

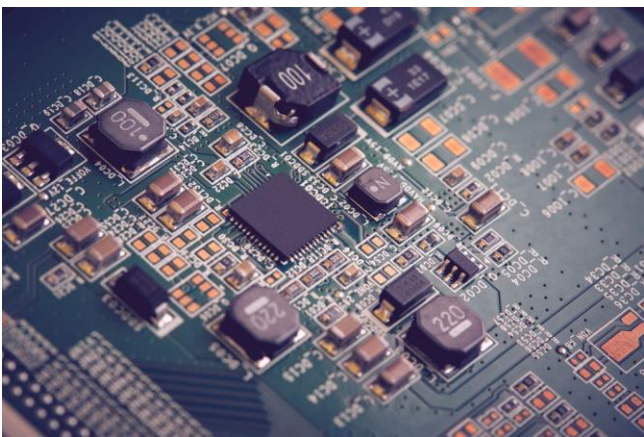
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UMV: 57,494

# Broward Tech Company Nets \$1M Verdict in Breach of Contract Claim Against Chinese Manufacturer

Fort Lauderdale-based Circuitronix LLC sued Chinese manufacturing giant Shenzhen Kinwong Electronic Co. Ltd. for allegedly stealing trade secrets and breach of contract.

By Zach Schlein | May 21, 2019 at 01:37 PM



A federal jury has found in favor of a South Florida circuit board distributor claiming to have been financially victimized by a major player in China's manufacturing sector.

A nearly \$1.1 million verdict was reached in *Circuitronix LLC v. Shenzhen Kinwong Electronic Co. Ltd.* The case, which was originally filed in the

Southern District of Florida in July 2017, alleged Chinese manufacturer Shenzhen Kinwong Electronic Co. Ltd. had stolen trade secrets from Circuitronix, a company that specializes in printed circuit boards. The Fort Lauderdale-based business accused Kinwong of committing fraud and engaging in unlawful conduct in order to shortchange the plaintiff. The two parties began conducting business together in 2005, and following several disputes, entered into a settlement agreement in 2010. **The complaint** contends the defendant "had no intention of honoring its commitments not to circumvent" the plaintiff.

"On information and belief, without revealing its true intentions, Kinwong fraudulently induced [Circuitronix] to enter into the settlement agreement and to disclose valuable confidential commercial information, including the identity of its valuable exclusive customers and accounts," the complaint said. The suit goes on to allege the defendant "repeatedly and systematically violated its contracts and fiduciary duties" over several years in a fraudulent scheme to deprive Circuitronix of millions of dollars.

It adds, "Kinwong has exploited [Circuitronix's] confidential and proprietary information by circumventing [Circuitronix] and going directly into business with its exclusive customers, causing [Circuitronix] to lose business and profits it otherwise would have."

The plaintiff was represented in court by Miami solo practitioner Chauncey Cole as well as Podhurst Orseck partner Stephen Rosenthal. Cole told the Daily Business Review the defendant's violations of the business contract between the litigating parties were "deliberate" and "carefully planned."

"They executed it over a number of years, involved top-ranking executives in the company," Cole said, purporting Kinwong "conspired to alter documents" and "remove customer's names from internal business records," among other misdeeds.

Co-counsel Rosenthal called the case just one example of "a domestic local distributor and manufacturing company that is doing international business ... tangling with Chinese companies engaging in well-known misconduct."

Cole added, "The whole case is a microcosm of a broader trend: a Chinese company that deliberately set about to steal info and take advantage of this American partner."

Kinwong retained attorneys with Greenberg Traurig to represent them in the lawsuit. They declined to provide a statement by press time.

The original complaint levied six charges against the defendant. However, U.S. District Judge Ursula Ungaro granted several motions filed by Kinwong disputing the allegations against them, and in turn, reduced the damages that could be awarded to Circuitronix. **In her order** granting the defendant's motion to exclude arguments and evidence concerning the plaintiff's alleged lost profits, Ungaro found Circuitronix "never provided a calculation" for that loss.

"Plaintiff's failure is not harmless because to allow plaintiff to present that evidence at trial would leave defendants no ability to meaningfully respond either with contrary facts or with impeachment evidence," Ungaro wrote.

Ungaro ultimately allowed the jury to award up to \$1,222,579.29 to Circuitronix for Kinwong's breach of contract, but jurors returned a lower number. The final award amounted to \$1,006,832.