UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

COMMURE, INC.,

Plaintiff,

v.

CANOPY WORKS, INC., et al.,

Defendants.

CANOPY WORKS, INC.

Counterclaimant,

v.

COMMURE, INC., et al.,

Counterclaim-Defendants.

Case No. 24-cv-02592-NW

ORDER GRANTING MOTION FOR PRELIMINARY INJUNCTION

Re: ECF No. 101

On February 1, 2025, Defendant and Counterclaimant Canopy Works, Inc. ("Defendant" or "Canopy") filed a motion for preliminary injunction requesting that the Court enjoin Plaintiff Commure Inc.'s further sale and marketing of its Strongline Pro product. Motion for Preliminary Injunction, ECF No. 101 ("Mot."). On March 21, 2025, Plaintiff and Counterclaim-Defendant Commure, Inc., together with Counterclaim-Defendants Athelas, Inc., Tanay Tandon, and Dhruv Parthasarathy (collectively, "Counterclaim-Defendants" or "Commure") filed an opposition. Opposition to Mot., ECF No. 157 ("Opp'n"). Canopy filed a reply on April 4, 2025. Reply in Support of Mot., ECF No. 174 ("Reply"). Having considered the papers filed by the parties, the relevant legal authority, and the arguments advanced by counsel at the April 23, 2025 hearing, the Court GRANTS the motion, with modifications.

I. BACKGROUND

The Court assumes familiarity with the procedural history of this case and recites only facts relevant for consideration of Canopy's motion for preliminary injunction.

Canopy alleges that it was the original developer of a safety solution called Strongline, in which it owns trade secrets and propriety technology. Mot. at 1. Strongline is a system of safety badges used to alert security staff and protect healthcare workers. Mot. at 1. For several years Canopy (and its predecessor company) and Commure (and its predecessor company) had a commercial relationship where Canopy licensed its Strongline product and associated platform to Commure for distribution to customers in the healthcare industry under the "Strongline" brand name, which was owned by Commure. Mot. at 3-4; Opp'n at 2.

The parties' commercial relationship was governed by a 2019 Reseller Agreement, that the parties first amended in 2021. Mot. at 6. After a short stint of litigation in 2022, which resulted in a confidential settlement agreement and mutual release, the parties entered into a second amended Reseller Agreement, effective December 1, 2022 ("2022 Reseller Agreement"). *Id.*

Under the 2022 Reseller Agreement, the parties agreed that Commure's role was a "non-exclusive reseller and distributor of the Licensed Technology in the Healthcare Industry." Decl. of Monte Cooper in Support of Defendant's Mot., ¶ 6, Ex. 4, ECF Nos. 101-2, 100-6 ("Cooper Decl."). The 2022 Reseller Agreement included a provision defining the intellectual property rights related to the Licensed Technology:

> **14.1 Intellectual Property Rights.** Labs [the predecessor of Canopy] will own and retain all intellectual property rights relating to the Licensed Technology and Documentation, including all improvements, modifications, translations and derivative works thereof created by or on behalf of Labs. No rights or licenses are granted except as expressly set forth herein.

Id. § 14.1. "Licensed Technology" was defined as Canopy's "proprietary platform, comprised of a cloud services infrastructure, Hardware, software and related technologies, as further described in Exhibit A attached hereto." *Id.* §1.7, Ex. A. Exhibit A to the 2022 Reseller Agreement, titled Licensed Technology, described "[t]he architecture for the Strongline solution." *Id.*, Ex. A. Exhibit A referenced "Strongline Badge[s]," "Strongline technology," "Strongline Gateways," and

"Strongline Cloud Services," in its descriptions of the technology components, system details, and deployment overview. *Id.* Among other things, the 2022 Reseller Agreement affirmed Canopy owned the Strongline product and all associated intellectual property rights, and Commure had "the right to establish branding to be used in connection with its white-labeled edition of the Licensed Technology in the Healthcare Industry (whether "Staff Safety Solution" or otherwise)." *Id.* §1.7 (defining Licensed Technology); *Id.* §15.2 (defining "Commure's Marks").

As with the prior Reseller Agreement, the 2022 Reseller Agreement precluded Commure from "reverse engineer[ing]" or "create[ing] derivative works" based on the Licensed Technology:

> **14.2 Restrictions.** Commure will not, and will not permit any third party to: reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying algorithms of the Licensed Technology or any part thereof (provided that reverse engineering is prohibited only to the extent such prohibition is not expressly contrary to applicable law); remove any approved Marks or notices from any portion of the Licensed Technology or Documentation; modify, translate, or create derivative works based on the Licensed Technology or Documentation, except with the prior written approval of Labs; use the Licensed Technology for any purpose other than for the benefit of its Customers as permitted hereunder; use the Licensed Technology other than in accordance with this Agreement and in compliance with all applicable laws and regulations (including export laws).

Id. § 14.2.

The 2022 Reseller Agreement additionally contained a broad confidentiality provision requiring the party to which confidential information was disclosed to "protect the confidentiality of Disclosing Party's Confidential Information in the same manner that it protects the confidentiality of its own confidential information of like kind (but in no event using less than reasonable care)." *Id.* § 14.4(b). The confidentiality and restriction provisions, sections 14.2 and 14.4, survived termination of the agreement. *Id.* § 13.5.

In late 2023, Canopy notified Commure that it would not renew the Reseller Agreement upon its expiration approximately one year later. Mot. at 11. On December 6, 2023, Canopy publicly announced the launch of its direct-to-consumer "Canopy Protect" system. Amended Counterclaims, ¶ 57, ECF No. 98. On December 11, 2023, Commure announced that it would be launching its own version of Strongline, which it called "Strongline Pro." *Id.*

On January 4, 2024, rather than waiting for its expiration, Canopy gave Commure notice that it was terminating the 2022 Reseller Agreement immediately pursuant to the termination for cause provision, citing Commure's alleged failure to make timely payments. Mot. at 11. Commure sued Canopy and related Defendants asserting several claims under federal and state law. ECF Nos. 1, 20. Canopy filed counterclaims against Commure and related Counterclaim Defendants asserting claims under federal and state law, including breach of contract and misappropriation of trade secrets. ECF Nos. 87, 98.

Canopy now moves for preliminary injunctive relief based on the parties' obligations embodied in provisions that survive the termination of the 2022 Reseller Agreement. Specifically, Canopy seeks an order restraining and enjoining Commure, "all agents of Commure, Inc., and any other persons or entities acting in concert with Commure, Inc." from:

> a) Using or disclosing Canopy's confidential information and trade secrets in violation of either the Defend Trade Secrets Act, the California Uniform Trade Secrets Act, or the December 1, 2022 Reseller Agreement executed by and between Canopy and Commure, including prohibiting Commure from using or disclosing Canopy's confidential information and trade secrets via the continued development, sale and marketing of Commure's Strongline Pro platform;
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> b) Selling, distributing, advertising, or marketing its Strongline Pro product and platform; and
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> c) Making untrue, misleading or disparaging statements regarding Canopy, Canopy's technology, the Strongline platform, Canopy Protect, the Strongline Pro platform, and/or the relationship between Canopy and Commure, and from making any further disparaging statements about Canopy or its products.

Mot. at i.

II. LEGAL STANDARD

"A preliminary injunction is an extraordinary remedy never awarded as of right." *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008) (internal citation omitted). A party "seeking a preliminary injunction must establish [1] that [it] is likely to succeed on the merits, [2] that [it] is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in [its] favor, and [4] that an injunction is in the public interest." *Id.* at 20 (internal

citations omitted). The Ninth Circuit "employ[s] a 'sliding scale test,' which allows a strong showing on the balance of hardships to compensate for a lesser showing of likelihood of success." *Where Do We Go Berkeley v. Cal. Dep't of Trans.*, 32 F.4th 852, 859 (9th Cir. 2022) (citing *All. for the Wild Rockies v. Cottrell*, 632 F.3d 1127, 1134-35 (9th Cir. 2011)).

III. DISCUSSION

A. Likelihood of Success on the Merits

With respect to the first prong of the *Winter* test, based on the briefs and the arguments of the parties, the Court finds that at this stage of the litigation, the alleged facts and the law clearly favor Canopy in its claim against Commure for breach of contract. *See hiQ Labs, Inc. v. LinkedIn Corp.*, 31 F.4th 1180, 1194 (9th Cir. 2022) (declining to reach claim for unfair competition where the plaintiff showed that there were at least serious questions going to the merits of its tortious interference with contract claim).

The Court is not required to determine, nor does it determine in this Order, whether there is a reasonable likelihood that Canopy will succeed on the merits of its trade secrets and unfair business practices claims. The likelihood of success on a single claim is sufficient if that claim supports the injunctive relief sought. *See Dowl v. Williams*, No. 13-cv-119-HRH, 2018 WL 2392498, at *1 (D. Alaska May 25, 2018) ("A plaintiff need not establish that he is likely to succeed on the merits of *all* his claims. A TRO or preliminary injunction may issue if a plaintiff can show he is likely to succeed on one claim and that he meets the other three requirements for injunctive relief." (emphasis in original) (citing *League of Wilderness Defs./Blue Mountains Biodiversity Project v. Connaughton*, 752 F.3d 755, 766 n.3 (9th Cir. 2014))).

Under California law, which governs the 2022 Reseller Agreement, to state a claim for breach of contract the moving party must plead "the contract, plaintiffs' performance (or excuse for nonperformance), defendant's breach, and damage to plaintiff therefrom." *Low v. LinkedIn Corp.*, 900 F. Supp. 2d 1010, 1028 (N.D. Cal. 2012) (citing *Gautier v. General Tel. Co.*, 234 Cal.App.2d 302, 305, 44 Cal.Rptr. 404 (1965)); *see* 2022 Reseller Agreement, § 20.6 (choice of law provision). Canopy argues that Commure breached § 14.2 of the 2022 Reseller Agreement, which requires Commure not to "modify, translate, or create derivative works based on the

Licensed Technology or Documentation, except with the prior written approval of [Canopy]." 2022 Reseller Agreement, § 14.2.

Commure does not contest that the 2022 Reseller Agreement is a valid and enforceable contract, nor does Commure contest that Canopy performed its obligations under the 2022 Reseller Agreement. Opp'n at 14-15. Commure argues that it did not breach the 2022 Reseller Agreement because it did not "create derivative works," instead "Strongline Pro was developed independently by Commure without using any information from Canopy." *Id*. at 14. As defined in Exhibit A to the 2022 Reseller Agreement, Canopy's Licensed Technology encompasses "the architecture for the Strongline solution," and the components of "Strongline Badge[s]," "Strongline technology," "Strongline Gateways," and "Strongline Cloud Services." 2022 Reseller Agreement, §1.7, Ex. A. While there are numerous allegations and assertions in both parties' briefs that cast doubt on Commure's claim that its speedy development of Strongline Pro was independently accomplished without using any of Canopy's Strongline Licensed Technology, the most compelling evidence is deposition testimony from Commure's own CEO, Tanay Tandon, who stated, "Strongline Pro is our upgrade on the platform and our continued development and advancement of it." Cooper Decl., ¶ 3, Ex. 1 at 16:40:09-16:40:16. Commure explains that "Strongline Pro incorporated many other enhancements" to the existing technology, including improved battery life and security as well as AI-enabled features and patient monitoring features – all features that served as "enhancements" to the existing Strongline product.[1] Opp'n, 5. Commure does not argue that it received prior written approval from Canopy, as required in section 14.2 of the 2022 Reseller Agreement, to create a derivative product that served to upgrade and enhance the original Strongline product.

[1] Commure argues that "even if Commure had reverse engineered the data model, it is black letter law that reverse engineering is not an improper mean [sic] under either DTSA or CUTSA." Opp'n, 12. It is irrelevant whether reverse engineering may be proper under those statutory schemes – reverse engineering or creating derivative work constitutes a breach of the 2022 Reseller Agreement. This argument undermines Commure's already dubious claim that: after trying and failing to create a new product with a "walled-off" team, Commure informed the public – within weeks of Canopy terminating the 2022 Reseller Agreement – that Commure was going to release Strongline Pro, a new product that it built entirely independently of any Canopy Strongline Licensed Technology. Opp'n at 3-4.

B. Irreparable Harm

A party seeking a preliminary injunction must demonstrate "that irreparable injury is likely in the absence of an injunction." *Winter*, 555 U.S. at 22. A party "must do more than merely allege imminent harm sufficient to establish standing; a plaintiff must demonstrate immediate threatened injury as a prerequisite to preliminary injunctive relief." *Caribbean Marine Servs. Co. v. Baldrige*, 844 F.2d 668, 674 (9th Cir. 1988). "Irreparable harm is traditionally defined as harm for which there is no adequate legal remedy, such as an award of damages." *Arizona Dream Act Coal. v. Brewer*, 757 F.3d 1053, 1068 (9th Cir. 2014). "Evidence of threatened loss of prospective customers or goodwill . . . supports a finding of the possibility of irreparable harm." *Stuhlbarg Int'l Sales Co. v. John D. Brush & Co.*, Inc., 240 F.3d 832, 841 (9th Cir. 2001).

Canopy alleges that "[n]umerous customers have left Strongline for Strongline Pro, weakening Canopy's position in the market." Mot. at 22. By creating products derivative of the original Strongline products, in breach of the 2022 Reseller Agreement, Commure has and will continue to cause Canopy to lose customers, and therefore, also lose market share and goodwill. Canopy asserts that "[c]ustomers have already expressed confusion over the ownership of the technology behind Strongline, prompting at least one customer to switch to Strongline Pro," and that Commure's continued sale of Strongline Pro is likely to lead to additional confusion and loss of goodwill. Mot. at 23. The Court finds that Canopy has shown it will suffer irreparable harm without preliminary injunctive relief.

1. Timeliness of Motion for Preliminary Injunction

Commure argues that Canopy's motion should be denied because it was not timely filed, which demonstrates Canopy was not suffering urgent and irreparable injury. Opp'n at 16 ("Canopy's Motion came after 14 months of inaction."). When a party moves for preliminary injunctive relief after significant delay, the moving party must explain what prompts their motion now, when prior events did not. *Quintara Biosciences, Inc. v. Ruifeng Biztech Inc.*, 2020 WL 5408068, at *2 (N.D. Cal. Sept. 9, 2020). Without explanation of what has changed, or when no compelling reason is apparent, courts are not required to issue preliminary injunctive relief to stop a practice that had continued unchallenged for a lengthy period of time. *Oakland Trib., Inc. v.*

Chron. Pub. Co., 762 F.2d 1374, 1377 (9th Cir. 1985).

Two periods of Canopy's alleged delay are at issue: (1) the period between November 28, 2023, when Canopy first alleged that Commure was using Licensed Technology, and October 10, 2024, when Commure sought administrative leave from this Court to file a motion for preliminary injunction, and (2) the period between November 27, 2024, when this Court granted Canopy leave to move for preliminary injunctive relief, and February 1, 2025, when Canopy filed its motion. The Court finds that Canopy has provided sufficient and reasonable explanations for both periods of delay, and the delay does not weigh against granting an injunction.

As to the first period, on November 28, 2023, Canopy sent a letter to Commure indicating its intent to terminate the 2022 Reseller Agreement, and noting that Canopy "is deeply concerned about Commure's apparent misuse" of the Licensed Technology. Cooper Decl., ¶ 15, Ex. 13. In the letter, Canopy asks Commure for a declaration from Commure's CEO "that describes all measures that Commure has taken to ensure that the Commure Tag and related product or technology development efforts have not used, copied, relied on, been derived from or incorporated any [Canopy's] Licensed Technology." *Id.* On December 11, 2023, Commure announced that it would be launching its own version of Strongline, which it called "Strongline Pro." On December 19, 2023, Commure replied to Canopy's letter denying the accusations that Commure had derived its new product from Canopy's Licensed Technology and explained that "no information which was allegedly proprietary confidential under the Reseller Agreement was involved, and there was absolutely no breach of any obligation owed." *Id.*, ¶ 17, Ex. 15. In the interim, Commure filed the instant case against Canopy, sought a preliminary injunction against Canopy that was later dismissed, and Canopy filed a motion to dismiss. ECF Nos. 1, 12, 51. On September 16, 2024, Canopy asserts that Commure produced Tanay Tandon's (Commure's CEO) deposition transcript from another case, in which Tandon referred to Commure's Strongline Pro product as an "upgrade" of Strongline, evidence that Canopy viewed as inconsistent with Commure's December 19, 2023, letter denying that it has breached its contract with Canopy. Reply at 11.

On October 10, 2024, which was approximately three weeks after it received Tandon's

deposition transcript from Commure, Canopy filed an administrative motion seeking leave to file a motion for preliminary injunction. Defendant's Administrative Motion for Permission to File Answer and Counterclaims or, Alternatively, Motion for Preliminary Injunction, ECF No. 74 ("Mot. for Permission to File"). Canopy explained in its administrative motion that "Defendants are in possession of newly produced evidence demonstrating that Commure has misappropriated Canopy's confidential and trade secret information. Commure's CEO Tanay Tandon testified that Commure's product is an 'upgrade' to Canopy's Strongline platform, which other employees have confirmed. This new evidence confirms Canopy's earlier suspicion that Commure improperly reverse engineered or otherwise created a knock-off product based on Canopy's technology." *Id.* at 5. Canopy argues that Tandon's deposition transcript "unveiled the full extent of Commure's misappropriation, breach of contract and misrepresentation, and the ongoing irreparable harms it was causing." Reply at 11. Canopy substantially relies on Tandon's deposition transcript in its motion for preliminary injunction. Mot. at 1. Further, the parties sought to resolve this issue amicably, and Canopy had reassurance from Commure that it had not in fact derived its work from the Licensed Technology. Cooper Decl., ¶ 17, Ex. 15. The Court finds that the information to which Canopy had access, and which provided more than speculative support for a motion for preliminary injunction, changed substantially between the time Commure denied any breach in its December 19, 2023, letter, and when Commure provided Canopy with the Tandon deposition transcript on September 16, 2024. Within weeks of receiving credible information of Commure's breach, Canopy sought approval from the Court to file a preliminary injunction against Commure; under these facts as alleged, the Court finds Canopy's actions to be reasonable and timely.

As to the second period, on November 27, 2024, the day before Thanksgiving, the Court granted Canopy leave to file an answer, counterclaims, and a motion for preliminary injunction. ECF Nos. 85, 86. Canopy filed its answer and counterclaims on December 11, 2024. ECF No. 87. On December 20, 2024, immediately before the winter holidays, Canopy filed a motion for sanctions, alleging that Commure engaged in "last-minute, unilateral, and repeated cancellations of the depositions of Tanay Tandon and Commure." Defendant's Motion for Sanctions, i, ECF No. 91. Canopy alleges, in its administrative motion seeking leave to file a motion for preliminary

injunction, that but for Commure's significant delays Canopy might have been able to develop a fuller record for its motion for preliminary injunction. Mot. for Permission to File, 4. Approximately six weeks later, on February 1, 2025, Canopy filed a motion for preliminary injunction and amended counterclaims. ECF Nos. 98, 101.

The Court has considered the totality of Canopy's allegations during this period, including the various delays Canopy contends Commure purposely caused (as described in Canopy's sanctions motion) to deny Canopy access to key discovery that Canopy needed to credibly argue its likelihood of success on the merits and likelihood of irreparable injury. The Court finds that Canopy has provided sufficient, reasonable, and credible explanations for why it waited to file its motion for preliminary injunction until February 1, 2025, and rejects Commure's argument that Canopy's motion should be denied as untimely.

C. Balance of Equities

To determine the balance of equities, "[a] court must balance the interests of all parties and weigh the damage to each." *CTIA - The Wireless Ass'n v. City of Berkeley, Cal.*, 928 F.3d 832, 852 (9th Cir. 2019) (internal quotations and citation omitted). Canopy has a significant interest in obtaining preliminary injunctive relief as demonstrated by the loss of customers and risks to the Canopy's reputation and goodwill due to customer confusion between the Strongline and Strongline Pro products. Mot. at 12. Commure's arguments in opposition do not establish that they will suffer damage that overrides Canopy's interest in obtaining relief. Commure argues that an injunction would jeopardize "employees' livelihoods" for those working on Strongline Pro products because "Commure may be forced to terminate their employment." Opp'n, 21.[2] That argument is not persuasive in part because if Canopy prevails on the substance of its breach of contract claim, Commure was not entitled to employ people to create and sell derivative works that rightfully belong to Canopy. This goes to the heart of what Canopy seeks to remedy with its

[2] Commure makes additional arguments about the harm it and its customers would incur with preliminary injunctive relief. On balance, the Court does not find those claims outweigh the harm Canopy will face if the Court denies its request for a preliminary injunction. Further, the Court has tailored the injunctive relief with the goal of reducing those alleged harms.

motion for interim injunctive relief. Canopy asks the Court to revert to the status quo – prior to the breach of contract – while the ultimate determination of the merits of the parties' respective positions remains pending. Requiring Commure to comply with the terms of a valid, enforceable contract while the action proceeds is not a substantial burden. *See Henry Schein, Inc. v. Cook*, 191 F. Supp. 3d 1072, 1077 (N.D. Cal. 2016) (finding balance of hardships tips in favor of plaintiff seeking an injunction when it would merely require defendant to comply with provisions of an existing agreement).

D. Public Interest

"Whereas the balance of equities focuses on the parties, '[t]he public interest inquiry primarily addresses impact on non-parties rather than parties,' and takes into consideration 'the public consequences in employing the extraordinary remedy of injunction.'" *hiQ Labs, Inc.*, 31 F.4th at 1202 (quoting *Bernhardt v. Los Angeles Cnty.*, 339 F.3d 920, 931-32 (9th Cir. 2003) (modification in original)). Here, the public interest weighs in favor of holding the parties to their contractual obligations, preventing confusion in the marketplace, and promoting competition in product development. Preliminary injunctive relief ensures that Canopy's rights under the 2022 Reseller Agreement are restored, but it does not prevent Commure from otherwise lawfully competing with Canopy on the terms that have been in place between the parties for years. Moreover, the Court has fashioned the preliminary injunctive relief to allow Commure to continue serving its existing healthcare customers while prohibiting new sales – a balance of equities that takes into consideration the consequences to the public and third parties contracting with Commure.

E. Bond

Federal Rule of Civil Procedure 65(c) allows courts to "issue a preliminary injunction . . . only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." Fed. R. Civ. P. 65(c). The Court finds that there is no realistic likelihood of harm to Commure resulting from the issuance of this preliminary injunction. This is because the injunction requires the parties to comply with their status quo contractual obligations under the terms of the 2022 Reseller

Agreement, and because the Court has crafted temporary injunctive relief that does not immediately obligate Commure to remove the Strongline Pro product from customer sites. Accordingly, the Court declines to require Canopy to post a bond. *See Jorgensen v. Cassiday*, 320 F.3d 906, 919 (9th Cir. 2003) (stating that "[t]he district court may dispense with the filing of a bond when it concludes there is no realistic likelihood of harm to the defendant from enjoining his or her conduct.").

F. Scope of Injunction

"District courts have broad latitude in fashioning equitable relief when necessary to remedy an established wrong." *Boardman v. Pac. Seafood Grp.*, 822 F.3d 1011, 1024 (9th Cir. 2016) (internal citations omitted) (quoting *Earth Island Inst. v. Carlton*, 626 F.3d 462, 475 (9th Cir. 2010)). "The 'purpose of a preliminary injunction is to preserve the status quo ante litem pending a determination of the action on the merits.'" *Id.* (quoting *Sierra Forest Legacy v. Rey*, 577 F.3d 1015, 1023 (9th Cir. 2009)). "The status quo ante litem refers not simply to any situation before the filing of a lawsuit, . . . [which c]ould lead to absurd situations, in which plaintiffs could never bring suit once [unlawful] conduct had begun," but "instead to 'the last uncontested status which proceeded the pending controversy.'" *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1210 (9th Cir. 2000) (quoting *Tanner Motor Livery, Ltd. v. Avis, Inc.*, 316 F.2d 804, 809 (9th Cir. 1963)). Equitable relief may "be no more burdensome to the defendant than necessary to provide complete relief to the plaintiffs." *E. Bay Sanctuary Covenant v. Trump*, 932 F.3d 742, 779 (9th Cir. 2018) (quoting *Madsen v. Women's Health Ctr., Inc.*, 512 U.S. 753, 765 (1994)).

Commure argues that Canopy has requested mandatory injunctive relief, which requires a heightened pleading burden. Opp'n, 7-8. Instead, the Court grants prohibitive relief. The relief is prohibitive because at the time the parties entered into the 2022 Reseller Agreement, only the Strongline product, owned by Canopy, was marketed by Commure, and Commure was prohibited, among other things, from reverse engineering or creating derivative products.[3] Traditional

[3] Even with the requirement to hold any fees earned in a trust account, addressed in the Order below, the relief granted is not more onerous that typical prohibitive injunctions requiring parties

appropriate prohibitive relief would be to maintain the status quo from before the breach of the 2022 Reseller Agreement, and require Commure to not only stop selling Strongline Pro products but to potentially remove all Strongline Pro products from existing customer sites (relief discussed with concern by Commure in its opposition). The Court has not fashioned the preliminary injunctive relief in that manner. While the Court orders Commure to stop all further sales of Strongline Pro, the Court does not immediately require Commure to remove Strongline Pro products from existing customer's sites, nor did Canopy request such relief. In tailoring the injunctive relief in this manner, the Court has considered how to prevent Commure, during the term of the injunction, from continuing to benefit from market share to which they may not be entitled, and has balanced potential harm not only to the parties, but to third parties who have purchased and installed this safety technology at their sites. If Commure is successful on the merits of this action, Commure will have incurred monetary losses that it should be able to quantify in the form of damages, including through the documentation of monies held in the trust account ordered below.

The Court ORDERS the following preliminary injunctive relief, effective immediately:

(1) Counterclaim-Defendant Commure, Inc, all agents of Commure, Inc., and any other persons or entities acting in concert with Commure, Inc., including, but not limited

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to maintain the status quo. *Johnson v. Kay*, 860 F.2d 529, 541 (2d Cir. 1988) (holding that the district court granted prohibitive relief because "it actually only required the union to do what it should have done earlier" to preserve the status quo and that the district judge properly ordered a "pragmatic approach to the peculiar and quite fluid situation"). In addition, if there is an ultimate determination that this temporary relief constitutes a mandatory injunction, because the Court views that the facts and law on Canopy's breach of contract claim favor Canopy, the Court would reach the same result. A preliminary injunction is treated as a mandatory injunction if the relief sought orders the responsible party to take affirmative action. *Garcia v. Google, Inc.*, 786 F.3d 733, 740 (9th Cir. 2015) (holding requiring removal of YouTube videos constituted a mandatory injunction "because it orders a responsible party to take action"). District courts do not issue mandatory injunctions in "doubtful cases." *Park Vill. Apartment Tenants Ass'n v. Mortimer Howard Trust*, 636 F.3d 1150, 1160 (9th Cir.2011); *Stanley v. Univ. of S. Cal.*, 13 F.3d 1313, 1320 (9th Cir.1994) ("District court[s] should deny such relief unless the facts and law clearly favor the moving party." (internal citations omitted)). Here, the Court finds that the law regarding Canopy's breach of contract claims, and the facts pled concerning the irreparable harm that Canopy will incur, clearly favor Canopy.

to, Counterclaim-Defendants Athelas, Inc., Tanay Tandon, and Dhruv Parthasarathy (collectively, for the purposes of this Order, "Commure"), are hereby restrained and enjoined from each and all the following:

(a) Using or disclosing Canopy's confidential information and trade secrets in violation of either the Defend Trade Secrets Act, the California Uniform Trade Secrets Act, or the December 1, 2022 Reseller Agreement executed by and between Canopy and Commure, including using or disclosing Canopy's confidential information and trade secrets via the continued development, sale and marketing of Commure's Strongline Pro platform;

(b) Selling, distributing, advertising, or marketing its Strongline Pro product and platform to *new* customers, including installing Strongline Pro at any new site for any new or existing customers and shall not upgrade Strongline Pro at any existing site; and

(c) Making untrue, misleading or disparaging statements regarding Canopy, Canopy's technology, the Strongline platform, Canopy Protect, the Strongline Pro platform, and/or the relationship between Canopy and Commure, and from making any further disparaging statements about Canopy or its products.

(2) Until there is a final judgment or settlement in this matter that resolves all claims in this case, Commure should continue to comply with contracts with third parties directly related to the Strongline Pro product, to the extent it is possible to do so without violating the terms of this injunction, including repairing existing Strongline Pro equipment for existing customers.

(3) Commure shall hold all fees, payments, or other monies it collects from Strongline Pro customers, including subscription fees and maintenance fees, in a separate,

interest-bearing trust account; all such monies and deposits must be documented and no withdraws may be made from the account without an order of this Court.

(4) Canopy shall not be required to post a bond for the issuance of this Preliminary Injunction.

(5) This Preliminary Injunction is issued without prejudice to Canopy seeking additional relief as appropriate, including further equitable or legal relief.

IV. CONCLUSION

This preliminary injunction is immediately effective upon its entry and shall remain in full force and effect through the date on which judgment is entered following the trial or settlement of this action. For the reasons set forth above, Canopy's motion for a preliminary injunction is GRANTED.

IT IS SO ORDERED.

Dated: April 25, 2025

Noël Wise
United States District Judge