

Tesla Lawsuit Claims Ex-Employee Misappropriated Trade Secrets

[In a recent lawsuit filed in the Northern District of California](#), Tesla alleged that a former employee, Guangzhi Cao, copied more than 300,000 files of Tesla's Auto-pilot related source code before leaving to work for one of Tesla's competitors, Xiaopeng Motors Technology Company Ltd.

This lawsuit highlights the difficulties associated with potential collaboration in the rapidly-advancing industry of self-driving vehicles.

Tesla brings the following claims in the lawsuit: (1) misappropriation of trade secrets in violation of the Defend Trade Secrets Act; (2) misappropriation of trade secrets in violation of the California Uniform Trade Secrets Act; (3) breach of contract due to Cao's alleged breach of Tesla's Non-Disclosure Agreement; and (4) breach of employee's duty of loyalty.

The lawsuit, filed shortly after Cao's departure from Tesla, seeks an injunction preventing Cao from (1) retaining, disclosing, or using any Tesla confidential or proprietary information in any manner, and (2) soliciting other Tesla employees or contractors to leave employment with Tesla for a period of one year following his departure. The lawsuit further seeks monetary damages and a requirement that Cao "submit to ongoing auditing of his personal and work-related systems and accounts to monitor for unlawful retention or use of Tesla's confidential and proprietary information."

The complaint notes that Tesla's Autopilot team, including its full self-driving technology, is "a crown jewel of Tesla's intellectual property portfolio" and states:

"Tesla has a global fleet of more than 500,000 cars, which have driven more than a billion collective miles with Autopilot activated. Every day, thousands of Autopilot-enabled Tesla vehicles provide real-time feedback to Tesla's servers, yielding voluminous data that Tesla uses to continually improve the Autopilot system. This fleet gives Tesla exponentially more data than its autonomous vehicle competitors, who generally have only small fleets of prototype vehicles, and has allowed Tesla to accelerate its autonomy technology in a way no other company can."

The primary focus of the complaint is, understandably, the threat posed to Tesla's intellectual property due to misappropriation of the Autopilot source code. However, the complaint also indicates a reluctance to divulge the inputs that are used to improve the source code, namely, the data from Tesla's existing vehicles:

"As another example, the source code also reflects and contains improvements that are built on Tesla's massive volume of fleet telemetry data. If disclosed to a competitor, that competitor could use Tesla's source code to copy Tesla's work, compete with Tesla, or otherwise accelerate the development of its own vehicle autonomy technology."

As more autonomous vehicles enter the marketplace, sharing of data inputs (but not the source code) could assist in developing common safety standards and protocols for autonomous vehicles. However, some companies may be wary of sharing their data inputs because this could decrease the competitive edge that comes from a larger and more established fleet of vehicles.

This Artificial Intelligence, Robotics & Autonomous Transportation Systems Legal Update is intended to keep readers current on developments in the law. It is not intended to be legal advice. If you have any questions, please contact a [member of the practice group](#), or any other attorney at Eckert Seamans with whom you have been working.

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