

IN THE COURT OF APPEALS OF OHIO

TENTH APPELLATE DISTRICT

Columbus Steel Castings Co.,	:	
Plaintiff-Appellee,	:	
v.	:	
King Tool Company et al.,	:	No. 11AP-351 (C.P.C. No. 06CVH01-249)
Defendants-Appellees,	:	(REGULAR CALENDAR)
(Alliance Castings Company, LLC,	:	
Defendant-Appellant).	:	
Columbus Steel Castings Co.,	:	
Plaintiff-Appellant,	:	
v.	:	No. 11AP-355 (C.P.C. No. 06CVH01-249)
King Tool Company et al.,	:	(REGULAR CALENDAR)
Defendants-Appellees.	:	

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D E C I S I O N

Rendered on December 30, 2011

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*Standley Law Group, LLP, Jeffrey S. Standley, F. Michael Speed, Jr., and Beverly A. Suozzo, for Columbus Steel Castings Company.*

*Armstrong Teasdale LLP, James L. Stockberger, Theresa M. Lynch; Sutter, O'Connell and Farchione, and Matthew O'Connell, for Alliance Castings Company, LLC.*

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APPEALS from the Franklin County Court of Common Pleas

TYACK, J.

{¶1} This appeal concerns a misappropriation of trade secrets action in which a jury returned a verdict awarding Columbus Steel Castings Company ("Columbus Steel") zero dollars in damages, and the trial court entered an injunction against Alliance Castings Company, LLC ("Alliance"). Both sides have appealed. For the reasons that follow, we affirm the judgment of the Franklin County Court of Common Pleas.

{¶2} Columbus Steel and its competitor Alliance produce bolsters for railroad cars. Bolsters are steel crossbeams that are positioned under railroad cars for support and stabilization of the railcar body. Producing bolsters requires the use of a bolster milling machine to mill steel off the top of the bolster to create the two side-bearing pads on either side of the bolster's center.

{¶3} In 2003, Columbus Steel determined that the bolster milling machine at its foundry was not adequate to meet customer demand. Columbus Steel retained King Tool Company ("King Tool") to build a new, more efficient, bolster milling machine. The new machine was built and placed into operation. Later, Columbus Steel learned that Alliance had retained King Tool to build for it a bolster milling machine. Columbus Steel determined that the machine built for Alliance was essentially the same machine as the one produced for Columbus Steel and believed that trade secrets had been used.

{¶4} On January 6, 2006, Columbus Steel filed suit in the Franklin County Court of Common Pleas against King Tool and Alliance. Counts one through five were directed to King Tool and asserted claims for misappropriation of trade secrets, conversion, breach of contract, breach of fiduciary duties, and unjust enrichment. Count six was a

claim for unjust enrichment against Alliance, and count seven was a claim for misappropriation of trade secrets against Alliance.

{¶5} Alliance and King Tool filed motions for summary judgment. The trial court granted summary judgment in favor of Alliance on both claims against it. Columbus Steel appealed the entry of summary judgment in favor of Alliance after dismissing its remaining claims against King Tool without prejudice.

{¶6} On appeal, this court affirmed the trial court's granting summary judgment on Alliance's unjust enrichment claim, but reversed as to the misappropriation of trade secrets claim, finding genuine issues of material fact as to whether Alliance misappropriated a trade secret. *Columbus Steel Castings Co. v. King Tool Co.*, 10th Dist. No. 08AP-385, 2008-Ohio-6309.

{¶7} Columbus Steel settled its claims against King Tool, and the case went to trial on September 13, 2010 on the misappropriation of trade secrets claim. Alliance unsuccessfully moved for a directed verdict, and the case was submitted to the jury. By means of jury interrogatories, the jury found the following:

{¶8} "Jury Interrogatory No. 1. Do you find by the greater weight of the evidence that the design of the bolster milling machine made by King Tool for Columbus Steel was not generally known to, or readily ascertainable by proper means by, someone who might obtain economic value from its use?" To which the jury answered, "Yes."

{¶9} "Jury Interrogatory No. 2. Do you find by the greater weight of the evidence that Columbus Steel made reasonable efforts to maintain the secrecy of the design of the bolster milling machine at issue in this case?" To which the jury answered, "Yes."

{¶10} "Jury Interrogatory No. 3. Do you find by the greater weight of the evidence that the design of the bolster milling machine made by King Tool was a trade secret of Columbus Steel?" To which the jury answered, "Yes."

{¶11} "Jury Interrogatory No. 4. Do you find by the greater weight of the evidence that Alliance Castings misappropriated the trade secret belonging to Columbus Steel?" To which the jury answered, "Yes."

{¶12} On the general verdict form, the jury found for the plaintiff, Columbus Steel, and against Alliance on the issue of liability but awarded Columbus Steel zero dollars in damages. After the jury was discharged, Columbus Steel moved for an injunction. On November 15, 2010, the trial court entered a final judgment and order granting injunctive relief for five years and establishing a royalty of \$10.60 per bolster milled on the machine to be paid in lieu of the injunction against the use of the bolster milling machine. Alliance filed a motion for judgment notwithstanding the verdict or alternatively for a new trial. On March 9, 2011, the trial court denied Alliance's motion to set aside the injunction or to reduce the prospective royalty and denied the motion for a new trial.

{¶13} First, we elect to address the appeal of Columbus Steel. Columbus Steel appealed from the November 15, 2010 Final Judgment and Order Granting Injunctive Relief, and specifically from the final jury instructions. Columbus Steel assigned the following as error:

{¶14} "The lower court erred in its jury instructions on damages. The lower court failed to use the model jury instructions and instead created its own instruction regarding damages that confused the jury and prejudiced Columbus Steel."

{¶15} Our standard of review when it is claimed that improper jury instructions were given is to consider the jury charge as a whole and determine whether the charge misled the jury in a manner affecting the complaining party's substantial rights. *Dublin v. Pewamo Ltd.*, 194 Ohio App.3d 57, 2011-Ohio-1758, ¶28, citing *Kokitka v. Ford Motor Co.* (1995), 73 Ohio St.3d 89, 93. The discretion of the trial court will not be disturbed on appeal absent an abuse of discretion. *State v. Parnell*, 10th Dist. No. 11AP-257, 2011-Ohio-6564, ¶22. An inadequate instruction that misleads the jury constitutes reversible error. *Marshall v. Gibson* (1985), 19 Ohio St.3d 10, 12.

{¶16} Columbus Steel contends that the second sentence of following instruction was erroneous:

{¶17} "If you conclude that Columbus Steel has proven actual, compensatory damages were suffered that were proximately caused by Alliance misappropriating its trade secret, then you should enter that number in the appropriate blank on the Verdict form for plaintiff. *If you find that no damages were proven by the greater weight of the evidence, then you shall enter 'zero' on the plaintiff's Verdict form.*" (Jury Instructions at 9, emphasis added.)

{¶18} Columbus Steel argues that the second sentence of the quoted instruction requires "proving a negative" and that it emphasized to the jury a specific amount—zero. In addition, Columbus Steel asserts that the instruction placed improper emphasis on the inference that Columbus Steel had not incurred damage. Finally, according to Columbus Steel, the instruction implies that the jury should consider nothing other than direct evidence.

{¶19} Regarding proving a negative, Columbus Steel has not explained what it means by this contention. The instruction sets out the procedure the jury should follow if they find that Columbus Steel did not meet its burden to prove damages by the greater weight of the evidence. By including both sentences, the trial court was able to show the jury how to fill out the verdict form for the plaintiff if they found a misappropriation and proof of money damages and conversely how to fill out the verdict form correctly if they found a misappropriation but no money damages. It appears that the second sentence was inserted for clarity rather than requiring proof of a negative or emphasizing a specific amount.

{¶20} The Ohio Supreme Court has quoted with approval the following comment on jury instructions:

{¶21} " 'The fundamental rule for determining the scope of the instruction to be given by the court is that it should be adapted to and embrace all issues made by the pleadings and the evidence. \* \* \* The instruction should be broad enough to properly cover the issues presented for consideration, or all the facts in issue which the evidence tends to establish or disprove.' " *Murphy v. Carrollton Mfg. Co.* (1991), 61 Ohio St.3d 585, 591, fn. 3, quoting 89 Ohio Jurisprudence 3d (1989), 354-55, Trial, Section 289.

{¶22} Here, in determining that the second sentence was necessary, the trial court did exactly as the Ohio Supreme Court said and provided the following explanation:

{¶23} "As to that, as I've said before we went on the record, that the first sentence tells the jury that if they find proof of actual compensatory damages, they should enter that number on the verdict form. The second sentence says if they find no damages were proven by the preponderance or greater weight of the evidence, then they should enter

zero. It seems to me that given the evidence as I've heard it, that one outcome the jury could reach was to find that there was a misappropriation of a trade secret, but that there was no economic harm, no quantifiable damages that they can find because of the inadequacy of Columbus Steel's damages. So that's why I'm putting that second sentence in just to make it clear to them so they don't have an uncertainty about what they're supposed to do if they find a misappropriation but no financial harm." (Tr. Vol. VI at 9, R. 448.)

{¶24} Regarding the possibility of the jury coming back with zero damages, it is interesting that in responding to Alliance's motion for a directed verdict, counsel for Columbus Steel acknowledged the possibility of such a result when he referred to a question and response by Columbus Steel's expert, Mr. Russell. "[Counsel] said if you assume that Columbus Steel would have gotten that additional business, how much - - how much would the profit have been, and Mr. Russell said \$3,300,000. (Tr. Vol. III at 221.)

{¶25} "So we're telling the jury by that question, by that answer, the jury can infer that Columbus Steel might have gotten all of that business. And yes, the jury can infer that they would have gotten half of it because there were two competitors. The jury could infer they would have gotten zero. That's a possibility." (Tr. Vol. III at 222.)

{¶26} Finally, we the record does not state or even imply that the jury should consider nothing but direct evidence. Whether the jury may have thought the instruction precluded consideration of circumstantial evidence has no basis in the record and is speculative on the part of Columbus Steel. Taken as a whole, the instructions set forth the correct statement of the law that "evidence may be direct or circumstantial or both."

(Jury Instructions at 2). If "the instructions fairly and correctly state the law applicable to the evidence presented at trial, reversible error will not be found merely on the possibility that the jury may have been misled." *Wozniak v. Wozniak* (1993), 90 Ohio App.3d 400, 410.

{¶27} Here, the instruction correctly instructed the jury as to the law of damages, and we cannot see that the jury was misled. Accordingly, Columbus Steel's sole assignment of error is overruled.

{¶28} Turning to Alliance's appeal, Alliance appealed from both the November 15, 2010 final judgment and order granting injunctive relief and the March 9, 2011 journal entry denying Alliance's motion for judgment notwithstanding the verdict. Alliance assigns the following as error:

{¶29} I. "The trial court erred in submitting the case to the jury, denying Alliance Castings Company LLC's Motions for Directed Verdict, and denying Alliance's motion for judgment notwithstanding the verdict because there was no evidence that the design claimed to be Columbus Steel Castings Company's trade secret derived independent economic value from not being readily known, Columbus failed to use reasonable steps to protect the secrecy of the design, Alliance did not misappropriate the design, and there was no evidence that Alliance's alleged misappropriation caused Columbus damage.

{¶30} II. "The trial court erred and abused its discretion in entering the November 15, 2010 Final Judgment and Order Granting Injunctive Relief and denying Alliance's motion for judgment notwithstanding the verdict because the trial court erroneously presumed irreparable harm in the absence of evidence of harm.

{¶31} III. "The trial court erred in assessing a royalty without competent evidence and without permitting Alliance a meaningful opportunity to respond to the [sic] Columbus' requested royalty amount.

{¶32} IV. "The trial court erred and abused its discretion in allowing Brian Russell to opine regarding any increase in productivity that Alliance gained from the King Tool machine."

{¶33} In its first assignment of error, Alliance contends that the case should never have been submitted to the jury because of a failure of proof on the part of Columbus Steel. Alliance argues that the trial court erred by denying its motions for a directed verdict and a judgment notwithstanding the verdict.

{¶34} In a motion for judgment notwithstanding the verdict, the trial court considers evidence and admissions from the record in a light most favorable to the non-moving party. *Posin v. A.B.C. Motor Court Hotel* (1976), 45 Ohio St.2d 271, 275. The trial court must deny the motion if substantial evidence exists to support the non-moving party's case and if reasonable minds could reach different conclusions on essential elements of the claim. *Id.* In deciding the motion, the trial court considers neither the weight of the evidence nor the witnesses' credibility. *Texler v. C.O. Summers Cleaners and Shirt Laundry Co.* (1998), 81 Ohio St.3d 677, 679. The motion raises a question of law because the motion examines the " 'materiality of the evidence, as opposed to the conclusions to be drawn from the evidence.' " *Id.* at 680, quoting *Ruta v. Breckenridge-Remy Co.* (1982), 69 Ohio St.2d 66, 68-69, and *Wagner v. Roche Laboratories* (1996), 77 Ohio St.3d 116, 119-20. Because the motion for judgment notwithstanding the verdict presents a question of law, we review de novo the trial court's decision on the

motion. *Campagna v. Clark Grave Vault Co.*, 10th Dist. No. 02-AP-1106, 2003-Ohio-6301, ¶10.

{¶35} A motion for a directed verdict may be granted when the trial court, construing the evidence most strongly in favor of the nonmoving party, finds that upon any determinative issue, reasonable minds can come to but one conclusion upon the evidence submitted and that conclusion is adverse to the nonmoving party. *Malone v. Courtyard by Marriott L.P.* (1996), 74 Ohio St.3d 440. In determining whether to direct a verdict, the trial court does not engage in a weighing of the evidence nor does it evaluate the credibility of witnesses. *Id.* Rather, the trial court is confronted solely with a question of law: was there sufficient material evidence at trial to create a factual question for the jury? *Id.* Therefore, our review of the trial court's ruling on a motion for a directed verdict is *de novo*. *Titanium Industries v. S.E.A., Inc.* (1997), 119 Ohio App.3d 39.

{¶36} Alliance lists four issues in connection with its first assignment of error. First, it claims that there was no evidence that the design claimed to be a trade secret was in fact a trade secret within the meaning of Ohio's Uniform Trade Secrets Act, R.C. 1333.61 through 1333.69. Specifically, Alliance contends there was no evidence that the design derived independent economic value from not being readily known.

{¶37} Second, Alliance argues that Columbus Steel failed to take reasonable steps to protect the secrecy of the design.

{¶38} Third, Alliance argues that it did not misappropriate the design.

{¶39} Fourth, Alliance argues that even if there was a misappropriation, there was no evidence that it caused Columbus Steel damage.

{¶40} Under Ohio's Uniform Trade Secrets Act, R.C. 1333.61 through 1333.69, "trade secret" "means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfied both of the following:

{¶41} (1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

{¶42} (2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." R.C. 1333.61(D).

{¶43} There was evidence at trial that the machine produced by King Tool was capable of phenomenal machining times, that it could mill a bolster in one minute for the side bearing pads compared to the six minutes it took Alliance's old machine. The machine manager for Columbus Steel testified that before they obtained the new machine, Columbus Steel was machining approximately 90 bolsters per day. With the new machine, they were producing approximately 260 bolsters per day.

{¶44} Alliance argues that the design of the new machine was readily ascertainable by proper means. In support, Alliance cites to the testimony of Columbus Steel's former vice president of operations, Bruce Milligan, who stated that the improvements in the Columbus Steel machine were already incorporated in Alliance's old "Canton" machine. However, there was testimony that although certain components

of the design were readily ascertainable, the machine as a whole was unique and afforded a competitive advantage to Columbus Steel.

{¶45} In addition, Alliance contends that all of the improvements were readily ascertainable by simply viewing the machine in operation. This argument touches on the misappropriation argument as well. Columbus Steel maintained that representatives of Alliance obtained unauthorized access by means of false representation in order to view the new machine. There was testimony to that effect and therefore, the trial court was correct in denying a motion for a directed verdict on this basis. Since viewing the machine in operation was part of the misappropriation, this argument has no merit.

{¶46} Alliance next contends that Columbus Steel failed to use reasonable steps to protect the secrecy of its new machine. Alliance cites *Biomedical Innovations, Inc. v. McLaughlin* (1995), 103 Ohio App.3d 122, for the proposition that information will not be considered a trade secret unless the possessor takes active steps to maintain the secrecy. In that case, there was no evidence that the possessor had taken protective measures to guard the secrecy of certain items and information. *Id.* at 128.

{¶47} Here, at trial, the machine manager for Columbus Steel, Ronald Coleman, testified that he told Bob King of King Tool that the design was to be kept confidential and not shared with Columbus Steel's competitors. The two shook hands, and King indicated that he did not do business in such a way as to reveal confidential information. There was also evidence that Columbus Steel had security guards, fences, and locked entryways, and that the sketches and engineering drawings for the new machine were kept in a locked office. This was evidence from which the jury could find that Columbus Steel took reasonable efforts to maintain the secrecy of its design.

{¶48} Next, Alliance contends that there was no misappropriation.

{¶49} R.C. 1333.61(B) provides as follows:

"Misappropriation" means any of the following:

(1) Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means;

(2) Disclosure or use of a trade secret of another without the express or implied consent of the other person by a person who did any of the following:

(a) Used improper means to acquire knowledge of the trade secret;

(b) At the time of disclosure or use, knew or had reason to know that the knowledge of the trade secret that the person acquired was derived from or through a person who had utilized improper means to acquire it, was acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use, or was derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use;

(c) Before a material change of their position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

{¶50} " 'Improper means' includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means." R.C. 1333.61(A).

{¶51} The record shows conflicting evidence on this point. Columbus Steel presented evidence that Donald Blake, a consultant for Alliance, misrepresented his status to King Tool, claiming that he was a consultant for both Alliance and Columbus Steel. Other witnesses did not hear the comment or denied that it took place. This was obviously a question for the jury. Alliance argues that Blake's status as an independent

contractor precludes imputing any responsibility on Alliance for the alleged misrepresentation. This was the same argument made in the earlier appeal of this case that we found to be unpersuasive. *Columbus Steel Castings* at ¶¶29-30. Because the evidence at trial would permit a reasonable person to find that Alliance had reason to know of the misrepresentation, it was the province of the jury to decide the issue of misrepresentation.

{¶52} Finally, Alliance argues that Columbus Steel did not meet its burden of proof on the issue of whether Alliance's conduct proximately caused damage to Columbus Steel. The jury heard expert testimony from an accountant who calculated Columbus Steel lost profits based on the enhanced machining times that Alliance had using the new machine. There was also evidence at trial that would permit a reasonable fact finder to conclude that Columbus Steel was damaged because of Alliance's entering the bolster production market as a competitor and not necessarily because of the misappropriation. There was testimony that despite the difference in machining times between Alliance's old machine and the new machine, Alliance still encountered a bottleneck in production due to other factors. Because there was evidence from which a jury could have found that Columbus Steel lost profits due to the misappropriation, the issue was properly submitted to the jury.

{¶53} Based on the foregoing analysis, Alliance's first assignment of error is overruled.

{¶54} In its second assignment of error, Alliance argues that the trial court erred in granting an injunction because it did not require that Columbus Steel prove irreparable harm by clear and convincing evidence. Instead, Alliance asserts that the trial court

presumed irreparable harm and only required Columbus Steel to prove by clear and convincing evidence that Alliance had misappropriated its trade secret. Alliance further contends that the jury's award of zero damages during the time Alliance was operating negates any alleged irreparable harm occurring in the future without an injunction.

{¶55} After the trial and jury verdict, Columbus Steel moved for an injunction. The trial court stated as follows:

{¶56} "What I'm working off of is whether or not I'm convinced by clear and convincing evidence that you misappropriated -- your client misappropriated their invention. That's the question." (Nov. 1 Tr. at 41.)

{¶57} The trial court went on to discuss some trade secret cases in which the courts ruled that if misappropriation was proven, irreparable harm may be presumed. *Id.* The trial court also made note that unsubstantiated allegations of irreparable harm are not enough to get an injunction, but if misappropriation is shown, "that the law at least sometimes recognizes that enforcement of an injunction should be considered as protecting the plaintiff or the victim against irreparable injury." (Tr. 6.)

{¶58} At the time of trial, Alliance was not in production, but the injunction was imposed to prevent future harm if Alliance went back into business and resumed machining bolsters.

{¶59} In *Franklin Cty. Dist. Bd. of Health v. Paxson*, 152 Ohio App.3d 193, 2003-Ohio-1331, this court reviewed the general nature of and requirements necessary for an injunction as well as our standard of review. The standard of review in this court regarding the granting of an injunction by a trial court is whether the trial court abused its discretion. *Id.* at ¶24 citing *Perkins v. Quaker City* (1956), 165 Ohio St. 120, 125. "The

term 'abuse of discretion' connotes more than an error of law or judgment; it implies that the court's attitude is unreasonable, arbitrary or unconscionable." *Blakemore v. Blakemore* (1983), 5 Ohio St.3d 217, 219.

{¶60} A permanent injunction is an equitable remedy that will be granted only where the act sought to be enjoined will cause immediate and irreparable injury to the complaining party and there is no adequate remedy at law. *Franklin Cty. Bd. of Health at ¶25*. The purpose of an injunction is to prevent a future injury, not to redress past wrongs. *Id.* An essential element of injunctive relief involves a balancing process designed to weigh the equities between the parties. *Id.* In an action for a temporary or permanent injunction, the plaintiff must prove his or her case by clear and convincing evidence. *Id.* "Clear and convincing evidence" has been defined by the Supreme Court in *Cross v. Ledford* (1954), 161 Ohio St. 469, 477:

{¶61} "Clear and convincing evidence is that measure or degree of proof which will produce in the mind of the trier of facts a firm belief or conviction as to the allegations sought to be established. It is intermediate, being more than a mere preponderance, but not to the extent of such certainty as is required beyond a reasonable doubt as in criminal cases. It does not mean clear and unequivocal."

{¶62} The parties have cited numerous cases, both state and federal, interpreting whether an injured party must prove irreparable harm in a misappropriation of trade secrets action by clear and convincing evidence. In *Pepsico, Inc. v. Redmond*, 1996 WL 3965 (N.D.Ill.) the court interpreted the Illinois Trade Secrets Act as expressly authorizing injunctive relief to enforce its provisions. The court stated that "where a statute expressly authorizes injunctive relief to enforce provisions of the statute, the general rules of equity

requiring a showing of a lack of an adequate remedy at law and irreparable injury need not be shown" *Id.* quoting *People v. Fiorini*, 143 Ill.2d 318. The court further noted that "[t]his general principle has been recognized widely by federal and state courts alike." *Pepsico* at \*28, quoting *Illinois Bell Telephone Co. v. Illinois Commerce Comm.* (C.A.7, 1984), 740 F.2d 566, 571. The court also cited cases from other jurisdictions that have held that a plaintiff need not prove irreparable harm when it invokes a statute, like state Trade Secrets Acts, that authorizes injunctive relief, but must only prove that the defendant violated the statute. Ohio's Trade Secrets Act also expressly authorizes injunctive relief to enforce its provision. R.C. 1333.62.

{¶63} This is not to say that a plaintiff who proves a misappropriation of a trade secret is automatically entitled to an injunction. Despite some lowering of the barriers to injunctive relief, Ohio's Trade Secrets Act leaves the granting of such relief to the discretion of the trial court. See R.C. 1333.62(A) ("Actual or threatened misappropriation *may* be enjoined.") (Emphasis added.)

{¶64} Some Ohio cases, particularly in the area of non-competition agreements, have held that a "party seeking injunctive relief in order to enforce a valid non-competition agreement has the burden of proof of showing actual irreparable harm. Actual irreparable harm is *usually* not presumed but instead must be proved." *Levine v. Beckman* (1988), 48 Ohio App.3d 24, 25. In *Levine*, this court found that that the employee possessed knowledge of the employer's trade secrets, and that evidence was sufficient to establish irreparable harm. *Id.* at 28.

{¶65} In *Procter & Gamble Co. v. Stoneham* (2000), 140 Ohio App.3d 260, the court reviewed the standards for injunctive relief in a combined breach of a non-compete

agreement and misappropriation of trade secrets action. The court noted, "[t]he Supreme Court of Ohio has held that when an injunction is authorized by statute, normal equity considerations do not apply, and a party is entitled to an injunction without proving the ordinary equitable requirements upon a showing that the party has met the requirements of the statute for issuance of the injunction." *Id.*, citing *Ackerman v. Tri-City Geriatric & Health Care* (1978), 55 Ohio St.2d 51, 56.

{¶66} *Ackerman* involved the government seeking an injunction prohibiting an unlicensed nursing home from operating. The court limited its holding somewhat by saying that statutory actions granting government agents the right to sue to enjoin activities deemed harmful by the General Assembly are not designed primarily to do justice to the parties but to prevent harm to the general public. Therefore, statutory injunctions should issue if the statutory requirements are fulfilled. *Id.* at 57.

{¶67} *Ackerman* has been further interpreted to mean that when a statute merely provides that a party is entitled to injunctive and other relief, the party requesting the injunction must use the general equitable principles governing the issuance of an injunction. *Procter & Gamble Co.* at 274, citing *State ex rel. Jones v. Hamilton Cty. Bd. of Commrs.* (1997), 124 Ohio App.3d 184, 189.

{¶68} A more recent case from the Northern District of Ohio, *Allied Erecting & Dismantling Co. v. Genesis Equip. & Mfg., Inc.* 2010 WL 3370286 (N.D. Ohio), summarizes Ohio law on the issue of irreparable harm as follows:

{¶69} "The Ohio Uniform Trade Secrets Act, R.C. 1333.62, provides that actual or threatened misappropriation may be enjoined for a time reasonably necessary to "eliminate commercial advantage." As R.C. 1333.62 does not contain statutory

guidelines for when to issue an injunction, the normal equity rules apply. *Procter & Gamble Co.*

{¶70} The court went on to find that Allied Erecting had not shown by clear and convincing evidence that their harm had not been adequately compensated by the jury's \$3 million unjust enrichment award. The court also noted that the permanent injunction factors are non-exclusive.

{¶71} In *Kendall Holdings, Ltd. v. Eden Cryogenics, LLC* (S.D.Ohio 2008), 630 F.Supp.2d 853, the court stated that the loss of trade secrets is usually considered an irreparable harm that cannot be measured in money damages. Therefore, where it is shown that the defendant has misappropriated the plaintiff's trade secrets, irreparable harm is generally presumed." *Id.* at 867, citing *Deutsche Investment Mgmt. Americas, Inc. v. Riverpoint Capital Mgmt. Inc.* (S.D.Ohio Aug. 22, 2002), No 1:2-cv-577; *Avery Dennison Corp. v. Kitsonas* (S.D.Ohio 2000), 118 F.Supp.2d 848, 855.

{¶72} After reviewing the record and case law on this issue, we conclude that the trial court did not abuse its discretion in granting an injunction. This case is distinguishable from *Allied Erecting* in that the jury did not find that Columbus Steel had proven that it was entitled to money damages for past violations. In *Allied Erecting*, the court found that \$3 million in compensatory damages was adequate compensation for the plaintiff's injury. In this case, a balancing of the equities was appropriate to provide some relief for the misappropriation of Columbus Steel's trade secret. We find that the facts and circumstances of this case, particularly the zero damages verdict, lend themselves to a presumption of harm and a finding that money damages could not adequately compensate Columbus Steel. In trade secret cases it is often difficult to prove money

damages or lost profits with the degree of certainty that is normally expected in other business litigation. It cannot be known how long Alliance will use the machine in the future, given that at the time it was closed for business. However, there was evidence at trial that the machine is expected to be running 20 to 30 years into the future with regular maintenance. Alliance has not cited any Ohio cases that directly contradict the principle that in misappropriation of trade secrets irreparable harm may be presumed. Accordingly, we think the trial court was within its discretion to grant the injunction without requiring specific proof of irreparable harm.

{¶73} The second assignment of error is overruled.

{¶74} In its third and fourth assignments of error, Alliance contends that the trial court erred in imposing a royalty that was unsubstantiated by the evidence. Alliance argues that the expert testimony of accountant Brian Russell was theoretical and speculative and that he lacked knowledge of the manufacturing process in bolster production.

{¶75} R.C. 1333.62(B) permits a trial court to condition further use of the trade secret upon payment of a reasonable royalty.

{¶76} Columbus Steel relied on the evidence produced at trial in support of its request for a \$10.61 royalty per bolster milled on the new machine. This request was in the area of one percent the average sales price. There was evidence before the court that Brian Russell used conservative assumptions, sound calculations, and considered the overall ability to make bolsters given that milling was only one step in the process. He based his figures largely on material supplied by Alliance. Although not an expert in bolster manufacturing, Brian Russell was a certified public accountant and applied his

accounting expertise to opine as to the increased amount of bolsters Alliance was able to produce using the machine it received from King Tool. His opinion was admissible to aid the trier of fact.

{¶77} Alliance's argument that it was not given sufficient time to respond to Columbus Steel's request is belied by the trial court's order of October 25, 2010 in which the trial court asked both parties to solicit input on the amount of a reasonable royalty. Alliance had a week between the October 25, 2010 and the November 1, 2010 hearing in which to negotiate and prepare for the hearing.

{¶78} Alliance's third and fourth assignments of error are overruled.

{¶79} Based on the foregoing, we affirm the November 15, 2010 final judgment and order of the Franklin County Court of Common Pleas granting injunctive relief.

*Judgment affirmed.*

BROWN and DORRIAN, JJ., concur.

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