

1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

3  
4 JIAXING SUPER LIGHTING ELECTRIC  
APPLIANCE CO., LTD.,

5 Plaintiff,

6 v.

7 JOHN BRUGGEMAN, et al.,

8 Defendants.  
9

Case No. [21-cv-08489-MMC](#)

**ORDER GRANTING IN PART AND  
DENYING IN PART DEFENDANT  
SIGNIFY HOLDING B.V.'S MOTION  
TO DISMISS**

10 Before the Court is the "Motion to Dismiss Pursuant to Rule 12(b)(6)," filed July 18,  
11 2022, by defendant Signify Holding B.V. ("Signify"). Plaintiff Jiaxing Super Lighting  
12 Electric Appliance Co., Ltd. ("Super Lighting") has filed opposition, to which Signify has  
13 replied. Having read and considered the papers filed in support of and in opposition to  
14 the motion, the Court rules as follows.<sup>1</sup>

15 **FACTUAL BACKGROUND<sup>2</sup>**

16 Plaintiff Super Lighting, a lighting manufacturer, supplied traditional LED lighting  
17 products to nominal defendant Lunera Lighting, Inc. ("Lunera"), a distributor, pursuant to  
18 a Purchase and Development Agreement (hereinafter, "the Agreement"). (See FAC ¶¶ 4,  
19 5, 27.) At all relevant times, Lunera's board of directors was comprised entirely of John  
20 Bruggeman ("Bruggeman"), Steve Westly ("Westly"), Frank Creer ("Creer"), Dave  
21 Coglizer ("Coglizer"), Susan McArthur ("McArthur"), Alan Greenberg ("Greenberg"), and  
22 Richard Rock's ("Rock") (collectively, "Director Defendants").

23 After Lunera "stopped paying Super Lighting's invoices for delivered products"  
24

25 <sup>1</sup> By order filed October 24, 2022, the Court took the matter under submission.

26 <sup>2</sup> The following facts are taken from the allegations of the operative complaint, the  
27 "First Amended Verified Complaint" ("FAC").

1 (see FAC ¶ 28) and “defaulted on its own proposed payment plan” (see FAC ¶ 32), Super  
2 Lighting “terminated the Agreement” (see FAC ¶ 34) and filed a breach of contract action  
3 against Lunera, which action went to arbitration (hereinafter, “the Arbitration”) pursuant to  
4 an arbitration provision in the Agreement (see FAC ¶¶ 40-41). While the Arbitration was  
5 pending, Super Lighting, in response to actions taken by Bruggeman to “shut Super  
6 Lighting out of [Lunera’s] . . . ongoing negotiations” with potential acquirers of Lunera  
7 (see FAC ¶ 71), filed in the Arbitration an “Emergency Motion for a Writ of Attachment”  
8 (hereinafter, “the Attachment Motion”) (see FAC ¶ 83), which motion was granted on  
9 January 18, 2019 (see FAC ¶ 103). Thereafter, Lunera “defaulted and failed to appear at  
10 the . . . Arbitration hearing and trial,” after which “the arbitrator issued a final award in  
11 favor of Super Lighting” that was confirmed by the United States District Court for the  
12 Northern District of California. (See FAC ¶ 186.) On July 30, 2019, Lunera “officially  
13 dissolved.” (See FAC ¶ 188.)

14 Through post-judgment discovery, Super Lighting learned that Lunera had sold  
15 “substantially all” of its assets in January 2019, (see FAC ¶¶ 115, 187), including  
16 Lunera’s 37 patents, which had been sold to defendant Tynax, Inc. (“Tynax”), a broker  
17 that “acquir[ed] the [p]atents on behalf and at the request of Signify” for \$125,000 (see  
18 FAC ¶ 161) and, on the same day, “transferred the [p]atents to Signify in exchange for  
19 \$160,000 (\$125,000 purchase price, plus a \$35,000 commission to Tynax) pursuant to an  
20 IP Transfer Agreement” (see FAC ¶ 167). To date, Super Lighting’s arbitration award  
21 “remains wholly unpaid.” (See FAC ¶ 187.)

## 22 PROCEDURAL BACKGROUND

23 Based on the above, Super Lighting asserted, as against the Director Defendants,  
24 several causes of action, including a claim for “Actual and Constructive Fraudulent  
25 Transfer of Patents,” which claim it also brought as the sole claim against Tynax and  
26 Signify. (See FAC ¶¶ 224-35.) Thereafter, the Director Defendants moved to dismiss  
27 each of the causes of action asserted against them, and the Court granted in part and  
28 denied in part the Director Defendants’ motion, finding Super Lighting had stated a claim

1 for Fraudulent Transfer of Patents as against Bruggeman and Westly. (See Order, filed  
2 June 8, 2022 (hereinafter, "June 8 Order") at 16:18-21; 17:15-16.) Signify now moves for  
3 dismissal on the sole claim alleged against it.<sup>3</sup>

4 **LEGAL STANDARD**

5 Dismissal under Rule 12(b)(6) of the Federal Rules of Civil Procedure "can be  
6 based on the lack of a cognizable legal theory or the absence of sufficient facts alleged  
7 under a cognizable legal theory." See Balistreri v. Pacifica Police Dep't, 901 F.2d 696,  
8 699 (9th Cir. 1990). Rule 8(a)(2), however, "requires only 'a short and plain statement of  
9 the claim showing that the pleader is entitled to relief.'" See Bell Atlantic Corp. v.  
10 Twombly, 550 U.S. 544, 555 (2007) (quoting Fed. R. Civ. P. 8(a)(2)). Consequently, "a  
11 complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual  
12 allegations." See id. Nonetheless, "a plaintiff's obligation to provide the grounds of his  
13 entitlement to relief requires more than labels and conclusions, and a formulaic recitation  
14 of the elements of a cause of action will not do." See id. (internal quotation, citation, and  
15 alteration omitted).

16 In analyzing a motion to dismiss, a district court must accept as true all material  
17 allegations in the complaint and construe them in the light most favorable to the  
18 nonmoving party. See NL Indus., Inc. v. Kaplan, 792 F.2d 896, 898 (9th Cir. 1986). "To  
19 survive a motion to dismiss," however, "a complaint must contain sufficient factual  
20 material, accepted as true, to 'state a claim to relief that is plausible on its face.'" Ashcroft  
21 v. Iqbal, 556 U.S. 662, 678 (2009) (quoting Twombly, 550 U.S. at 570). "Factual  
22 allegations must be enough to raise a right to relief above the speculative level,"  
23 Twombly, 550 U.S. at 555, and courts "are not bound to accept as true a legal conclusion  
24 couched as a factual allegation," see Iqbal, 556 U.S. at 678 (internal quotation and  
25 citation omitted).

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27  
28 <sup>3</sup> On January 5, 2022, upon Super Lighting's motion, the Clerk of Court entered  
Tynax's default under Federal Rule of Civil Procedure 55(a).



1 or . . . became insolvent as a result of the transfer or obligation,” see 6 Del. C. Section  
 2 1305(a); Cal. Civ. Code Section 3439.05(a). Both DUFTA and CUVTA provide, in  
 3 relevant part, for a cause of action by a creditor against a debtor-transferor and/or a  
 4 transferee, including an action for judgment against “(1) [t]he first transferee of the asset .  
 5 . . or (2) [a]ny subsequent transferee other than a good-faith transferee . . . who took for  
 6 value[.]” See 6 Del. C. Section 1308(b)(1)-(2); see also Cal. Civ. Code Section  
 7 3439.08(b)(1).

8 The Court first considers actual fraudulent transfer, and then proceeds to  
 9 constructive fraudulent transfer.<sup>4</sup>

10 **1. Actual Fraudulent Transfer**

11 To state a claim for actual fraudulent transfer, a plaintiff need only allege the  
 12 “debtor incurred the obligations with actual intent to hinder, delay or defraud the debtor’s  
 13 creditors.” See In re Syntax-Brilliant Corp., 573 F. App’x 154 (3d Cir. 2014) (internal  
 14 quotation and citation omitted) (emphasis in original); see also In re Cohen, 199 B.R.  
 15 709, 716-17 (B.A.P. 9th Cir. 1996) (holding “[t]he focus in the inquiry into actual intent is  
 16 on the state of mind of the debtor”; further holding “[c]ulpability on the part of the . . .  
 17 transferee[] is not essential”). Further, the “adequacy or equivalence of consideration  
 18 \_\_\_\_\_

19 <sup>4</sup> At the outset, however, with respect to both actual and constructive fraudulent  
 20 transfer, to the extent Super Lighting alleges Signify is liable under a theory of aiding and  
 21 abetting and/or conspiracy, the Court finds the claim is subject to dismissal. First, such  
 22 claim “is not cognizable under [DUFTA].” See Crystallex Int’l Corp. v. Petroleos De  
 23 Venezuela, S.A., 879 F.3d 79, 89 (3d Cir. 2018). Second, even assuming such cause of  
 24 action may exist under CUVTA, Super Lighting has not pled facts sufficient to establish  
 25 Signify’s knowledge of, or intent to assist or aid, the Director Defendants’ wrongdoing.  
 26 (See Opp. at 11:2-4 (noting allegations in Complaint demonstrate, at most, Signify’s  
 27 “actual knowledge of facts and circumstances sufficient to put it on inquiry notice that  
 28 Lunera was possibly insolvent and that Lunera was possibly transferring the Patents for a  
 fraudulent purpose” (emphasis in original)); see, e.g., Casey v. U.S. Bank National  
Ass’n, 127 Cal.App.4th 1138, 1145 (2005) (noting “California courts have long held that  
 liability for aiding and abetting depends on proof the defendant had actual knowledge of  
 the specific primary wrong the defendant substantially assisted”); J. B. v. G6 Hosp., LLC,  
 No. 19-CV-07848-HSG, 2020 WL 4901196, at \*11 (N.D. Cal. Aug. 20, 2020) (observing  
 “[t]he sine qua non of a conspiratorial agreement is the knowledge on the part of the  
 alleged conspirators of its unlawful objective and their intent to aid in achieving that  
 objective” (quoting Kidron v. Movie Acquisition Corp., 47 Cal. Rptr. 2d 752 (Cal. Ct. App.  
 1995))).

1 provided for the actually fraudulent transfer is not material to the question whether the  
2 transfer is actually fraudulent.” See id. at 717.

3 Here, as set forth in the Court’s June 8 Order, Super Lighting’s allegations suffice  
4 to support a reasonable inference of actual fraudulent intent on the part of Bruggeman  
5 and Westly, who, in their capacity as directors, acted on behalf of Lunera, the debtor-  
6 transferor.

7 Although, in support of its Motion, Signify points to its reliance on evidence that  
8 was not submitted by the Director Defendants, namely, a copy of the complete email  
9 chain in which Tynax referred to the sale price of the patents as a “real bargain,” a phrase  
10 to which the Court cited in its June 8 Order, the Court is not persuaded that such new  
11 evidence suffices to alter the Court’s prior determination.<sup>5</sup> In particular, even if the Court  
12 were to accept Signify’s argument that the cited statement, when read in the full context  
13 of the parties’ negotiations, constitutes no more than a sales pitch on the part of Tynax  
14 (see Motion at 10:4-7), the remaining “badges of fraud,” see Pennysaver, 602 B.R. at  
15 271, on which the Court relied are sufficient to support a finding of actual intent to defraud  
16 on the part of Lunera, see id. (holding “[t]he presence or absence of any single badge of  
17 fraud is not conclusive”); see also 6 Del. C. § 1304(b) (setting forth factors for  
18 consideration “in determining actual intent”); Cal. Civ. Code § 3439.04(b) (same)).<sup>6</sup>

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20 <sup>5</sup> Signify’s undisputed request that the Court take judicial notice of said document  
21 is GRANTED.” See United States v. Ritchie, 342 F.3d 903, 908 (9th Cir. 2003) (holding  
22 courts “may . . . consider . . . documents [deemed] incorporated by reference in the  
23 complaint . . . without converting [a] motion to dismiss into a motion for summary  
24 judgment.”).

25 <sup>6</sup> To assist in determining whether a transfer was made with the “actual intent to  
26 hinder, delay, or defraud any creditor of the debtor,” DUFTA and CUVTA include a  
27 nonexclusive list of relevant factors including, as applicable to the instant case, whether  
28 (1) “the debtor was insolvent,” (2) “the debtor had been sued or threatened with suit” prior  
to the transfer, (3) “the transfer occurred shortly before or shortly after a substantial debt  
was incurred,” (4) “the transfer was of substantially all of the debtor’s assets,” (5) “the  
value of the consideration received by the debtor was reasonably equivalent to the value  
of the asset transferred,” (6) “the debtor removed or concealed assets,” and (7) “the  
transfer . . . was disclosed or concealed.” See 6 Del. C. § 1304(b); Cal. Civ. Code §  
3439.04(b).

1 In that regard, the following badges of fraud remain: (1) Lunera’s insolvency at the  
2 time of transfer (see FAC ¶ 42), (2) the then pending Arbitration and Attachment motion  
3 concerning Lunera’s assets (see FAC ¶¶ 130-134, 168), (3) Bruggeman and Westly’s  
4 threat that Lunera’s assets would be sold at “extremely low prices” (see FAC ¶ 64), (4)  
5 Lunera’s sale of substantially all of its assets, namely, its patents and inventory, the latter  
6 in exchange for \$75,000 but valued at \$2 million by the buyer (see FAC ¶¶ 119, 129-134,  
7 156), (5) Lunera’s concealment of its assets in response to the arbitrator’s order granting  
8 the Attachment motion (see FAC ¶¶ 103-106), (6) Lunera’s concealment of inventory  
9 transfers by use of an intermediary purchasing entity formed two weeks before the  
10 transfer was effectuated (see FAC ¶¶ 146, 159), and (7) Lunera’s concealment of the  
11 patent transfer by a sale at “light speed” after a single telephone call with the buyer (see  
12 FAC ¶¶ 165, 169); see also In re AgFed USA, LLC, 546 B.R. 318, 335 (Bankr. D. Del.  
13 2016) (noting “[a]lthough the presence of a single . . . badge of fraud . . . may cast  
14 suspicion on the transferor’s intent, the confluence of several in one transaction generally  
15 provides conclusive evidence of an actual intent to defraud” (internal quotation and  
16 citation omitted)).<sup>7</sup>

17 Accordingly, to the extent the Second Cause of Action is based on actual  
18 fraudulent transfer, the motion will be denied.

## 19 2. Constructive Fraudulent Transfer

20 Unlike actual fraudulent transfer, “all that is needed” to plead a constructive  
21 fraudulent transfer claim “is an allegation that there was a transfer for less than  
22 reasonably equivalent value at a time when the [d]ebtor[] [was] insolvent.” See  
23 Pennysaver, 602 B.R. at 266; see also Lachapelle v. Kim, No. 15-CV-02195-JSC, 2015  
24 WL 7753235, at \*7 (N.D. Cal. Dec. 2, 2015) (“[A]t its core, a constructive fraudulent  
25 transfer claim has two elements: reasonable equivalent value and insolvency.” (internal  
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27 <sup>7</sup> A detailed account of the factual background from which the above factors are  
28 taken is set forth in the June 8 Order. (See June 8 Order at 1:22-3:14.)

1 quotation and citation omitted)). In the instant case, there being no dispute as to Super  
2 Lighting's insolvency at the time of the transfer at issue, the Court turns to the question of  
3 whether Super Lighting has adequately alleged a transfer for less than reasonably  
4 equivalent value.<sup>8</sup>

5 "Determining reasonable equivalence requires case-by-case adjudication, which  
6 depends on all the facts of each case, an important element of which is market value." In  
7 re BMT-NW Acquisition, LLC, 582 B.R. 846, 858 (Bankr. D. Del. 2018) (internal quotation  
8 and citation omitted). "Other factors include whether the transaction was at arm's length,  
9 and whether the transaction was in good faith." Id. At the pleading stage, however, the  
10 complaint need only include allegations "specif[ying] in detail the date of the transfer, the  
11 amount of the consideration received, [and] the alleged value of the [asset] on the date of  
12 the transfer," see In re AstroPower Liquidating Tr., 335 B.R. 309, 333-34 (Bankr. D. Del.  
13 2005).

14 Here, Super Lighting has identified the date of the transfer, the transferor, the  
15 transferee, and the price paid by Signify (see FAC ¶¶ 161, 166, 167), but has not pled  
16 facts establishing the actual market value of the patents, see Astropower, 335 B.R. at  
17 334. Rather, Super Lighting's allegations as to market value are limited to a statement  
18 that the consideration Lunera received for the patents "was grossly negligent and for less  
19 than reasonably equivalent value" (see FAC ¶ 161), which conclusory assertion, absent  
20 factual support, does not suffice for purposes of pleading its claim. See Iqbal, 556 U.S.  
21 at 178 (holding "[w]hile legal conclusions can provide the framework of a complaint, they  
22 must be supported by factual allegations").

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24 <sup>8</sup> To the extent Super Lighting argues the Court, in its June 8 Order, "has already  
25 held that Super Lighting adequately pleaded facts establishing that the patents were  
26 transferred for less than reasonably equivalent value" (see Opp. at 9:3-5), the Court  
27 notes it made no finding to that effect. Although, after setting forth therein the Director  
28 Defendants' argument that Super Lighting "has not adequately alleged 'any actual intent  
to hinder, delay or defraud Super Lighting,' or that the transfers were made for less than  
'reasonably equivalent value'" (see June 8 Order at 16:19-21 (internal citations omitted)),  
the Court stated "[t]he Court disagrees," the ensuing discussion pertains solely to a  
rejection of the first of those two contentions.



1           Accordingly, to the extent the Second Cause of Action is based on constructive  
2 fraudulent transfer, the motion will be granted.

3           **B. Punitive Damages**

4           Signify seeks dismissal of Super Lighting’s claim for punitive damages because,  
5 according to Signify, “[Super Lighting’s] claims against Signify amount at best to  
6 allegations of gross negligence.” (See Mot. at 15:26-16:2) (emphasis omitted) (internal  
7 quotation and citation omitted); see also Molina v. J.C. Penney Co., Inc., No. C-14-  
8 04201-DMR, 2015 WL 183899, at \*3 (N.D. Cal. Jan. 14, 2015) (holding “[t]he standard for  
9 punitive damages requires behavior more offensive than the standard for gross  
10 negligence”). In response, Super Lighting points to no allegations supporting a finding to  
11 the contrary, and instead argues it is “conceivable that Signify’s conduct rises to the level  
12 to justify an award of punitive damages.” (See Opp. at 13:5-6.) Although, as Super  
13 Lighting notes, discovery may subsequently provide the missing factual support, at  
14 present those facts remain missing.

15           Accordingly, the punitive damages claim is subject to dismissal.


16           **CONCLUSION**

17           For the reasons stated above, Signify’s motion is hereby GRANTED in part and  
18 DENIED in part as follows:

- 19           1. To the extent the Second Cause of Action is based on constructive fraudulent  
20 transfer and to the extent the claim for relief includes punitive damages, the  
21 motion is hereby GRANTED.
- 22           2. In all other respects, the motion is hereby DENIED.
- 23           3. As there is no showing the deficiencies noted above cannot be cured, leave to  
24 amend is hereby GRANTED, and Super Lighting’s Second Amended  
25 Complaint, if any, shall be filed no later than January 5, 2022.

26           **IT IS SO ORDERED.**

27           Dated: December 2, 2022

  
MAXINE M. CHESNEY  
United States District Judge

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