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7
 8 **UNITED STATES DISTRICT COURT**
 9 **NORTHERN DISTRICT OF CALIFORNIA**

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 ONE EMBARCADERO CENTER, 22ND FLOOR
 SAN FRANCISCO, CALIFORNIA 94111-3711

10
 11 TESLA, INC., a Delaware Corporation,

12 Plaintiff,

13 v.

14 ZOOX, INC., a Delaware Corporation;
 SCOTT TURNER, an individual; SYDNEY
 15 COOPER, an individual; CHRISTIAN
 DEMENT, an individual; and, CRAIG
 16 EMIGH, an individual,

17 Defendants.

Case No. 3:19-cv-01462

**COMPLAINT FOR DAMAGES AND
 INJUNCTIVE RELIEF FOR:**

1. **MISAPPROPRIATION OF TRADE SECRETS UNDER THE DEFEND TRADE SECRETS ACT;**
2. **MISAPPROPRIATION OF TRADE SECRETS UNDER THE CALIFORNIA UNIFORM TRADE SECRETS ACT;**
3. **BREACH OF CONTRACT;**
4. **BREACH OF DUTY OF LOYALTY;**
- AND,
5. **AIDING AND ABETTING BREACH OF DUTY OF LOYALTY.**

DEMAND FOR JURY TRIAL

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SUMMARY OF THE ACTION

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2 1. This dispute arises out of the concerted efforts of Zoox, Inc. (“Zoox”), a competitor
3 to Tesla, Inc. (“Tesla”), and several now-former Tesla employees, to steal Tesla’s proprietary
4 information and trade secrets to help Zoox leapfrog past years of work needed to develop and run
5 its own warehousing, logistics, and inventory control operations. As they departed Tesla, these
6 employees, including Defendants Scott Turner (“Turner”), Sydney Cooper (“Cooper”), Christian
7 Dement (“Dement”), and Craig Emigh (“Emigh”), absconded with select proprietary Tesla
8 documents useful to their new employer, and at least one of them used Tesla’s confidential
9 information to target other Tesla employees for hiring by Zoox. In the process, they
10 misappropriated Tesla’s trade secrets, violated their agreements with Tesla, and breached their
11 duties of loyalty, all with the knowledge and support of Zoox.

12 2. The theft here was blatant and intentional. For example, just before departing Tesla
13 for Zoox, Defendant Turner – a manager in Tesla’s Newark, California Regional Distribution
14 Center – emailed two confidential Tesla documents to his personal email address, with only the
15 words “you sly dog you...” in the body of the email. Similarly, shortly before his own departure
16 from Tesla, Defendant Dement – a former warehouse supervisor – sent four confidential Tesla
17 documents to his personal email account, with the subject line “Good Stuff.” After Defendant
18 Emigh joined Zoox, he mistakenly sent an email to Cooper’s old Tesla email address, attaching a
19 modified version of a Tesla proprietary document, freshly-emblazoned with the Zoox logo, yet
20 still bearing the layout, design, and other vestiges of the Tesla version – showing, without doubt,
21 that the Defendants are actively using the Tesla information they stole.

22 3. While Tesla respects that employees may decide to pursue other employment
23 opportunities, it must take action when current and former employees abuse their positions of trust
24 and blatantly violate their legal and contractual obligations to Tesla. Accordingly, Tesla files this
25 action (the “Action”) to put a stop to Defendants’ illegal conduct, prevent further misuse of
26 Tesla’s proprietary information and trade secrets, and to recover all damages caused by
27 Defendants’ unlawful scheme.

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THE PARTIES

1
2 4. Tesla is a Delaware corporation with its principal place of business at 3500 Deer
3 Creek Road, Palo Alto, California.

4 5. Tesla is informed and believes, and thereon alleges, that Zook, including doing
5 business in California as Zook Labs, Inc., is a Delaware corporation with its principal place of
6 business in Foster City in San Mateo County, California and with testing operations in San
7 Francisco, California.

8 6. Tesla is informed and believes, and thereon alleges, that Turner is a California
9 resident with his principal residence in Union City, California, and that he is currently an
10 employee of Zook. Turner is also a former employee of Tesla.

11 7. Tesla is informed and believes, and thereon alleges, that Cooper is a California
12 resident with her principal residence in Hercules, California, and that she is currently an employee
13 of Zook. Cooper is also a former employee of Tesla.

14 8. Tesla is informed and believes, and thereon alleges, that Dement is a Pennsylvania
15 resident with his principal residence in Macungie, Pennsylvania, and that he was expected to join
16 Zook as well. Dement is also a former employee of Tesla.

17 9. Tesla is informed and believes, and thereon alleges, that Emigh is a California
18 resident with his principal residence in Fremont, California, and that he is currently an employee
19 of Zook. Emigh is also a former employee of Tesla.

20 10. Tesla refers in this Complaint to Turner, Cooper, Dement, and Emigh collectively
21 as the “Individual Defendants.” Tesla refers to the Individual Defendants and Zook, together, as
22 “Defendants.”

23 **JURISDICTION AND VENUE**

24 11. This action arises under the Defend Trade Secrets Act, and this Court has subject
25 matter jurisdiction under 28 U.S.C. § 1331 and 18 U.S.C. § 1836(c). This Court has supplemental
26 jurisdiction over Tesla’s state-law claims pursuant to 28 U.S.C. § 1367 because they form part of
27 the same case or controversy as the federal claims and derive from the same operative facts.

28 12. This Court has personal jurisdiction over Defendants because they have transacted

1 business in and have caused injury to Tesla within the State of California. As discussed below, the
2 Individual Defendants also breached agreements with Tesla that provide for exclusive jurisdiction
3 in the state and federal courts in Santa Clara or San Francisco Counties. Further, Tesla is
4 informed and believes that most of the Individual Defendants reside in the Northern District.

5 13. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2) because a
6 substantial part of the events giving rise to the claims occurred in this District, and because the
7 Individual Defendants have contractually agreed to litigate disputes in this District.

8 **INTRA-DISTRICT ASSIGNMENT**

9 14. Pursuant to Civ. L.R. 3-2, this Action is properly assignable in the San Francisco
10 Division or San Jose Division, as the Individual Defendants' agreements with Tesla provide for
11 exclusive jurisdiction in the state and federal courts located in Santa Clara or San Francisco
12 Counties, and Zoox has its principal place of business in San Mateo County.

13 **FURTHER RELEVANT FACTUAL ALLEGATIONS**

14 **A. Tesla and Its Proprietary Distribution and Logistics Systems**

15 15. Tesla is an American company that designs, manufactures, and sells electric cars,
16 electric vehicle powertrain components, as well as scalable clean energy generation and storage
17 products. Tesla also researches and develops self-driving capability for integration in its electric
18 vehicles. Tesla is the world's first vertically-integrated sustainable energy company, and has
19 established a global network of stores, vehicle service centers, and charging stations to accelerate
20 the widespread adoption of zero-emissions vehicles.

21 16. As a vertically-integrated company, Tesla has expended significant resources in
22 developing its sourcing, design, manufacturing, warehousing, and distribution logistics and
23 operations. For example, Tesla has developed a proprietary system called WARP, a multi-
24 functional software platform designed to manage Tesla's manufacturing, warehousing, inventory,
25 distribution, transportation, and implementation systems. As another example, Tesla employs a
26 proprietary system to track inventory into and out of its warehouses and distribution centers and
27 utilizes a variety of manuals and process documents to memorialize those procedures. These
28 materials and knowhow were developed by Tesla over many years, and at great expense, and

1 Tesla considers them to be proprietary, confidential trade secrets.

2 **B. Tesla Vigorously Protects Its Confidential Information**

3 17. Tesla's policies and practices robustly protect confidential and proprietary
4 information, including the information misappropriated by Defendants here. For example, Tesla
5 requires all its employees to enter into non-disclosure agreements that obligate them to safeguard
6 the company's confidential information, including trade secrets and source code. As further
7 discussed below, employees must sign these agreements as a condition of their employment, and
8 must periodically re-sign as the company updates its agreements.

9 18. In addition, Tesla secures its physical facilities by restricting access to authorized
10 personnel, and then monitoring actual access with security guards and cameras. Visitors to Tesla's
11 facilities must check in with a receptionist or security guard, sign a nondisclosure agreement, and
12 submit to a photograph. Visitors must further be escorted by a Tesla employee at all times.

13 19. Tesla also protects its confidential information with stringent information security
14 policies and practices. Tesla's network and servers are themselves password-protected and
15 firewall-protected and are accessible only to current Tesla employees with proper credentials.
16 After an employee resigns or is terminated, Tesla promptly deactivates that user's system
17 permissions, which cuts off access to Tesla's network.

18 20. In addition, Tesla policy forbids employees from sending confidential information
19 to unauthorized third parties, and even to employees' own personal email addresses. This policy
20 is conveyed to employees in a number of ways, both formally and informally, including through a
21 written reminder that employees "must not ... forward work emails outside of ... Tesla or to a
22 personal email account," which Turner, Dement and Emigh each signed and acknowledged.

23 **C. The Former Tesla Employees Hired By Zoon**

24 21. The Individual Defendants here worked in warehouse and distribution center
25 management at Tesla's regional Parts Distribution Centers ("PDC") in Newark, California and
26 Bethlehem, Pennsylvania. Defendant Turner joined Tesla on May 19, 2014 and most recently
27 served as Tesla's Distribution Center Manager at Tesla's PDC in Newark. In that role, Turner
28 served as a manager with Defendants Emigh and Cooper as his direct or indirect reports.

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