

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

TELADOC HEALTH, INC. and LIVONGO HEALTH, INC.,)	
)	
Plaintiffs,)	Case No.
)	
v.)	Judge
)	
JAMES PURSLEY and HINGE HEALTH, INC.,)	
)	
Defendants.)	

VERIFIED COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

Plaintiffs Teladoc Health, Inc. and Livongo Health, Inc. (“Livongo”) (sometimes collectively referred to as “Teladoc” or “Plaintiffs”) file this verified complaint against Defendants James Pursley (“Pursley”) and Hinge Health, Inc. (“Hinge Health”) (sometimes collectively referred to as “Defendants”).

NATURE OF THE ACTION

1. This litigation asserts seven claims for: breach of contract (Count I against Pursley); actual/threatened misappropriation under the Defend Trade Secrets Act and the Illinois Trade Secrets Act (Counts II and III against Pursley and Hinge Health); tortious interference with contract (Count IV against Hinge Health); tortious interference with business relationships (Count V against Pursley and Hinge Health); unjust enrichment (Count VI (in the alternative) against Pursley); and civil conspiracy (Count VII against Pursley and Hinge Health).

2. Pursley, Livongo’s former Chief Commercial Officer (“CCO”), executed an Employee Proprietary Information, Inventions Assignment and Non-Solicitation Agreement (“PIIA”)¹ in which he agreed not to: (a) solicit certain Customers or Potential Customers of

¹ A true and accurate copy of the PIIA that Pursley executed is attached as **Exhibit 1**.

Teladoc during his employment and for a period of one (1) year following termination; (b) solicit or induce Livongo employees to leave their employment with the company during his employment and for a period of one (1) year following termination; and (c) use or disclose Teladoc confidential information upon cessation of his employment with Livongo.

3. In the Fall of 2020, Teladoc acquired Livongo through a corporate merger. During that process, Teladoc offered a position to Pursley, but he declined it. The parties mutually parted ways pursuant to a written Separation Agreement and Release of Claims (the “Separation Agreement”), under which Teladoc paid Pursley approximately \$3 million in accelerated vesting of equity awards plus a \$150,000 cash payment to be made over time.² In exchange for these substantial payments, Pursley re-affirmed his obligations under the PIIA and agreed not to compete with Livongo and Teladoc for a period of one (1) year following his separation of employment.

4. Not long after Pursley received approximately \$3 million in accelerated vesting of equity awards and a significant portion of his cash payment (approximately \$50,000 at that point) under the Separation Agreement, Pursley joined Hinge Health—a direct competitor of Teladoc—as its President. Pursley did so knowing Hinge Health is a direct competitor and that Teladoc considered it to be one.

5. Pursley is violating the Agreements, and his statutory and common law duties to Teladoc, by, among other things: (1) serving as President of Hinge Health, a direct competitor of Teladoc; (2) misappropriating Teladoc’s proprietary and confidential business information, including trade secrets; and (3) soliciting and serving, on Hinge Health’s behalf, Customers and Potential Customers (as those terms are defined in the PIIA). Hinge Health has induced Pursley’s

² A true and accurate copy of the Separation Agreement executed by Pursley is attached hereto as **Exhibit 2**. The PIIA and Separation Agreement are referred to collectively herein as the “Agreements.”

breaches in an effort to unfairly compete with Teladoc and participated in his misappropriation of Teladoc's proprietary and confidential business information, including trade secrets.

6. Teladoc asked Pursley and Hinge Health to cure these violations and to end their unlawful conduct, but they have not done so to date. Teladoc now pursues this action against Pursley and Hinge Health to restrain their violations and to seek redress for the harm caused by their misconduct.

THE PARTIES

7. Livongo is a business corporation organized and existing under the laws of the state of Delaware, with its headquarters located at 150 W Evelyn Ave #150, Mountain View, CA 94041.

8. Teladoc Health, Inc., is a publicly-traded business corporation organized and existing under the laws of the state of Delaware, with its headquarters located at 2 Manhattanville Road, Purchase, NY 10577. The company is the oldest telehealth provider in the United States.

9. Pursley is an individual who was employed by and/or worked for Livongo Health, Inc. from March 2014 through October 2020.

10. Upon information and belief, Pursley resides at 1S641 Verdun Drive, Winfield, Illinois 60190.

11. Hinge Health is a business corporation organized and existing under the laws of the state of Delaware, with its headquarters located at 465 California St. 14th Floor, San Francisco, CA 94104.

JURISDICTION AND VENUE

12. This Court has original jurisdiction over this action under 28 U.S.C. § 1331 because Teladoc asserts claims against Pursley and Hinge Health for violation of a federal statute – the Defend Trade Secrets Act (“DTSA”), 18 U.S.C. § 1836, *et seq.*

13. Teladoc's related state-law claims fall within this Court's supplemental jurisdiction pursuant to 28 U.S.C. § 1367.

14. This Court has personal jurisdiction over Defendants, and venue is proper in this District under 28 U.S.C. § 1391(a), because Defendants committed and continue to commit tortious acts in, and/or related to Illinois and the area within this District. Also, Defendants regularly conduct business in Illinois. In addition, Pursley in the Separation Agreement consented to personal jurisdiction and venue in state and federal courts in Illinois for any lawsuit filed there against him by Teladoc arising from or related to the PIIA.

FACTUAL BACKGROUND

About Teladoc

15. Teladoc is a multinational telemedicine and virtual healthcare company based in the United States. Teladoc's primary services include telehealth, medical opinions, Artificial Intelligence ("AI") and analytics, and licensable platform services. In particular, Teladoc uses telephone and videoconferencing software as well as mobile applications to provide on-demand remote medical care.

16. As the first and largest telemedicine company in the United States, Teladoc was launched in 2002 and has acquired companies such as BetterHelp in 2015, Best Doctors in 2017, and Advance Medical in 2018. Teladoc is a public company that trades on the New York Stock Exchange, and it is active in 175 countries across the world. Teladoc ranked Best in KLAS for Virtual Care Platforms in 2020.

17. The global telemedicine market size was \$41.63 billion in 2019, including \$17.9 billion in North America alone. The global impact of COVID-19 on this telemedicine market has been unprecedented and staggering. Analysts predict that, as a result of COVID-19, the

telemedicine industry grew by 91% in 2020, to \$79.79 billion. Analysts further predict that the telemedicine industry will grow to \$396.76 billion in 2027 – an anticipated 397.26% increase over the next seven years.³

18. Teladoc has approximately 51.5 million members who utilize its products and services—more than 21% of the 243 million Americans with health coverage. Further, Teladoc partners with a large number of insurance carriers to supply telemedicine products and services to their insureds and with a large number of corporations to provide telemedicine products and services to their workforce.

19. Teladoc is the North American market leader as a result of more than 18 years of growth and expansion across the United States, Canada, and Mexico.

Teladoc’s Significant Protectable Interests in Goodwill and in its Confidential Information and Proprietary Business Information

20. The services and products provided by Teladoc are adapted to meet the needs of each customer, member, or market. Teladoc has maintained its status as a national leader in the industry by providing quality products and services, but more importantly, by cultivating its relationships between its members, customers, and potential customers as well as its expert network of approximately 55,000 health care providers across 450 medical subspecialties.

21. By creating, nurturing, and maintaining goodwill with its members, customers, prospective customers, and expert network of health care providers, Teladoc is better able to compete and maintain its standing in the market.

³ Fortune Business Insights, Telemedicine Market Size, Share & COVID-19 Impact Analysis, By Type (Products and Services), By Modality (Store-and-forward (Asynchronous), Real-time (Synchronous), and Others), By Application (Teleradiology, Telepathology, Teledermatology, Telecardiology, Telepsychiatry, and Others), By End User (Healthcare Facilities and Homecare), and Regional Forecast, 2020-2027, summary available at <https://www.fortunebusinessinsights.com/industry-reports/telemedicine-market-101067>, last visited March 8, 2021.

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