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Attorneys for Plaintiff Allied Bioscience, Inc.

11
12 UNITED STATES DISTRICT COURT
13 FOR THE WESTERN DISTRICT OF WASHINGTON
14 SEATTLE DIVISION

15 ALLIED BIOSCIENCE, INC., a Nevada
corporation,

16 Plaintiff,

17 v.

18 CRAIG GROSSMAN, an individual,

19 Defendant.
20

Case No. 2:20-cv-01650

COMPLAINT

21
22 1. Plaintiff Allied BioScience, Inc. (“**ABS**”) complains against Defendant Craig
23 Grossman (“**Grossman**”):

24 **I. PARTIES**

25 2. Plaintiff Allied BioScience, Inc. is a Nevada Corporation with its principal place of
26 business and nerve center at 7800 Dallas Parkway, Suite 650, Plano, Texas 75024.

1 3. Defendant Craig Grossman is an individual, last known to be domiciled at 1444
2 Edwards Drive, Point Roberts, Washington 98281.

3 II. JURISDICTION AND VENUE

4 4. This Court has subject-matter jurisdiction pursuant 28 U.S.C. § 1332(a). ABS is a
5 Nevada corporation with its principle place of business and nerve center in Texas. Grossman is
6 domiciled in Point Roberts, Washington. The amount in controversy, which includes but is not
7 limited to the value of the ABS patents, ABS's patent applications, and the related ownership rights
8 at issue, far exceeds \$75,000, exclusive of interest and costs.

9 5. This Court also has subject matter jurisdiction pursuant to 28 U.S.C. § 1331. ABS
10 asserts a cause of action under the Defend Trade Secrets Act ("*DTSA*"), 18 U.S.C. § 1836(b).

11 6. This Court has supplemental jurisdiction over ABS's state-law claims pursuant to
12 28 U.S.C. § 1367.

13 7. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(1) and (c)(1) because
14 the sole defendant, Grossman, resides in this District. Seattle is the proper intradistrict assignment
15 because Grossman lives in Whatcom County. *See* LCR 3(e)(1).

16 III. FACTUAL BACKGROUND

17 A. ABS Background and Relationship with Grossman.

18 8. ABS is a technology company rooted in environmental science. Among other
19 things, ABS specializes in the development and deployment of surface coating technologies that
20 provide a long-lasting way to maintain antiviral surfaces. Since its inception, ABS has created
21 revolutionary surface coating products, including but not limited to, SurfaceWise™ and
22 SurfaceWise2™ (the "*ABS Technology*"). ABS's SurfaceWise2™ is the first antiviral surface
23 coating that the EPA has approved to continuously protect against COVID-19 with a single
24 application.

25 9. Grossman was a founder of ABS and was an employee of ABS from 2005 through
26 mid-2018. Grossman maintains that he acted as Founder, President, and CEO of ABS from 2005

1 to 2014 and as Chairman of the Board of Directors and Chief Technology Officer for ABS for
2 from 2014 to 2018. Exhibit A. As an officer and director of ABS from 2005 through 2018,
3 Grossman was a fiduciary of ABS. As a fiduciary, Grossman owed ABS the duty of utmost good
4 faith and was required to refrain from acting in his own best interests.

5 10. On April 30, 2018, ABS terminated Grossman's employment. Then, effective
6 May 1, 2018, ABS retained Grossman as an independent consultant under a written Consulting
7 Agreement.¹ ABS retained Grossman as an independent consultant to consult on "future patent
8 filings and product development and design," among other things. In June 2018, Grossman stepped
9 down from ABS's Board of Directors. On May 1, 2020, the Consulting Agreement terminated
10 according to its terms. Since then, Grossman has held no formal or informal position at ABS.

11 11. During the course and scope of his employment with ABS and as independent
12 consultant for ABS, Grossman helped to invent certain technology related to ABS's business and
13 portions of the ABS Technology (the "*Grossman Inventions*"). A key aspect of Grossman's
14 employment and consultancy with ABS was to help invent the Grossman Inventions and develop
15 the ABS Technology. Some of the Grossman Inventions have been described or claimed in some
16 of ABS's patents and patent applications.

17 **B. Grossman's Prior Assignment of the Grossman Inventions to ABS.**

18 12. ABS has spent considerable time and resources working to obtain broad patent
19 protection for the ABS Technology, including the Grossman Inventions. ABS owns over 82 patent
20 filings worldwide, with approximately 53 issued patents and many pending applications in process.

21 13. Given the extraordinary investment ABS has made in the ABS Technology and
22 corresponding intellectual property, it is natural that ABS should desire to confirm its ownership
23 of the ABS Technology.

24 14. As a fiduciary of ABS—and in furtherance of the duties of utmost good faith and
25 refraining from acting in his own self-interest—Grossman has an obligation to assign any rights

26 ¹ ABS has previously provided a copy of Mr. Grossman's Consulting Agreement referenced herein.

1 he may have had in the Grossman Inventions to ABS. Indeed, Grossman has previously executed
2 a number of invention assignments in favor of ABS. *See* Exhibit B. Likewise, Grossman’s
3 Consulting Agreement contains a broad assignment of all intellectual property to ABS, including
4 any Grossman Inventions made during Grossman’s two-year tenure as an independent consultant.
5 Grossman’s Consulting Agreement also includes non-complete provisions that prevent Grossman
6 from engaging in business activities that do or may compete with ABS’s business during, and for
7 twelve months after, his consultancy without ABS’s consent.

8 **C. Grossman Demands that ABS Make Additional Payments Related to the**
9 **Grossman Inventions.**

10 15. Despite no longer being affiliated with ABS in any way, Grossman continues to
11 hold himself out as an agent of ABS and attempts to conduct business on behalf of ABS. Grossman
12 has also used an ABS-like email signature block in a deceptive and misleading way, and apparently
13 he claims some continuing ownership of the Grossman Inventions. *E.g.*, Exhibit C; Exhibit D.

14 16. On September 4, 2020, counsel for ABS sent a cease and desist letter to Mr.
15 Grossman demanding that he immediately cease this misleading and harmful conduct. Exhibit C.

16 17. In an effort to resolve the dispute with Grossman and confirm ownership of the
17 Grossman Inventions, ABS prepared a draft Confirmatory Assignment Agreement consolidating
18 Grossman’s assignment records and reiterating that ABS is the sole owner of all Grossman
19 Inventions.

20 18. In response, Grossman’s counsel conceded that:

21 ***“Mr. Grossman agrees with ABS that what he invented relating to his work and***
22 ***consulting for ABS, pursuant to those agreements and relating to ABS’s***
23 ***business, belongs to ABS.”***

24 Exhibit E at 5 (emphasis added).

25 19. Despite his counsel’s unequivocal statement, Grossman refused and, continues to
26 refuse, to sign the Confirmatory Assignment Agreement. Worse, Grossman and his counsel

1 redlined the Confirmatory Assignment Agreement to include a baseless requirement that ABS pay
2 Grossman significant, unearned additional compensation in exchange for Grossman’s execution
3 of the document. Specifically, Grossman demands that ABS compensate him commensurate with
4 “other recently-resigned directors” and that ABS permit him to “sell up to 10% of [Grossman’s]
5 holdings” in ABS. Exhibit D; Exhibit E at 1.

6 20. Grossman’s request for additional consideration is unconscionable for multiple
7 reasons. First, the Confirmatory Assignment Agreement is exactly that—a confirmation of ABS’s
8 ownership of the Grossman Inventions, for which Grossman already received significant
9 compensation. Second, Grossman’s demand for unearned compensation and attempt to somehow
10 hold the Grossman Inventions hostage is unconscionable. Third, the specific compensation of other
11 departing ABS directors is highly confidential ABS information that, as further discussed below,
12 Grossman apparently acquired improperly. That Grossman then attempted to use this improperly-
13 acquired information to squeeze money out of ABS is astounding.

14 21. Grossman’s repeated refusals to sign the Confirmatory Assignment Agreement and
15 demands for additional compensation and consideration regarding the Grossman Inventions has
16 created an ownership dispute over the Grossman Inventions.

17 **D. Grossman’s Misappropriation of ABS’s Trade Secrets.**

18 22. In addition to his wrongful conduct regarding the Grossman Inventions, Grossman
19 has also surreptitiously acquired ABS’s trade secrets.

20 23. First, Grossman improperly acquired confidential information related to the terms
21 of an ABS director’s severance agreement and is now using that information to demand additional
22 unearned compensation from ABS.

23 24. ABS’s employee and director compensation information, including severance
24 terms, is highly confidential information. Indeed, ABS’s severance agreements include
25 confidentiality clauses stating as much. ABS also stores all employee and director confirmation
26 information on secure, password-protected computer systems with limited accessibility.

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