No. 24-____

IN THE

Supreme Court of the United States

IQVIA INC.,

Petitioner,

v.

SUPERIOR COURT OF CALIFORNIA,
ALAMEDA COUNTY, ET AL.,

Respondents.

On Petition for a Writ of Certiorari to the Court of Appeal of California, First Appellate District

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

A noncompete agreement imposes limitations on an employee's ability to compete against his or her employer immediately after separating from the company. It is common for a former employee subject to a noncompete agreement who joins a competitor to file a preemptive action seeking a declaration that the agreement is unenforceable.

In such an action, does the Due Process Clause, as construed in *Walden v. Fiore*, 571 U.S. 277 (2014), permit a state court to exercise specific personal jurisdiction over an out-of-state defendant where the plaintiff does not reside in the forum State, the noncompete agreement was formed in another State, and the employment relationship was based in another State, on the ground that enforcement of the agreement would prohibit the plaintiff from working for an employer headquartered in the forum State?

PARTIES TO THE PROCEEDING

IQVIA Inc., petitioner on review, was the defendant in the trial court and the petitioner below.

The Superior Court of California for the County of Alameda, respondent on review, was the respondent below.

Steven Chalfant, respondent on review, was a plaintiff in the trial court and the real party in interest below.

RULE 29.6 DISCLOSURE STATEMENT

IQVIA Inc. is wholly owned by IQVIA Holdings Inc., which is a publicly held company.

RELATED PROCEEDINGS

California Supreme Court (Cal.):

IQVIA Inc. v. The Superior Court of Alameda County, No. S286815 (November 13, 2024) (denying petition for review)

California Court of Appeal, First Appellate District (Cal. Ct. App.):

IQVIA Inc. v. The Superior Court of California for the County of Alameda, No. A170480 (August 28, 2024) (denying petition for writ of mandate)

California Superior Court, Alameda County (Cal. Sup. Ct.):

Veeva Systems, Inc., v. IQVIA, Inc., No. RG21111679 (May 8, 2024) (denying motion to quash summons)

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PETITION FOR A WRIT OF CERTIORARI

Petitioner IQVIA Inc. respectfully petitions for a writ of certiorari to review the order of the Court of Appeal of California for the First Appellate District denying its petition for a writ of mandate.

INTRODUCTION

In this case, California courts are exercising personal jurisdiction over petitioner on grounds clearly barred by this Court's decision in *Walden v. Fiore*, 571 U.S. 277 (2014). And they are doing so for the express purpose of seeking the ability to extend the reach of California's near-total prohibition on noncompete agreements to contracts formed outside of the State by non-California parties—a kind of jurisdictional imperialism that could impel companies around the country to conform their contractual arrangements to the law of California. That flagrant violation of this Court's due process precedents justifies summary reversal or, at minimum, plenary review.

Respondent Steven Chalfant, a New Jersey resident, signed multiple noncompete agreements during his six-year employment with petitioner, a New Jersey-headquartered company incorporated in Delaware.[1] But on the day that he resigned, he joined a California-based competitor (while continuing to live and work in New Jersey) and immediately sued petitioner in California state court to invalidate his

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[1] The superior court is also a respondent in this Court because appellate review of personal jurisdiction in the courts of California is typically by writ of mandate, but for simplicity this petition refers to Chalfant as "respondent."

noncompete agreements. Petitioner objected that under *Walden* and its antecedents, the former employee's unilateral decision to go work for a California company could not subject petitioner to the jurisdiction of California courts. As *Walden* teaches, to support specific personal jurisdiction, the relationship between the "suit-related conduct" and "the forum State" must "arise out of contacts that the defendant *himself* creates with the forum State." 571 U.S. at 284 (quotation omitted).

But the California courts ignored that core precept of this Court's due process precedents. They concluded that the exercise of personal jurisdiction over petitioner was permissible because respondent had elected to join a California company and because, after respondent brought this action preemptively in California, petitioner responded by suing respondent and his new employer in Delaware, the forum mandated by contract, to enforce the noncompete agreements. In the view of the California courts, the potential effects of petitioner's enforcement of its New Jersey-based noncompete agreements on respondent's subsequent employment with a California-based company were sufficient to subject petitioner to the jurisdiction of California courts.

Under *Walden*, that holding cannot stand. Respondent's "unilateral" decision to join a California company is irrelevant to California's jurisdiction over petitioner. *Walden*, 571 U.S. at 286. And petitioner's Delaware enforcement action, filed after the California lawsuit at issue here, at most amounts to "contacts with persons who reside" in California or work for a California company, not "contacts with the forum State itself." *Id.* at 285. Further, this Court

has made clear repeatedly, including in *Walden*, that the effects of out-of-state conduct on the forum State are irrelevant outside of the context of intentional torts. *Id.* at 286-88.

The California courts' alarming disregard for a recent and straightforward precedent of this Court warrants summary reversal. Reversing the judgment would also enable this Court to resolve a longstanding—if lopsided and unwarranted—circuit conflict over whether the mere effects in a forum State of out-of-state conduct are sufficient for personal jurisdiction in cases that do not involve intentional torts. As then-Judge Gorsuch recognized in 2008, the Ninth Circuit alone has held, in an en banc decision over Judge O'Scannlain's dissent, that such effects can establish specific personal jurisdiction over out-of-state parties. *Dudnikov v. Chalk & Vermilion Fine Arts, Inc.*, 514 F.3d 1063, 1072-73 (10th Cir. 2008) (discussing *Yahoo! Inc. v. La Ligue Contre Le Racisme Et L'Antisemitisme*, 433 F.3d 1199 (9th Cir. 2006) (en banc), cert. denied, 547 U.S. 1163 (2006)). Eight circuits have correctly ruled otherwise. *See* p.28, *infra*.

The issue could not be more pressing or important. Even as the Federal Trade Commission has seen its controversial attempt to ban noncompete agreements nationwide enjoined, California has taken striking measures to impose the same policy outside its borders. The California legislature recently enacted a statute declaring every noncompete agreement "unenforceable regardless of where and when the contract was signed." Cal. Bus. & Prof. Code §§ 16600.1, 16600.5(a). In the ruling under review, the California appellate court covering San Francisco

and Silicon Valley has now empowered California courts to invalidate noncompete agreements formed anywhere in the country between non-California residents so long as the employee violates the agreement by joining a California-based company (even while continuing to work in another State). That regime is antithetical to the federal system that the Constitution establishes.

This Court should grant the petition and summarily reverse the decision below under *Walden*. In the alternative, the Court should grant plenary review.

OPINIONS BELOW

The order of the California Supreme Court denying discretionary review (App. 1a) is not reported. The order of the California Court of Appeal denying mandamus relief (App. 2a) is not reported. The order of the California Superior Court (App. 3a-18a) denying petitioner's motion to quash the service of summons is not reported.

JURISDICTION

The California Court of Appeal denied mandamus relief on August 28, 2024. App. 2a. Petitioner timely sought discretionary review in the California Supreme Court on September 9, 2024. *See* Cal. R. Ct. 1.10(a), 8.490(b)(1), 8.500(e)(1). The California Supreme Court denied discretionary review on November 13, 2024. App. 1a.

The court of appeal's denial of petitioner's request for a writ of mandate to quash the service of summons constituted a "plainly final" judgment that is "not subject to further review in the state courts." *Cox*

Broadcasting Corp. v. Cohn, 420 U.S. 469, 485 (1975); *see Aghaian v. Minassian*, 279 Cal. Rptr. 3d 191, 199 (Cal. Ct. App. 2021) (denial of motion to quash service for lack of personal jurisdiction may not be challenged on appeal from final litigated judgment). Since the court of appeal was "the highest court of a State in which a decision could be had," this Court has jurisdiction under 28 U.S.C. § 1257(a). *See, e.g.*, *Burnham v. Superior Ct. of Cal.*, 495 U.S. 604, 608 (1990) (plurality) (reviewing a California court of appeal's personal-jurisdiction order); *Calder v Jones*, 465 U.S. 783, 786-88 & n.8 (1984) (same and citing cases).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Due Process Clause of the Fourteenth Amendment, U.S. Const. amend. XIV, § 1, provides:

> [N]or shall any state deprive any person of life, liberty, or property, without due process of law.

California Code of Civil Procedure § 410.10 provides:

> A court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States.

STATEMENT

A. Factual Background

Petitioner provides advanced analytics, technology solutions, market-research data, and clinical-research services to the life-sciences industry. App. 5a. It is

incorporated in Delaware, and its headquarters are located in New Jersey. App. 5a, 50a.[2]

To support its numerous product offerings, petitioner owns the rights to various kinds of intellectual property as well as a massive collection of confidential business information. App. 50a-51a. In order to protect and secure that information, petitioner asks certain senior employees to sign noncompete agreements that impose limitations on the signatories' ability to compete against petitioner for one year after resigning. App. 51a. Like most States, Delaware and New Jersey generally permit such agreements. *See Focus Fin. Partners, LLC v. Holsopple*, 250 A.3d 939, 958 (Del. Ch. 2020); *Maw v. Advanced Clinical Commc'ns, Inc.*, 846 A.2d 604, 608-09 (N.J. 2004); *see generally* Economic Innovation Group, *State Noncompete Law Tracker* (Oct. 11, 2024).[3] In contrast, California prohibits noncompete agreements, subject to narrow exceptions not relevant here. *See* Cal. Bus. & Prof. Code § 16600; *see also id.* § 16600.5(a) ("Any contract that is void under this chapter is unenforceable regardless of where and when the contract was signed.").

In 2016, petitioner acquired a company co-founded by respondent Steven Chalfant, a New Jersey resident who was the real party in interest below. App. 6a, 57a-58a. Petitioner then hired respondent to a senior position, where he worked for six years. App. 52a,

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[2] Although the parties dispute the location of petitioner's headquarters (whether in New Jersey, Pennsylvania, or North Carolina), that dispute is immaterial at this stage because all agree that its headquarters are not located in California.

[3] https://tinyurl.com/jfvh7r5.

58a. During that six-year period, respondent lived in New Jersey, App. 14a, worked out of petitioner's offices in New Jersey, App. 52a, and reported to supervisors based in New Jersey and Pennsylvania, App. 68a. His duties occasionally required him to travel to other States, including Pennsylvania, New York, Massachusetts, Virginia, and California. App. 52a.

During his employment with petitioner, respondent signed multiple noncompete agreements. App. 58a-59a. The operative agreements in this case were negotiated and executed in New Jersey and New York and contain Delaware choice-of-law provisions. App. 59a. Respondent also signed several agreements that granted him equity shares in petitioner's parent company in exchange for reaffirmation of his noncompete obligations. App. 52a. Those agreements contain mandatory and exclusive Delaware forum-selection provisions. App. 52a.

B. Proceedings Below

1. In 2022, respondent resigned from petitioner and accepted a position with Veeva Systems, Inc., a Delaware corporation that has its principal office in California. App. 6a, 52a. Veeva Systems "is in the same field as IQVIA," and there is no dispute that it qualifies as a "competitor" under the noncompete agreements that respondent signed. App. 6a. Veeva Systems has offices around the world;[4] respondent worked for it remotely from his home in New Jersey. *See* App. 14a-15a.

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[4] *See* Veeva Systems, *Contact Us*, https://www.veeva.com/contact-us (last visited Feb. 10, 2025).

On the same day that he resigned, respondent sought to join this action, which Veeva Systems and another former employee of petitioner had previously filed against petitioner in the California Superior Court for Alameda County. Complaint, *Veeva Systems, Inc. v. IQVIA, Inc.*, No. RG21111679 (Cal. Sup. Ct. Sep. 2, 2021) ("Complaint"); App. 3a-4a. The action seeks a declaration that petitioner's noncompete agreements are unlawful and an injunction barring petitioner from enforcing them. Complaint 11-15; App. 74a-80a. The action also contends that any sister State's law permitting the enforcement of the agreements violates the Commerce Clause of the Constitution. Complaint 12-14; App. 76a, 78a.

Respondent and the incumbent plaintiffs moved for leave to file an amended complaint adding respondent as a plaintiff. *See* Plaintiffs' Motion to File First Amended and Supplemental Complaint, *Veeva Systems, Inc. v. IQVIA, Inc.*, No. RG21111679 (Cal. Sup. Ct. Apr. 8, 2022). The amended complaint's jurisdictional allegations state that petitioner "does significant business with California-based customers and has significant California operations" and assert that respondent "has had regular contact with the state of California." App. 56a.

The combined plaintiffs served an amended summons on petitioner, which it timely moved to quash on the ground that the superior court lacked personal jurisdiction over petitioner with respect to respondent's claims. *See* Defendant's Motion to Quash Service of Amended Summons for Lack of Personal Jurisdiction, *Veeva Systems, Inc. v. IQVIA, Inc.*, No. RG21111679 (Cal. Sup. Ct. Aug. 25, 2022)

("Motion to Quash"). California's long-arm statute reaches to the extent of due process, Cal. Code Civ. Proc. § 410.10, so petitioner addressed the constitutional limits of personal jurisdiction.

Petitioner first explained, consistent with an earlier ruling of the superior court, that California courts lack general (or all-purpose) jurisdiction over petitioner. Motion to Quash 5-6. Petitioner is neither incorporated nor headquartered in California and does not otherwise have such continuous and systematic connections to California that it can be considered essentially "at home" there. *Daimler AG v. Bauman*, 571 U.S. 117, 137-38 (2014) (quotation omitted).

Petitioner then argued that California courts lack specific jurisdiction over petitioner with respect to respondent's claims. *See* Motion to Quash 6-10. Under this Court's precedents, a court may exercise specific jurisdiction over an out-of-state defendant only if the defendant established minimum contacts with the forum State by purposefully availing itself of the opportunity to conduct activities there; the plaintiff's claims arise out of or relate to those contacts; and the exercise of jurisdiction is consistent with traditional notions of fair play and substantial justice. *See id.* at 6; *Ford Motor Co. v. Mont. Eighth Judicial Dist. Ct.*, 592 U.S. 351, 359-60 (2021). Under that standard, petitioner argued, the amended complaint's jurisdictional allegations were insufficient.

Petitioner explained that under *Walden v. Fiore*, 571 U.S. 277 (2014), respondent's unilateral decision to join a California-based employer could not establish

specific jurisdiction over petitioner. Motion to Quash 7. *Walden* held that the relationship between the "suit-related conduct" and "the forum State" must "arise out of contacts that the defendant *himself* creates with the forum State," and "however significant the plaintiff's contacts with the forum may be, those contacts cannot be decisive in determining whether the defendant's due process rights are violated" by the exercise of jurisdiction. 571 U.S. at 284-85 (internal quotation marks omitted). Moreover, petitioner further explained, although respondent alleged that petitioner had engaged in general business activities in California, respondent's claims challenging the validity of his noncompete agreements formed in New Jersey and New York did not arise out of or relate to those activities. Motion to Quash 7-8.

Following a hearing on the motion, the superior court entered an order deferring decision and authorizing jurisdictional discovery. App. 30a-48a.

While discovery was ongoing, petitioner filed an action against respondent and Veeva Systems in the Delaware Court of Chancery—Delaware being the State of incorporation of both petitioner and Veeva Systems, and the forum mandated by respondent's equity agreements with petitioner. *See* Plaintiff's Verified Complaint, *IQVIA Inc. v. Chalfant*, No. 2022-1194-JTL (Del. Ch. Dec. 29, 2022). The Delaware complaint pleads a claim of breach of contract against respondent and a claim of tortious interference with contract against Veeva Systems. *Id.* at 25-32. It seeks damages, a declaration that respondent's noncompete agreements are valid and enforceable, and an injunction barring Veeva Systems from knowingly

inducing or attempting to induce petitioner's non-California employees to breach their noncompete agreements. *Id.* at 32-33; *see* App. 14a. The Delaware court stayed the action pending resolution of the question of personal jurisdiction as to respondent's claims in the California action. App. 16a.

Less than a year after joining the California action against petitioner, respondent left his employment at Veeva Systems. *See* Chalfant Declaration at 6, *Veeva Systems, Inc. v. IQVIA, Inc.*, No. RG21111679 (Cal. Sup. Ct. Dec. 7, 2023).

Respondent has continued to reside in New Jersey at all relevant times. App. 14a-15a. Thus, neither petitioner nor respondent has been a resident of California during any period relevant to this action.

2. After jurisdictional discovery in the California action was complete, petitioner filed an amended motion to quash. *See* Defendant's Amended Motion to Quash Service of Amended Summons for Lack of Personal Jurisdiction, *Veeva Systems, Inc. v. IQVIA, Inc.*, No. RG21111679 (Cal. Sup. Ct. Nov. 17, 2023). The motion reiterated petitioner's arguments that respondent's "subsequent employment at Veeva is not relevant forum conduct attributable to IQVIA" under *Walden*, and that "Chalfant's allegations about IQVIA's general business conduct in California are wholly irrelevant, because that conduct does not give rise or relate to the specific claims that Chalfant seeks to assert." *Id.* at 11, 18. Petitioner also argued that "a proper alternative forum is available" because petitioner had "filed suit against Chalfant in Delaware." *Id.* at 18.

Following a tentative ruling, *see* App. 19a, the superior court denied the motion to quash, holding that it could properly exercise personal jurisdiction over petitioner with respect to respondent's claims. App. 3a. The court agreed that California courts lack general personal jurisdiction over petitioner. App. 8a. The court also acknowledged that respondent "remained a resident of New Jersey and largely worked from there" at all relevant times. App. 14a-15a. But the court nonetheless held that the constitutional requirements for specific personal jurisdiction were satisfied.

The superior court first noted that petitioner had not contested that it had purposefully availed itself of the protection of California laws in certain respects—*e.g.*, that it does business and has some employees in California. App. 11a-12a. But rather than explain how respondent's claims arise from or relate to those specific affiliations, the court held that "the present controversy arose from Chalfant's employment with Veeva, a California company." App. 14a.

The superior court justified its decision to give controlling weight to respondent's unilateral decision to seek employment with a California company (while still living and working in New Jersey) on the ground that petitioner had later "sued Chalfant and Veeva in the Delaware Chancery Court" to enforce the noncompete agreements and respondent "was able to work for Veeva only because both parties disregarded" petitioner's "contractual assertions." App. 14a. According to the court, "[b]y suing Chalfant, IQVIA has injected itself into Chalfant's employment relationship with Veeva, a California company." App. 15a. The court added that although respondent no

longer worked for Veeva Systems, the "effect of [his noncompete agreements] in California continues" since respondent was, at the time, "being recruited by [another] California employer." App. 14a-15a.

The superior court distilled its analysis into the following rule: "where the defendant seeks to prevent or penalize employment with a company that has substantial California ties with the [relevant] industry, there is a sufficient affiliation between the controversy and California as the forum state" to assert jurisdiction over the defendant—regardless of the residency of the contracting parties or the State in which their employment contract was formed or implemented. App. 16a.

The superior court also assigned some relevance to a separate consideration: that while employed by petitioner, respondent had periodically traveled to "compete, on IQVIA's behalf, for business from California companies." App. 13a (quotation omitted). The court did not identify any meaningful way in which respondent's periodic travel to California was connected to his claims. Nevertheless, it ruled that such travel "create[d] substantial ties to the forum state and subject[ed] the parties to California's regulations." App. 16a.

Finally, the superior court ruled that the exercise of personal jurisdiction over petitioner was consistent with fair play and substantial justice because respondent's suit "directly affects California employers as well as the rights of all California companies who rely on [California's statutory prohibition against noncompete agreements] for protection." App. 17a.

3. Petitioner timely filed a petition for writ of mandate with the California Court of Appeal. Petition for Writ of Mandate, *IQVIA Inc. v. The Superior Court of California for the County of Alameda*, No. A170480 (May 20, 2024). The court of appeal denied the petition. App. 2a. Petitioner then timely petitioned the California Supreme Court for discretionary review, which the court denied. App. 1a.

REASONS FOR GRANTING THE PETITION

This Court should grant review and summarily reverse the denial of petitioner's mandamus petition or, alternatively, set the case for full briefing on the merits. The ruling that respondent's unilateral decision to work for a California-based competitor (remotely, from New Jersey) supports specific jurisdiction over petitioner is flatly irreconcilable with this Court's decision in *Walden v. Fiore*, 571 U.S. 277 (2014). And the notion that the *Walden* problem disappears because petitioner sought to enforce its contracts in Delaware contradicts this Court's repeated instruction that mere effects in a forum State are insufficient for personal jurisdiction absent an intentional tort. In the latter respect, the decision below joins the Ninth Circuit's side of a lopsided and well-recognized circuit conflict over the relevance of effects of non-tortious out-of-state conduct in the forum State. This case presents a suitable vehicle to resolve that conflict.

The practical importance of the question presented is immense. California has long been an outlier in barring virtually any enforcement of noncompete agreements. Whatever the wisdom of that prohibition as a policy matter, it is not within California's power to impose its preferences on the rest of the country.

Yet California courts have asserted jurisdiction over claims by a New Jersey employee against a New Jersey and Delaware employer that an employment agreement executed and implemented in New Jersey and New York is invalid—and they have done so with the explicit purpose of enforcing "the rights of all California companies who rely on [the state-law bar on noncompete agreements] for protection." App. 17a.

That jurisdictional power grab is part of a broader project by the California legal system to export its views nationwide, and it is unlawful. Particularly given that the courts below cover Silicon Valley, which is home to numerous technology companies, the decision will affect employers and employees all over the country that seek to enter into lawful contractual arrangements to protect sensitive information, frustrating the efforts of other States to regulate the actions of their own citizens and businesses. It is of no moment that the California court of appeal affirmed the superior court's order without issuing a separate opinion. The court of appeal's review was de novo and respondent presented no other plausible grounds for affirmance, so the court of appeal's denial of the petition for a writ of mandate necessarily rested on its agreement with the superior court's legal holding.

This Court should grant certiorari and summarily reverse the decision below.

I. THE DECISION BELOW CONFLICTS WITH *WALDEN V. FIORE* AND OTHER PRECEDENTS OF THIS COURT

Under this Court's precedents, the California courts have no basis to assert personal jurisdiction over petitioner in this action.

1. This Court has recognized two kinds of personal jurisdiction: general and specific. *Ford*, 592 U.S. at 358. As the superior court acknowledged, *see* App. 8a, California does not have general (or all-purpose) jurisdiction over petitioner, which is neither incorporated nor headquartered in that State. *See BNSF Ry. Co. v. Tyrrell*, 581 U.S. 402, 413-14 (2017). Nor does California have a consent-by-registration statute. *See Thomson v. Anderson*, 6 Cal. Rptr. 3d 262, 268 (Cal. Ct. App. 2003); *Mallory v. Norfolk S. Ry. Co.*, 600 U.S. 122, 146 (2023).

Specific jurisdiction "covers defendants less intimately connected with a State, but only as to a narrower class of claims." *Ford*, 592 U.S. at 359. To exercise specific jurisdiction over a non-resident defendant, three requirements must normally be satisfied: (1) the defendant must have established minimum contacts with the forum by purposefully availing itself of "the privilege of conducting activities within the forum State," *Hanson v. Denckla*, 357 U.S. 235, 253 (1958); (2) the plaintiff's claims must "arise out of or relate to the defendant's contacts with the *forum*," *Bristol-Myers Squibb Co. v. Superior Ct. of Cal.*, 582 U.S. 255, 262 (2017) (alterations adopted; quotation omitted); and (3) the exercise of personal jurisdiction must comport with "fair play and substantial justice," *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292 (1980) (quotation omitted). For intentional-tort claims, the purposeful-availment requirement is replaced by a purposeful-"direction" requirement, which asks whether the defendant expressly aimed an intentional and wrongful act at the forum State. *See Calder*, 465 U.S. at 789-90; *infra* pp. 22-23.

2. There can be no serious question that respondent's decision to seek employment with a California-based company (while still living and working in New Jersey) does not support specific jurisdiction over petitioner. That follows directly from this Court's precedents, which hold that a plaintiff's "unilateral activity * * * is not an appropriate consideration when determining whether a defendant has sufficient contacts with a forum State." *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 417 (1984).

The Court's most recent reaffirmation of that principle occurred in *Walden*, *supra*. In that case, a Georgia law-enforcement officer seized cash from two Nevada residents passing through Georgia and refused to return it to them for a prolonged period. 571 U.S. at 279-80. The officer "knew his allegedly tortious conduct in Georgia would delay the return of funds" to the Nevada residents. *Id.* at 279. Accordingly, the Nevada residents brought *Bivens* claims against the officer in Nevada district court. *Id.* at 281.

This Court held that the district court could not exercise specific jurisdiction over the defendant because he "lack[ed] the minimal contacts with Nevada that are a prerequisite to the exercise of jurisdiction over him." *Walden*, 571 U.S. at 288 (quotation omitted). The Court explained that "no part" of the defendant's conduct that related to the case had "occurred in Nevada." *Id.* Rather, the defendant had "approached, questioned, and searched [the plaintiffs], and seized the cash at issue, in the Atlanta airport." *Id.* Thus, "when viewed through the proper lens—whether the *defendant's* actions connect

him to the *forum*—[the defendant] formed no jurisdictionally relevant contacts with Nevada." *Id.* at 289 (emphasis in original).

Walden thus underscored what this Court has long held: The requirements of specific jurisdiction cannot be satisfied "by demonstrating contacts between the plaintiff (or third parties) and the forum State." *Walden*, 571 U.S. at 284; *see also Helicopteros Nacionales*, 466 U.S. at 417; *Hanson*, 357 U.S. at 253. Rather, the relationship between the "suit-related conduct" and "the forum State" must "arise out of contacts that the defendant *himself* creates with the forum State." *Walden*, 571 U.S. at 284 (internal quotation marks omitted). "[H]owever significant the plaintiff's contacts with the forum may be, those contacts cannot be decisive in determining whether the defendant's due process rights are violated" by the exercise of jurisdiction. *Id.* at 285 (quotation omitted).

The superior court repeatedly cited respondent's post-employment contacts with California companies as a basis for specific jurisdiction. *See* App. 14a-15a, 16a, 18a. Indeed, the court went so far as to state that the "principal occurrence" in its analysis was respondent's "employment with California-based Veeva." App. 16a. And the court deemed it significant that, since respondent was then "being recruited by [another] California employer," the "effect of [his noncompete agreements] in California continues." App. 14a-15a. Under *Walden* and its antecedents, those considerations were plainly improper because they pertain to conduct by respondent, not petitioner, and "it is the defendant's conduct that must form the necessary connection with the forum State that is the

basis for jurisdiction over him." *Walden*, 571 U.S. at 285.

3. The superior court justified its reliance on respondent's actions on the ground that, after the filing of the claims at issue here, petitioner brought an action against respondent and Veeva Systems in Delaware state court to enforce its contractual rights, consistent with the mandatory forum-selection provisions in contracts that respondent signed. App. 14a-16a; *see* App. 52a. Addressing that subsequent lawsuit in Delaware, the California court adopted the rule that "where the defendant seeks to prevent or penalize employment with a company that has substantial California ties with the [relevant] industry, there is a sufficient affiliation between the controversy and California as the forum state" for specific jurisdiction. App. 16a.

That legal rule flatly contradicts *Walden*, which teaches that the jurisdictional "analysis looks to the defendant's contacts with the forum State itself, *not the defendant's contacts with persons who reside there*." 571 U.S. at 285 (emphasis added). Petitioner's Delaware action against respondent and Veeva Systems is, at most, a contact with an entity based in California and a person who has worked for a California company. The action does not involve any contact with the forum State itself.

Accepting the California courts' jurisdictional analysis would eviscerate the *Walden* principle in breach-of-contract cases. A party to a contract who intended to commit a potential breach could, as respondent did here, file a preemptive declaratory-judgment action in any favorable jurisdiction—even

one with no existing connection to the parties or contract—so long as he or she could create some arguable connection through unilateral, post-formation actions. That would leave the other party in an impossible position: either forgo filing a breach-of-contract action in a forum connected to the contract or forfeit a personal-jurisdiction defense to the other party's action. Such a regime would enable end-runs around the *Walden* principle not only for employment disputes, but also for all manner of other breach-of-contract actions.

More broadly, attributing significance to petitioner's Delaware action is inconsistent with the basic standard for purposeful availment that this Court has consistently articulated. Under that standard, the defendant "must take 'some act by which [it] purposefully avails itself of the privilege of *conducting activities* within the forum State.'" *Ford*, 592 U.S. at 359 (quoting *Hanson*, 357 U.S. at 253) (emphasis added; brackets in original). Filing a lawsuit in another State is not "conducting activities within the forum State."

The California courts' reliance on petitioner's Delaware suit contradicts settled law for yet another reason. Respondent filed his preemptive action challenging his noncompete agreements in California *before* petitioner filed its Delaware action to enforce them—indeed, he followed "the standard employee playbook for evading noncompetes by filing suit in California on the same day" that he resigned. David A. Linehan, *Due Process Denied: The Forgotten Constitutional Limits on Choice of Law in the Enforcement of Employee Covenants Not to Compete*, 2012 UTAH L. REV. 209, 266; *see, e.g.*, *Landers v.*

Curran & Connors Inc., 2005 WL 8177445, at *1 (N.D. Cal. Oct. 6, 2005). But the minimum contacts analysis is conducted at the time that the complaint is filed. *See, e.g.*, *XMission, LC v. Fluent LLC*, 955 F.3d 833, 848-49 (10th Cir. 2020); *Matlin v. Spin Master Corp.*, 921 F.3d 701, 707 (7th Cir. 2019); *Farmers Ins. Exch. v. Portage La Prairie Mut. Ins. Co.*, 907 F.2d 911, 913 (9th Cir. 1990). Petitioner's later Delaware action, even if otherwise relevant, could not establish jurisdiction over respondent's earlier-filed claims.

4. The superior court repeatedly adverted to the "effects" of respondent's noncompete agreements and petitioner's Delaware action in California. The court framed the central question as whether respondent's action "relates to or arises out of defendant's contacts / *effects* on the forum." App. 12a (emphasis added; capitalization altered). Its core holding was that by suing respondent and Veeva Systems in Delaware, petitioner was attempting "to prevent or penalize" a California-related employment relationship. App. 16a. It emphasized that "the effect of the [noncompete agreement] in California" will continue in light of respondent's statement that another California-based company was recruiting him. App. 14a-15a. And it deemed the exercise of jurisdiction consistent with fair play and substantial justice because the question of the enforceability of the noncompete agreements "directly affects California employers as well as the rights of all California companies who rely on the [state-law bar on noncompete agreements] for protection." App. 17a.

That focus on the effects of the out-of-state conduct in the forum State conflicts with this Court's

precedents, because such an "effects" analysis is reserved for intentional-tort claims.

That analysis originated in *Calder*, *supra*. In that case, two Florida defendants had allegedly libeled a California plaintiff in a magazine article published in multiple States, including California. 465 U.S. at 784-86. The defendants had few traditional contacts by which they "avail[ed]" themselves of the "privilege of conducting activities within" California, *Ford*, 592 U.S. at 359 (quotation omitted), and the Court explicitly declined to rely on those contacts. *See Calder*, 465 U.S. at 787 n.6. Rather, it attached controlling jurisdictional significance to the effects of actions that were "expressly aimed" at, and caused harm in, the forum State, even though the defendants had taken those actions elsewhere. *See id.* at 788-90. The Court explained that it would be unfair to require an injured California plaintiff to "go to Florida to seek redress from persons who, though remaining in Florida, knowingly cause the injury in California." *Id.* at 790. Thus, the defendants' decision to write and edit an article with a "devastating impact" on the plaintiff "in the State in which she lives and works" was sufficient for personal jurisdiction in that State. *Id.* at 789-90.

Crucially, the Court did not hold that *any* effects from *any* out-of-state actions required a defendant's submission to the forum State's courts. Rather, the decision repeatedly emphasized the "intentional" and "tortious" or wrongful character of the defendants' conduct. *Calder*, 465 U.S. at 788-91. Later decisions recognized this limit on *Calder*'s jurisdictional analysis, distinguishing the *Calder* approach from the ordinary purposeful-availment requirement.

For example, in *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), the Court characterized *Calder* as relevant to "tortious out-of-state conduct." *Id.* at 469 n.11. Similarly, in *J. McIntyre Machinery, Ltd. v. Nicastro*, 564 U.S. 873 (2011), the plurality took particular care to distinguish intentional torts from other acts by the defendant, explaining that "[t]here may be exceptions [from the purposeful-availment requirement], say, for instance, in cases involving an intentional tort." *Id.* at 877-78; *see also id.* at 880 ("[T]hough in some cases, as with an intentional tort, the defendant might well fall within the State's authority by reason of his attempt to obstruct its laws.").

Then, in *Walden* itself, the Court explained not only that the *Calder* approach is limited to an "out-of-state intentional tortfeasor['s]" actions affecting the forum State, but that "[t]he strength of th[e] connection" to the forum State in that case "was largely a function of the nature of the libel tort," because that tort is understood to occur where the offending material is published. *Walden*, 571 U.S. at 286-88. For that reason, "the 'effects' caused by the defendant's article" in *Calder* "connected the defendants' conduct to *California*, not just to a plaintiff who lived there." *Walden*, 571 U.S. at 288.

Under that understanding of *Calder* and the relevance of forum-State effects, the superior court's reliance on the effects of the noncompete agreement and the Delaware action in California was legally improper. Entering into a noncompete agreement that is lawful where an employee lives and works, and seeking to enforce the agreement in the forum required by contract, is not intentionally tortious conduct. And unlike the effects of a libel, the effects of

petitioner's actions do not connect petitioner's "conduct" to California, much less mean that the conduct "actually occurred *in* California," *Walden*, 571 U.S. at 288 (emphasis added).

Indeed, expanding the effects test beyond intentional torts to contract disputes involving parties with some connection to California would effectively overrule *Walden*'s holding that a connection to a forum resident alone is insufficient. That would be an especially confounding result here, where neither party has ever been a resident of California and the "effect" occurs only because one party seeks employment outside of California with California-based companies.

The California courts' reasoning also disregards the constitutional concerns that animate this Court's precedent on personal jurisdiction: "treating defendants fairly and protecting interstate federalism." *Ford*, 592 U.S. at 360 (quotation omitted). Merely filing suit against a forum State resident (let alone a non-resident such as respondent) in the courts of another State is not a traditional basis for haling an out-of-state party into the forum State's courts. As Judge O'Scannlain has explained, the rule has never been that "by litigating a bona fide claim in a foreign court and receiving a favorable judgment, a foreign party automatically assents to being haled into court in the other litigant's home forum." *Yahoo!*, 433 F.3d at 1229 (O'Scannlain, J., concurring only in the judgment). Interstate federalism is poorly served by a rule that penalizes parties for seeking to enforce their rights by treating the filing of an action in one State as a *de facto* waiver of a jurisdictional objection in another State's courts.

5. Once the superior court's erroneous reliance on respondent's unilateral activity and the Delaware action is corrected, the California courts' exercise of personal jurisdiction cannot be sustained. Although petitioner has purposefully availed itself of the privilege of conducting activities in California in certain respects—such as having offices there and recruiting from California universities—respondent's challenge to the contracts he signed in New Jersey governing his New Jersey employment has nothing to do with those activities. He therefore cannot satisfy the requirement that his claims "arise out of or relate to the defendant's contacts with the forum." *Bristol-Myers Squibb*, 582 U.S. at 262 (alterations adopted; quotation omitted).

In *Ford*, *supra*, this Court held that although there need not be a strict causal connection between a defendant's forum-State contacts and the plaintiff's claims, that "does not mean anything goes." 592 U.S. at 362. Rather, the relatedness element "incorporates real limits, as it must to adequately protect defendants." *Id.* And the Court repeatedly emphasized the relevance of forum-State residency and forum-State injury. *See id.* at 361-68, 370-71.

Here, there is no plausible sense in which respondent's claims arose from or related to petitioner's contacts in California. Respondent has never been a resident of California, and any injury he suffered was felt in New Jersey, where he lived and worked. His suit against his former New Jersey employer has nothing to do with that employer's unrelated activities in California.

In that sense, this case is a rerun of *Bristol-Myers Squibb*, *supra*. There the non-resident plaintiffs sought to proceed in California courts on claims alleging injuries from the defendant's pharmaceutical product. *Bristol-Myers Squibb*, 582 U.S. at 258. But they had not purchased or been prescribed the product in California, nor had they ingested it or suffered injury there. *Id.* at 264. That was fatal to their attempt to forum-shop by suing in California. "The mere fact that *other* plaintiffs were prescribed, obtained, and ingested [the drug] in California—and sustained the same injuries as did the nonresidents—[did] not allow the State to assert specific jurisdiction over the nonresidents' claims," because it did not establish "a connection between the forum and the specific claims at issue." *Id.* at 265.

Precisely the same problem exists here. That petitioner recruits and employs *other* people in California does not establish a connection between *respondent's* challenge to his employment contract and California. Like the plaintiffs in *Bristol-Myers Squibb*, respondent is an out-of-state plaintiff bringing claims with no connection to petitioner's California contacts in order to take advantage of what he views as California's favorable legal system.

For much the same reason, respondent's occasional business trips to California while working for petitioner could not sustain the judgment below. While respondent's duties sometimes required him to travel to other States, including California, at all relevant times he lived in New Jersey, and whatever injury he claims from his choice to sign the noncompete agreements was inflicted there. Respondent did not sign the noncompete agreements during the California

trips; he did not breach those agreements during those trips; and he has not alleged that he met his new employer during those trips. That respondent traveled to California (among other States) from time to time is not sufficient. Given the ubiquity of business travel, if that were enough for specific jurisdiction, it would eviscerate due process limits on employment disputes for countless employers, including small businesses that cannot easily litigate cases out of state.

Indeed, the superior court itself did not deem that consideration to be an independently sufficient basis for the exercise of specific jurisdiction, so it would not provide an alternative ground to affirm the judgment even if valid. At most, the court treated respondent's business trips as an additional factor warranting consideration. The core legal rule that the court announced—that "where the defendant seeks to prevent or penalize employment with a company that has substantial California ties with the [relevant] industry, there is a sufficient affiliation between the controversy and California as the forum state"—does not depend on respondent's business trips. App. 16a.

Accordingly, correcting the California courts' egregious misunderstanding of *Walden* and related precedents would require reversal of the decision below.

II. THE DECISION BELOW JOINS THE NINTH CIRCUIT'S SIDE OF A LOPSIDED CIRCUIT CONFLICT

Granting review in this case and either summarily reversing or ordering full briefing and argument would allow this Court to resolve a longstanding and well-recognized—if totally unwarranted—circuit

conflict over whether *Calder*'s effects analysis extends beyond the context of intentional torts.

At least eight circuits have indicated, consistent with this Court's analysis in *Walden* and other cases, that the effects of out-of-state conduct in the forum State are relevant only for intentional torts. *See, e.g.*, *Motus, LLC v. CarData Consultants, Inc.*, 23 F.4th 115, 126 (1st Cir. 2022); *MacDermid, Inc. v. Deiter*, 702 F.3d 725, 730 (2d Cir. 2012); *Hasson v. FullStory, Inc.*, 114 F.4th 181, 192 (3d Cir. 2024); *Mullins v. Test America, Inc.*, 564 F.3d 386, 400-01 (5th Cir. 2009); *Johnson v. Griffin*, 85 F.4th 429, 432-33 (6th Cir. 2023); *Morningside Church, Inc. v. Rutledge*, 9 F.4th 615, 620 (8th Cir. 2021); *Old Republic Ins. Co. v. Cont'l Motors, Inc.*, 877 F.3d 895, 916 & n.34 (10th Cir. 2017); *Louis Vuitton Malletier, S.A. v. Mosseri*, 736 F.3d 1339, 1356-57 (11th Cir. 2013).

But as then-Judge Gorsuch noted for the Tenth Circuit in 2008, there is one prominent exception: the Ninth Circuit. *See Dudnikov*, 514 F.3d at 1072-73 ("In favor of the view that any intentional act, wrongful or not, suffices under *Calder*, plaintiffs point to the Ninth Circuit's decision in *Yahoo*! * * * [but] defendants could point to * * * decisions by other circuits holding that under *Calder* the intentional act must be tortious."). The Seventh Circuit has similarly recognized that "the circuits are divided on whether *Calder*'s 'express aiming' inquiry includes all of the defendant's jurisdictionally relevant intentional acts or only those intentional acts that are also alleged to be tortious or otherwise wrongful." *Felland v. Clifton*, 682 F.3d 665, 675 n.2 (7th Cir. 2012).

In *Yahoo!*, *supra*, foreign organizations obtained two orders from a French court requiring the plaintiff to cease the hosting and display of certain Nazi content on its websites. 433 F.3d at 1202-04. The California-based plaintiff sought a declaration in the Northern District of California that the French orders were not recognizable or enforceable. *Id.* at 1204. An en banc panel of the Ninth Circuit applied the effects analysis from *Calder* to hold that California courts had personal jurisdiction over the foreign organizations. *Id.* at 1207-11. Notably, the majority declined to cabin the effects test to the intentional-tort context. *See id.* at 1208 (analyzing the effects of defendants' actions "irrespective of whether they involve wrongful actions"). Consequently, it found personal jurisdiction primarily based on the French orders' requirement that the plaintiff "take actions in California, on threat of a substantial penalty." *Id.* at 1209.

Judge O'Scannlain, joined by Judges Ferguson and Tashima, dissented from the majority's understanding of *Calder*, correctly explaining that "[t]he wrongfulness of the defendants' acts was * * * a key element in the jurisdictional calculus [in *Calder*]." 433 F.3d at 1230 (concurring only in the judgment). But *Yahoo!* has never been overruled, and the Ninth Circuit continues to rely on it to this day. *See, e.g.*, *Impossible Foods Inc. v. Impossible X LLC*, 80 F.4th 1079, 1089 (9th Cir. 2023), cert. denied, 144 S. Ct. 2561 (2024).

This Court should grant review here to correct the Ninth Circuit's longstanding legal error. For the reasons explained above, the error is clear from this Court's precedents, and the Ninth Circuit's position substantially undermines the *Walden* principle and broader precepts of this Court's specific-jurisdiction

precedents. Assigning jurisdictional significance to the effects in the forum State of another party's legal action in a foreign court—as both the Ninth Circuit and the courts below have done—creates an untenable regime in which a party's exercise of the right to bring an action in one sovereign's courts may forfeit its personal-jurisdiction defense in another sovereign's courts.

III. THE QUESTION PRESENTED IS EXCEPTIONALLY IMPORTANT

The question presented is urgent and critical for employers and employees across the country. As noted above, the decision below is a blueprint for evading the *Walden* principle in contract cases. Any party who breaches a contract in a manner that has some connection to a favorable forum can bring suit there and, at least if the other party then seeks relief in the forum required by contract, overcome a personal-jurisdiction defense despite the defendant's lack of any connection to the forum State.

The decision below has particular importance for the Nation's ongoing debate over noncompete agreements. Most States allow such agreements, within certain bounds, in order to safeguard employers' goodwill and interests in protecting confidential and sensitive information and business strategies. *See* p.6, *supra*. California and a few other States have long charted a different course, banning noncompete agreements in virtually all circumstances. *See* p.6, *supra*. That diversity of approaches is one of the great benefits of our federal system, in which different States can take radically different approaches to regulating their economies and workforces.

But the decision below disrupts that constitutional balance. It permits California courts to regulate not only the contracts entered into by California employers or employees, but also contracts between non-California parties. Given the relative ease with which a departing employee can bring an immediate preemptive suit in California state court to invalidate a noncompete agreement, the decision will readily empower California to effectively regulate employment contracts in other States, generating confusion, multiplying legal costs, undermining self-government, and forcing out-of-state employers to defend their out-of-state contractual arrangements in California.

Petitioner provides a good example. Petitioner requires most of its senior employees to sign noncompete agreements, but it exempts all California-based employees in light of California's prohibition. *See* App. 5a-6a, 51a. The decision below, however, expands the scope of California's legal scrutiny to include employees elsewhere—not only employees who choose to move to California, but even those who, like respondent, never relocate.[5] That leaves petitioner and countless other non-California employers with uncertainty about how to structure their employment arrangements with non-California residents. To avoid protracted litigation in California, employers

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[5] *See* Aliss Higham, *California Is Losing More Workers Than Any Other State*, NEWSWEEK (Oct. 26, 2024), https://tinyurl.com/5fndjue3 (69,000 professionals moved to California in the third quarter of 2023); Kim Parker, *About a third of U.S. workers who can work from home now do so all the time*, PEW RESEARCH CENTER (Mar. 30, 2023), https://tinyurl.com/sn28dkf (estimating that roughly 22 million Americans work remotely full-time).

may preemptively seek to conform to California law for all of their employees—especially given California's size and the number of technology companies headquartered there. *See Nat'l Pork Producers Council v. Ross*, 598 U.S. 356, 404-07 (2023) (Kavanaugh, J., concurring in part and dissenting in part); *see also* Jack Goldsmith & Alan Sykes, *The California Effect, Process-Based Regulation, and the Future of* Pike *Balancing*, 2023 SUP. CT. REV. 125, 161-63 (2024) ("The simple fact is that 'large' jurisdictions have considerably greater capacity to cause externalities through regulation.").

The threat that California courts will use the decision below to impose California law on other States is no mere theoretical concern. The decision makes clear that allowing California-based employers to seek to invalidate non-California contracts between non-California parties is the motivating concern behind its holding. In explaining why its jurisdictional conclusion is consistent with fair play and substantial justice, the decision states that respondent's challenge to the validity of his contract "directly affects California employers as well as the rights of all California companies who rely on [the State's prohibition on noncompete agreements] for protection." App. 17a.

That broad assertion accords with recent California legislative action. In 2024, the California legislature amended its ban on noncompete agreements to declare a noncompete agreement "unenforceable regardless of where and when the contract was signed." Cal. Bus. & Prof. Code § 16600.5(a). The due process limits that this Court has recognized for the exercise of jurisdiction over out-of-state parties provide an important check on the ability of one State to export its

policies nationwide. The decision below eviscerates those due process limits.

The decision warrants review even though the court of appeal affirmed the jurisdictional ruling without issuing a separate opinion. The court of appeal's review of the jurisdictional issue was de novo, and respondent presented no plausible alternative grounds to affirm (nor is any plausible alternative ground apparent from the record), so the court of appeal's denial of the petition for a writ of mandate necessarily rested on its agreement with the superior court's legal holding. *See LG Chem, Ltd. v. Superior Ct. of San Diego Cnty.*, 295 Cal. Rptr. 3d 661, 670 (Cal. Ct. App. 2022) (reviewing de novo where, as here, the jurisdictional facts that the superior court relied on were not disputed). For that reason, the decision in this case is likely to exert substantial influence on other California courts and regulated parties. The court of appeal covers San Francisco and much of Silicon Valley, areas that are home to numerous high-technology companies that frequently challenge noncompete agreements formed by non-California companies and their employees. The court of appeal's refusal to disturb the superior court's exercise of jurisdiction in this case will be framed in future cases as a greenlight for similarly expansive claims of jurisdiction over out-of-state parties.

Finally, the question presented remains significant despite the Federal Trade Commission's controversial effort to promulgate a national rule barring most noncompete agreements. *See* Non-Compete Clause Rule, 89 Fed. Reg. 38342 (May 7, 2024). A federal district court immediately enjoined that rule as unlawful, *see Ryan, LLC v. FTC*, 2024 WL 3879954

(N.D. Tex. Aug. 20, 2024), and the Commission's appeal of that order is currently pending in the United States Court of Appeals for the Fifth Circuit (No. 24-10951). It would be remarkable if California could reserve for itself the ability to export its similar noncompete policy nationwide by ignoring the limits on personal jurisdiction that this Court has long enforced.

CONCLUSION

The petition for a writ of certiorari should be granted, and this Court should summarily reverse the decision below or grant plenary review.

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February 11, 2025

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APPENDIX

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APPENDIX A

CALIFORNIA SUPREME COURT

Case Number S286815

IQVIA

v.

S.C. (CHALFANT)

RELEVANT DOCKET ENTRIES

DATE	DESCRIPTION	NOTES
	* * *	
11/13/2024	Petition for review denied	
	* * *	

APPENDIX B

IN THE COURT OF APPEAL OF
THE STATE OF CALIFORNIA
FIRST APPELLATE DISTRICT
DIVISION THREE

———

A170480

(Alameda County Super. Ct. No. RG17868081)

———

IQVIA INC.,

Petitioner,

v.

THE SUPERIOR COURT OF ALAMEDA COUNTY,

Respondent;

STEVEN CHALFANT,

Real Party in Interest.

———

BY THE COURT:[*]

The petition for writ of mandate, prohibition and/or other appropriate relief is denied.

Dated: 08/28/2024

/s/ Tucher, P.J.
Tucher, P.J.
Presiding Justice

[*] Tucher, P.J., Fujisaki, J., and Petrou, J.

APPENDIX C

SUPERIOR COURT OF THE
STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF ALAMEDA

Case No. RG21111679

VEEVA SYSTEMS, INC. and PETER STARK,

Plaintiffs

v.

IQVIA, INC.,

Defendant

ORDER DENYING MOTION TO QUASH
(CHALFANT)

Defendant IQVIA, Inc.'s ("Defendant") Amended Motion to Quash Service of the First Amended and Supplemental Complaint ("FASC") by Veeva Systems, Inc. ("Veeva"), Peter Stark ("Stark") and Steven Chalfant's ("Chalfant") (collectively "Plaintiffs") is DENIED. (Code Civ. Proc., § 410.10.)

This court previously determined that there is specific jurisdiction with regard to Plaintiffs Veeva Systems, Inc.'s and Peter Stark's dispute with IQVIA. The March 17, 2022, Order Denying Motion to Quash is incorporated by reference. The remaining question is whether there is jurisdiction over the claims of Steven Chalfant, who was added as a Plaintiff in the FASC filed on June 27, 2022. The June 3, 2022, Order allowing the filing of the FASC conditioned that filing on IQVIA being able to challenge jurisdiction over it

regarding Chalfant's claims. The court understands the present motion to be so limited.

OBJECTIONS TO EVIDENCE

Declaration of Brent Bowman

The Court declines to rule on the bulk of Defendant's Objections to and Motion to Strike the Declaration of Brent Bowman because it did not rely on the Declaration in adjudicating Defendant's motions beyond Mr. Bowman's statement that Veeva's corporate headquarters is located in Pleasanton, California and that normal corporate headquarters activities occur there. (Civ. Proc. Code § 437c (q).) The objection to that information is overruled.

As to the Declaration of Jennifer Jackson, the court is not using material from that declaration addressed by Objections 1, 2 and 3. As to Objection 4, the court noted the existence of IQVIA California Offices, which the court believes IQVIA has admitted in connection with previous hearings and that I understand were listed on IQVIA.com. As for Objection 5, the court has disregarded the specifics and only takes away that IQVIA recruits employees from California. There is no objection to ¶ 25 or Exhibit 13, relating to IQVIA's recruiting from universities in California. As for objection 6, the court disregards Ms. Jackson's characterization, but overrules the objection as to Exhibits 15-20, which are IQVIA documents to which no authenticity objection is made. On Objection 7, the court did not consider the analysis, but overrules the objection to Exhibit 21, which appears to be an IQVIA document to which no authenticity objection was made. On Objection 8, the court considers only Exhibits 22-24, which are IQVIA's discovery responses.

Facts

Plaintiffs contend that IQVIA's alleged practice of requiring its employees, including Plaintiff Stark and Chalfant here, to sign Non-Compete Agreements ("NCA"s) Non-Disclosure Agreements ("NDA"s) and Non-Disparagement Agreements violates: (1) California law, and (2) the laws of Delaware, New Jersey, New York, Connecticut, North Carolina, or Pennsylvania ("Sister State Laws"). Thus, Veeva argues, the agreements are invalid. IQVIA titles these agreements Confidentiality and Restrictive Covenant Agreements ("CRCAs")

IQVIA accepts the FASC's description of IQVIA as "a global provider of advanced analytics, technology solutions, market research data, and clinical research services to the life sciences industry in the United States and globally. IQVIA does business in California "but its largest offices are elsewhere." (Ashman Decl. ¶ 2.) IQVIA is organized under Delaware law, but does substantial business in California. IQVIA disputes the methodology of the evidence offered by Veeva linking it to California, but does not dispute that it has multiple California offices and employees, nor that the biopharmaceutical industry in which it operates has a substantial presence in California. IQVIA states that it has 91 California-resident employees who are subject to CRCAs. (Ashman Decl. ¶ 8.) The Ashman Declaration implies, but does not actually state, that CRCAs are required of "senior employees and executives." (Ashman Decl. ¶ 4.) IQVIA recruits employees in California. (see e.g. Jackson Decl. Exh. 13.) Even accepting IQVIA's criticism of the methodology of Veeva's factual presentation, IQVIA clearly hires people from California and has more than a negligible number of California employees, although employees

who primarily reside in the state of California are not subject to the same non-competition and non-solicitation provisions. (Ashman Decl. Exh. A.)

Veeva is in the same field as IQVIA. It is also incorporated in Delaware, but has its principal office in Pleasanton, California. IQVIA asserts that most of Veeva's offices and employees are outside California, but does not dispute Veeva's evidence that Pleasanton is where "its executives sit and its principal corporate activities take place. It is where Veeva maintains its books and records, it is where it conducts its director and shareholder meetings, and it is where it pays taxes." (Opp. 11:5-7; Bowman Decl. ¶ 7.)

Chalfant is a resident of New Jersey. (FASC ¶5.) Stark and Chalfant both became IQVIA employees in 2016 when IQVIA acquired Thoughtshift/Pursuit Solutions ("Pursuit"), for which they both were officers. As part of the acquisition, IQVIA had Stark and Chalfant sign a "Restrictive Covenant Agreement" that included a non-compete clause, a non-solicitation clause, and a non-disparagement clause. (Chalfant Decl. ¶ 4; Exh. 1.) Chalfant signed Confidentiality and Restrictive Covenants Agreements in 2016 and in 2019. (Chalfant Decl. ¶¶ 5-7; Exhs. 2, 3.)

Generally, the 2019 CRCA (Chalfant Decl. Exh. 3) obligates Chalfant to maintain "Confidential Information" secret without any time limit (§1) and not to provide services for any Competitor during the Restricted Period. (§3.) Competitor is defined as "... any Person that is then either directly or indirectly planning to develop, developing, providing, offering, selling or supporting any product or service that is competitive, in whole or in part, with any Company Offering." (§2, b.) This, based on the information presented to the court, includes Veeva. The Restricted Period generally

is twelve months. (§2, f.) There also is a non-solicitation provision that restricts various activities with customers, suppliers and others connected to IQVIA during the same Restricted Period. There is a tolling provision extending any time period in the event of a breach for "a period equal to the period of the breach and will begin to run upon the entry of a court order enforcing the terms of the covenant." (§5, b.)

Finally, there is a Non-Disparagement provision that, with some exceptions and no time limit, provides that the employee will not "make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally or otherwise, or take any action that may, directly or indirectly, disparage or be damaging to the Company or any of its officers, directors, employees, advisors, businesses, or its or their reputations." (§7.)

Chalfant, Veeva and Stark contend that these provisions "violate: (1) California law, and (2) the laws of Delaware, New Jersey, New York, Connecticut, North Carolina, or Pennsylvania ("Sister State Laws") and that "[t]o the extent the Sister State Laws recognize or enforce these restrictive covenants, the Sister State [l]aws violate the dormant Commerce Clause. Among other things, if the Sister State Laws validated the restrictive covenants, these laws would impose unconstitutional barriers to interstate commerce and cause economic balkanization." (FASC ¶ 1.) Plaintiffs seek "relief under California's Declaratory Judgment Act and Unfair Competition Law." (FASC ¶2.)

Motion to Quash – Legal Standard for Personal Jurisdiction

Under California's long-arm statute, California courts may exercise personal jurisdiction over nonresidents "on any basis not inconsistent with the Constitution of this state or of the United States." *(Via View, Inc. v. Retzlaff* (2016) 1 Cal.App.5th 198, 209; Code Civ. Proc., § 410.10.) "A state court's assertion of personal jurisdiction over a nonresident defendant who has not been served with process within the state comports with the requirements of the due process clause of the federal Constitution if the defendant has such minimum contacts with the state that the assertion of jurisdiction does not violate 'traditional notions of fair play and substantial justice.' " *(Vons Companies, Inc. v. Seabest Foods, Inc.* (1996) 14 Cal.4th 434, 444 *("Vons")* quoting *International Shoe Co. v. Washington* (1945) 326 U.S. 310, 316.) "The due process clause is concerned, with protecting nonresident defendants from being brought unfairly into [a forum state], on the basis of random contacts." *(Vons, supra,* 14 Cal.4th at p. 452.)

"Personal jurisdiction may be either general or specific. The United States Supreme Court has narrowed general jurisdiction to states where a litigant/ defendant may be "fairly regarded as at home." *(Goodyear Dunlop Tires Operations, S.A. v. Brown* (2011) 564 US 915, 924.) A corporation is generally considered to be "at home" in (1) its place of incorporation; and (2) its principal place of business. *(Daimler AG v. Bauman* (2014) 571 US 117, 137; *Goodyear Dunlop Tires Operations, S.A. v. Brown, supra,* 564 US at 923-924. California does not have jurisdiction over IQVIA under this test.

Specific jurisdiction exists when, although the defendant lacks such pervasive forum contacts that the defendant may be treated as present for all purposes, it is nonetheless proper to subject the defendant to the forum state's jurisdiction in connection with a particular controversy. *(Epic Communications, Inc. v. Richwave Technology, Inc.* (2009) 179 Cal.App.4th 314, 327.)

A court has specific jurisdiction (case-linked) over defendants for disputes relating to the defendant's contact with the forum. *(Bader v. Avon Products, Inc.* (2020) 55 Cal.App.5th 186, 193.) "The inquiry whether a forum State may assert specific jurisdiction over a nonresident defendant 'focuses on 'the relationship among the defendant, the forum, and the litigation.'" *(Walden v. Fiore* (2014) 571 US 277, 283-284 quoting *Keeton v. Hustler Magazine, Inc.* (1984) 465 U.S. 770, 775.)

Specific jurisdiction exists if the following prongs are satisfied:

- Purposeful availment: the defendant purposefully conducts activities within the forum state, thus invoking the benefits and protections of its laws." *(Burger King Corp. v. Rudzewicz* (1985) 471 U.S. 462, 475;
- Arising out of: Plaintiffs cause of action "arises out of or is "related to" defendant's contacts with the forum state. *(Bristol-Myers Squibb Co. v. Superior Court of Cal., San Francisco Cty.* (2017) 582 U. S. 255, 262; *Ford Motor Company v. Montana Eighth Judicial District Court (Ford Motor Co.)* (2021) 592 U.S. 351, and
- Reasonableness: The forum's exercise of personal jurisdiction in the particular case com-

ports with "fair play and substantial justice." *(Burger King Corp. v. Rudzewicz* (1985) 471 US 462.)

DISCUSSION

Purposeful Availment

The first prong required for specific jurisdiction, "purposeful availment," is satisfied when a defendant purposefully and voluntarily takes "some act by which [it] purposefully avails itself of the privilege of conducting activities within the forum State." *Hanson v. Denckla* (1958) 357 U.S. 235, 253. "The contacts must be the defendant's own choice and not "random, isolated, or fortuitous." *(Ford Motor Co., supra,* 592 U.S. at 359, quoting *Keeton v. Hustler Magazine, Inc.* (1984) 465 U.S. 770, 774.)

The United States Supreme Court has stated that "purposeful availment" requires "some act by which [a defendant] purposefully avails itself of the privilege of conducting activities within the forum State ... Or put just a bit differently, there must be an affiliation between the forum and the underlying controversy, principally, [an] activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." *(Ford Motor Co. supra,* 592 U.S. at 359-60 (internal quotes omitted.) When a company has "continuously and deliberately exploited a State's market, it must reasonably anticipate being haled into that State's courts to defend actions based on products causing injury there." *(Ford Motor Co., supra,* 592 U.S. at 364 (cleaned up).)

An out-of-state defendant purposefully avails itself of a forum state's benefits if the defendant (1) purposefully directs its activities at the forum state's residents; (2) purposefully derives a benefit from its activities in

the forum state, or (3) purposefully invokes the privileges and protections of the forum state's laws by (a) purposefully engaging in "significant activities" within the forum state or (b) purposefully creating "continuing [contractual] obligations" between itself and the residents of the forum state. (*Jacqueline B. v. Rawls Law Group* (2021) 68 Cal.App.5th 243, 253 citing to *Burger King Corp. v. Rudzewicz* (1985) 471 U.S. 462, 472-476.)

Here, IQVIA engages in significant activities in California, satisfying all three of these "purposeful availment" prongs.

In a Declaration filed in support of this motion, Harvey Ashman, IQVIA's Senior Vice President and General Counsel states, "IQVIA is a Delaware corporation headquartered in New Jersey with offices around the world. IQVIA does business in California, but its largest offices are elsewhere. Most of IQVIA's U.S. employees reside near Delaware, in New Jersey or Pennsylvania." (Ashman Decl. ¶2.) This statement is pregnant with the implication that IQVIA has offices and employees in California. Ashman's Supplemental Declaration admits that IQVIA has employees who reside in California. (¶4.)

Jenifer Jackson, affiliated with Veeva's counsel, presents the following information in portions of her Declaration opposing the present motion that were not objected to or to which objections were not sustained:

- IQVIA's web page indicates addresses in "the following cities: Irvine, Carlsbad, San Mateo, Valencia, and San Juan Capistrano, plus one office in San Diego marked "closed" in Google Maps, and one office in San Francisco marked

"closed, new site search underway" on the IQVIA website." (Jackson Decl. ¶19.)

- IQVIA recruits at California campuses and hires California residents. The exact numbers are confidential, and their meaning is disputed by the parties. I don't take IQVIA to dispute that it engages in these activities. IQVIA points out that California employees work remotely and if California residents and required to sign the CRCA, would not be subject to the non-compete and non-competition covenants under the 2023 version of its employment agreement. (Jackson Decl. ¶¶ 23-26; Exh. 13; Ashman Supp. Decl. ¶4.)
- IQVIA recruits from Veeva, a company headquartered in California. Veeva does not have similar restrictive covenants. Again, the numbers are confidential and disputed, but clearly IQVIA is interested in Veeva employees.

This is sufficient to find that IQVIA purposefully availed itself of the protection of California laws. IQVIA does not appear to contest this issue.

Relates to or Arises Out of Defendant's Contacts / Effects on the Forum

The second prong, that the controversy relates to or arises out of the defendant's contacts with the forum, requires that the plaintiffs claims ""arise out of or relate to the defendant's contacts with the forum. Or put just a bit differently, there must be an affiliation between the forum and the underlying controversy, principally, an activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." *(Ford Motor Co., supra,* at 359-60 (internal citations and punctuation omitted.) "The law

of specific jurisdiction thus seeks to ensure that States with "little legitimate interest" in a suit do not encroach on States more affected by the controversy." *(Ford Motor Co., supra,* 592 U.S. at 360.)

Bristol-Myers Squibb Co. v. Superior Court, supra, makes it clear that "the controversy" that relates to the forum must specifically involve each plaintiff seeking jurisdiction. Each plaintiff is required to establish jurisdiction themselves. Even if the defendant has strong ties to a forum state, absent general jurisdiction, there must be an "adequate link between the State and the nonresidents' claims." *(Id.* 582 U.S. at 264.) Thus, Chalfant must establish the connection for himself and cannot piggy-back on Veeva.

Ford Motor Co., supra, refined the "arise out of or relate to" prong of specific jurisdiction, pointing out that *Bristol-Myers* only required "'an affiliation between the forum and the underlying controversy,' without demanding that the inquiry focus on cause. *(Ford Motor Co., supra,* at 362, quoting and discussing *Bristol-Myers, supra,* 582 U.S. at 262.) The defendant's forum conduct does not have to "give rise" to Plaintiff's claims. *(Ford Motor Co., supra,* at 362. The Court cautioned that the affiliation requirement "does not mean anything goes" and that the phrase "'relate to' incorporates real limits...." *(Ibid.)*

So, how does that rubric apply here? First, the restrictive covenants, although executed elsewhere, here arose out of Chalfant's employment with IQVIA, which was connected to California. Chalfant estimates that he traveled to California for IQVIA on almost a quarterly basis and stayed multiple days each visit. (Chalfant Decl. 3:16-17.) Chalfant continues that he "went to California to compete, on IQVIA's behalf, for business from California companies. These California

companies included Acadia and Gilead. I was also competing for business from these companies against California-based competitors like Adobe and Salesforce, both of which had products that competed with those of IQVIA." *(Id.* 3:17-20.)

Additionally, the present controversy arose from Chalfant's employment with Veeva, a California company, which IQVIA contends violates Chalfant's 2019 agreement with IQVIA. IQVIA previously argued that it had done nothing to prevent Chalfant's Veeva employment, but now, IQVIA has sued Chalfant and Veeva in the Delaware Chancery Court "to remedy ongoing breaches of agreements with its employees that Defendant Veeva Systems Inc. ... has induced and will continue to induce unless this Court brings Veeva's tortious conduct to a halt." (IQVIA's December 29, 2022 Complaint, Baker Declaration Exh. 2 ¶1.) IQVIA seeks injunctive and declaratory relief as well as, damages against Chalfant for "Chalfant's breach of the Award Agreements in an amount to be determined at trial, including incidental and consequential damages and damages for the disruption to IQVIA's business caused by Chalfant's breach." *(Id.* Demand for relief, p. 33, ¶ 3.) The Award Agreements incorporate the terms of the covenants involved here.

While IQVIA is correct that Chalfant remained a resident of New Jersey and largely worked from there, there is no doubt that Veeva is a California based corporation. Chalfant was able to work for Veeva only because both parties disregarded IQVIA's asserted contractual assertions. This is the controversy he seeks to litigate here, and it is clearly connected with California. Moreover, Chalfant states that he is presently being recruited by a California employer

(Chalfant Decl. ¶ 29), so the effect of the NCA in California continues.

IQVIA compares this matter to two cases previously discussed in this litigation:

1) *Halyard Health Inc. v. Kimberly-Clark Corp.* (2019) 43 Cal.App.5th 1062 where a divided Court of Appeal found there to be no specific jurisdiction where two non-California corporate entities separating their formerly joint businesses disputed risk allocation over various pending and contemplated lawsuits including a case in California and 2) *Walden v. Fiore* (2014) 571 U.S. 277, where jurisdiction was lacking in Nevada for two Nevada residents who claimed their rights had been violated by police in Georgia.

Here, the relationship to California is stronger than the relationships identified in those cases. The transaction at issue involves Chalfant's attempted departure from a Delaware/New Jersey company that does substantial business in California in which Chalfant had participated, and Chalfant's employment with a California company over which the Delaware/New Jersey company is presently suing Chalfant. Admittedly, Chalfant remained largely in New Jersey, although his new employer, Veeva, is in California and he did some work for both companies in California, but Chalfant's transgression in IQVIA's eyes is working for a competitor that in fact is a California company.

The basis for IQVIA's suit against Chalfant are restrictive covenants that Chalfant signed in connection with his employment with IQVIA, which involved work in California. By suing Chalfant, IQVIA has injected itself into Chalfant's employment relationship with Veeva, a California company. (Baker Decl., Exh 2, Demand for Relief pp. 32-34.

On October 19, 2023, Hon. J. Travis Laster, Vice Chancellor of the Delaware Court of Chancery, issued a remarkably detailed order from the bench, staying IQVIA's Delaware actions pending litigation in California and *inter alia,* decrying the attempts of companies incorporated in Delaware to make the Delaware Chancery Court "the employment court for the world." (Baker Decl., Exh. A 63:1-2.)

Ford Motor Co., supra, 592 U.S. 351, while factually quite different in that the Plaintiffs were forum state residents and it was a motor vehicle accident, describes the necessary connection between a case and the forum as "an affiliation between the forum and the underlying controversy, principally, an activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." *(Ford Motor Co., supra,* 592 U.S. at 359-60, internal citations and punctuation omitted.) The principal occurrence here is Chalfant's employment with California-based Veeva.

The ability of a California corporation to employ individuals is fairly subject to California regulation. Therefore, where the defendant seeks to prevent or penalize employment with a company that has substantial California ties with the industry, there is a sufficient affiliation between the controversy and California as the forum state. Here Chalfant's ability to work for IQVIA's California-based competitor Veeva, and the Defendant's California activities, which it conducted inter alia through Chalfant's employment (which is the source of the restrictive covenants at issue), create substantial ties to the forum state and subject the parties to California's regulations.

Fair Play and Substantial Justice

The Due Process Clause of the United States' Constitution's Fourteenth Amendment constrains a state's authority to bind a nonresident defendant to a judgment of its courts. *(Daimler Trucks North America LLC v. Superior Court* (2022) 80 Cal.App.5th 946 954 ("*Daimler*").) Although a nonresident's physical presence within the territorial jurisdiction of the court is not required, the nonresident generally must have certain minimum contacts such that the maintenance of the suit does not offend "traditional notions of fair play and substantial justice." *(Ibid.)*

In evaluating this final prong, the court considers the "relationship among the defendant, the forum, and the litigation." *(Daimler, supra* 80 Cal.App.5th at p. 954.)

On a motion to quash for lack of personal jurisdiction, the plaintiff has the initial burden to demonstrate facts justifying the exercise of jurisdiction. *(Daimler, supra,* 80 Cal.App.5th at p. 954.) If the plaintiff does so, the burden shifts to the defendant to show that exercising jurisdiction would be unreasonable. *(Ibid.)*

Here, Chalfant's declaratory relief action seeks a determination of whether the NDA/NCAs at issue are enforceable in California, notwithstanding California's prohibition against them. (Bus. & Prof. Code, § 16600.5.) This claim directly affects California employers as well as the rights of all California companies who rely on that statute for protection.

Defendant's Reply

Defendant's Reply argues that most of the Plaintiff's Opposition focuses on Defendant's activities in California that are not relevant to this Court's jurisdiction over Chalfant's claims. However, Chalfant's declaration

shows that Chalfant himself engaged in business with California companies on Defendant's behalf, travelled to California and competed for business in California against California competitors. This work by Chalfant in California arose out of Chalfant's employment with Defendant, for which Chalfant was required to sign the NDA/NCAs.

While Defendant's Reply contends that it does not require its "California employees" to sign the same NDA/NCAs that Chalfant signed, Defendant's non-California NDA/NCAs still affect California companies because they restrict the talent pool from which California employers may hire and prevent employees (like Chalfant, who conducted California activities on behalf of IQVIA), from working for California-based companies that compete with IQVIA — potentially in contravention of California law.

CONCLUSION

For the reasons set out above, Defendant's motion to quash is denied.

Dated: May 8, 2024

/s/ Stephen Kaus
Stephen Kaus
Judge of the Superior Court

APPENDIX D

SUPERIOR COURT OF CALIFORNIA
COUNTY OF ALAMEDA

RG21111679: Veeva Systems Inc VS Iqvia Inc

03/25/2024 Hearing on Motion - Other To Quash amended service of summons in Department 19

Tentative Ruling - 03/25/2024 Stephen Kaus

The Motion to Quash Service of Summons filed by Iqvia Inc on 11/17/2023 is Denied.

Defendant IQVIA, Inc.'s ("Defendant") Amended Motion to Quash Plaintiffs Veeva Systems, Inc. ("Veeva"), Peter Stark ("Stark") and Steven Chalfant's ("Chalfant") (collectively "Plaintiffs") in connection with the First Amended and Supplemental Complaint ("FASC") is DENIED. (Code Civ. Proc., § 410.10.)

This court previously determined that there is specific jurisdiction with regard to Plaintiffs Veeva Systems, Inc. and Peter Stark. The March 17, 2022 Order Denying Motion to Quash is incorporated by reference. The remaining question is whether there is jurisdiction over the claims of Steven Chalfant, who was added as a Plaintiff in the Amended Complaint filed on June 27, 2022. The June 3, 2022 order allowing the filing the amended complaint conditioned that filing on IQVIA being able to challenge jurisdiction regarding Chalfant.

OBJECTIONS TO EVIDENCE

The Court declines to rule on Defendant's Objections to and Motion to Strike the Declaration of Brent Bowman and the Declaration of Jennifer Jackson because it did not rely on either declaration in

adjudicating Defendant's motions. (Civ. Proc. Code § 437c (q).)

Motion to Quash – Legal Standard

Under California's long-arm statute, California courts may exercise personal jurisdiction over nonresidents "on any basis not inconsistent with the Constitution of this state or of the United States." (ViaView, Inc. v. Retzlaff (2016) 1 Cal.App.5th 198, 209; Code Civ. Proc., § 410.10.) "A state court's assertion of personal jurisdiction over a nonresident defendant who has not been served with process within the state comports with the requirements of the due process clause of the federal Constitution if the defendant has such minimum contacts with the state that the assertion of jurisdiction does not violate "'traditional notions of fair play and substantial justice.'" (Vons Companies, Inc. v. Seabest Foods, Inc. (1996) 14 Cal.4th 434, 444 ("Vons") quoting International Shoe Co. v. Washington (1945) 326 U.S. 310, 316.) "The due process clause is concerned with protecting nonresident defendants from being brought unfairly into [a forum state], on the basis of random contacts." (Vons, supra, 14 Cal.4th at p. 452.)

"Personal jurisdiction may be either general or specific. A nonresident defendant may be subject to the general jurisdiction of the forum if his or her contacts in the forum state are 'substantial ... continuous and systematic.' [Citations.]" (Vons, supra, 14 Cal.4th at p. 445, italics omitted.) The United States Supreme Court has recently narrowed this form of jurisdiction to a state where a litigant may be "fairly regarded as at home." (Goodyear Dunlop Tires Operations, S.A. v. Brown (2011) 564 US 915, 924.) A corporation is generally considered to be "at home" in (1) its place of incorporation; and (2) its principal place of business.

(Daimler AG v. Bauman (2014) 571 US 117, 137. Defendant does not meet this test.

Specific jurisdiction exists when, although the defendant lacks such pervasive forum contacts that the defendant may be treated as present for all purposes, it is nonetheless proper to subject the defendant to the forum state's jurisdiction in connection with a particular controversy. (Epic Communications, Inc. v. Richwave Technology, Inc. (2009) 179 Cal.App.4th 314, 327.)

A court has specific jurisdiction (case-linked) over defendants for disputes relating to the defendant's contact with the forum. (Bader v. Avon Products, Inc. (2020) 55 Cal.App.5th 186, 193.)

Specific jurisdiction exists where:

(1) the defendant has purposefully availed itself of a forum's benefits;

(2) the controversy relates to or arises out of the defendant's contacts with the forum; and (3) the exercise of jurisdiction comports with fair play and substantial justice.

(Bader, supra, 55 Cal.App.5th at p. 193.)

Here, activities conducted by Chalfant on Defendant's behalf in California (established in Chalfant's declaration) differentiate this case from Bristol-Myers Squibb Co. v. Superior Court (2017) 582 U.S. 255 and justify specific jurisdiction.

DISCUSSION

Purposeful Availment

The first prong, "purposeful availment" is satisfied when a defendant purposefully and voluntarily directs his activities toward the forum so that he should

expect, by virtue of the benefit he receives, to be subject to the court's jurisdiction based on his contacts with the forum. (Pavlovich v. Superior Court (2002) 29 Cal.4th 262, 269.)

The United States Supreme Court has stated that "purposeful availment" requires "some act by which [it] purposefully avails itself of the privilege of conducting activities within the forum State ... Or put just a bit differently, there must be an affiliation between the forum and the underlying controversy, principally, [an] activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." (Ford Motor Co. v. Montana Eighth Judicial Dist. Ct. (2021) 592 U.S. 351 (pinpoint cite: 141 S.Ct. 1017, 1024 (internal quotes omitted, brackets in original).)

For "intentional torts, including business torts," California courts have applied an "effects test" to assess the purposeful availment requirement. (Pavlovich, supra, 29 Cal.4th at p. 270.) Under the "effects test," a plaintiff must demonstrate both:

(1) intentional conduct expressly aimed at or targeting the forum state; and

(2) defendant's knowledge that his intentional conduct would cause harm in the forum.

(Pavlovich, supra, 29 Cal.4th at p. 271; Zehia v. Superior Court (2020) 45 Cal.App.5th 543, 554.)

Here, Defendant required Chalfant to sign the Non-Disclosure or Disparagement Agreement ("NDA") and Non-Compete Agreement ("NCA") as a condition of his employment with Defendant, which involved conducting business in California and recruiting employees from

California. (Chalfant Decl. ¶ 6; Exhs. 2-3; Chalfant Decl. ¶¶ 10-11.)

Chalfant's employment with Defendant (out of which the NCA/NDAs arise) resulted in more than minimum contacts with the forum state, including almost quarterly visits to California, conducting business with Acadia and Gilead (California companies), and competing for business opportunities directly against California-based competitors including Adobe and Salesforce (both of which had products that competed with those of Defendant's). (Chalfant Decl. ¶ 11.)

A significant feature of the NCA/NDAs are the perpetual nature of some challenged aspects, making them relevant to Chalfant's present and future ability to accept employment with California employers or to freely engage in his own consulting business to the extent that it involves expressing an evaluation of Defendant's activities or services that could be construed as "disparaging." (Chalfant ¶ 7; Exhs. 2-3.)

Notably, the "tolling provision" contained in the NDA/NCAs at issue automatically extends the period of the agreement equal to the period of the alleged breach, allowing it to begin to run upon entry of a court order enforcing the terms of the covenant. (Chalfant Decl. ¶ 7; Exh. 3 § 5.b: "Tolling".)

The NDAs are broadly worded and prevent Chalfant from "mak[ing] statements or representations, or otherwise communicat[ing], directly or indirectly, in writing, orally or otherwise, or tak[ing] any action that may, directly or indirectly, disparage or be damaging to the Company . . . ." (Chalfant Decl. ¶ 7; Exh. 3; § 7: "NONDISPARAGEMENT".)

Based on the Tolling provisions contained in the NDAs, these restrictions indefinitely restrain Chalfant

from providing full transparency in his consulting services to California companies and prevent California companies from receiving the benefit of full disclosure from Chalfant. (Chalfant Decl. ¶¶ 26-28.)

In addition, the NCA indefinitely restricts California employers from being able to hire Chalfant without fear of being sued and prevents Chalfant from accepting lawful employment in California, despite being actively recruited. (Chalfant Decl. ¶ 29.)

The NCA also harms California employers by limiting the talent pool from which they may hire and therefore directly impacts companies in this state. As restrictive covenants, they also implicate California's Business & Professions Code, § 16600.5.

Business and Professions Code section 16600.5 specifically provides that:

(a) Any contract that is void under this chapter is unenforceable regardless of where and when the contract was signed.

(b) An employer or former employer shall not attempt to enforce a contract that is void under this chapter regardless of whether the contract was signed and the employment was maintained outside of California.

(c) An employer shall not enter into a contract with an employee or prospective employee that includes a provision that is void under this chapter.

(d) An employer that enters into a contract that is void under this chapter or attempts to enforce a contract that is void under this chapter commits a civil violation.

(e)(1) An employee, former employee, or prospective employee may bring a private action to enforce this

chapter for injunctive relief or the recovery of actual damages, or both.

(2) In addition to the remedies described in paragraph (1), a prevailing employee, former employee, or prospective employee in an action based on a violation of this chapter shall be entitled to recover reasonable attorney's fees and costs.

(Bus. & Prof. Code, § 16600.5.)

An out-of-state defendant purposefully avails itself of a forum state's benefits if the defendant"

(1) purposefully directs its activities at the forum state's residents,

(2) purposefully derives a benefit from its activities in the forum state, or

(3) purposefully invokes the privileges and protections of the forum state's laws by

(a) purposefully engaging in "significant activities" within the forum state or

(b) purposefully creating "continuing [contractual] obligations" between itself and the residents of the forum state.

(Jacqueline B. v. Rawls Law Group (2021) 68 Cal.App.5th 243, 253 citing to Burger King Corp. v. Rudzewicz (1985) 471 U.S. 462, 472-476.)

Here, Defendant directed its activities at California by including the name of California-based companies on its list of companies that its employees (per the NCA) were not permitted to work for. Additionally, Defendant purposefully availed itself of California's benefits when it used Chalfant's employment to engage in business activities in California, compete

with California-based competitors and recruit employees from California. (Chalfant Decl. ¶¶ 10-11.)

The relationship to California is far stronger than in Halyard Health Inc. v. Kimberly-Clark Corp. (2019) 43 Cal.App.5th 1062, assuming that case remains valid law.

Based on this conduct in California by Defendant through Chalfant's employment (from which the NDA/NCAs arise), the "purposeful availment" prong is satisfied.

Relates to or Arises Out of Defendant's Contacts/Effects on the Forum

The second prong that "the controversy relates to or arises out of the defendant's contacts with the forum" requires that the tortious conduct to take place in the subject forum. (Gilmore Bank v. AsiaTrust New Zealand Ltd. (2014) 223 Cal.App.4th 1558, 1573.) As the "effects test" applies to tortious conduct (Pavlovich, supra, 29 Cal.4th at p. 270), this prong is satisfied if the plaintiff can show that Defendant's requirement that Chalfant sign the NDA/NCAs at issue (the alleged tortious conduct) had an effect in California.

Here, as noted above, the NCA that arose out of Chalfant's employment (that required him to conduct business in California, travel to California and recruit employees from California) specifically prevented Chalfant from working with specific California-based employers by identifying California competitors that Chalfant was prohibited from working for. The listing of these California companies shows that Defendant directed its NCA at the forum state. If the NCA were not intended to have an impact on the forum state, companies that are either based or located in California would not have been listed.

California has an interest in protecting its companies from the adverse effects of restrictive covenants and has demonstrated this interest by enacting Business and Professions Code, § 16600.5.

As Chalfant is presently being recruited by a California employer (Chalfant Decl. ¶ 29), the effect of the NCA in California is arguably illegal because it precludes a lawful California employer from employing Chalfant. (Bus. & Prof. Code, § 16600.5.)

Fair Play and Substantial Justice

The Due Process Clause of the United States' Constitution's Fourteenth Amendment constrains a State's authority to bind a nonresident defendant to a judgment of its courts. (Daimler Trucks North America LLC v. Superior Court (2022) 80 Cal.App.5th 946, 954 ("Daimler").) Although a nonresident's physical presence within the territorial jurisdiction of the court is not required, the nonresident generally must have certain minimum contacts such that the maintenance of the suit does not offend "traditional notions of fair play and substantial justice." (Ibid.)

In evaluating this final prong, the court considers the "relationship among the defendant, the forum, and the litigation." (Ibid.)

On a motion to quash for lack of personal jurisdiction, the plaintiff has the initial burden to demonstrate facts justifying the exercise of jurisdiction. (Daimler, supra, 80 Cal.App.5th at p. 954.) If the plaintiff does so, the burden shifts to the defendant to show that exercising jurisdiction would be unreasonable. (Ibid.)

Here, Chalfant's declaratory relief action seeks a determination of whether the NDA/NCAs at issue are enforceable in California (notwithstanding California's

prohibition against them under Business and Professions Code section 16600.5). This claim directly affects California employers as well as the rights of all California companies who rely on that statute for protection.

Defendant's Reply

Defendant's Reply argues that a majority of Plaintiff's Opposition focuses on Defendant's business and recruitment activities in California which are not relevant to this Court's jurisdiction over Chalfant's claims. However, Chalfant's declaration shows that it was Chalfant who engaged in business in California on Defendant's behalf and likewise recruited California employees for Defendant. This work by Chalfant in California arose out of Chalfant's employment with Defendant, for which Chalfant was required to sign the NDA/NCAs.

While Defendant's Reply contends that it does not require its "California employees" to sign the same Non-compete agreements that Chalfant signed, the effect of Defendant's non-California NDA/NCAs still affects California companies because they apply in perpetuity (due to their tolling provision) and restrict the talent pool from which California employers may hire.

Therefore, whether or not Defendant actively "exports" Californians out of state, or conversely prevents qualified individuals from being hired by California companies, the effect is the same in that it restricts California companies from employing qualified individuals who have signed its restrictive covenants.

CONCLUSION

Defendant's activities in requiring Chalfant to sign the NDA/NCAs at issue directly impacts California employers who are listed as competitors of Defendant.

Therefore, because Chalfant's claims against Defendant directly affect California and confer specific jurisdiction over Defendant by this Court, Defendant's motion to quash is denied. (Bader, supra, 55 Cal.App.5th at p. 193; Code Civ. Proc., § 410.10.)

If a party does not timely contest the foregoing Tentative Ruling and appear at the hearing, the Tentative Ruling will become the order of the court.

APPENDIX E

SUPERIOR COURT OF THE
STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF ALAMEDA

Case No. RG17868081

Case No. RG21111679

VEEVA SYSTEMS, INC.,

Plaintiff

v.

MEDIDATA SOLUTIONS, INC., *et al.*,

Defendants

VEEVA SYSTEMS, INC. and PETER STARK,

Plaintiffs

v.

IQVIA, INC.,

Defendant

ORDER AUTHORIZING LIMITED JURISDICTIONAL DISCOVERY RE: IQVIA'S SECOND MOTION TO QUASH

In Case No. RG21111679, Defendant IQVIA moves to quash service with regard to the amended portions of the First Amended and Supplemental Complaint ("FASC") filed by Plaintiffs Veeva Systems, Inc. ("Veeva') and Steven Chalfant. Veeva opposes on the ground that this court has jurisdiction over IQVIA on the

matters alleged and alternatively, seeks to take jurisdictional discovery.

Veeva's alternative request to take limited jurisdictional discovery is granted. As set out below, IQVIA's action in having Chalfant sign non-competition and non-disclosure agreements (NCAs and NDAs respectively) undoubtedly were intended to have an effect in California. Additionally, IQVIA competes with Veeva in the market for the recruiting and hiring of employees in California and apparently has those employees sign restrictions similar to those at issue here. As part of that competition, IQVIA has already attempted to enforce those restrictive clauses against Plaintiff Peter Stark and Veeva. Although it has taken no action against Chalfant, the facts as to him are related to Veeva's ongoing claim as a California business that it is entitled to freely hire employees subject to NCAs.

Additionally, Veeva alleges and provides sufficient evidence to support a strong suspicion that it is the case, that IQVIA recruits employees from California, requires them to sign the contract at issue and then places them outside of California where the challenged NCAs and NDAs would apply and prevent their subsequently being hired by employers in California. Veeva should be given an opportunity to establish whether this is the case and to what extent.

Procedural Summary

In the original Complaint, Plaintiffs Veeva and Stark sought declaratory and injunctive relief that Veeva had a right to recruit and hire Stark and "other current and former IQVIA employees in light of the fact that they have signed [IQVIA's] standard NCA/NDAs," and that IQVIA's NCAs and NDAs were illegal, unenforceable, and unlawful competition.

The court denied IQVIA's Motion to Quash Service of Summons of the initial Complaint because Defendant filed an answer and took further actions after it removed the case to federal court without first or simultaneously challenging personal jurisdiction, thus waiving its jurisdictional challenge. (See Code of Civil Procedure (CCP) section 418.10(e).) (See March 17, 2022 Order Denying Motion to Quash). Even placing waiver aside, the Court stated that it had specific jurisdiction over IQVIA based upon a finding, among other things, that Veeva's and Stark's claims related to IQVIA's contacts with California and that IQVIA had attempted to prevent Stark's employment with Veeva, a California corporation.

On April 12, 2022, Veeva filed a motion for leave to amend its Complaint. The FASC adds Steven Chalfant as a plaintiff seeking to invalidate the same agreement, Chalfant having signed it before now joining Veeva. The FASC also newly seeks a finding that Stark did not violate any valid agreement by talking to Chalfant related to Chalfant's hiring by Veeva.

In granting Plaintiff's motion to amend, the Court required service of an amended summons and allowed Defendant IQVIA to challenge jurisdiction over the amended portion of the complaint. (See June 3, 2022 Order Granting Motion to File FASC.)

Facts and Arguments

In the FASC, Veeva and two employees, Stark and Chalfant, seek to invalidate non-compete agreements ("NCAs") and non-disclosure agreements ("NDAs") that they allege IQVIA generally requires of its employees to sign and specifically required Stark and Chalfant to sign. IQVIA moves to quash service of the amended summons as described above. IQVIA argues that the

court has neither general nor specific jurisdiction over the disputes embodied by the amended text.

IQVIA first points out that it is not subject to general jurisdiction in California under *Daimler AG v. Bauman* (2014) 571 U.S. 119, 137 because IQVIA is not "essentially at home" here in that California is not its state of incorporation nor its principal place of business. This appears to be correct.

As to specific jurisdiction, IQVIA argues that its challenged actions are not connected to California in a sufficiently meaningful way. IQVIA cites *Pavlovich v. Superior Court* (2002) 29 Cal.4th 262, 269 for the general outline that California may only exercise specific jurisdiction over an out of state defendant if (1) the defendant has purposefully availed himself or herself of forum benefits; (2) the controversy is related to or arises out of the defendant's contacts with the forum; and (3) the assertion of personal jurisdiction would comport with fair play and substantial justice. All parties acknowledge this framework.

IQVIA emphasizes that one must look at its actions, not those of Plaintiffs and argues that its general business activities, such as its employees, including Plaintiff Chalfant, doing IQVIA's work in California, IQVIA maintaining offices and employees in California or IQVIA soliciting employees in California do not support specific jurisdiction. IQVIA points to Bristol-Myers-Squibb's extensive California activities in *Bristol-Myers Squibb Co. v. Superior Ct. of California, San Francisco Cnty.* (2017) 137 S. Ct. 1773, where specific jurisdiction was denied. Similarly, in *Halyard Health, Inc. v Kimberly-Clark, Inc.* (2019) 43 Cal.App.5th 1062, Kimberly-Clark's extensive sales in California did not result in specific jurisdiction. Finally on this point, IQVIA argues that it directed no conduct toward

California that is relevant to this dispute, It, a Delaware company, signed New Jersey resident Chalfant to an employment contract that contained the disputed NCAs and NDAs. After Chalfant became employed with California-based Veeva, IQVIA took no action to enforce those clauses. Thus, IQVIA argues, there is no basis for contending that its conduct as to Chalfant is California directed at all.

IQVIA also contends that it would not be reasonable for California to exert jurisdiction. Citing *World-Wide Volkswagen Corp. v. Woodson* (1980) 444 U.S.286, 292, IQVIA argues that in addition to the lawsuit not relating to California, the evidence is "overwhelmingly outside California." Also, for Veeva to potentially add on an "endless number of possible plaintiffs" who may or may not have any relationship with California, would not be consistent with "traditional notions of fair play and substantial justice." (IQVIA Memo. 9:27-10:13.)

Veeva responds that IQVIA's actions were intended to and did have an effect in California: they were intended to prevent Veeva and other California biopharmaceutical companies from hiring IQVIA employees. After acknowledging that IQVIA is a Delaware corporation headquartered in North Carolina, Veeva describes IQVIA's extensive business activities in California, including recruitment activities as well as multiple offices and "at least" 288 employees. Veeva describes itself and the biopharmaceutical industry, of which both IQVIA and Veeva are a part, as having a "significant presence" in this State, with California having "by far" the largest life sciences industry in the country, employing more than 323,000 people. (Opp. 6:11-6.) Veeva charges that IQVIA "seeks to prevent - through its NCA/NDAs - its California-based competitors

from competing on equal terms" and has identified Veeva in its 10-K filing as one such California competitor. (Opp. 6:19-22.)[1] An earlier iteration of IQVIA's NCA named Veeva specifically.

Veeva emphasizes IQVIA's employment related activity in California, which currently includes more than 500 open positions in California. The Trembly Declaration asserts that when she checked, IQVIA had 541 California positions listed on LinkedIn and 112 on Indeed.com. Trembly at also states that in reviewing major job posting websites and IQVIA's own site, she "identified a number of open positions in which IQVIA was explicitly seeking individuals with Veeva experience." (Trembley Dec. ¶¶11-12.) Additionally, Trembly identified 700 IQVIA employees who graduated from California colleges and Universities, but does not indicate where they are employed. (Id. ¶10.)

Veeva specifically calls attention to the 2019 NCA/ NDA that Chalfant signed, which contains a one year, world-wide, non-compete provision. that expressly prohibits Chalfant from competing in "any State of the United States ... in which I worked, had responsibility or provided services on behalf of the Company, including through the supervision of a Company employee, contractor, or consultant who provided services or worked in such State or similar political subdivision." Veeva points out that at IQVIA Chalfant supervised at least one California employee and

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[1] Veeva quoted this court, quoting in turn from the Court of Appeal, but leaves out the bolded word in the following passage" "IQVIA's alleged unfair business practice of enforcing an NDA against Veeva constituted an act 'in California' even though the employee in question resided elsewhere." (See 3-17-2022 Order 9:27-10:2.)

travelled "regularly" to California on IQVIA's behalf. (Chalfant Dec. ¶¶ 8-9.)

Veeva also cites IQVIA's enforcement efforts. After Stark left, IQVIA sued him in New Jersey and sought to file a cross-complaint for tortious interference with the NCA/NDA in this case when it had been removed by IQVIA to the Northern District of California. The New Jersey case was dismissed on the first-filed rule, with the court finding California to be an equally convenient forum.[2] After this case was remanded, IQVIA's motion to file a cross-complaint was not ruled on and was withdrawn by IQVIA at a previous hearing. IQVIA has taken no affirmative legal action relating to Chalfant leaving to join Veeva.

Veeva relies on this court's previous finding that IQVIA had conceded that its activities satisfied the "purposeful availment" test. Next, Veeva sets out this court's finding that IQVIA's NDAs and NCAs were intended to and did have an effect in California under *Ford Motor Co. v. Montana Eighth Judicial District Court ("Ford Motor Co.")* (2021) 141 S.Ct. 1017, citing *Archdiocese of Milwaukee v. Superior Court* (2003) 112 Cal.App.4th 423, 438 and *Stone v. State of Texas* (1999) 76 Cal.App.4th 1043, 1048 as additional authority for the propositions, respectively, that jurisdiction exists if intentional conduct targets the forum state and where the consequences of performing a contract will be felt. Veeva's case is that IQVIA recruits from "California's talent pool and from Veeva specifically" and then prevents these California based individuals from

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[2] The New Jersey court considered convenience and said it the first-filed rule would not apply if there were "special circumstances which justify giving priority to the second suit," but did not specifically discuss jurisdiction. (2021 WL 5578737 *4.)

returning to California through the NDAs and NCAs. Thus, the situation allegedly is like *Application Group, Inc. v. Hunter Group, Inc.* (1998) 61 Cal.App.4th 881, a case where the court applied California law to comparable covenants, but where no jurisdiction argument, if made, reached the Court of Appeal. Veeva contends that IQVIA competes in California using employees like Chalfant and then seeks to prevent (although it has not done so here, yet) those employees from working for a California company. Veeva claims that IQVIA admits that it seeks to recruit Veeva employees, who under California law are not subject to NCAs.

Veeva also cites this court's previous conclusion that jurisdiction would be consistent with "fair play and substantial justice" based on California's interest in providing a forum to redress in-state effects of out of state acts and on the lack of inconvenience to IQVIA, given its substantial activity in this state. Veeva also points out the inefficiency and confusion of requiring yet another lawsuit over basically the same IQVIA employment contract already being litigated here.

Finally, Veeva argues that IQVIA consented to jurisdiction when it consented to jurisdiction in other actions, including RG17868081, *Veeva Systems Inc. v. Medidata Solutions, Inc. et al.* and previous iterations of this case. Veeva claims that the additional allegations here are a continuation of the earlier cases and complaints. Veeva also states that it expects that the U.S. Supreme Court will hold next year in *Mallory v. Norfolk Southern Railway, Co.* (Pa. 2021 266 A.3d 542, *cert. granted* at 142 S.Ct. 2646 that service of a corporation in California through its agent for service of process provides jurisdiction.

As to IQVIA's argument that it has taken no action to prevent Chalfant from joining Veeva, Veeva cites

IQVIA's identification of Veeva as a competitor in SEC filings and IQVIA's warning to Chalfant after Stark departed that he could not speak to Stark because he was now employed by California-based Veeva. (Chalfant Dec. (¶¶ 11-12.) Veeva claims that IQVIA sought to deter Chalfant from leaving IQVIA to join Veeva and, through the counterclaim that IQVIA has now abandoned, to prevent Stark and Veeva from soliciting IQVIA employees such as Chalfant.

In reply, IQVIA rejects the evidence that Veeva advances to tie this case to California as unrelated to the added claims where jurisdiction must depend on IQVIA's action, not Chalfant's or Veeva's. IQVlA argues that the facts relevant to jurisdiction are that new plaintiff Chalfant is a New Jersey resident, IQVIA is a Delaware corporation based in New Jersey and that the contract concerned an employment relationship based in New Jersey. Thus, the contract has no meaningful connection to California. IQVIA challenges Veeva's assertion that the NCA and NDA provisions were aimed at Veeva or California. Rather, IQVIA argues, they had world-wide application. IQVIA also points out that it has not attempted to enforce the agreements as to Chalfant "In California or elsewhere." (Reply 2:23-24.) IQVIA does not respond to Plaintiffs' allegations that IQVIA hires people from California who are then assigned elsewhere so that they are subject to the disputed contractual terms or that it specifically targets Veeva.

IQVIA takes issue with the applicability of this court's previous *dicta* finding jurisdiction over Stark's and Veeva's claims at that time, pointing out that one basis for the decision was that IQVIA had attempted to enforce the NCA and NDA against Stark's employment at Veeva, thus "asserting its agreements to

prevent Stark from being employed in California." (Reply 6:4-6, quoting March 8, 2022 Order 9-10.) Chalfant's case, IQVIA argues, is on a different footing because the FASC has no allegations that IQVIA did anything to interfere with or oppose Chalfant's employment at Veeva.

IQVIA points out that the 2016 NCA agreement signed by Chalfant expired after five years and was no longer in effect when this lawsuit was filed. The operative 2019 agreement does not refer to Veeva or any California based company, simply to "competitors" meaning "any Person that is then either directly or indirectly planning to develop, developing, providing, offering, selling or supporting any product or service that is competitive, in whole or in part, with any Company Offering." (Chalfant Exh. 3 V. b.) IQVIA also takes notice that the strongest "deterrence" offered by Chalfant is that "[i]n the Fall of 2021, [Chalfant's supervisor] asked me to affirm that I would not leave IQVIA. I responded that while I had no plans to leave, I was not comfortable stating I would not leave if a good opportunity came along. He told me that Stark did the wrong thing by joining Veeva after leaving IQVIA. While explaining why IQVIA acted against Stark and not some other former employees that joined differently [sic] IQVIA competitors, he told me, cryptically, to 'read between the lines.' The clear implication for me was that IQVIA would definitely take action against any employees that joined Veeva." (Chalfant Dec. 712, emphasis added.)

IQVIA also argues that Veeva's contention at page 11 of its Opposition that "California has a 'manifest interest' in providing its residents with a convenient forum for redressing injuries inflicted by out of state actors ..." is inapplicable because Chalfant is not a

California resident. IQVIA does not effectively address the fact that Veeva is a California corporation affected by the agreement. In response to Veeva's waiver argument, IQVIA points out that none of Veeva's cited cases involve new claims by new parties. Finally, IQVIA offers that this court cannot base jurisdiction on a prediction of what the U.S. Supreme Court may do next year.

Authority

The law of personal jurisdiction is in some flux. In recent years the United States Supreme Court has issued rulings that have altered the necessary analysis for both general and specific jurisdiction. A subsidiary court such as this one must discern the Supreme Court's thinking and implement it as beat it can. Should this matter reach a court that is freer to implement policy, the result might differ.

As mentioned above, recent Supreme Court cases, including *Daimler AG v. Bauman, supra,* have narrowed the concept of general jurisdiction so that it cannot apply here. In *Bristol-Myers Squibb Co. v. Superior Ct. of California, San Francisco Cnty. supra,* the Supreme Court tackled specific jurisdiction when it reversed a finding of jurisdiction by the California Supreme Court over product liability claims by out of state claimants against Bristol-Myers Squibb Co ("BMS"), an out of state company. The U.S. Supreme Court held that BMS's in-state activities, described by the California Supreme Court as "extensive," did not justify jurisdiction over plaintiffs who alleged injury outside of California caused by products purchased outside of California. "In order for a court to exercise specific jurisdiction over a claim, there must be an 'affiliation between the forum and the underlying controversy, principally, [an] activity or an occurrence

that takes place in the forum State.'" *(Bristol-Myers Squibb Co. v. Superior Ct. of California, supra,* 137 S. Ct. at 1781, quoting *Goodyear Dunlop Tires Operations, S.A. v. Brown,* 564 U.S. 915, 919.) Because the plaintiffs involved had no affiliation with California whatsoever, there was no jurisdiction.

In *Ford Motor Co. v. Montana Eighth Judicial District Court, supra,* the court expanded on the meaning of "affiliation" as used in *Bristol-Myers Squibb Co.,* holding that in-forum events did not need to be "but-for" causes of the alleged harm, or any cause at all, but rather only needed to "relate to" it. *Ford Motor Co.* concerned two in state accidents involving resident plaintiffs and Fords bought elsewhere. The U.S. Supreme Court held that Ford's in-state advertising, sales and service activities, the latter intended to create and maintain ongoing relationships with all Ford customers, were sufficiently related to the litigation to justify specific jurisdiction even though they did not give rise to the plaintiffs' claims. The high court cautioned that its holding "does not mean anything goes. In the sphere of specific jurisdiction, the phrase 'relate to' incorporates real limits, as it must to adequately protect defendants foreign to a forum." *(id.* 141 S.Ct. at 1026.) Attempting to further define this somewhat amorphous concept, the Court stated that there must be a "strong 'relationship among the defendant, the forum, and the litigation'—the 'essential foundation' of specific jurisdiction. *(Ford, supra,* 141 S.Ct. at 1028, quoting *Helicopteros Nacionales de Colombia, S. A. v. Hall* (1984) 466 U.S. 408, 414, 104 S.Ct. 1868, 80 L.Ed.2d 404.]). Under this standard, the court found that Ford's in forum activity was sufficiently related to the Plaintiffs' claims although it did not result in these plaintiffs buying these cars.

Prior to *Ford Motor Company,* in *Halyard Health, Inc. v Kimberly-Clark, Inc.* (2019) 43 Cal.App.5th 1062, a 2-1 decision, the Court of Appeal also dealt with the "relate to" prong, finding that California had no specific jurisdiction over Kimberly Clark, Co. in a lawsuit over whether Kimberly-Clark, a Delaware company was owed contractual indemnity by Halyard Health, its spin-off and another Delaware company, concerning California litigation against Kimberly-Clark over Kimberly-Clark's California sales of surgical gowns. The decision held that while Kimberly-Clark's California sales activities gave California jurisdiction over the original product liability case, the indemnity contract was a separate matter and rejected Halyard Health's arguments that (1) denying indemnity would undercut a California judgment, (2) the indemnification dispute arose out of Kimberly-Clark' participation in a California lawsuit and (3) "if Kimberly-Clark had never sold gowns in California, there would be no California judgment to indemnify." (Id. At 1072.) The court decided that the indemnity case was not "about" Kimberly-Clark's California activities, but the risk-allocation provisions in a contract between two Delaware corporations. Although it specifically mentioned the underlying California litigation *(Halyard Health* at 1064; fn.2), the indemnity contract was not "California-directed" like the franchise agreement in *Burger King Corp. v. Rudzewicz ("Burger King")(1985)* 471 U.S. 462. The majority opinion in *Halyard Health* agrees that a defendant need not physically enter California to be subject to jurisdiction here if its actions are sufficiently purposefully directed toward the state.

The dissenting Justice in *Halyard Health* wrote that the majority was giving short shrift to the "relate to" prong of the jurisdictional determination. He quoted *Jayone Foods, Inc. v. Aekyung Industrial Co., Ltd.*

(2019) 31 Cal.5th 543, 560 for the proposition that a dispute need not "arise from" the forum contacts in a causal sense, but only needs to have a "substantial connection" to the non-resident's forum contacts. "Only when the operative facts of the controversy are not related to the defendant's contact with the state can it be said that the cause of action does not arise from that [contact.] *(Halyard Health, supra,* 43 Cal.App.5th at 1082, Rubin P.J. dissenting, quoting Jayone *Foods* at 560.) Arguably, this view has been given further life by *Ford Motor Co.*.

In addition to *Halyard Health,* IQVIA cites another *pre-Ford Motor Co. case, Walden v. Fiore* (2014) 571 U.S. 277, a case where two Nevada plaintiffs claimed they were illegally searched by a federal agent in Georgia. The Supreme Court found that Nevada had no jurisdiction because all the activity took place in Georgia. IQVIA cites *Walden* for the proposition that ""[T]he mere fact that [Defendant's] conduct affected plaintiffs with connections to the forum State does not suffice to authorize jurisdiction." *(Id.* at 291.)

Order

The question is where on the spectrum does IQVIA's conduct alleged by Chalfant lie. Is it like *Walden* where the fact that an action in another state will affect a forum state resident was not enough or like *Ford Motor Co.,* where specific jurisdiction was appropriate because Ford's activities in the form state was sufficiently related to the accident despite the lack of a causal factual link. Also, in *Ford Motor Co.,* the court relied partially on "principles of 'interstate federalism' "[that a forum state has] significant interests at stake—'providing [their] residents with a convenient forum for redressing injuries inflicted by out-of-state actors," as well as enforcing their own ... regulations."

(Ford Motor Co., supra, 141 S.Ct. at 1030, quoting *Burger King, supra,* 471, U.S. at 473; see *Getting "Arising Out Of Right: Ford Motor Company and the Purpose of the "Arising Out Of Prong in the Minimum Contacts Analysis,* 97 N.Y.U. L. Rev. 315.)

The court finds that specific jurisdiction is sufficiently likely to exist that Veeva and Chalfant may take jurisdictional discovery on the issues of whether IQVIA hires individuals from California to work outside of the State and requires them to sign the contract attached to the Chalfant Declaration as Exhibit 3, whether IQVIA specifically seeks to hire individuals from Veeva and, more generally, the extent and nature if IQVIA's recruitment activities in California. The point of the NCA *in* that contract is to prevent IQVIA employees from moving to competitors. Veeva, like other California companies, is defined as a competitor by the NCA. Previously, Veeva established jurisdiction not only by waiver, but also because of IQVIA's activity in the California biopharmaceutical employment market where it could sign Veeva employees, who by law are not subject to NCAs. At the same time, IQVIA prevented its employees in states other than California, a description that fits Stark and Chalfant, from moving to Veeva or other California companies. Chalfant is in a different position from Stark in that IQVIA has not moved against him, but IQVIA has made its position clear with regard to Veeva hiring IQVIA employees, presumably including Chalfant. Information as to IQVIA's recruiting efforts and contractual policies would assist the court in evaluating whether this case is related to IQVIA's intentional forum activities.

The following analyzes the factors as set out in *Pavlovich v. Superior Court, supra.*

Purposeful Availment: Purposeful availment, the well-known "minimum contacts" standard, measures whether a defendant has "purposefully derived benefit" from forum activities. *(Vons Companies, Inc. v. Seabest Foods, Inc.* (1996) 14 Cal.4th 434, 446.) This prong, which IQVIA does not contest, is satisfied by IQVIA's purposeful and regular activities in California, as opposed to random or fortuitous contacts. Plaintiffs have shown that IQVIA "deliberately has engaged in significant activities with California" *(Burger King, supra* 471 U.S. at 475-76) through evidence of IQVIA's California offices and employees as well as substantial recruitment activities. IQVIA "manifestly has availed [itself] of the privilege of conducting business [in California], and because [its] activities are shielded by 'the benefits and protections' of the forum's laws it is presumptively not unreasonable to require [it] to submit to the burdens of litigation in that forum as well." *(Id.* at 476.)

Arising From or Related To: As stated above, in *Ford Motor Company,* the U.S. Supreme Court established that the "related to" prong does not require causation and is an alternative standard to "arising from," not a synonym. *Ford Motor Company* quoted the seminal case *International Shoe v. Washington* (1945) 326 U.S. 310, 319 that when a company "exercises the privilege of conducting activities within a state—thus enjoying the benefits and protection of its laws—the State may hold the company to account for related misconduct." *(Ford Motor Co., supra,* 141 S.Ct. at 1025.) The purpose of requiring a relationship between the conduct at issue and the defendant's forum activities is to assure that only states with legitimate interest in a suit can validly claim specific jurisdiction. Also, a defendant can structure its activity to lessen or avoid exposure to a given states Courts. *(Id.)*

Here, if IQVIA only had offices and employees in California, but did not recruit, the contractual terms that it signs employees to in New Jersey arguably would not sufficiently relate to its California activities to provide jurisdiction over the application to those terms in a competitor in California.

However, IQVIA is also in the business of hiring individuals in California. The Trembly Declaration at ¶10 states that "more than 700 of their US-based employees attended California colleges or universities." some of whom, presumably work for IQVIA in other states where the NCA would them be applicable.[3] If it is true, as Veeva plausibly alleges, that "IQVIA recruits from California's talent pool, and from Veeva specifically, and it then drains the talent pool available to Veeva and other California-based competitors through NCA/ NDAs," IQVIA's California activity could be sufficiently related to this case to support specific jurisdiction. Veeva is entitled to develop further evidence that those recruited from California are then required tc sign NCAs and NDAs that would preclude or improperly burden their employment here or that Veeva is targeted by IQVIA for hiring. These specific issues and the extent of IQVIA's California recruiting efforts are relevant to the "relate to" prong. The extent to which the holding of *Ford Motor Co.* applies can be better determined after these facts are developed. This discovery must be focused on these jurisdictional issues and not involve other issues such as choice of law or the merits of any party's case.

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[3] The NCA provisions and related non-solicitation provisions of the applicable agreement are not applicable to employees who for at least thirty days prior to termination of employment are "a resident of or employed by [IQVIA] in California." (Chalfant Dec. Exh. 3, Page 5.)

As the Supreme Court pointed out in *Ford Motor Co.,* the putative forum state must have a connection to Plaintiffs claims. This was missing in *Bristol-Myers-Squibb* and *Walden v. Fiore. (Ford Motor Co., supra,* 141 S.Ct at 1030-31.) Similarly in *Halyard Health,* there was no actual effect in California. Whether, like Ford Motor Co., IQVIA's forum activities are sufficiently related to this dispute to satisfy the "relate to" prong without any causal connection should be evaluated based on a fuller picture of the evidence.

Fair Play and Substantial justice: "Once it has been decided that a defendant purposefully established minimum contacts within the forum State, these contacts may be considered in light of other factors to determine whether the assertion of personal jurisdiction would comport with fair play and substantial justice. *(International Shoe* 326 U.S., at 320). Thus courts in 'appropriate case[s]' may evaluate 'the burden on the defendant,' 'the forum State's interest in adjudicating the dispute,' 'the plaintiffs interest in obtaining convenient and effective relief,' 'the interstate judicial system's interest in obtaining the most efficient resolution of controversies,' and the 'shared interest of the several States in furthering fundamental substantive social policies.' *"(Burger King, supra* 471 U.S. 462, 476-77 quoting *World-Wide Volkswagen, supra,* 444 U.S. at 292.)

Given IQVIA's extensive activities in California and the realities of modern communications and travel, fair play and substantial justice do not preclude jurisdiction. California has a strong interest in not having its employers at a disadvantage if that is what is occurring. Also, IQVIA has been defending related litigation while only belatedly raising the question of jurisdiction.

Conclusion

Because facts relevant to determining whether IQVIA is subject to specific jurisdiction in California may be developed, Veeva and Chalfant may conduct focused jurisdictional discovery in the areas discussed above.

This motion is continued until April 17, 2023 at 3 p.m. in Department 19. Veeva may file and serve a supplemental memorandum up to fifteen pages on March 27, 2023 and IQVIA may respond on April 10, 2023.

Dated: November 21, 2022

/s/ Stephen Kaus
Stephen Kaus
Judge, Alameda County Superior Court

APPENDIX F

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ALAMEDA

Case No. RG21111679

VEEVA SYSTEMS INC. AND PETER STARK,

Plaintiffs,

vs.

IQVIA INC.,

Defendant.

[Filed concurrently with Amended Motion to Quash; Declaration of William R. Sears]

Action Filed: Sept. 2, 2021
Judge: Hon. Stephen Kaus
Department: 19

Hearing Date: January 31, 2024
Hearing Time: 3:00 PM
Reservation ID: 916687546281

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DECLARATION OF HARVEY ASHMAN
IN SUPPORT OF DEFENDANT IQVIA INC.'S
AMENDED MOTION TO QUASH SERVICE OF
AMENDED SUMMONS FOR
LACK OF PERSONAL JURISDICTION

I, Harvey Ashman, declare:

1. I am Senior Vice President and Deputy General Counsel for Defendant IQVIA Inc. ("IQVIA") in this matter. I submit this declaration in support of IQVIA's Amended Motion to Quash Service of Amended Summons for Lack of Personal Jurisdiction. The following facts are within my personal knowledge or investigation and, if called and sworn as a witness, I could and would testify competently to these facts.

2. IQVIA is a Delaware corporation headquartered in New Jersey with offices around the world. IQVIA does business in California, but its largest offices are elsewhere. Most of IQVIA's U.S. employees reside near Delaware, in New Jersey or Pennsylvania.

3. To provide its services to clients, IQVIA utilizes (and owns) the rights to one of the largest and most

comprehensive collections of healthcare information in the world. Securing and protecting that sensitive data is of paramount importance to both IQVIA and its clients.

4. Given the nature of IQVIA's business, IQVIA's senior employees and executives are often exposed to highly confidential information and data belonging to IQVIA and/or its clients. IQVIA also asks many of its senior employees and executives to become the company's public face with clients, developing client relationships and goodwill on IQVIA's behalf. To protect its goodwill and confidential information, IQVIA asks some of its senior employees to agree not to engage in certain types of competition against IQVIA immediately after leaving IQVIA to join a competitor. These non-compete provisions are included in Confidentiality and Restrictive Covenant Agreements ("CRCAs") between IQVIA and its employees.

5. IQVIA amends its CRCAs from time to time. Since at least May 2017, IQVIA's standard CRCAs with employees in the United States have contained Delaware choice of law clauses, except for those with employees who reside in states that prohibit such provisions, such as California. IQVIA's CRCAs with employees outside of the United States often provide for governance by the laws of the countries where the employees reside.

6. Since at least 2019, IQVIA' s standard CRCAs have included explicit carve-outs for California employees, such that they do not include non-compete obligations that are prohibited by California law. IQVIA's CRCAs also include carve-outs providing that California employees are not subject to the Delaware choice of law or forum selection clauses they contain.

7. IQVIA's most recent amendment to its CRCA occurred in March 2023. Attached as Exhibit A is a true and correct copy of the standard 2023 IQVIA CRCA. Addendum A in that CRCA notes certain "State Law Modifications" for California residents.

8. There are currently 91 California-resident employees subject to a CRCA. Every one of these California-resident employees has signed the 2023 CRCA.

9. During Chalfant's employment with IQVIA, IQVIA rewarded Chalfant with stock options in 2019, 2020, and 2021. Each of Chalfant's three Award Agreements with IQVIA has a Delaware forum selection clause, specifying in Section 15 that "Any legal proceeding arising out of ... this Agreement shall be brought exclusively in the federal or state courts located in the State of Delaware." Each of the Award Agreements also incorporates Chalfant's non-competition obligations in Section 10. Attached as Exhibit B is a true and correct copy of one of the Award Agreements, executed by Chalfant, which contains limited redactions to protect the private financial information of IQVIA' s former employee.

10. Before he resigned in April 2022, Steven Chalfant was employed at IQVIA as a Senior Principal in the Marketing Platforms and Services group, where he managed an information technology unit within the Omnichannel Marketing function. Chalfant maintained an office at IQVIA's facilities in New Jersey and performed most of his work in New Jersey. Most of his out-of-state business travel was to locations other than California, such as Pennsylvania, New York, Massachusetts, and Virginia. From at least October 2020 until his departure from IQVIA in April 2022, Chalfant was not responsible for managing any client

accounts in California, or for initiating contact with clients or prospective clients in California.

11. The key IQVIA witnesses in this case primarily live and work on the East Coast, including in New Jersey and Pennsylvania, neighboring states to Delaware. These witnesses include IQVIA's executives and decisionmakers responsible for IQVIA's CRCAs.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 17, 2023, in Cleveland, Ohio.

By /s/ Harvey Ashman
Harvey Ashman
Senior Vice President & Deputy General Counsel IQVIA Inc.

APPENDIX G

IN THE SUPERIOR COURT OF
THE STATE OF CALIFORNIA
COUNTY OF ALAMEDA

Case No. RG21111679

VEEVA SYSTEMS INC.,
PETER STARK, and STEVEN CHALFANT

Plaintiffs,

vs.

IQVIA INC.

Defendant.

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PETER STARK, AND
STEVEN CHALFANT

FIRST AMENDED AND SUPPLEMENTAL COMPLAINT

CAUSES OF ACTION FOR DECLARATORY JUDGMENT AND UNFAIR COMPETITION

I. INTRODUCTION

1. Defendant IQVIA Inc. continues to use unlawful restrictive covenants to trap its employees, thus preventing them from seeking better work in greener pastures, including in California. These restrictive covenants harm employees, competitors, and the public. They violate: (1) California law, and (2) the laws of Delaware, New Jersey, New York, Connecticut, North Carolina, or Pennsylvania ("Sister State Laws"). To the extent the Sister State Laws recognize or enforce these restrictive covenants, the Sister State Laws violate the dormant Commerce Clause. Among other things, if the Sister State Laws validated the restrictive covenants, the laws would impose unconstitutional barriers to interstate commerce and cause economic balkanization.

2. This complaint seeks relief under California's Declaratory Judgment Act and Unfair Competition Law. The complaint is related to *Veeva Systems Inc. v. Medidata Solutions, Inc, QuintilesIMS Incorporated (now IQVIA), and Sparta Systems, Inc.,* Case No. RG17868081, which is also pending in this Court before the Honorable Stephen Kaus.

II. PARTIES AND JURISDICTION

3. Plaintiff Veeva Systems Inc. is a Delaware corporation headquartered in Pleasanton, California. It is a leader in cloud-based software for the life sciences industry.

4. Plaintiff Peter Stark is a former IQVIA employee who resides in New Jersey and who has had regular contact with the state of California through his employment with IQVIA.

5. Plaintiff Steven Chalfant is an IQVIA employee who resides in New Jersey and who has had regular contact with the state of California through his employment with IQVIA.

6. Defendant IQVIA Inc., a wholly-owned subsidiary of IQVIA Holdings, Inc., is a Delaware corporation headquartered in Durham, North Carolina, Danbury, Connecticut, Pennsylvania. IQVIA provides information services and technology to the life sciences industry. IQVIA does significant business with California-based customers and has significant California operations. IQVIA was previously known as QuintileslMS or IMS. For ease of reference, Defendant is referred to in this Complaint as IQVIA, its most recent name.

7. IQVIA sells certain products and services that are competitive with certain of Veeva's products and services. IQVIA and Veeva also have numerous common customers, and each sometimes enters into third party agreements with the other for the benefit of common customers. Through these third party agreements, Veeva, on occasion, authorizes IQVIA to access Veeva data products and software (including the Veeva CRM solution), and IQVIA, on occasion, authorizes Veeva to access IQVIA data products. Veeva is also a direct supplier of IQVIA with respect to Veeva software.

8. IQVIA and Veeva also compete for employees.

III. FACTS

California's Life Sciences Industry

9. California, through the innovation and effort of its people, universities, policies, and laws, has created and seeks to maintain a vibrant and growing life sciences industry. The state hosts more than 3,700 life sciences companies that have more than 1300 new therapies seeking regulatory approval, including 455 medicines to treat cancer. There are more than 8500 clinical trials being conducted in California. Each year, California's life sciences industry generates approximately $190B in revenue, and pays more than $40B in wages and more than $17B in federal, state, and local taxes. Prominent pharmaceutical companies based primarily in California include Amgen, Genentech, Gilead, Allergan Irvine, and Jazz Pharmaceuticals. California also has significant biotech hubs in San Diego and Silicon Valley.

10. Veeva and IQVIA both conduct significant business with California's life sciences industry.

Peter Stark and Steven Chalfant

11. From about 2005 to 2010, Peter Stark worked as a senior director for Sanofi, S.A., a multi-national pharmaceutical company. From 2005 to 2010, Steven Chalfant worked as a senior manager for Sanofi.

12. In or around 2010, Stark and Chalfant co-founded Thoughtshift. From 2010 to 2016, Stark worked as the Chief Executive Officer of Thoughtshift/Pursuit Solutions ("Pursuit"), and Chalfant worked as its Vice President of Product Solutions. Pursuit was a marketing firm that provided marketing services to pharmaceutical companies, including those in California.

13. Stark and Chalfant have been friends since approximately 1998.

The Acquisition and 2016 NCA/NDAs

14. In 2016, Pursuit was acquired by IQVIA. As part of this acquisition, Stark and Chalfant each signed a "Restrictive Covenant Agreement" that included a five year non-compete clause, a five year non-solicitation clause, and never-ending confidentiality and non-disparagement clauses (the "Acquisition NCA/NDA").[1] The five-year term for the non-compete and non-solicitation provisions of the Acquisition NCA/NDA expired in January 2021. The Acquisition NCA/NDA has a Delaware choice of law provision. The Acquisition NCA/NDA identifies Veeva and other California-based companies by name as among the competitive organizations for whom Stark and Chalfant could not work.

15. Because Chalfant and Stark became employed by IQVIA when it acquired Pursuit, IQVIA required them to sign a second "Proprietary Rights and Restrictive Covenant Agreement." (the 2016 NCA/NDA). The 2016 NCA/NDA contains a one-year, post-termination, non-compete clause, a one-year, post-termination, non-solicitation clause, and never-ending confidentiality and non-disparagement clauses. The 2016 NCA/NDA has a New Jersey choice of law provision.

The 2017 and 2019 NCA/NDAs

16. In 2017, IQVIA required Stark to sign a standard "Confidentiality and Restrictive Covenants Agreement"

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[1] The appellate court in the Veeva Systems Inc. v. QuintilesIMS (IQVIA) (Cal.App. 2019) 2019 WL 5654387 refers to non-compete/non-disclosure/non-disparagement provisions, collectively, as NCA/NDAs. This complaint does the same.

(the "2017 NCA/NDA"). While the 2017 NCA/NDA was nominally in exchange for certain compensation, the agreement itself makes clear that it was a condition of Stark's continued employment with IQVIA.

17. The 2017 NCA/NDA was signed by Stark within New Jersey. On information and belief, it was signed on behalf of IQVIA within New York (the location of its Chief Human Resources Officer). The agreement contains a Delaware choice of law provision.

18. On information and belief, IQVIA also required Chalfant to sign the 2017 NCA/NDA as a condition of his continued employment.

19. In 2019, IQVIA required Chalfant and, according to IQVIA, Stark, to sign another NCA/NDA as a condition of their continued employment. Chalfant signed the 2019 NCA/NDA in New Jersey. On information and belief, it was signed on behalf of IQVIA within New York (the location of its Chief Human Resources Officer). The 2019 NCA/NDA also contains a Delaware choice of law provision.

20. The 2017 and/or 2019 NCA/NDAs superseded all prior NCA/NDAs except the Acquisition NCA/NDA. Alternatively, IQVIA intends the 2017 and/or 2019 NCA/NDA to be the most protective of IQVIA's interests and thus the operative NCA/NDA.

21. The 2017 and 2019 NCA/NDAs are identical in material respects.

22. Stark and Chalfant had extremely limited contacts with the State of Delaware, personal or professional, during the course of their employment with IQVIA.

23. As detailed below, the 2017 and 2019 NCA/NDAs contain world-wide, one-year, post-termination non-

compete and non-solicitation clauses, as well as never-ending confidentiality and non-disparagement clauses.

a. The Post-Termination Non-Compete

24. The non-compete clauses in the 2017 and 2019 NCA/NDAs prohibit competition in distinct ways for a one year period (i.e., the "Restricted Period").

25. The 2017 NCA/NDA prohibits employee signatories from directly or indirectly performing or providing:

a. "Services" for any "Competitor" that competes with a "Company Offering" with which the employee performed "Services" in the past twelve months; or

b. "Services" for any "Competitor" that competes with a "Company Offering" for which the employee had access to "Confidential Information" in the past twelve months;

26. The 2019 NCA/NDA is arguably even broader. It prohibits employee signatories from directly or indirectly performing or providing:

c. "Services" that are *in relation to* an offering, product, or service *that is similar to* or competes with a "Company Offering" with respect to which the employee had material access or involvement in the prior twelve months.

27. Both the 2017 and 2019 NCA/NDAs also prohibit signatories from directly or indirectly performing or providing:

d. "Services" for any "Person" [not just Competitors] that is likely to result in the use or disclosure of any "Confidential Information."

28. The 2017 and 2019 NCA/NDAs define "Confidential Information" to mean "information that is confidential

or proprietary to the Company or Third Parties," regardless of when or how the information was or is received or created. All that matters is the information "is not generally disclosed by the Company or Third Parties or otherwise publicly available, and which may be useful or helpful to the Company or Third Parties and may give the Company or Third Parties a competitive advantage."

29. "Third Parties" means any of IQVIA's customers, suppliers, or partners. Veeva, as well as many of Veeva's customers, are Third Parties under the plain language of the 2017 and 2019 NCA/NDAs.

30. "Services" means direct or indirect "assistance, support, or services," including "the providing of advice, support, knowledge, information or recommendations, labor . . . any other performance, rendering or delivery of individual work or assistance."

31. "Company Offering" means the Company's past, present, future, or contemplated services or products.

32. "Competitor" means any Person [non-Company entity or individual] "that is then either directly or indirectly planning to develop, or developing, providing, offering, selling, or supporting any product or service competitive, in whole or in part, with any Company Offering."

33. "Person" means any non-IQVIA person or entity.

34. "Direct or indirect" means "actions taken."

b. The Post-Termination Non-Solicitation Clause

35. The non-solicitation clause in the 2017 and 2019 NCA/NDAs prohibit the solicitation of customers, suppliers, employees, and consultants in four distinct ways during the Restricted Period. It states that the employee signatories must not, directly or indirectly,

endeavor to or actually, "solicit, induce, entice, [procure, hire, engage, employ, or use]:"

a. any actual or prospective customer or data supplier of IQVIA with whom the employee had contact, or about which the employee had access to "Confidential Information," in order to sell or obtain products or services that are the same, similar to, or related to, the products or services IQVIA offered to or acquired in the market during the employee's employment.

b. any actual or prospective customer or data supplier to change its business relationship with IQVIA.

c. any employee or consultant of IQVIA to leave IQVIA.

d. any current or former "Person" if doing so would result in a breach of that Person's [similarly unlawful] restrictive covenants with the Company.

c. The Never-Ending Confidentiality Clause

36. The confidentiality clauses in the 2017 and 2019 NCA/NDAs prohibit the use or disclosure of "Confidential Information" (as defined above), except for Internal or External Disclosure and Use. The exceptions with respect to disclosure and use are narrowly-defined. Specifically:

a. "Internal Disclosure or Use" means employees may share or discuss "Confidential Information" with individuals within the Company only on a need-to-know basis if necessary for those individuals to properly perform their jobs or contracted responsibilities.

b. "External Disclosure or Use" means employees may disclose "Confidential Information" to someone outside IQVIA only if three conditions are met: (1) the disclosure furthers IQVIA's legitimate business purposes; (ii) the intended recipient has signed an approved non-disclosure agreement; and (iii) the disclosed information is appropriately designated as confidential.

37. The confidentiality clause expressly prohibits the employee from using "Confidential Information" for the benefit of themselves or any third party.

38. The confidentiality clause lasts forever and survives the employee's separation from IQVIA's employ.

d. The Never-Ending Non-Disparagement Clause

39. The non-disparagement clause in the 2017 and 2019 NCA/NDAs prohibits, not just competition, but also protected employee speech. It prohibits the employee signatories from: (1) making statements or representations; (2) communicating; or (3) taking any action "that may, directly or indirectly, disparage or be damaging to, not just IQVIA, but also "any of its officers, directors, employees, advisors, businesses, or its or their reputations."

40. The non-disparagement clause, like the confidentiality clause, lasts forever and survives the employee's separation from IQVIA's employ.

The Saving Clauses

41. The restrictive covenants in IQVIA's NCA/NDAs are overbroad, oppressive, vague, unenforceable and illegal under California and the Sister State Laws. The covenants are also inequitable and entirely unnecessary to further any of IQVIA's legitimate business

interests. The covenants, for example, effectively prohibit employees from ever competing with IQVIA (because competition is an action that might "damage" IQVIA) and from ever using ill-defined "confidential information" that belongs, not to IQVIA, but to Veeva and IQVIA's other suppliers and customers, regardless of when or how the employee learns of the information. They prohibit the use or disclosure of information that belongs, not to IQVIA, but to IQVIA's current and former employees (such as their own salary information), or to no one at all, because certain information cannot be "owned" as a matter of law.

42. IQVIA knows its NCA/NDAs are illegal, but it relies on the *in terrorem* effect of the covenants to restrain competition and prevent employees from engaging in protected conduct. In the event employees are inadequately terrorized, IQVIA relies on "savings clauses" in its NCA/NDAs in the hope that a court will rewrite their overbroad, oppressive, vague, illegal and unenforceable terms. For example:

a. One savings clause in the NCA/NDAs state that, to the extent the non-compete or non-solicitation provisions "are in violation of applicable federal, state, or other local law . . . such provisions are deemed void and not applicable."

b. A second savings clause – titled "Severability" – states that "if any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will remain enforceable and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law." This clause further states that, to the extent the non-compete or non-solicitation clauses are "judicially deter-

> mined to be unenforceable, a court of competent jurisdiction may reform any such provision to make it enforceable."

43. The saving clauses do not save the restrictive covenants. A court of equity should not rewrite obviously illegal agreements in an effort to further an employer's anti-competitive scheme. Alternatively, these clauses establish that Stark's employment with Veeva, and Chalfant's upcoming employment with Veeva, do not violate any of the IQVIA restrictive covenants because the covenants, if applied to the actions and employment of Stark and Chalfant, would violate California and/or the Sister State Laws.

* * *

44. The Acquisition, 2016, 2017, and 2019 NCA/NDAs have effectively locked Stark and Chalfant into their employment with IQVIA since January 2016. They could not leave and work in their chosen profession without risking a violation of the covenants.

45. On information and belief, and as part of its ongoing anti-competitive scheme, IQVIA has required numerous employees to sign NCA/NDAs that are the same as, or similar to, the NCA/NDAs signed by Stark and Chalfant.

Stark's Employment with IQVIA

46. From 2016 to 2018, Stark was employed by IQVIA as its head of multi-channel marketing. From 2018 to June 2021, Stark was employed by IQVIA as a Vice President and General Manager of Omnichannel Marketing. "Omnichannel" – or "every channel" – describes an advertising strategy. It encompasses the different ways (or channels) through which a company can contact its audience: Examples of "channels"

include television, websites, social media, face-to-face, etc. In the life sciences space, the audience is typically consumers of pharmaceuticals or healthcare providers that prescribe pharmaceuticals.

47. IQVIA's Omnichannel Marketing Department helps pharmaceutical companies determine what marketing (or advertising) works best for increasing the sale of their products. It leverages data to which IQVIA has access - including customer data and pharmacy data - to give advice on how to tailor the company's marketing efforts among different channels.

48. In performing his work for IQVIA, Stark primarily relied on his general skills, experience, and education. However, and like virtually every other job involving information technology, Stark and his team had access to and used non-public information from IQVIA, its customers, suppliers, partners, and others during the course of their work. For example, IQVIA's Omnichannel Marketing group has used customer data housed within *Veeva's* CRM solution to provide marketing services to its customers.

49. In June 2021, Stark became IQVIA's Vice President and General Manager of Marketing. However, his focus has continued to be on the Omnichannel Marketing Group.

50. In his job with IQVIA, Stark had regular contact with California customers like Gilead, Genentech, and Amgen, as well as numerous smaller biotech companies based in San Diego and Silicon Valley. Stark regularly traveled to California, visiting for days at time, throughout his IQVIA employment. California was and remains a focus of IQVIA's business efforts because of California's thriving life sciences industry. IQVIA

receives the benefits of California's economy and laws, but seeks to avoid its California responsibilities.

Chalfant's Employment with IQVIA

51. In or around 2016, Chalfant became a Senior Principal in IQVIA's Omnichannel Marketing group. As a Senior Principal, Chalfant directly or indirectly supervised a number of individuals, such as product managers and engineers, including individuals who reside in California. Over the last six years, his focus was on delivering product management services for three IQVIA products, each of which concerns omnichannel marketing: Omnichannel Navigator, Orchestrated Customer Engagement (OCE) Digital, and IQVIA's Customer Data Platform (CDP) for marketing.

52. Omnichannel Navigator is a platform that can be used to assess the effectiveness of marketing campaigns. IQVIA describes Navigator as a "novel media optimization platform that allows [the customer] to make informed decisions about [their] media spend."

53. OCE Digital relies and builds upon the Salesforce Marketing Cloud. According to IQVIA, "OCE Digital enables marketing professionals to plan, personalize and optimize multichannel customer campaigns at scale."

54. The CDP is an optimized database for marketing. Among other things, it houses data that is used by other platforms, such as OCE Digital.

55. Chalfant's role as a Senior Principal did not extend in any material respect beyond performing product management services for IQVIA's Omnichannel Marketing group. For example, he did not perform services related to, and had no role in, IQVIA's sales CRM platforms or similar products. Like Stark,

Chalfant primarily relied on his general skills, experience, and education in performing his work for IQVIA.

56. Throughout the course of his employment with IQVIA, Chalfant regularly traveled to California. He did so to compete, on IQVIA's behalf, for California business against California-based competitors. For example, both Adobe and Salesforce have marketing products that compete against OCE Digital for California-based customers. California-based pharmaceutical customers also have in-house products or services that are competitive with IQVIA's marketing platforms. California-based customers of IQVIA whom Chalfant called on in California include Acadia and Gilead.

57. While Stark worked for IQVIA, Chalfant reported to Stark. Following Stark's departure, Chalfant reported to Kelly Peters, who, on information and belief, resides and works in Pennsylvania. Peters, in turn, reports to Matt Gaugenty, an IQVIA Senior Vice President who, on information and belief, resides in New Jersey and works for IQVIA in Pennsylvania.

Stark's Recruitment and Hiring by Veeva

58. In or around June 2021, Veeva began efforts to recruit Stark for employment with Veeva. Its Chief Executive Officer sent a text to Stark from California, the CEO's home state. Over the next two months, Veeva's CEO recruited Stark from California through telephone calls, video conferences, and text messages that were sent from, or originated within, California.

59. Because of IQVIA's NCA/NDAs, Stark retained and sought legal advice from Kublanovsky Law LLC, based in New York, and Baker Curtis & Schwartz, P.C., based in California, with respect to his potential departure from IQVIA and potential employment

with Veeva. To date, Stark has incurred fees due Kublanovsky, and Veeva, consistent with California Labor Code § 2802, has incurred fees due Baker that were incurred on Stark's behalf. Veeva's California-based General Counsel has also expended considerable time and resources with respect to the recruitment and hiring of Stark because of the IQVIA NCA/NDAs.

60. On September 1, 2021, Veeva offered Stark a job as its Executive Vice President of Commercial Strategy. Stark's employment with Veeva will begin on January 3, 2022 at Veeva's Pleasanton, California headquarters. Veeva expects that Stark will work frequently within the geographic boundaries of California during the term of his Veeva employment. His direct manager, the CEO, resides in California. Much of Stark's anticipated Veeva team also resides in California. As explained in his offer letter, his employment relationship with Veeva is governed by California law. Regardless of where Stark physically works, he will have ongoing and consistent contacts with his California-based co-workers, vendors, partners, and customers.

61. Regardless of where he formally resides, Stark's contacts with California will be such that he is and will be entitled to the protections of California law with respect to his employment with Veeva.

62. As part of Veeva's offer to Stark, and because of IQVIA's NCA/NDAs, Veeva has agreed to indemnify Stark for any losses he might incur as a result of his departure from IQVIA and his employment with Veeva. In addition, Stark's employment with Veeva did not begin until January 3, 2022. Moreover, during the "Restricted Period" set forth in the NCA/NDAs, Veeva does not plan to assign Stark management responsibility for its Crossix measurement and optimization business.

63. On September 2, 2021, Stark accepted the job offer from Veeva. On September 2, 2021, he informed his IQVIA superior that he was resigning from IQVIA and intended to begin work for Veeva on or around January 3, 2022. He also removed the capacity of his personal iPhone to access IQVIA's network, including his IQVIA email. As a cautionary measure, Stark also delivered his personal iPhone, iPad, and computer to his attorneys to be held in trust so that evidence can be preserved and to ensure that all IQVIA-related information that is protected from disclosure or use by law, and that may inadvertently reside on these devices, can eventually be removed. Stark purchased a new iPhone and computer as a result, a loss for which Veeva has agreed to indemnify him.

64. On January 3, 2022, Stark began employment with Veeva at Veeva's Pleasanton headquarters. The United States District Court for the District of New Jersey concluded, following an evidentiary hearing, that Stark's employment with Veeva is "California-based."

65. Veeva and Stark have suffered injury in fact and loss of property because of IQVIA's NCA/NDAs.

Chalfant's Recruitment by Axtria and Veeva and Hiring by Veeva

66. Following Stark's departure from IQVIA, Guagenty had a conversation with members of the Omnichannel marketing group, including Chalfant. He told them they should not be in contact with Stark, but that they should inform him if Stark solicited any of them for employment. Soon thereafter, Guagenty or another IQVIA executive accused Stark of soliciting an IQVIA employee. This accusation was false.

67. In a subsequent conversation, in the Fall of 2021, Guagenty asked Chalfant to affirm that he would not leave IQVIA. Chalfant responded that he had no plans to leave, but that he was not comfortable stating he would not leave if a good opportunity came along.

68. Axtria is a New Jersey-based company that, like IQVIA, provides analytics products and services to life sciences companies with respect to their sales and marketing operations. In December 2021, a recruiter for Axtria contacted Chalfant about a senior product management role. Chalfant began discussions with Axtria about accepting the role.

69. Chalfant told Stark he was not happy at IQVIA and had started looking for a new job. Stark told Chalfant he could not help him if he was interested in working for Veeva, but that Chalfant could go to the Veeva website and see if there were open positions.

70. In late January 2022, Chalfant broadened his job search to include Veeva. He applied for a senior level job through Veeva's website with a Veeva General Manager who resides in California and works at Veeva's Pleasanton headquarters.

71. Chalfant subsequently mentioned to Stark that he had applied for a job at Veeva through its website. Stark told Chalfant he could not participate in recruiting Chalfant, but he gave Chalfant the email of a Veeva Senior Vice President he might contact. In February 2021, Chalfant emailed this Vice President his resume.

72. In February and March 2022, Chalfant was recruited by both Axtria and Veeva. Veeva's recruitment of Chalfant was led by Veeva's California-based CEO. Veeva's CEO asked Stark his thoughts on

Chalfant. Stark told the CEO that Chalfant was a fantastic person who was strong both professionally and personally.

73. In February 2022, Axtria extended Chalfant an informal offer.

74. In March 2022, Veeva extended Chalfant an informal offer.

75. Eventually, and between the two, Chalfant chose Veeva. He indicated his intent to accept a job with Veeva, subject to acceptable terms and a written offer.

76. Because of IQVIA's NCA/NDAs, and like Stark, Chalfant retained and sought legal advice from Kublanovsky Law LLC and Baker Curtis & Schwartz, P.C. with respect to his potential departure from IQVIA and potential employment with Veeva. Chalfant has incurred fees due Kublanovsky, and Veeva, consistent with California Labor Code § 2802, has incurred fees due Baker that were incurred on Chalfant's behalf.

77. Chalfant also removed certain non-work-related applications from the mobile device provided to him by IQVIA. Still, some of Chalfant's personal information remains on the IQVIA device. This information properly belongs to Chalfant, not IQVIA.

78. On April 7, 2022, Veeva formally offered Chalfant a job with Veeva as its Vice President of Commercial Architecture. As part of Veeva's offer, and because of IQVIA's NCA/NDAs, Veeva agreed to indemnify Chalfant for any losses he might incur as a result of his departure from IQVIA and his employment with Veeva.

79. In his role as VP of Commercial Architecture, Chalfant will work on connecting and integrating Veeva's commercial platforms. For at least the first year of his employment, Veeva does not plan on assigning Chalfant to work on its Crossix, or omnichannel marketing-type, platforms.

80. While Chalfant's work location for Veeva will be subject to Veeva's "Work Anywhere" Program, Chalfant's employment will commence at Veeva's Pleasanton headquarters on May 2, 2022. He will report to Veeva's General Manager of CRM Products who resides in California and works at Veeva's Pleasanton headquarters. Chalfant's work will require significant day-to-day interactions with employees at Veeva's headquarters, and Veeva and Chalfant anticipate he will work frequently from Veeva's headquarters. As explained in his offer letter, Chalfant's employment relationship with Veeva is governed by California law.

81. Thus, and regardless of where Chalfant formally resides, Chalfant's contacts with California will be such that he is and will be entitled to the protections of California law with respect to his employment with Veeva.

82. On April 8, 2022, Chalfant accepted Veeva's offer. He notified IQVIA of his resignation and intent to work for Veeva. Chalfant understands that in response, IQVIA fired him. On information, and belief, IQVIA maintains Chalfant is prohibited from working for Veeva because of its NCA/NDAs.

83. Also on April 8, 2022, and at IQVIA's direction, Chalfant agreed to deliver his work devices to IQVIA's Vice President of Human Resources. Any and all personal information of Chalfant that resides on those devices should be removed. As a cautionary measure,

Chalfant is also delivering to his attorneys the personal devices that might contain IQVIA-related information that is protected from disclosure or use by law, and that may inadvertently reside on those devices, to be held in trust so that any evidence can be preserved and the legally protectible IQVIA-related information can eventually be removed. Veeva intends to indemnify Chalfant if he purchases new personal devices.

IV. CAUSES OF ACTION

84. In light of the above facts, Veeva, Stark, and Chalfant assert the following causes of action against IQVIA.

FIRST CAUSE OF ACTION

DECLARATORY RELIEF CONCERNING RECRUITMENT OF STARK, CHALFANT AND OTHER IQVIA EMPLOYEES (BY VEEVA)

85. An actual case or controversy exists over Veeva's right to recruit Stark, Chalfant, and other current and former IQVIA employees in light of the fact that they have signed standard NCA/NDAs the same as or similar to those referenced above. Veeva, as a competitor and supplier of IQVIA, and as a business that shares common customers with IQVIA, has an interest in these NCA/NDAs because they inhibit Veeva's ability to fairly compete for employees.

California Law

86. California Business and Professions Code § 16600 renders every contract in restraint of trade void. The Cartwright Act renders any combination in restraint of trade unlawful and void. Business and Professions Code §§ 17200 *et seq.* renders violations of

Business & Professions Code § 16600 and the Cartwright Act unfair and unlawful business practices.

87. California has a strong interest in protecting the freedom of movement of persons whom California-based employers wish to employ to provide services in California, regardless of the person's state of residence or precise degree of involvement in California projects. California also has a strong interest in supporting, maintaining and growing its life sciences industry. California employers have a strong and legitimate interest in having broad freedom to choose from a national applicant pool in order to maximize the quality of the products or services they provide.

88. Veeva contends it is protected in its recruitment of IQVIA's employees, including Stark and Chalfant, to provide services to Veeva in California within the meaning of California law notwithstanding the NCA/NDAs referenced above. IQVIA disagrees.

Sister State Laws

89. Similar to California (if to a lesser extent), the Sister State Laws -- i.e., those of Delaware, New Jersey, New York, Connecticut, Pennsylvania, and North Carolina – also place strict limitations on restrictive covenants of the sort required by IQVIA. The Sister States also have a strong interest in protecting employers, employees, and the public from the harms arising from IQVIA's unlawful restraints of trade.

90. To the extent a Sister State Law applies to the present dispute, Veeva contends it is protected by this Sister State Law in its recruitment of Stark for employment by Veeva. IQVIA disagrees.

Dormant Commerce Clause

91. The dormant Commerce Clause establishes a constitutional free trade policy to aid interstate commerce. Among other things, it declares unconstitutional barriers to interstate trade that adversely affect the ability of businesses to recruit out-of-state personnel.

92. To the extent a Sister States Law would validate or enforce the NCA/NDAs referenced above, Veeva contends such law would, as applied to the present dispute, violate the dormant Commerce Clause. IQVIA disagrees.

93. For these reasons, Veeva seeks a declaratory judgment finding that Veeva has and had the right to solicit IQVIA's employees for employment, including Stark and Chalfant, in accordance with the above facts and law.

SECOND CAUSE OF ACTION

DECLARATORY RELIEF CONCERNING IQVIA'S NCA/NDAs (BY VEEVA, STARK, AND CHALFANT)

94. An actual case or controversy exists over IQVIA's right to require employees, including Stark and Chalfant, to sign NCA/NDAs that violate California law, a Sister State Law, and, potentially, whether the Sister State Law violates the dormant Commerce Clause. Veeva, as a competitor and supplier of IQVIA with respect to certain services, products and employees, and as a business that shares common customers with IQVIA, has an interest in these NCA/NDAs. Stark and Chalfant, as signatories, also have an interest in these NCA/NDAs.

95. An actual case or controversy also exists as to whether Stark's actions in relation to Chalfant's

decision to leave IQVIA and join Veeva violated Stark's NCA/NDAs with IQVIA. *California Law*

96. Business and Professions Code § 16600 renders every contract in restraint of trade void. The Cartwright Act renders any combination in restraint of trade unlawful and void. Business and Professions Code §§ 17200 *et seq*. renders violations of Business & Professions Code § 16600 and the Cartwright Act unfair and unlawful business practices.

97. California has a strong interest in protecting the freedom of movement of persons whom California-based employers wish to employ to provide services in California, regardless of the person's state of residence or precise degree of involvement in California projects. California also has a strong interest in supporting, maintaining and growing its life sciences industry. California employers have a strong and legitimate interest in having broad freedom to choose from a national applicant pool in order to maximize the quality of the product or services they provide.

98. Plaintiffs contend California law applies to Stark's and Chalfant's upcoming and actual employment with Veeva and that, under California law, the NCA/NDAs are illegal and invalid. Alternatively, Plaintiffs contend that, because California law applies to Stark's and Chalfant's employment with Veeva, the NCA/NDAs themselves exclude their employment with Veeva from their scope. IQVIA disagrees with these contentions.

Sister State Laws

99. Similar to California (if to a lesser extent), the Sister State Laws -- i.e., those of Delaware, New Jersey; New York, Connecticut, Pennsylvania, and North Carolina – also place strict limitations on

restrictive covenants of the sort required by IQVIA. The Sister States also have a strong interest in protecting employers, employees, and the public from the harms arising from IQVIA's unlawful restraints of trade.

100. To the extent a Sister State Law applies to the present dispute, Plaintiffs contends the NCA/NDAs are illegal and invalid under such Sister State's Law or, alternatively, Stark's and Chalfant's employment with Veeva is excluded from the scope of the restrictive covenants under such Sister State Law. IQVIA disagrees.

Dormant Commerce Clause

101. The dormant Commerce Clause establishes a free trade policy with respect to interstate commerce. Among other things, it declares unconstitutional barriers to interstate trade that adversely affect the ability of businesses to recruit out-of-state personnel.

102. To the extent a Sister State Law would enforce or validate the NCA/NDAs referenced above, and restrain Stark's or Chalfant's employment with Veeva, Plaintiffs contends such law would, as applied to the present dispute, violate the dormant Commerce Clause. IQVIA disagrees.

103. Finally, and even if California or a Sister State law would enforce any part of IQVIA's NCA/NDAs, Plaintiffs contend that Stark's actions in connection with Chalfant's decision to leave IQVIA and join Veeva did not violate Stark's NCA/NDAs. On information and belief, IQVIA disagrees.

104. For these reasons, Plaintiffs seeks a declaratory judgment ruling that the NCA/NDAs referenced above are illegal, unenforceable, and/or that Stark's and Chalfant's upcoming and actual employment with

Veeva does not violate these NCA/NDAs. If necessary, Plaintiffs also seek a ruling that Stark's conduct in relation to Chalfant's decision to leave IQVIA and join Veeva did not violate the terms of his IQVIA NCA/NDAs.

THIRD CAUSE OF ACTION

UNFAIR COMPETITION CONCERNING RECRUITMENT OF IQVIA'S EMPLOYEES, INCLUDING STARK (BY VEEVA)

105. Business and Professions Code § 16600 renders every contract in restraint of trade void. The Cartwright Act renders any combination in restraint of trade unlawful and void. Business and Professions Code §§ 17200 *et seq*. renders violations of Business & Professions Code § 16600, the Cartwright Act, and other laws, unfair and unlawful business practices.

106. IQVIA engages in unfair competition when its requires employees, including Stark and Chalfant, to enter into the NCA/NDAs of the type referenced above in order to deter the recruitment and movement of its current and former employees.

107. As detailed above, Veeva has suffered injury in fact as a result of IQVIA's unfair competition.

108. IQVIA's conduct must be enjoined.

FOURTH CAUSE OF ACTION

UNFAIR COMPETITION ARISING FROM IQVIA's NCA/NDAS(BY VEEVA, STARK, AND CHALFANT)

109. Business and Professions Code § 16600 renders every contract in restraint of trade void. The Cartwright Act renders any combination in restraint of trade unlawful and void. Business and Professions Code §§ 17200 *et seq*. renders violations of Business &

Professions Code § 16600, the Cartwright Act, and other laws, unfair and unlawful business practices.

110. IQVIA engages in unfair competition when its requires employees, including Stark and Chalfant, to enter into the NCA/NDAs of the type referenced above. The NCA/NDAs harm competition, employees, competitors, and the public.

111. As detailed above, Plaintiffs have suffered injury in fact as a result of IQVIA's unfair competition.

112. IQVIA's conduct must be enjoined.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against IQVIA as follows:

1. Declaratory judgment.

2. Appropriate injunctive relief ancillary to the declaratory judgment.

3. Appropriate injunctive relief under California's unfair competition law, including, but not limited to, a public injunction prohibiting IQVIA from requiring its employees to enter into NCA/NDAs of the type referenced above.

4. An award of reasonable attorneys' fees and costs;

5. All such other and further relief that the Court may deem just and proper.

Dated: June 14, 2022

BAKER CURTIS & SCHWARTZ, P.C.

By: /s/ Chris Baker
Chris Baker
Attorneys for Plaintiffs
VEEVA SYSTEMS, INC., PETER STARK, AND STEVEN CHALFANT