award and exemplary damages satisfied Federal Rule of Civil Procedure 52(a).
2. Whether defendants established a basis under Federal Rule of Civil Procedure 59(e) to alter or amend the compensatory-damages award.
3. Whether the court could determine that the trade-secret misappropriation was willful and malicious and award exemplary damages without a jury finding.
4. Whether the California Uniform Trade Secrets Act required a separate willfulness finding for each defendant before exemplary damages could be imposed.
5. Whether exemplary damages could be imposed jointly and severally under the California Uniform Trade Secrets Act.
6. Whether the permanent injunction's five-year duration was authorized to eliminate the commercial advantage obtained through misappropriation.

HOLDINGS

1. The court's post-trial order sufficiently stated the factual findings and reasoning supporting the reasonable-royalty and exemplary-damages awards, and therefore complied with Rule 52(a).
2. Defendants failed to establish any Rule 59(e) ground warranting alteration or amendment of the reasonable-royalty award.
3. On the record presented, the district court could determine whether the misappropriation was willful and malicious; defendants did not preserve a jury-trial challenge by stipulating that the court would determine harm and appropriate damages and failing to raise the issue before the jury was excused.
4. The court rejected defendants' argument that the CUTSA categorically requires a separate willful-and-malicious finding for each defendant before exemplary damages may be imposed; in any event, the record supported the court's finding as to all defendants.
5. The court rejected defendants' contention that the CUTSA prohibits joint and several liability for exemplary damages.
6. The five-year permanent injunction was within the court's discretion because it was designed to eliminate the commercial advantage defendants obtained through misappropriation and did not exceed the period needed to replicate legitimate development of the product.

KEY QUOTATIONS

> *"amending a judgment after its entry remains an extraordinary remedy which should be used sparingly."* (at 2)

> *“allowing misappropriators to gamble with other people’s trade secrets would undermine ‘important standards of commercial ethics’”* (at 5)

> *“allow the district court to make an independent judgment about whether [the] misappropriation was ‘willful and malicious.’”* (at 7)

FACTUAL BACKGROUND

International Medical Devices, Inc., Menova International, Inc., and James Elist, M.D. sued multiple defendants for misappropriation of trade secrets relating to the Penuma product and the development of the competing Augmenta product. Following trial, the court awarded a reasonable royalty of $5,772,044, exemplary damages based on willful and malicious misappropriation, and a permanent injunction. Defendants challenged the findings and remedies, but the record included evidence that defendants learned confidential information during Penuma training, signed or knew of nondisclosure obligations, and began developing Augmenta shortly afterward.

PROCEDURAL HISTORY

Plaintiffs obtained post-trial relief, including a reasonable-royalty award, exemplary damages, and a permanent injunction. Defendants challenged the sufficiency of the Rule 52(a) findings and sought reconsideration under Rule 59(e), arguing that the damages and injunction rulings were legally or factually erroneous. The district court denied the motion in its entirety.

DISPOSITION

other

CASES CITED

- United States ex rel. Hoggett v. Univ. of Phoenix, 863 F.3d 1105, 1108 (9th Cir. 2017)
- Allstate Ins. Co. v. Herron, 634 F.3d 1101, 1111 (9th Cir. 2011)
- Simeonoff v. Hiner, 249 F.3d 883, 891-92 (9th Cir. 2001)
- Atl. Inertial Sys. Inc. v. Condor Pac. Indus. of California, Inc., 2015 WL 3825318, at *5 (C.D. Cal. June 18, 2015)
- Ajaxo Inc. v. E*Trade Fin. Corp., 187 Cal. App. 4th 1295 (2010)
- LaserDynamics, Inc. v. Quanta Computer, Inc., 694 F.3d 51, 69 (Fed. Cir. 2012)
- LinkCo, Inc. v. Fujitsu Ltd., 232 F. Supp. 2d 182, 188-89 (S.D.N.Y. 2002)
- Carborundum Co. v. Molten Metal Equip. Innovations, Inc., 72 F.3d 872, 882 (Fed. Cir. 1995)
- Sinclair Ref. Co. v. Jenkins Petroleum Process Co.
- Yeti by Molly, Ltd. v. Deckers Outdoor Corp., 259 F.3d 1101, 1112 (9th Cir. 2001)
- Rsch. Corp. Techs. v. Microsoft Corp., 536 F.3d 1247, 1255 (Fed. Cir. 2008)
- Uroplasty, Inc. v. Advanced Uroscience, Inc., 239 F.3d 1277, 1280 (Fed. Cir. 2001)
- Intellisoft, Ltd. v. Acer Am. Corp., 955 F.3d 927, 933 (Fed. Cir. 2020)

- Halo Elecs., Inc. v. Pulse Elecs., Inc., 579 U.S. 93, 103-04 (2016)
- Neal v. Farmers Ins. Exch., 21 Cal. 3d 910, 923 n.6 (1988)
- Ajaxo Inc. v. E*Trade Grp., Inc., 135 Cal. App. 4th 21, 66-67 (2005)
- Advanced Fluid Sys., Inc. v. Huber, 295 F. Supp. 3d 467, 494 (M.D. Pa. 2018)
- Brocade Commc'ns Sys., Inc. v. A10 Networks, Inc., 873 F. Supp. 2d 1192, 1217-18 (N.D. Cal. 2012)
- Lamb-Weston, Inc. v. McCain Foods, Ltd., 941 F.2d 970, 974 (9th Cir. 1991)
- Rockwell Int'l, 549 U.S. 474
- S. California Retail Clerks Union & Food Emps. Joint Pension Tr. Fund v. Bjorklund, 728 F.2d 1262, 1264 (9th Cir. 1984)
- Eagle v. American Telephone and Telegraph Co., 769 F.2d 541, 548 (9th Cir. 1985)
- Lisle Corp. v. A.J. Mfg. Co., 398 F.3d 1306, 1317 (Fed. Cir. 2005)
- BMW of N. Am., Inc. v. Gore, 517 U.S. 559, 582 (1996)
- State Farm Mut. Auto. Ins. Co. v. Campbell, 538 U.S. 408 (2003)
- Magallanes v. Superior Ct., 167 Cal. App. 3d 878, 888 (Ct. App. 1985)