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Superior Court of CA,
County of Santa Clara
17CV305646
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SANTA CLARA**

10
11 TESLA MOTORS, INC., a Delaware
corporation;

12 Plaintiff,

13 v.
14

15 STERLING ANDERSON, an individual;
CHRISTOPHER URMSON, an individual;
16 AURORA INNOVATION, LLC, a Delaware
limited liability company; and
17 DOES 1 through 10, inclusive,

18 Defendants.
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Case No. **17CV305646**

COMPLAINT FOR:

- (1) BREACH OF CONTRACT
- (2) BREACH OF DUTY OF LOYALTY
- (3) AIDING AND ABETTING BREACH OF DUTY OF LOYALTY
- (4) INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS
- (5) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE
- (6) VIOLATION OF CAL. BUS. & PROF. CODE § 17200

DEMAND FOR JURY TRIAL

1 SUMMARY OF DISPUTE

2 1. This dispute arises out of the efforts of Sterling Anderson, a former non-technical
3 program manager of Tesla’s Autopilot team, to violate his contractual and other obligations to Tesla
4 by attempting to recruit at least a dozen Tesla engineers, taking Tesla’s confidential and proprietary
5 information, and doctoring and destroying evidence in an effort to cover his tracks – all for the benefit
6 of a competing venture he launched while still a Tesla employee.

7 2. The Autopilot features that are built into every Tesla vehicle, and continually updated
8 through free over-the-air updates, are widely regarded as the most advanced, safest, and most reliable
9 technology in the autonomous area. In their zeal to play catch-up, traditional automakers have
10 created a get-rich-quick environment. Small teams of programmers with little more than demoware
11 have been bought for as much as a billion dollars. Cruise Automation, a 40-person firm, was
12 purchased by General Motors in July 2016 for nearly \$1 billion. In August 2016, Uber acquired
13 Otto, another self-driving startup that had been founded only seven months earlier, in a deal worth
14 more than \$680 million.

15 3. Anderson and his business partners, including Christopher Urmson, the recently
16 departed head of Google’s self-driving car initiative, decided to take a run at a similar fortune. Unlike
17 other recent startups, however, Anderson and Urmson sought an unfair advantage. While still
18 employed by Tesla, and while assuring management of his loyalty, Anderson secretly set out to hire
19 Tesla’s Autopilot engineers for his own competing venture. Both directly and by using his business
20 partner as his proxy, Anderson worked to recruit Tesla’s engineers, eventually making offers to at
21 least a dozen people – all in direct violation of his contractual non-solicitation obligations and the
22 duty of loyalty that he owed to Tesla as an employee. Ultimately, only two of the recruited Tesla
23 engineers left to go to Anderson’s startup, but the fact that his recruitment efforts were mostly
24 unsuccessful does not excuse his misconduct. Anderson collaborated with Urmson on their
25 competing venture on Tesla time, using his Tesla company laptop, and on Tesla’s premises. On
26 January 4, 2017, Anderson took his Tesla laptop to Urmson’s home, accessed a document entitled
27 “Recruiting targets” and continued to proceed with their Tesla solicitations. Even after Tesla
28 terminated Anderson that afternoon, he and his partners continued to recruit from Tesla in flagrant

1 disregard of the contractual non-solicit, which survives the end of Anderson's employment by 12
2 months.

3 4. Anderson also downloaded hundreds of gigabytes of Tesla confidential and
4 proprietary information to his personal Toshiba hard drive. Upon the end of his employment,
5 Anderson was required to return all originals and copies of all documents and other company
6 property in his possession. Anderson returned his company-issued laptop, but not the “backups” he
7 had regularly created, which contain hundreds of gigabytes of data, including some of Tesla’s most
8 competitively sensitive information. Were that not enough, Anderson then doctored the laptop,
9 manually hacking the timestamps on files and secure-erasing others, all in an attempt to conceal his
10 misdeeds. As for the company-issued iPhone that contained perhaps the most damning evidence of
11 Anderson’s unlawful solicitation of Tesla employees – he wiped that altogether. Anderson’s blatant
12 efforts to cover his tracks belie any innocent explanation he may attempt to conjure up for his
13 conduct. No one would attempt to put fake timestamps on files if they were innocent or thought their
14 actions were honest.

15 5. Tesla does not file this action lightly. Tesla is committed to providing a stimulating
16 and rewarding workplace for its employees, who are bound not by long-term employment contracts
17 but instead by a shared commitment to mission, to innovation, and to excellence. Tesla understands
18 that some employees may decide to pursue other opportunities or even to create a startup of their
19 own, and Tesla is typically supportive of their personal ambitions and respectful of their decisions.
20 However, Tesla cannot sit idly by when an employee like Anderson abuses his position of trust and
21 orchestrates a scheme to deliberately and repeatedly violate his non-solicit agreement, hide evidence,
22 and take the company’s confidential and proprietary information for use in a competing venture.
23 Faced with such extreme and inexcusable misconduct, Tesla has no choice but to act.

24 PARTIES

25 6. Plaintiff Tesla Motors, Inc. (“Tesla”) is a publicly traded Delaware corporation with
26 its principal place of business in Palo Alto, California.

27 7. Defendant Sterling Anderson is an individual who, on information and belief, resides
28 in Sunnyvale, California.

1 8. Defendant Christopher Urmson is an individual who, on information and belief,
2 resides in Mountain View, California.

3 9. Defendant Aurora Innovation, LLC (“Aurora”) is a Delaware limited liability
4 company with its principal place of business in Mountain View, California.

5 10. The true names and capacities of the defendants named herein as Does 1 through 10,
6 inclusive, whether individual, corporate, or otherwise, are currently unknown to Tesla, which
7 therefore sues such defendants by fictitious names pursuant to Code of Civil Procedure section 474.
8 Tesla will amend this Complaint to identify the true names and capacities of each of the fictitiously
9 named defendants when such names and capacities have been determined.

10 BACKGROUND

11 **A. Tesla’s Industry-Leading Autonomous Driving Program**

12 11. Tesla’s Autopilot is today an advanced driver assistance system that augments the
13 driver’s perception, improves their decision making, and assists in control of their vehicle. Autopilot
14 in vehicles built between September 2014 and October 2016 uses a combination of a camera and
15 radar with enhanced processing, 12 ultrasonic sensors, and navigation data to steer within a lane,
16 change lanes on prompt, and adjust speed in response to traffic. Industry publications have described
17 Tesla’s Autopilot features as a “robotic wonder,”¹ a “crowning achievement[],”² and “without a
18 shadow of a doubt a proper taste of the future of driving.”³ According to *Car and Driver*, Tesla’s
19 Autopilot “lives in a class of one.”⁴ In October 2016, Tesla announced that all vehicles in production,
20 as well as the forthcoming Model 3, will be built with an updated hardware suite, equipping each
21 Tesla with the hardware needed for full self-driving capability.

22 12. Because Tesla’s Autopilot development efforts are uniquely linked to customer-
23 owned cars that drive with Autopilot more than a million miles each day, Tesla has access to

24 ¹ <http://www.motortrend.com/news/testing-semi-autonomous-cars-tesla-cadillac-hyundai-mercedes/>.

25 ² http://www.thedrive.com/tech/4591/the-war-for-autonomous-driving-2017-mercedes-benz-e-class-vs-2017-tesla-model-s?xid=the-drive_socialflow_twitter.

26 ³ <http://www.dinside.no/autofil/hands-off/66596579>.

27 ⁴ <http://www.caranddriver.com/features/semi-autonomous-cars-compared-tesla-vs-bmw-mercedes-and-infiniti-feature-2015-tesla-model-s-p85d-page-5>.

1 exponentially more data than its competitors, who have, at most, small fleets of prototype vehicles.
2 Tens of thousands of Autopilot-enabled Tesla vehicles (and growing all the time) provide real-time
3 data feedback to Tesla's servers, ensuring that the system is continually learning and improving upon
4 itself. Since late 2015, Tesla vehicles have driven well over 300 million miles with Autopilot
5 activated, yielding a trove of data that is enabling Tesla to significantly accelerate the advancement
6 of autonomous technology in a way no other company possibly can.

7 13. By taking some of Tesla's most valuable information and trying to recruit its engineers
8 in violation of his non-solicit obligation to Tesla, Anderson and his partners sought to launch a startup
9 that could quickly fetch the same quick money as Cruise Automation and Otto – though by violating
10 the law in doing so.

11 **B. Anderson's Contractual And Fiduciary Obligations to Tesla**

12 14. Anderson joined Tesla in 2014 as a Senior Program Manager, where he helped
13 manage the team responsible for the design, development, and launch of Model X. In November
14 2015, Anderson assumed a program management role for the Autopilot team. In that position,
15 Anderson had organizational (though not technical) oversight of the team responsible for the
16 development and refinement of the complex suite of hardware and software applications that
17 comprise Autopilot. In his program management roles, Anderson became intimately familiar with
18 the experience, skillsets, and performance of the team working on every aspect of Model X and
19 Autopilot.

20 15. Before joining Tesla, and as a condition to his continuing employment, Anderson
21 executed a series of agreements by which he promised to devote all of his professional time and
22 efforts to his work for Tesla and agreed not to use or disclose Tesla's confidential and proprietary
23 information for any other purpose. Anderson further committed that during the term of his
24 employment, and for one year thereafter, he would not directly or indirectly solicit any Tesla
25 employee to terminate his or her employment with Tesla. These obligations are memorialized in an
26 offer letter dated November 11, 2014 (the "Offer Letter"), an Employee Proprietary Information and
27 Inventions Agreement dated December 2, 2014 (the "EPIIA"), and a letter agreement that Anderson
28 signed electronically on November 3, 2016 (the "Confidentiality Letter Agreement").

1 16. In addition to his contractual obligations, Anderson owed a duty of undivided loyalty
2 to Tesla as a matter of bedrock California law and was legally prohibited from transferring his loyalty
3 to an existing or would-be competitor during the term of his employment.

4 **C. Anderson’s Recruitment of Tesla’s Employees and Theft of Tesla’s Data**

5 17. During the summer of 2016, Anderson began secret discussions with Christopher
6 Urmson, the director of Google’s self-driving car initiative until his resignation in early August,
7 concerning the possibility of forming a new venture that would compete with Tesla in the
8 autonomous driving space. This new venture would later be named Aurora.

9 18. To establish a credible venture that would have a realistic chance at attracting the kind
10 of dollars that other startups in that space have commanded, Anderson and Urmson had to staff
11 Aurora with a team of top-notch engineers experienced in the area. Anderson was intimately familiar
12 with the experience and skillsets of the engineers in Tesla’s Autopilot team and elsewhere in the
13 company. Urmson possessed the same inside information with respect to the Google team he had
14 until recently overseen.

15 19. Anderson and Urmson thereupon agreed to divide up the world. Using Anderson’s
16 specialized knowledge of his colleagues’ skillsets and performance, Urmson set out to pursue
17 engineers identified by Anderson at Tesla, and Anderson began pursuing engineers identified by
18 Urmson at Google. Working through Urmson as his proxy, Anderson targeted and recruited
19 numerous Tesla employees to join Aurora. Through a series of text messages, phone calls, and in-
20 person meetings, Anderson and Urmson solicited many of Anderson’s Tesla colleagues for their
21 competing venture. Anderson did all of this while at the same time assuring Tesla that he continued
22 to be “all in.”

23 20. Although Anderson worked mostly behind the scenes so that he could try to create
24 the false impression that his “hands stayed clean” – ignoring that his contract with Tesla prohibited
25 both direct *and indirect* solicitation of Tesla employees—he took a more hands-on role with respect
26 to certain recruits, directly lobbying them to join Aurora. Anderson boasted to at least one Tesla
27 engineer who expressed misgivings about the new venture that the scope of hardware development
28 at Aurora would be “more expansive” than the engineer might expect and, in fact, Aurora had already

1 taken meetings with the heads of what he referred to as “four of the top five OEMs.” He was
2 essentially attempting to sell Tesla’s technology for his own gain while an employee of Tesla.
3 Anderson also made unsolicited sales pitches to others in the company, inviting them to “reach out”
4 to him if he “could be helpful.” And he coordinated offers to as many as a dozen Tesla engineers,
5 who were encouraged to accept them quickly so that Aurora could meet its goal of having a team
6 assembled by the end of 2016.

7 21. In early December 2016, Anderson decided to tell Tesla that he would be leaving.
8 Shortly before notifying the company of his plans, however, Anderson confided in one of the Tesla
9 engineers he had been recruiting that he was not going to mention Urmson or the new venture to
10 Tesla, but would instead tell the company only that he was “going to do my own thing for a bit.”
11 Indeed, when Anderson notified the company of his plans, Anderson led the company to believe that
12 he was considering spending more time with his family or potentially creating a startup that would
13 be non-competitive to Tesla. Anderson did not tell Tesla about Urmson or Aurora, about the Tesla
14 employees they had been soliciting, or about the business they were developing in competition with
15 Tesla. Obviously, had Anderson disclosed the true facts to Tesla, he would have been terminated
16 immediately.

17 22. Instead, it was agreed that Anderson would remain with the company through the
18 release of the next Autopilot upgrade, expected within the following several weeks. Anderson
19 committed that he would work during that time to help ensure that his leaving would not destabilize
20 the Autopilot team. Anderson specifically assured senior members of Tesla’s management that he
21 strongly desired to keep the team together and protect against any disruption to Tesla’s Autopilot
22 activities upon his departure.

23 23. Anderson’s representations were false. Anderson used his additional time at the
24 company to accelerate his recruitment of Tesla employees. He continued to steer engineers to
25 Urmson, so that they could be lobbied to join Aurora, and engaged with other engineers directly. He
26 worked with Urmson on documents with titles such as “Aurora Innovation Staffing Plan” and
27 “Recruiting targets,” the latter of which he accessed from Urmson’s home on Tesla’s time and using
28 his Tesla-issued laptop. During his final weeks at the company, Anderson collaborated with his new

1 business partners through shared cloud-based accounts and Google Hangout sessions—again on
2 Tesla’s time, using his Tesla laptop and, in at least some instances, while on site at Tesla.

3 24. On January 3, 2017, three engineers from the Autopilot group informed Tesla that
4 they had decided to join Aurora. (One later changed his mind and remained at Tesla.) Recognizing
5 that the end was near, Anderson undertook to cover his tracks. He wiped his company-issued iPhone,
6 purging not only Tesla-related materials that he was required to return upon the end of his
7 employment but also text messages and phone records evidencing his unlawful solicitation of Tesla
8 employees. He erased files from his company-issued laptop in a manner intended to prevent them
9 from being restored and manipulated the timestamps on other files in an apparent effort to obscure
10 the dates on which they had last been modified or accessed. And he deleted documents and purged
11 browser histories containing references to Aurora, including staffing plans and recruiting targets.
12 Anderson was intent on erasing every trace of his wrongdoing.

13 25. Tesla’s concerns about what Anderson may have erased pale in comparison to its
14 concerns about what he appears to have taken. Throughout his employment with Tesla, Anderson
15 was given access to a vast trove of confidential and proprietary documents and data, including some
16 of the company’s most competitively sensitive information. Much of this information was stored on
17 Anderson’s company-issued laptop, which Anderson regularly backed up to external hard drives,
18 even after he had decided to leave Tesla and was actively building his new venture. Anderson did
19 not provide those hard drives to Tesla upon his termination on January 4, 2017, as his agreements
20 required. Indeed, he did not even mention those hard drives when asked to search and account for
21 all Tesla devices and data in his possession, and instead represented that he had “conducted a
22 complete, reasonable search of all of my accounts and devices and have not located anything else
23 that belongs to Tesla.” That was untrue, and those devices and data remain unaccounted for.

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1 **FIRST CLAIM FOR RELIEF**

2 **Breach of Contract**

3 **(Against Anderson)**

4 26. Tesla realleges and incorporates by reference each of the foregoing paragraphs as
5 though fully set forth herein.

6 27. Tesla and Anderson are parties to the Offer Letter, EPIIA, and Confidentiality Letter
7 Agreement.

8 28. Tesla did all, or substantially all, of the significant things that those agreements
9 required.

10 29. Through his conduct described herein, Anderson breached his contractual obligations
11 to Tesla.

12 30. As a direct and proximate result of the foregoing breaches, Tesla has suffered, and
13 will continue to suffer, damages in an amount to be proven at trial.

14 **SECOND CLAIM FOR RELIEF**

15 **Breach of Duty of Loyalty**

16 **(Against Anderson)**

17 31. Tesla realleges and incorporates by reference each of the foregoing paragraphs as
18 though fully set forth herein.

19 32. By virtue of his position as an employee of Tesla, Anderson owed a duty of undivided
20 loyalty to Tesla.

21 33. Through his conduct described herein, Anderson breached his duty of loyalty to Tesla.

22 34. As a direct and proximate result of the foregoing breaches, Tesla has suffered, and
23 will continue to suffer, damages in an amount to be proven at trial.

24 35. In doing the things herein alleged, Anderson acted willfully, maliciously,
25 oppressively, and with full knowledge of the adverse effects on Tesla, and with willful and deliberate
26 disregard of the consequences to Tesla, so as to constitute oppression, fraud, and malice. Tesla is
27 therefore entitled to exemplary and punitive damages.

1 52. Defendants' actions as described herein constitute unlawful and/or unfair business
2 acts and practices within the meaning of California Business and Professions Code section 17200, et
3 seq.

4 53. Pursuant to California Business and Professions Code section 17203, Tesla seeks an
5 injunction enjoining Defendants from engaging in further unlawful and/or unfair business acts and
6 practices directed at Tesla and its employees.

7 **PRAYER FOR RELIEF**

8 WHEREFORE, Tesla respectfully prays for relief as follows:

9 A. For preliminary and permanent injunctive relief enjoining Defendants and all persons
10 or entities acting in concert or participation therewith, from:

11 (1) directly or indirectly soliciting any employee or contractor of Tesla to
12 terminate their employment with, or otherwise cease their relationship with, Tesla for a period of one
13 year following the termination of Anderson's employment with Tesla; and

14 (2) retaining, disclosing, or using any Tesla confidential and proprietary
15 information in any manner, including without limitation to design, develop, or offer products or
16 services in the autonomous driving industry;

17 B. For preliminary and permanent injunctive relief requiring Aurora to submit to ongoing
18 auditing of its systems to monitor for unlawful retention or use of Tesla's confidential and proprietary
19 information;

20 C. For compensatory damages in an amount to be proven at trial;

21 D. For prejudgment interest according to law;

22 E. For recovery of attorneys' fees, costs, and expenses incurred in this action; and

23 F. For such other and further relief as the Court may deem just and proper.

24 Dated: January 26, 2017

HUESTON HENNIGAN LLP

25
26 By: 
27 John C. Hueston
28 Attorneys for Plaintiff
Tesla Motors, Inc.

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DEMAND FOR JURY TRIAL

Plaintiff Tesla Motors, Inc. hereby demands a trial by jury of all issues so triable.

Dated: January 26, 2017

HUESTON HENNIGAN LLP

By: 

John C. Hueston
Attorneys for Plaintiff
Tesla Motors, Inc.