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9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**

11 ZURVAN MAHAMEDI and MAHAMEDI IP
12 LAW LLP,

13 Plaintiffs,

14 v.

15 WILLIAM PARADICE and PARADICE &
16 LI, LLP,

17 Defendants.
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CASE NO.

COMPLAINT

1. **Misappropriation of Trade Secrets (18 U.S.C. § 1836)**
2. **Misappropriation of Trade Secrets (Cal. Civ. Code § 3426, et. seq,**
3. **Computer Fraud and Abuse Act (18 U.S.C. § 1030)**
4. **Violation of Cal. Penal Code, § 502**
5. **Violation of Cal. Penal Code, § 528.5**
6. **Breach of Fiduciary Duty**
7. **Fraud**
8. **Conversion**
9. **Breach of Contract**

1 Plaintiff Zurvan Mahamedi and Mahamedi IP Law, LLP (together, the “Plaintiffs”) for
2 their complaint against William Paradice and Paradice & Li, LLP (together, the “Defendants”)
3 allege as follows:

4 **JURISDICTION AND VENUE**

5 1. This Court has federal question jurisdiction of this action under 28 U.S.C. § 1331
6 because this action alleges violations of federal statutes, including the Computer Fraud and Abuse
7 Act (18 U.S.C. § 1030) and the Defend Trade Secrets Act of 2016. This Court has supplemental or
8 pendant jurisdiction over Plaintiffs’ remaining claims pursuant to 28 U.S.C. §1367 because such
9 claims are so related to Plaintiffs’ federal computer fraud and trade secrets claims that they form
10 part of the same case or controversy under Article III of the United States Constitution.

11 2. Venue is proper in this district under 28 U.S.C. §1391(b)(1) because Defendants are
12 all residents of the State of California. Venue is also appropriate in this judicial district under 28
13 U.S.C. § 1391(b)(2) because the events that gave rise to this complaint occurred in this district.

14 **INTRADISTRICT ASSIGNMENT**

15 3. Assignment to the San Jose Division of this Court is appropriate under Civil L.R. 3-
16 2(c) and 3-2(e) because a substantial part of the events that give rise to Plaintiffs’ claims occurred
17 in Santa Clara County, California.

18 **PARTIES**

19 4. Zurvan Mahamedi (“Mahamedi”) is, and at all times herein mentioned was, a
20 resident of San Mateo County. Mr. Mahamedi’s principal place of business is located in
21 Campbell, California.

22 5. Mahamedi IP Law, LLP is a limited liability partnership which is registered as a
23 law firm in California, and which has principal offices in Campbell, CA. Mahamedi is the
24 principal of the Mahamedi IP Law, LLP.

25 6. William Paradice (“Paradice”) at all times mentioned herein had a principal place of
26 business located in Campbell, California.

1 7. Paradice & Li, LLP is a limited liability partnership registered as a law firm in
2 California, with principal offices located in Campbell, CA. Paradice is a principal of this firm.

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4 **FACTS**

5 8. Mahamedi and Paradice were the sole partners in the law firm Mahamedi Paradice
6 LLP (“the Old Firm”), a California limited liability partnership which did business at 1901 South
7 Bascom Ave., Suite 600, Campbell, CA 95008.

8 9. In April 2016, Paradice withdrew from the Old Firm in order to start a new law
9 firm, Paradice & Li LLP (the “Paradice Firm”).

10 10. Mahamedi and Paradice entered into a Partnership Separation Agreement (“PSA”)
11 on April 22, 2016, a copy of which is attached hereto as Exhibit A. As part of the PSA, Mahamedi
12 was to retain control of the corporate partnership. The Old Firm was re-named as Mahamedi IP
13 Law, LLP (the “Mahamedi Firm”).

14 11. Part of the PSA specifically addressed the division of clients and how Paradice’s
15 client files would be transferred to the Paradice Firm. Specifically, under Section 8 of the PSA,
16 Paradice was allowed to take only those files “which relate to clients that have provided written
17 consent to transfer their files” to the Paradice Firm.

18 12. Some of the Old Firm’s files were maintained on a computer system (the
19 “Mahamedi Database”), which operated on a server located at the premises of the Old Firm. The
20 Mahamedi Database contained Plaintiffs’ confidential and proprietary information concerning
21 billings, proprietary legal research and strategy materials, and client contacts (the “Trade Secrets”).

22 13. The Old Firm used the Mahamedi Database to run its law practice in interstate
23 commerce. In particular, Mahamedi used the Mahamedi Database to service and communicate
24 with clients located across the United States.

25 14. Pursuant to Section 8 of the PSA, Paradice was to work with the Old Firm’s IT
26 personnel to transfer client files from the Mahamedi Database for Paradice’s clients only. Pursuant
27 to Section 8 of the PSA, Paradice only had authority to access the files of his clients for the
28 transfer process.

1 15. Instead of accessing only his clients' information, Paradise exceeded his authority
2 under the PSA by accessing and copying the entire Mahamedi Database. Paradise completed this
3 activity by instructing the Old Firm's IT personnel during the weekend of April 23-24 to copy the
4 entire Mahamedi Database. As a result, Paradise is in unlawful possession of the Trade Secrets.

5 16. Paradice made this transfer during a weekend, knowing that Mahamedi would not
6 be around and knowing that he was knowingly misappropriating Trade Secrets.

7 17. Mahamedi, through counsel in a letter dated May 17, 2016, demanded that Paradise
8 either delete or disable access to the Trade Secrets. That letter specifically stated that Mahamedi
9 would seek judicial relief unless Paradise complied. Paradise has not replied to that letter, and he
10 has failed to return or delete any Trade Secrets. As such, Mahamedi has no way to control who is
11 accessing or using the Trade Secrets.

12 18. On information and belief, Paradise intends to use the Trade Secrets to compete
13 with Mahamedi, to tarnish Mahamedi's reputation, to disseminate the Trade Secret information for
14 improper use, and/or to contact Mahamedi's clients and/or solicit business.

15 19. Paradice's misappropriation of the Trade Secrets has been part of a wide ranging
16 plan by Paradise to defraud Mahamedi. Mahamedi discovered that, after April 22, 2016, Paradise
17 cancelled invoices from the Old Firm which were issued prior to the April 22, 2016, and agreed
18 with those clients that he would re-issue these invoices through his new firm, the Paradise Firm.
19 Attached hereto as Exhibit B is a communication from one of Paradise's clients showing this
20 fraudulent scheme. These revenues from these cancelled invoices rightfully belonged to the Old
21 Firm, and such revenue was to be distributed between Mahamedi and Paradise in accordance with
22 the Old Firm's standard practices.

23 20. As part of Paradise's scheme against Plaintiffs, as evident in Exhibit B, he
24 mislead the billing department at Qualcomm into thinking that the Old Firm was merely changing
25 names. Paradise acted in this way because if Qualcomm knew that there was a new legal entity
26 providing services to Qualcomm, it would takes weeks or months to get the new entity approved
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1 and entered into Qualcomm's billing system. But for this act of impersonation, Qualcomm would
2 not have cancelled the invoices and would have paid the Mahamedi Firm.

3 21. A further part of Paradice's scheme to defraud Mahamedi was Paradice's practice
4 of "wiping" Old Firm invoices for his clients "off the books". For example, in 2014 and 2015
5 Paradice took stock instead of cash payment for invoices and instructed the Old Firm's bookkeeper
6 to write off the amounts from its accounting books. Attached hereto as Exhibit C is a
7 communication from Paradice to the Old Firm's bookkeeper instructing her to wipe an invoice "off
8 the books". In the case of the 2014 invoice that was wiped, a portion of this invoice was not
9 included in the accounting and tax records of the Old Firm, resulting, at a minimum, in the filing of
10 a false tax return for the Old Firm. The Mahamedi Firm (as a continuation of the Old Firm) will
11 need to expend resources to correct this inaccuracy. In addition, Plaintiffs will need to hire
12 forensic accountants to conduct an accounting, as Mahamedi is responsible under the PSA for
13 preparing such an accounting and for filing tax returns for the Old Firm.

14 **FIRST CLAIM FOR RELIEF**

15 **(AGAINST ALL DEFENDANTS)**

16 **(MISAPPROPRIATION OF TRADE SECRETS UNDER THE DEFEND TRADE
17 SECRETS ACT OF 2016 (18 U.S.C. § 1836(b)(1))**

18 22. Plaintiff re-alleges and incorporates by reference, as if fully set forth herein, the
19 allegations in all preceding paragraphs.

20 23. The Trade Secrets and the Mahamedi Database obtained by Paradice are related to
21 Mahamedi's services that are used in or intended for use in, interstate or foreign commerce.
22 Moreover, the Trade Secrets were used to communicate with clients located outside of California.

23 24. The Trade Secrets are confidential and proprietary information, and Mahamedi and
24 the Mahamedi Firm have taken reasonable steps to maintain the confidential nature of this
25 information.

26 25. Defendants are in possession of the Trade Secrets without any color of right.

27 26. As a result of Defendants' misappropriation of the Trade Secrets, Defendants have
28 violated the Defend Trade Secrets Act of 2016 (18 U.S.C. §§ 1832-1839).

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FIFTH CLAIM FOR RELIEF
(AGAINST ALL DEFENDANTS)
(VIOLATION OF CAL. PENAL CODE, § 528.5)

54. Plaintiffs re-allege and incorporate by reference, as if fully set forth herein, the allegations in all preceding paragraphs.

55. Paradice's act of impersonating the Old Firm, as described above in paragraph 20, caused injury to Plaintiff's by depriving them of revenues through fraud.

56. Pursuant to California Penal Code § 528.5, Mahamedi is entitled to injunctive relief and compensatory damages, and other equitable relief.

SIXTH CLAIM FOR RELIEF
(AGAINST ALL DEFENDANTS)
(BREACH OF FIDUCIARY DUTY)

57. Plaintiffs re-allege and incorporate by reference, as if fully set forth herein, the allegations in all preceding paragraphs.

58. At all relevant times, Paradice owed Mahamedi a fiduciary duty to be honest in his dealings and to account for his revenues in a proper manner.

59. Paradice's practice of cancelling invoices from the Old Firm, and re-invoicing them through the Paradice Firm, unlawfully deprived the Plaintiffs of income.

60. Paradice's acts of unlawfully accessing and possessing the Trade Secrets further violated his fiduciary duty to the Plaintiffs.

61. Mahamedi relied upon Paradice to conduct himself in accord with the terms of their PSA and with established and honest business practices.

62. Defendants did each of the above acts maliciously to defraud Plaintiffs.

63. Plaintiffs have been injured by the conduct described above.

64. These acts were malicious, fraudulent and oppressive, justifying an award of punitive damages so that Defendants will not engage in such conduct in the future.

SEVENTH CLAIM FOR RELIEF

(AGAINST ALL DEFENDANTS)

(FRAUD)

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4 65. Plaintiffs re-allege and incorporates by reference, as if fully set forth herein, the
5 allegations in all preceding paragraphs.

6 66. At all relevant times, Paradice owed Plaintiffs a fiduciary duty to be honest in his
7 dealings and to account for his revenues in a proper manner, and Mahamedi relied on such a duty
8 generally and in negotiating the PSA.

9 67. Paradice's practice of cancelling invoices from the Old Firm, and re-invoicing them
10 through the Paradice Firm, unlawfully deprived the Plaintiffs of income.

11 68. Paradice's acts of unlawfully accessing and possessing the Trade Secrets further
12 violated his fiduciary duty to the Plaintiffs.

13 69. Paradice's act of impersonating the Mahamedi Firm and misleading the Qualcomm
14 billing department violated his fiduciary duty to Plaintiffs.

15 70. Mahamedi relied upon Paradice to conduct himself in accord with the terms of their
16 PSA and with established and honest business practices.

17 71. Plaintiffs are informed and believe and thereon allege that Defendants did each of
18 the above acts maliciously to defraud Plaintiff.

19 72. Plaintiffs have been injured by the conduct described above.

20 73. These acts were malicious, fraudulent and oppressive, justifying an award of
21 punitive damages so that Defendants will not engage in such conduct in the future.

EIGHTH CLAIM FOR RELIEF

(AGAINST ALL DEFENDANTS)

(CONVERSION)

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24 74. Plaintiffs re-allege and incorporates by reference, as if fully set forth herein, the
25 allegations in all preceding paragraphs.

26 75. Pursuant to the PSA, Plaintiffs have a clear legal ownership and right to possession
27 in the accounts receivable in the invoices that Paradice cancelled. These invoices total \$118,932.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief as follows:

- (a) An injunction preliminarily and permanently enjoining Defendants from using the Trade Secrets, and ordering Defendants to permanently delete all Trade Secrets in their possession,
- (b) An injunction preliminarily and permanently enjoining Defendants from violating Section 20 of the PSA;
- (c) As against all Defendants, an award of compensatory damages in an amount to be proven at trial,
- (c) As against all Defendants, for an award of exemplary damages in an amount determined at trial;
- (d) Pre-and post-judgment interest, costs and attorney fees.
- (3) For such other and further relief as shall be deemed proper.

Dated: May 24, 2016

Respectfully submitted,

LEXANALYTICA PC

By /s/ Perry J. Narancic
Perry J. Narancic

Attorneys for Plaintiff

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JURY DEMAND

Plaintiff demands a jury trial on all issues so triable.

Respectfully submitted,

Dated: May 24, 2016

LexAnalytica, PC

/s/ Perry J. Narancic
Perry J. Narancic

Attorney for all Defendants