

SC drugmaker receives \$7.9M settlement in case alleging theft of trade secrets

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Nephron Pharmaceuticals Corp., a respiratory drugmaker headquartered in West Columbia, received a \$7.9 million settlement in a federal case alleging theft of trade secrets by a pair of former employees. Nephron Pharmaceuticals/Provided

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WEST COLUMBIA — An Arkansas-based pharmaceutical company paid Lexington County's Nephron Pharmaceuticals \$7.9 million to settle a pair of federal court cases claiming it stole trade secrets when it hired former employees of the South Carolina company.

U.S. Compounding Inc. and its parent company, Adamis Pharmaceuticals, agreed to the sum that ended the three-year legal battle this week.

Adamis did not immediately respond to The Post and Courier's request for comment.



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The fight centered around two employees who went to work for U.S. Compounding after leaving Nephron and providing Nephron's confidential customer and pricing information to their new employer, a direct competitor.

One of the women was a sales representative in the Midwest and had worked for Nephron for about 16 years, selling its products to hospitals in that area. The other's sales territory covered New Jersey.

"I had no idea someone working within our organization would do something like this," Nephron CEO Lou Kennedy said.

According to court documents, on her last day of employment with Nephron, the first former employee downloaded data from the company's customer management system onto a hard drive that included contacts for current and prospective customers, customers' order history and purchasing habits, as well as pricing details for those orders.



COVID-19

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This is despite having signed a non-disclosure agreement with Nephron upon her employment with the company.

Nephron found out about the downloads after it was forwarded an email which the former employee had sent in her new role with U.S. Compounding to an existing Nephron customer, stating her new employer could offer the same drugs at a better price, Kennedy said.

Kennedy said her lawyers had to argue that this data fell within the legal definition of trade secrets. Ultimately the settlement amount was based on testimony by an expert witness for Nephron who enumerated the monetary value of the data.

In a recent financial filing with the federal Securities and Exchange Commission, Adamis maintained that Nephron's claims were without merit, but it opted to settle after losing several pretrial motions, citing the legal expenses and uncertainty of ongoing litigation and trial.

The settlement also included a permanent injunction against the companies and employees, forbidding any future use or sharing of the data.

"We are pleased with the outcome of this matter," Kennedy said. "This represents a win for the good guys — and serves as a reminder that there is a right way and wrong way to do business, that people should conduct themselves with integrity and that there is no substitute for hard work."



COLUMBIA BUSINESS

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