

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

ILLUMINA, INC.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 22-334-GBW-CJB
)	
GUARDANT HEALTH, INC.; HELMY)	
ELTOUKHY and AMIRALI TALASAZ,)	
)	
Defendants.)	

REPORT AND RECOMMENDATION

In this case, Plaintiff Illumina, Inc. (“Plaintiff” or “Illumina”) brings correction of inventorship, trade secret misappropriation and breach of contract claims against Defendants Guardant Health, Inc. (“Guardant”), Helmy Eltoukhy (“Eltoukhy”) and AmirAli Talasaz (“Talasaz” and collectively with Guardant and Eltoukhy, “Defendants”).¹ Pending before the Court is Defendants’ motion to dismiss Illumina’s Complaint pursuant to Federal Rules of Civil Procedure 12(b)(1), 12(b)(2) and 12(b)(6) (the “Motion”). (D.I. 29) For the reasons set forth below, the Court recommends that the motion to dismiss be GRANTED-IN-PART and DENIED-IN-PART.

I. BACKGROUND

A. Factual Background

Plaintiff Illumina is a Delaware corporation with its principal place of business in San Diego, California. (D.I. 1 at ¶ 4) The company was founded in 1998 by scientists studying the

¹ Eltoukhy and Talasaz will at times be referred to herein as the “Individual Defendants.”

mapping of the human genome, and it develops and manufactures tools and integrated systems for genetic analysis. (*Id.* at ¶¶ 5-6)

Defendant Guardant is a Delaware corporation with its principal place of business in Redwood City, California. (*Id.* at ¶ 10) Guardant develops and markets blood-based cancer detection tests. (*Id.*; *see also* D.I. 30 at 1, 4)

Guardant was founded by Defendants Eltoukhy and Talasaz, two former Illumina employees who are both residents of California. (D.I. 1 at ¶¶ 3, 11-13) On December 9, 2011, while still employed by Illumina, Eltoukhy and Talasaz anonymously incorporated Guardant in Delaware. (*Id.* at ¶¶ 15, 26) Talasaz worked at Illumina from 2009 until June 2012 and Eltoukhy worked there from 2008 until January 2013. (*Id.* at ¶¶ 17, 28, 31) Upon leaving their employment at Illumina, both men immediately became employed by Guardant—Talasaz in June 2012 and Eltoukhy in January 2013. (*Id.* at ¶¶ 28-30, 63-64) However, while Eltoukhy was still employed at Illumina, he worked with Talasaz on Guardant projects and technologies, and acted as a corporate agent and fiduciary of Guardant. (*Id.* at ¶¶ 32-38) Eltoukhy is now the Chief Executive Officer of Guardant, and Talasaz is the Chief Operating Officer of Guardant. (*Id.* at ¶¶ 12-13)

While at Illumina, Eltoukhy and Talasaz agreed to and were bound by employment agreements and company policies, which required them to:

devote their efforts to Illumina's business, to not compete with Illumina, to avoid conflicts of interest that could compromise their loyalty to Illumina, to assign to Illumina their inventions made while employed by Illumina that are related to Illumina's business, to protect Illumina's confidential and proprietary information, to not take or use Illumina's resources and property for their personal benefit, and to return Illumina materials to the company upon termination of their employment.

(*Id.* at ¶ 19) These employment agreements and company policies included: (1) a Proprietary Information and Invention Agreement (“PIIA”); (2) Confidentiality—Disclosure on Need-To-Know Basis Only Acknowledgement (“Confidentiality Acknowledgment”); (3) Code of Ethics; and (4) a Termination Certificate at the end of their employment. (*Id.* at ¶ 18)

The Complaint alleges that while still employed at Illumina, Eltoukhy and Talasaz accessed Illumina’s confidential information and resources relating to “Illumina’s proprietary error correction methods, cell-free DNA, copy number variations, next-generation sequencing, and communication theory.” (*Id.* at ¶ 22; *see also id.* at ¶¶ 2, 24-25) For example, it is alleged that during the second half of 2012, Eltoukhy, while still employed at Illumina, forwarded Illumina’s confidential information to his personal e-mail account and to Talasaz; Eltoukhy and Talasaz then allegedly used this confidential information to develop Guardant’s patent portfolio, including 35 patents that are assigned to Guardant.² (*Id.* at ¶¶ 40-50, 53) The confidential

² The 35 patents at issue consist of three patent families. (*See* D.I. 30 at 8 n.2; Tr. at 178) The first patent family (the “127 patent family”) includes 19 of the 35 patents: U.S. Patent Nos. 10,041,127 (“the '127 patent”); 9,598,731 (“the '731 patent”); 9,834,822 (“the '822 patent”); 9,840,743 (“the '743 patent”); 10,837,063 (“the '7063 patent”); 10,457,995 (“the '995 patent”); 10,494,678 (“the '678 patent”); 10,501,808 (“the '808 patent”); 10,501,810 (“the '810 patent”); 10,683,556 (“the '556 patent”); 10,738,364 (“the '364 patent”); 10,793,916 (“the '916 patent”); 10,822,663 (“the '663 patent”); 10,961,592 (“the '592 patent”); 10,876,171 (“the '171 patent”); 10,876,172 (“the '172 patent”); 10,947,600 (“the '600 patent”); 10,995,376 (“the '376 patent”) and 11,001,899 (“the '899 patent”).

The second patent family (the “992 patent family”) includes nine of the 35 patents: U.S. Patent Nos. 9,902,992 (“the '992 patent”); 10,894,974 (“the '974 patent”); 10,876,152 (“the '152 patent”); 10,704,086 (“the '086 patent”); 10,704,085 (“the '085 patent”); 11,091,797 (“the '797 patent”); 10,870,880 (“the '880 patent”); 10,982,265 (“the '265 patent”) and 11,091,796 (“the '796 patent”).

The third patent family (the “366 patent family”) includes seven of the 35 patents: U.S. Patent Nos. 9,920,366 (“the '366 patent”); 10,883,139 (“the '139 patent”); 10,801,063 (“the '1063 patent”); 10,889,858 (“the '858 patent”); 11,118,221 (“the '221 patent”); 11,149,306 (“the '306 patent”) and 11,149,307 (“the '307 patent”). (D.I. 1 at ¶ 50; D.I. 30 at 8 n.2)

Illumina information included a slide presentation relating to “error rate improvements and communication theory ideas” on how to decode barcodes more effectively (the “communication theory slides”); Eltoukhy requested and obtained these slides on June 27, 2012 from another Illumina employee, Frank Steemers, who at the time was a senior director and researcher working on sequencing technology for Illumina. (*Id.* at ¶¶ 40-48)

The Complaint also alleges that while still employed by Illumina, Eltoukhy drafted and revised patent claims for Guardant using Illumina’s computers. (*Id.* at ¶ 54) On December 15, 2012, Eltoukhy e-mailed draft patent claims dated August 10, 2012 to his personal Gmail account from his Illumina work e-mail account. (*Id.* at ¶ 55)

And the Complaint asserts that when Eltoukhy left his employment at Illumina, he took various Illumina documents with him. More specifically, it states that Eltoukhy appropriated more than 51,000 emails from Illumina, including more than 1,400 documents that were labeled “COMPANY CONFIDENTIAL—INTERNAL USE ONLY.” (*Id.* at ¶¶ 65-66)

Eltoukhy is alleged to have taken various steps to conceal the fact that he was transferring Illumina’s confidential information outside of the company. One such example referenced in the Complaint is Eltoukhy’s use (referenced above) of his personal, non-Illumina e-mail address to transfer Illumina confidential information to Guardant. (*Id.* at ¶ 69) Another relates to the application that later issued as the '743 patent; that application, filed on March 23, 2017, listed both Eltoukhy and Talasaz as inventors. (*Id.* at ¶¶ 72-73) However, Eltoukhy’s name as an inventor was removed from the application on October 27, 2017. (*Id.* at ¶ 74)

Illumina alleges that it did not learn of any of Defendants’ wrongful conduct until at least in or around June 2019. In that month, Illumina became aware of some of the above-referenced misconduct in the course of responding to third-party discovery requests that were served on it in

a patent litigation that Guardant had filed in this District against Foundation Medicine, Inc. (*Guardant Health, Inc. v. Foundation Medicine, Inc.*, Civil Action No. 17-1616-LPS-CJB (D. Del.)) and Personal Genome Diagnostics (*Guardant Health, Inc. v. Personal Genome Diagnostics, Inc.*, Civil Action No. 17-1623-LPS-CJB (D. Del.)) (collectively, the “FMI litigation”). (*Id.* at ¶¶ 75-78)

Thereafter, between August and November 2019, Eltoukhy’s name as an inventor was removed from more Guardant patent applications on which he was originally named as an inventor (these applications issued as the '995 patent, the '808 patent, the '152 patent and the '7063 patent). (*Id.* at ¶ 79) And after being deposed in the FMI litigation on April 8, 2019, Eltoukhy is alleged to have deleted or attempted to delete confidential Illumina documents from his personal files. (*Id.* at ¶ 80)

Additional relevant factual allegations will be discussed below in the appropriate portions of Section II.

B. Procedural Background

On March 17, 2022, Illumina filed its Complaint in this case. (D.I. 1) The Complaint contains four Counts:

- Count I: Declaratory Judgment to Correct Inventorship and Ownership under 35 U.S.C. § 256. (*Id.* at ¶¶ 84-102)
- Count II: Misappropriation of Illumina Trade Secrets Under California’s Uniform Trade Secrets Act [“CUTSA”], Cal. Civ. Code § 3426 *et seq.* against all Defendants. (*Id.* at ¶¶ 103-20);
- Count III: Breach of Contract against Eltoukhy. (*Id.* at ¶¶ 121-31); and
- Count IV: Breach of Contract against Talasaz. (*Id.* at ¶¶ 132-42)

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