

Leidos, Ex-Workers Spar Over Injunction Bid In IP Battle

By **Jimmy Hoover**

Law360, Washington (June 25, 2015, 6:13 PM ET) -- Leidos Inc. and four former employees it has accused of stealing trade secrets traded barbs this week in the company's emergency bid to prevent them from bidding on a potentially \$75 million Department of Transportation contract as a deadline for proposals for the work lies just three weeks away.

Defendants Julie Evans, Khalid Ahmad, Iman Jaward and Christopher Armstrong, who left Leidos to form ITS Roads LLC, said in a Wednesday filing that it was the company that had allowed them to walk off with their disputed Leidos computers in the first place, thus destroying any notion that the data contained therein constitute protected "trade secrets."

However, Leidos said in a reply filed Thursday that the defendants merely underscored the point they are still in wrongful possession of the information.

According to the lawsuit, the defendants have used Leidos' proprietary information to help them pursue a research contract for the Highway Administration's Saxton Transportation Operations Laboratory, or STOL, in violation of the Computer Fraud and Abuse Act, the Virginia Uniform Trade Secrets Act and the Virginia Computer Crimes Act.

The lawsuit also seeks damages for breach of contract, breach of duty of loyalty and fiduciary duty, conversion and business conspiracy.

Alongside the suit, Leidos filed for an injunction that would force ITS Roads to return the proprietary information and the devices it has been stored on for forensic examination and forbid the defendants from bidding on the contract.

According to the the ITS Roads founders, they intended to work with, not against, Leidos for STOL.

Far from prohibiting them from competing on the contract, the defendants say Leidos solicited from them a "teaming agreement" in which they would act as consultants on STOL.

"Leidos begged the individual defendants to stay, agreed that a viable 'win-win' for all parties was to negotiate an independent contractor relationship, leading to the negotiation of a special waiver and teaming agreements so that defendants could become Leidos consultants," the filing said.

Indeed, the former employees said, they even spent \$3,000 of their own money to add Leidos to their

business insurance policy, a condition Leidos had imposed for working together.

They said things turned south when Leidos dragged its feet in signing the proffered consulting agreement with ITS Roads, leading them to believe they had been misled — at which point they entered into a nondisclosure agreement with Leidos competitor Booz Allen Hamilton.

Their filing said that contrary to what Leidos' current lawsuit would suggest, the employees have not offered Booz Allen any of Leidos' supposed trade secrets. In fact, they claimed, they only shared their resumes with the company.

Still, Leidos said Thursday that the defendants' yarn about failed subcontracting negotiations is "ancient history" and called the narrative a "smoke screen" to hide the admissions that its possession of Leidos' trade secrets threatens the company.

Leidos is represented by Douglas Paul Lobel of Cooley LLP.

The defendants are represented by Timothy J. McEvoy, Matthew H. Sorenson and Patrick J. McDonald of Cameron McEvoy PLLC.

The case is Leidos Inc. v. ITS Roads LLC, case number 1:15-cv-00785, in the U.S. District Court for the Eastern District of Virginia.

--Additional reporting by Bryan Koenig. Editing by Brian Baresch.