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 16 BETA BEAUTY, LLC

17 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
 18 **COUNTY OF LOS ANGELES**
 19 **VAN NUYS COURTHOUSE EAST**

20 SEED BEAUTY, LLC, and BETA BEAUTY,
 21 LLC

22 Plaintiff,

23 v.

24 COTY, INC.; HFC PRESTIGE PRODUCTS,
 25 INC.; KING KYLIE, LLC; and DOES 1-25,

26 Defendants.

Case No. _____

VERIFIED COMPLAINT FOR:

- (1) VIOLATIONS OF CALIFORNIA
 UNIFORM TRADE SECRET ACT
 § 3426 *ET SEQ.*;
 (2) BREACH OF CONTRACT;
 (3) INTENTIONAL INTERFERENCE WITH
 CONTRACTUAL RELATIONS; AND
 (4) INJUNCTIVE RELIEF

DEMAND FOR JURY TRIAL

1 Plaintiffs Seed Beauty, LLC (“Seed Beauty”) and BETA Beauty, LLC (“BETA Beauty”
2 and collectively with Seed Beauty as “Seed” or “Plaintiffs”) hereby complain and allege against
3 Defendants Coty, Inc., HFC Prestige Products, Inc. (together with Coty, Inc. “Coty”), and King
4 Kylie, LLC (“King Kylie”) (collectively with Coty as “Defendants”) (together with Seed as the
5 “Parties”) as follows:

6 **SUMMARY OF THE CASE**

7 1. This action is to stop Coty’s theft of Seed’s pioneering and proprietary digital-first
8 business model that has revolutionized the cosmetics industry. Seed’s unique business model
9 enables it to rapidly develop, manufacture, and promote new cosmetics through ecommerce and
10 social media platforms. Seed does this by maintaining, “total control of its manufacturing
11 process, working on everything from product development to marketing, all under one
12 roof.”¹ Seed is credited as the “beauty brand incubator” that is “responsible for much of”
13 Defendant King Kylie’s and KKW Beauty, LLC’s (“KKW”) success.² In fact, Seed Beauty
14 formulates, makes, packages, and ships all of King Kylie’s products.³ Other media reports have
15 commented that Seed’s quiet role in building these brands is the “secret sauce” behind these
16 brands. Seed’s tight control of these secret processes drives its ability to quickly release exciting
17 and groundbreaking new products in the digital cosmetics world.

18 2. Defendant Coty is a legacy beauty conglomerate failing in the marketplace. It has
19 demonstrated over and over that it is unable to compete through its own innovation. Coty has
20 seen five CEOs and dramatic stock price decline over the past five years and has admitted having
21 extraordinary difficulty reinventing itself to successfully compete in the new digital cosmetics
22 world.

23 3. Because it cannot win lawfully, Coty chose an unlawful path. It decided to steal
24 the secret sauce behind Seed. It sought deals with King Kylie and KKW in violation of the close
25

26 ¹ InStyle, “The Secret Company Behind KKW Beauty and Kylie Cosmetics,” *available at*
<https://www.instyle.com/news/secret-company-behind-kkw-beauty-and-kylie-cosmetics>.

27 ² *See id.*

28 ³ Forbes, “How 20-Year-Old Kylie Jenner Built A \$900 Million Fortune In Less Than 3 Years,”
available at <https://www.forbes.com/sites/forbesdigitalcovers/2018/07/11/how-20-year-old-kylie-jenner-built-a-900-million-fortune-in-less-than-3-years/#1b8e2b8aa62c>.

1 partnership with Seed. First, Coty made a \$600 million investment in King Kylie, but it really
2 was a subterfuge to learn Seed's confidential business methodologies.

3 4. Out of deep respect for Kylie Jenner, Kim Kardashian, and the highly successful
4 businesses Seed created with them, Seed attempted to resolve this dispute privately and
5 repeatedly asked for assurances related to leakage of Seed proprietary information from King
6 Kylie to Coty. Coty and King Kylie consistently refused to provide any assurances. When Seed
7 got wind of a potential KKW transaction, it successfully sought and obtained an injunction
8 against KKW and those in active concert with KKW. Undeterred, Coty announced the deal
9 anyway, creating even more threat to Seed's trade secret rights. Coty has chosen to ignore the
10 Court order restricting the information it stole, and now it must be held accountable for its
11 unlawful actions.

12 **THE PARTIES**

13 5. Plaintiff Seed Beauty, LLC, is a California limited liability company, with its
14 principal place of business in Oxnard, California.

15 6. Plaintiff BETA Beauty, LLC is a California limited liability company, with its
16 principal place of business in Oxnard, California. BETA Beauty, LLC is a wholly-owned
17 subsidiary of Seed Beauty.

18 7. Upon information and belief, Defendant Coty, Inc., is a Delaware corporation,
19 with its principal place of business in New York, New York.

20 8. Upon information and belief, Defendant HFC Prestige Products, Inc., is a
21 Connecticut corporation, with its principal place of business in New York, New York.

22 9. Upon information and belief, Defendant King Kylie, LLC, is a Delaware limited
23 liability company, with its principal place of business in Woodland Hills, California. Upon
24 information and belief, Coty and Kylie Jenner, who is a citizen of the State of California, are the
25 only members of King Kylie.

26 10. The true names and capacities of the Defendants named herein as DOES 1 through
27 25, inclusive, are unknown to Seed at this time. Seed sues these Defendants by such fictitious
28 names. Seed will amend this Complaint to allege the true names and capacities of the fictitiously

1 named Defendants when Seed ascertains the identity of such Defendants. Seed is informed and
2 believes, and thereon alleges, that each and every one of these Defendants is responsible in some
3 manner for the threatened misappropriation of Seed's trade secrets which will damage and
4 irreparably harm Seed, and that Seed's inevitable injury, as alleged herein, will be proximately
5 caused by their threatened misappropriation.

6 **JURISDICTION AND VENUE**

7 11. This Court has subject matter jurisdiction over this action under Article VI,
8 Section 10 of the California Constitution, exercisable under Section 410.10 of the California Code
9 of Civil Procedure. This Court has jurisdiction over these claims as the relief sought may
10 properly be received from this Court.

11 12. This Court has personal jurisdiction over Defendants Coty and King Kylie because
12 they conduct business in California, including the formation or negotiation of contracts with
13 parties domiciled in California.

14 13. Venue is also proper in this Court pursuant to California Code of Civil Procedure
15 § 395.

16 14. Venue is also appropriate in this Court pursuant to [REDACTED]
17 [REDACTED], as all claims herein relate to either claims
18 of trade secret misappropriation or violations of [REDACTED]. Both of those
19 [REDACTED] read as follows:

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

26 //

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1 **FACTUAL ALLEGATIONS**

2 **A. Seed Beauty And Its Exclusive Relationships**

3 15. Seed Beauty is a leading brand-incubator, developer, manufacturer, distributor,
4 and seller of beauty and cosmetics products.

5 16. Seed Beauty has a unique business model which allows it to incubate new brands
6 and products and swiftly bring them to market. For example, Seed Beauty's unique business
7 model enabled it to create, develop, manufacture, store, sell, and distribute products for multiple
8 direct-to-consumer brands all under one roof and bring products to market in record speed based
9 entirely on consumer demand and through its e-commerce strategy. This business model,
10 combined with the affordable, safe, and high-quality nature of Seed Beauty's products, has
11 skyrocketed young start-up brands to beauty and cosmetics sensations over a period of only a few
12 years.

13 17. One of Seed Beauty's most unique competencies is its vertical integration
14 capabilities. Seed Beauty employs hundreds of workers in Oxnard, California. These workers
15 manufacture and ship products direct to consumers. As one of the last beauty manufacturers left
16 in the United States, investing and protecting jobs in America, and especially in California, has
17 always been important to Seed Beauty.

18 18. Following the rapid and extraordinary success of its many brands, several different
19 celebrities expressed interest in partnering with Seed Beauty to create and/or develop beauty and
20 cosmetics brands using Seed Beauty's unique business model. To date, Seed Beauty has
21 incubated and grown numerous cosmetic lines. Seed Beauty's wildly successful brands include:
22 Kylie Cosmetics, KKW Beauty, and Tati Beauty.

23 **B. Seed's [REDACTED] with King Kylie and KKW**

24 19. On or around June 9, 2016, Seed Beauty entered into an [REDACTED] business
25 arrangement with King Kylie, LLC, [REDACTED]

26 [REDACTED]
27 [REDACTED]
28 [REDACTED]

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20. The

21. In connection with Seed's manufacture, promotion, marketing, distribution,
display or sale of

22. However, pursuant to the

23. King Kylie also

24. Indeed, King Kylie

25. As a result of the and King Kylie's
partnership with Seed Beauty, Kylie Cosmetics disrupted the market and became one of the
fastest growing beauty brands in the world. Kylie Cosmetics currently has over 800+ different
product SKUs developed and owned by Seed Beauty. This business deal helped King Kylie
enormously as media reports have in the past valued the company at over \$1 billion in 2019.

26. Nearly one year after Seed Beauty began working on the Kylie Cosmetics brand,
Kylie Jenner's older sister, Kim Kardashian, approached Seed Beauty to do the same with her
beauty and cosmetics brand, which was operated through KKW.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 27. In addition to the [REDACTED]
5 [REDACTED]
6 [REDACTED]

7 28. Significantly, Seed is the sole developer, manufacturer, and supplier of King Kylie
8 and KKW color cosmetics products, and the Parties have agreed, [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 **C. Seed's Trade Secrets Arising from Seed's Relationships with King Kylie and KKW**

14 29. Seed Beauty's business model, and the contracts related to its various product
15 lines, are maintained as trade secrets by Seed Beauty. Most importantly, the exclusive deals
16 between Seed Beauty and its partners are carefully maintained as trade secrets and are not shared
17 with competitors. The structure of those partnerships, as well as the economic terms, are key
18 differentiators under Seed Beauty's business model and are important to Seed Beauty's success.
19 In fact, Seed Beauty's success depends in part on the protection of its trade secrets and other
20 confidential information.

21 30. Because Seed Beauty's business includes full scale, one-stop-shop creative and
22 logistical development services for young and/or start-up beauty brands, the details of Seed
23 Beauty's relationships with its beauty brand partners necessarily includes the exchange of highly
24 sensitive, confidential and trade secret information regarding these relationships (including key
25 negotiated deal terms) as well as the operation of Seed Beauty and its business model.

26 31. Indeed, necessary to both [REDACTED] was the exchange of such confidential
27 and trade secret information, including, but not limited to, non-public proprietary and confidential
28 information pertaining to: (1) [REDACTED]

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[REDACTED] (2) [REDACTED]
[REDACTED] (3) [REDACTED]
[REDACTED] (4) [REDACTED]
[REDACTED] (5) [REDACTED]
[REDACTED] (6) [REDACTED] (7)
[REDACTED] (8)
[REDACTED] and (10)
[REDACTED] (collectively, the “Seed Beauty Trade

Secrets”).

32. Such confidential Trade Secrets are highly valuable to Seed Beauty in the course of conducting their business, because Seed Beauty derives economic value from the information not being made public, and any competitor who acquired such information would be given an unfair competitive advantage.

33. Specifically, the Seed Beauty Trade Secrets to which King Kylie and KKW had access are essential to Seed Beauty’s competitive position in the beauty and cosmetics industry.

34. The Seed Beauty Trade Secrets are not generally known in the beauty industry and could not be learned by others, if at all, without considerable expenditure of time, effort, or expenses. And Seed Beauty ensures that its exclusive beauty brand and cosmetic partners are subject to strict confidentiality and non-disclosure obligations.

35. Indeed, both King Kylie and KKW [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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36.

37. In addition to requiring confidentiality in its agreements, Seed Beauty goes to great lengths and has taken reasonable measures to ensure that its confidential, proprietary, and trade secret information, including the Seed Beauty Trade Secrets, remain secret and confidential, including specifically prohibiting and preventing disclosure to the public and/or Seed Beauty's competitors who could, if privy to the Seed Beauty Trade Secrets, use this information to harm Seed Beauty's existing relationships, unfairly compete against Seed Beauty for other exclusive relationships in the beauty and cosmetics industry, and/or engage in any other anti-competitive behavior.

38. Such efforts by Seed Beauty to maintain the confidentiality of the Seed Beauty Trade Secrets, include, but are not limited to: (1) restricting access to the Seed Beauty Trade

1 Secrets, including at least by employing numerous mechanisms for securing its office, including
2 key card access at the office entrance, additional key card and code access, with further
3 restrictions, at the laboratory and development sites, and monitoring of the entire premises by
4 security personnel employed by the office complex, (2) ensuring that Seed Beauty's computer
5 network and systems are secure, including requiring passwords and other security verifications
6 for computer access where the Seed Beauty Trade Secrets may be stored, and limiting access to
7 electronic resources only to those employees who need to access them within the scope of their
8 employment, (3) including [REDACTED]
9 [REDACTED], and (4) to the extent any third-party must
10 access the Trade Secrets, [REDACTED]

11 Additionally, all Seed employees must sign non-disclosure agreements to ensure information,
12 including, but not limited to, the Seed Beauty Trade Secrets, is kept private and confidential.

13 39. Seed Beauty's competitive position would be gravely harmed if one of its
14 competitors were to gain access to the Seed Beauty Trade Secrets, as this would allow the
15 competing company to exploit many years' worth of highly valuable knowledge and knowhow
16 developed by Seed Beauty.

17 40. Indeed, both King Kylie and KKW [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 **D. Coty and Its Acquisition of King Kylie**

25 41. According to public filings, Coty considers itself to be one of the world's largest
26 beauty companies, which includes a "Consumer Beauty" segment "focused on color cosmetics,
27 retail hair coloring and styling products, body care and mass fragrances."⁴

28 ⁴ Form 10-K, Coty Inc., 2019 ("2019 Form 10-K"), *available at*
<https://sec.report/Document/0001024305-19-000097/>.

1 42. Coty’s “Consumer Beauty division primarily sells products through hypermarkets,
2 supermarkets, drug stores and pharmacies, mid-tier department stores, traditional food and drug
3 retailers, and dedicated e-commerce retailers.”⁵

4 43. According to Coty, it is “continuously innovating to increase our sales by elevating
5 our digital presence, including e-commerce and digital, social media and influencer marketing.”⁶

6 44. In identifying the risks in connection with its business, Coty has stated that “[t]he
7 beauty industry is highly competitive” and that “[t]he color cosmetics category has been
8 *influenced by entry by new competitors and smaller competitors that are fast to respond to trends*
9 *and engage with their customers through digital platforms . . .*”⁷

10 45. Since Coty’s 2016 acquisition of Procter & Gamble’s beauty brands, like Clairol
11 and CoverGirl, Coty has indicated that it has faced continued difficulties in trying to integrate and
12 turn around these legacy brands. As Coty’s former Chief Executive Officer & Director, Pierre
13 Laubies, admitted in a July 1, 2019 investor call, “it is very true that the P&G Beauty merger has
14 led to value suppression and financial setbacks for Coty.”⁸

15 46. In particular, Coty’s business has been under considerable distress due to the
16 growth of digital platform business. In the last five years, Coty’s stock price has fallen
17 approximately 87%. On information and belief, Coty’s falling stock price is at least in part
18 attributable to its inability to evolve with the changing market. Peter Harf, Coty’s CEO, has
19 recently commented “in the last 5 years, we had 5 CEOs. I mean that shows that we lost our
20 way.”⁹

21 47. In fact, Coty expressly acknowledged that “[c]onsumer shopping preferences have
22 also shifted, and may continue to shift in the future, to distribution channels other than traditional
23 retail *in which we have more limited experience, presence and development, such as direct sales*

24 ⁵ *Id.*

25 ⁶ *Id.*

26 ⁷ *Id.*

27 ⁸ Coty, Inc, July 1, 2019 Business Update Call Transcript, *available at*
28 https://s23.q4cdn.com/980953510/files/doc_events/20190701_COTY_MA_Call_DN000000002663079007.pdf.

⁹ Coty, Inc, June 1, 2020 Business Update Call Transcript (“June 1, 2020 Business Call”),
 available at https://s23.q4cdn.com/980953510/files/doc_events/2020/06/Business-Update-Call-Transcript.pdf.

1 *and e-commerce*. If we are not successful in our efforts to expand distribution channels, including
2 growing our e-commerce activities, we will not be able to compete effectively.”¹⁰ Mr. Harf
3 commented in a June 1, 2020 call to analysts that “[w]e are in the process of creating a digital
4 platform, both social media and e-commerce across the brand portfolio of Coty. As you know, e-
5 commerce at the moment is going to rule.”¹¹

6 48. Seed is a company, who, through its exclusive partnerships and confidential, trade
7 secrets, has managed to successfully compete in the color cosmetics industry through its unique
8 direct-to-consumer and e-commerce business model. It is this business model Coty seeks to
9 replicate. It would be one thing if Coty wanted to reinvent itself and compete fairly. But Coty
10 crossed the legal line when it decided to rebuild itself by stealing every aspect of Seed’s
11 pioneering business model.

12 49. In or around June 2019, media reports suggested that Coty was interested in
13 acquiring the Kylie Cosmetics brand through purchasing an equity interest in King Kylie. At or
14 around this time, John Nelson, Seed Beauty’s co-founder and CEO, notified King Kylie that it
15 was prohibited from [REDACTED] to Coty, a
16 main competitor to Seed Beauty. King Kylie refused to confirm or deny whether it had [REDACTED]
17 [REDACTED] to Coty.

18 50. On or around November 18, 2019, Coty publicly announced its intent to acquire
19 King Kylie in a strategic partnership with the company, which it claimed would, among other
20 things, “expand [Coty’s] presence in both premium cosmetics and skincare.”¹²

21 51. The public announcement and public information about the acquisition discussed
22 the transaction as follows:

- 23 a. “Coty is going to buy a 51% stake in Kylie beauty business for \$600 million in
24 cash,”¹³

25 ¹⁰ 2019 Form 10-K.

26 ¹¹ June 1, 2020 Business Call.

27 ¹² See Bloomberg Transcript, Acquisition of King Kylie, by Coty Inc., Presentation, Nov. 18,
28 2019, available at https://s23.q4cdn.com/980953510/files/doc_events/2019/11/Kylie-Transcript-FINAL.pdf.

¹³ See public transcript for “Coty Inc and Kylie Jenner Announce Strategic Partnership to Expand

- 1 b. "...Coty and King Kylie will enter into an Evergreen Collaboration Agreement,
2 pursuant to which, in exchange for a marketing fee and a license fee, Coty will
3 receive the right and license to manufacture, advertise, promote, distribute and sell
4 certain products of King Kylie and use certain intellectual property owned by or
5 licensed to King Kylie in connection with the development, manufacture, labeling,
6 packaging, advertising, display, distribution and sale of such products. The
7 agreement will continue in perpetuity, with limited exceptions;”¹⁴
- 8 c. “On one side, Kylie brings her incredibly strong brand equity as both a person and
9 as a brand, with unparalleled social media reach among Generation Z
10 customers...On the other side, we, as Coty, bring very extensive R&D,
11 manufacturing and distribution capabilities as well as our expertise in core beauty
12 categories across cosmetics, skin care and fragrances;”¹⁵
- 13 d. “...Kylie beauty will expand our presence in both premium cosmetics and
14 skincare...;”¹⁶
- 15 e. “The partnership with Coty...will allow Kylie Beauty to capitalize on these
16 international expansion opportunities. Given our global R&D, manufacturing and
17 distribution footprint, and you see that on the map, we are very well positioned to
18 further build out this growing brand;”¹⁷
- 19 f. “...the fact that the network of Coty is going to help providing more economic
20 conditions in engineering, manufacturing and distributing the products;”¹⁸ and
- 21 g. “Coty will have overall responsibility for the portfolio’s development, leveraging
- 22

23 Beauty Brands Globally - M&A Call,” released November 18, 2019 (“November 18 M&A Call
24 Transcript”); Form 8-K, Coty Inc., Nov. 18, 2019,
25 <https://www.sec.gov/Archives/edgar/data/1024305/000119312519294319/d837125d8k.htm>
26 (“Nov. 18, 2019 Form 8-K”); see Coty Press Release, Coty and Kylie Jenner Announce Strategic
27 Partnership to Expand Beauty Brands Globally, Nov. 18, 2019, *available at*
28 [https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-jenner-announce-strategic-](https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-jenner-announce-strategic-partnership-expand-beauty-brands)
[partnership-expand-beauty-brands.](https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-jenner-announce-strategic-partnership-expand-beauty-brands)

¹⁴ Nov. 18, 2019 Form 8-K.

¹⁵ Nov. 18 2019 M&A Call Transcript.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

1 its global knowledge and capabilities in R&D, manufacturing, distribution,
2 commercial and go-to market expertise, as well as its deep understanding of the
3 fragrances, cosmetics and skincare categories. In addition to its responsibilities
4 within the partnership, Coty will act as a licensee for skincare, fragrances, and nail
5 products.”¹⁹

6 52. Shortly after this announcement, on or around November 25, 2019, Seed caught
7 wind of the transaction, and sent letter correspondence to both King Kylie and Coty, expressing
8 its deep concerns with the transaction given Seed’s [REDACTED] arrangement with
9 King Kylie.

10 53. One of Seed’s primary concerns related to the sharing or disclosure of its highly
11 confidential and proprietary trade secrets that were necessarily disclosed within the context of the
12 Seed-King Kylie relationship. In its communications with King Kylie and Coty, Seed clearly
13 indicated that the details of the business arrangement between Seed and King Kylie [REDACTED]
14 [REDACTED]. As
15 such, Seed asked King Kylie to confirm that the [REDACTED]
16 [REDACTED]

17 54. In response, King Kylie still refused to confirm or deny whether it had already
18 disclosed the Seed Beauty Trade Secrets or any confidential details to Coty. King Kylie simply
19 stated that Seed’s concerns were unfounded and unwarranted, and Coty took no position on the
20 matter. Neither party confirmed that such information had not been disclosed.

21 55. Throughout the month to follow, Seed continued to seek assurances from King
22 Kylie and Coty that King Kylie did not disclose the Seed Beauty Trade Secrets or any
23 confidential details of the [REDACTED], but to no avail. As such, it remained
24 unclear whether confidential details of Seed’s and King Kylie’s relationship were or had been
25 fully disclosed to Coty by King Kylie. Seed Beauty requested that Coty not close the transaction
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28 ¹⁹ Nov. 18, 2019 Form 8-K, Exhibit 99.1, *available at*
<https://www.sec.gov/Archives/edgar/data/1024305/000119312519294319/d837125dex991.htm>.

1 until this issue was resolved. Ignoring Seed's request, Coty and King Kylie closed the deal
2 anyway.

3 56. Despite Seed's numerous attempts to resolve the associated issues with the
4 transaction with King Kylie and Coty, it was nonetheless announced that the transaction had
5 closed on January 6, 2020. *See* [https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-](https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-jenner-commence-strategic-partnership)
6 [jenner-commence-strategic-partnership](https://www.Coty.com/in-the-news/press-release/Coty-and-kylie-jenner-commence-strategic-partnership). As a result, HFC Prestige Products, Inc., a wholly
7 owned subsidiary of Coty, acquired 51% of the equity interests in King Kylie for a reported \$600
8 million.²⁰

9 57. Following this announcement, John Nelson again notified King Kylie that it
10 remained [REDACTED] and King Kylie neither
11 confirmed nor denied whether it had already disclosed the Seed Beauty Trade Secrets to Coty.
12 Shortly thereafter, Coty announced it was appointing a Coty-selected CEO for King Kylie. At
13 this point in time, King Kylie announced that had appointed Cristoph Honnefelder as the CEO of
14 King Kylie. Mr. Honnefelder did not work for Coty prior to joining King Kylie and was hired as
15 an outsider. Mr. Honnefelder joined King Kylie on or about January 21, 2020. At this point in
16 time, Seed Beauty had not received any confirmation as to what information had been shared with
17 Coty despite its repeated requests. Seed has recently learned that Mr. Honnefelder is no longer
18 the CEO of King Kylie and, on information and belief, Coty is now controlling the company and
19 Mr. Harf's team is overseeing the operations of King Kylie.

20 **E. Coty's Anticipated Acquisition of KKW and Seed's Lawsuit Against KKW Beauty**

21 58. On or around June 3, 2020, just months after closing the deal with King Kylie,
22 various media outlets reported that Coty is currently pursuing a collaboration with KKW Beauty
23 regarding certain beauty products following statements by Coty in a public filing. *See, e.g.,*
24 [https://www.bloomberg.com/news/articles/2020-06-03/Coty-in-talks-with-kim-kardashian-after-](https://www.bloomberg.com/news/articles/2020-06-03/Coty-in-talks-with-kim-kardashian-after-kylie-jenner-deal)
25 [kylie-jenner-deal](https://www.bloomberg.com/news/articles/2020-06-03/Coty-in-talks-with-kim-kardashian-after-kylie-jenner-deal). On information and belief, the "collaboration" reported in the press is actually
26 a majority-stake investment in KKW. Seed Beauty is also informed and believes that, in

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28 ²⁰ Form 8-K, Coty Inc., January 6, 2019, *available at* <https://sec.report/Document/0001193125-20-002203/>.

1 connection with this anticipated transaction, representatives of Coty have requested certain
2 disclosures from KKW, including, but not limited to, requests for copies of material commercial
3 agreements and other categories of information that would include Seed Beauty Trade Secrets
4 relating to [REDACTED]
5 [REDACTED].

6 59. On information and belief, KKW is represented by the same counsel that
7 represented King Kylie in connection with its transaction with Coty.

8 60. Because of the previous failures to provide a clear answer related to the disclosure
9 of the [REDACTED] and because of the imminent discussions between KKW and
10 Coty, Seed Beauty became gravely concerned that KKW would disclose Seed Beauty Trade
11 Secrets to Coty unless KKW was enjoined from doing so by this Court.

12 61. Accordingly, Seed filed a related action against KKW in this Court on June 19,
13 2020 to prevent KKW's disclosure of the [REDACTED], and to preserve Seed's other
14 contractual and trade secret ownership rights (the "Seed-KKW Action").

15 62. In the same action, Seed filed an *ex parte* application for a temporary restraining
16 order on June 22, 2020 ("Seed-KKW TRO"), seeking to enjoin KKW and all those acting in
17 concert with it from directly or indirectly disclosing, misappropriating, or facilitating the
18 disclosure or misappropriation of, or sharing in any way any details related to the Seed-KKW
19 Beauty business relationship or arrangement with Coty.

20 63. Shortly after the filing of Seed-KKW TRO, Seed learned from KKW that it did, in
21 fact, disclose the [REDACTED] to Coty, without Seed's consent, along with a number of
22 other confidential documents containing trade secret and proprietary information, including

23 [REDACTED]
24 [REDACTED]
25 [REDACTED], and [REDACTED]
26 [REDACTED]
27 [REDACTED].

64. In addition, given the discovery of the improper disclosures of trade secret information by KKW to Coty, Seed is informed and believes that similar improper use and disclosure of information was made by King Kylie to Coty. Indeed, during the KKW transaction discussions, KKW has admitted it shared highly confidential King Kylie information with Coty.

65. Recognizing the imminent threat of harm Seed was likely to sustain without injunctive relief, this Court granted Seed's request for a temporary restraining order to enjoin KKW and all those acting in concert with it from directly or indirectly disclosing, misappropriating, or facilitating the disclosure or misappropriation of, or sharing in any way any details related to the Seed-KKW Beauty business relationship or arrangement with Coty.

66. These details include, at a minimum, [REDACTED] the terms thereof, information about license use, marketing obligations, product launch and distribution, revenue sharing, intellectual property ownership, specifications, ingredients, formulas, plans and other information about Seed products.

FIRST CAUSE OF ACTION

**Misappropriation of Trade Secrets in Violation of
California Uniform Trade Secret Act, Cal. Civ. Code § 3426 *et seq.***

(Against All Defendants)

67. Seed incorporates by reference each and every allegation contained in paragraphs 1 through 66 of this Complaint.

68. Seed has developed, maintained, owns and possesses the Seed Beauty Trade Secrets, which contain confidential, proprietary, and highly sensitive commercial trade secret information, as alleged and described above. This includes, but is not limited to, the details and terms of its business arrangements with its business partners, [REDACTED] and trade secret information necessarily learned or exchanged in [REDACTED]

, and

1 [REDACTED]
2 [REDACTED]
3 69. The Seed Beauty Trade Secrets are not generally known in the beauty industry or
4 outside of Seed Beauty and its exclusive beauty brand and cosmetic partners that are subject to
5 strict confidentiality and non-disclosure obligations.

6 70. The Seed Beauty Trade Secrets are highly valuable to Seed in the course of
7 conducting their business, because Seed derives great economic and commercial value from the
8 information not being made public or generally known, and any competitor who acquired such
9 information would be given an unfair competitive advantage.

10 71. Seed Beauty goes to great lengths and has taken reasonable measures to ensure
11 that its confidential, proprietary, and trade secret information, including the Seed Beauty Trade
12 Secrets, remain secret and confidential, [REDACTED]
13 [REDACTED] to the public and/or Seed Beauty's competitors who could, if privy to the Seed Beauty
14 Trade Secrets, use this information to harm Seed Beauty's existing relationships, unfairly
15 compete against Seed Beauty for other exclusive relationships in the beauty and cosmetics
16 industry, and/or engage in any other anti-competitive behavior.

17 72. Due to these security measures, Seed's confidential and proprietary trade secret
18 information is not readily ascertainable or otherwise made available to others in the cosmetics
19 industry—or any other industry—through any legitimate or proper means.

20 73. While King Kylie and KKW are in possession of certain Seed Beauty Trade
21 Secrets as necessary for the operation of the business partnership with Seed, [REDACTED]
22 [REDACTED] the Seed Beauty Trade Secrets to
23 any third parties, including especially Seed Beauty's competitors, such as Coty.

24 74. Nonetheless, Coty, acting in active concert with KKW, improperly acquired Seed
25 Beauty Trade Secrets through its contemplated acquisition and deal negotiations with KKW,
26 including, without limitation, the confidential [REDACTED], highly
27 sensitive proprietary and financial information, and other to trade secret information pertaining to
28 Seed's business arrangement with KKW.

1 75. On information and belief, Coty engaged in this same improper conduct during its
2 negotiations with and acquisition of Defendant King Kylie. On information and belief, Coty
3 requested and King Kylie unlawfully disclosed Seed Beauty Trade Secrets to Coty, including
4 without limitation, confidential trade secret information pertaining to the details of Seed's
5 business arrangement with King Kylie and highly sensitive proprietary and financial information.

6 76. Defendants Coty's and King Kylie's conduct constitutes misappropriation and
7 misuse of Seed's confidential and trade secret information in violation of CUTSA because, on
8 information and belief, Defendants improperly disclosed, acquired, and/or used the information
9 without Seed's consent.

10 77. Coty knew or should have known under the circumstances that the information
11 obtained from KKW and King Kylie consisted of confidential trade secrets and has not returned
12 the information improperly acquired from King Kylie or KKW. Upon information and belief,
13 Coty is retaining and using Seed's confidential and trade secret information.

14 78. As such, Coty has misappropriated, and a serious and imminent threat of
15 misappropriation continues to exist with respect to, the Seed Beauty Trade Secrets, including, on
16 information and belief, through Coty's reliance on trade secret information improperly collected
17 and analyzed during the acquisition of King Kylie and the anticipated acquisition of KKW and its
18 use of such information to increase its competitive position in the industry against Seed. Coty,
19 through its improper acquisition of Seed Beauty Trade Secrets, is poised to capitalize on Seed's
20 confidential and proprietary trade secret information and better understand Seed's unique
21 business model and partnership structure.

22 79. Given the foregoing, if Defendants are not enjoined, they will continue to
23 misappropriate and use Seed's trade secret information for their own benefit and to Seed's
24 detriment.

25 80. As a direct and proximate result of Defendants' wrongful conduct, Seed has
26 suffered, and if Defendants' conduct is not stopped, will continue to suffer severe and irreparable
27 competitive harm.

1 81. Seed seeks preliminary and permanent injunctive relief to recover and protect its
2 confidential, proprietary, and trade secret information and to protect other legitimate business
3 interests. Specifically, Seed seeks injunctive relief prohibiting Defendants from any further use,
4 misappropriation, or disclosure of the Seed Beauty Trade Secrets, including without limitation the
5 [REDACTED] and any information derived therefrom, to compel Coty to return all materials
6 incorporating, disclosing, or derived from Seed Beauty Trade Secrets, and/or to prevent
7 Defendants from further benefitting from their own wrongful conduct. Seed's business operates
8 in a highly competitive market and will continue to suffer irreparable harm unless and until Coty
9 is enjoined by order of this Court.

10 82. Seed has no adequate remedy at law for the present and threatened future injuries
11 being caused by Defendants because it would be impossible to quantify their losses in monetary
12 terms and because Defendants will continue to engage in their wrongful misappropriation and
13 irreparably harm Seed unless and until enjoined from doing so.

14 83. The acts of misappropriation committed by Defendants were done willfully,
15 maliciously, oppressively, and/or fraudulently with the deliberate intent to injure Seed's business
16 and financially benefit Defendants' business, thereby entitling Seed to an award of exemplary
17 damages in a sum to be proven at trial under Civ. Code § 3426.3.

18 **SECOND CAUSE OF ACTION**

19 **Breach of Contract**

20 **(Against King Kylie)**

21 84. Seed incorporates by reference each and every allegation contained in paragraphs
22 1 through 83 of this Complaint.

23 85. On June 9, 2016, Seed and King Kylie entered into [REDACTED]
24 [REDACTED]
25 [REDACTED] as set forth above.
26 [REDACTED]
27 [REDACTED]
28 [REDACTED]

1 86. Since the [REDACTED], Seed has performed
2 and continues to perform all of its obligations [REDACTED] or obligations were excused,
3 and all conditions precedent to the performance of Seed [REDACTED] have occurred
4 and/or been satisfied.

5 87. Under the [REDACTED] King Kylie expressly agreed that it would
6 [REDACTED]
7 [REDACTED]
8 [REDACTED].

9 88. The [REDACTED] expressly prohibits King Kylie [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 89. The parties [REDACTED]
14 [REDACTED]
15 [REDACTED].

16 90. On information and belief, King Kylie has breached [REDACTED] by, among
17 other things, partnering with Coty to develop or manufacture color cosmetics products outside of
18 the [REDACTED] in violation of [REDACTED].

19 91. On June 1, 2020, Coty issued a press release. In the release, Coty admitted that it
20 was working with King Kylie to develop new products in violation of the [REDACTED]
21 [REDACTED] Specifically, Coty listed as a risk factor the ability to gain “market acceptance of
22 new products, including new products related to Kylie Jenner’s existing beauty business, any
23 relaunched or rebranded products and the anticipated costs and discounting associated with such
24 launches and rebrands.”²¹

25 92. Further strengthening this belief, Seed is informed and believes that Coty, through
26 its employees, on June 10, 2020, placed a significant order of various different Kylie Cosmetics
27 [REDACTED]

28 ²¹ See <https://www.coty.com/in-the-news/press-release/coty-announces-strategic-transformation-and-definitive-agreement-kkr-wella>.

1 products, which Seed believes to be for the sole purpose of attempting to recreate those products.
2 This order was made from a French address and did not identify Coty as the recipient. However,
3 upon researching the address, Seed learned that the address belonged to Coty.

4 93. Seed is informed and believes, and thereupon alleges, that Coty has agreed with
5 King Kylie to develop new products in violation of the [REDACTED] using
6 confidential non-trade secret information covered by [REDACTED]
7 [REDACTED].

8 94. As a direct and proximate result of King Kylie's breach of [REDACTED] Seed
9 has been and continues to be irreparably harmed and has suffered damages in an amount to be
10 proven at trial.

11 95. King Kylie's breach of [REDACTED] was a substantial factor in causing Seed's
12 harm.

13 **THIRD CAUSE OF ACTION**

14 **Intentional Interference with Contract**

15 **(Against Coty)**

16 96. Seed incorporates by reference each and every allegation contained in paragraphs
17 1 through 29, 35-36, and 48-58 of this Complaint.

18 97. Seed is informed and believes that one of Coty's primary objectives in its
19 acquisition of King Kylie, and in its anticipated acquisition of KKW, is to grow and expand its
20 color cosmetics segment.

21 98. However, on information and belief, Coty was and is aware of the [REDACTED]
22 [REDACTED]
23 [REDACTED], as set forth above.

24 99. On information and belief, Coty nonetheless proceeded with the acquisition of
25 King Kylie despite its knowledge of the exclusivity requirements under the [REDACTED]
26 [REDACTED].

27 100. Now, on information and belief, Coty and King Kylie are presently working
28 together to develop and manufacture color cosmetic products in contravention of [REDACTED]

1 [REDACTED], by using the non-trade secret
2 but still confidential information covered by [REDACTED].

3 101. As set forth above, Seed entered into a business [REDACTED] with King Kylie whereby
4 Seed was [REDACTED]
5 [REDACTED].

6 102. On information and belief, Coty was aware of King Kylie's [REDACTED]
7 arrangement with Seed, including, but not limited to, [REDACTED]
8 [REDACTED] thereunder.

9 103. On information and belief, Coty induced King Kylie's contractual breach of its
10 [REDACTED]
11 [REDACTED].

12 104. Coty's intentional conduct has disrupted [REDACTED]
13 [REDACTED] and was a substantial factor in causing
14 harm to Seed.

15 105. Coty knew that disruption of performance was certain or substantially certain to
16 occur.

17 106. As a direct and proximate result of Coty's intentional conduct, Seed has suffered
18 and will continue to suffer irreparable harm and significant damages in an amount to be proven at
19 trial.

20 107. As a direct and proximate result of the conduct alleged herein, Coty will be
21 unjustly enriched in an amount to be proven at trial. For example, on information and belief,
22 Coty has been unjustly enriched by receiving business opportunities that rightly belong to Seed.

23 108. Coty performed the foregoing acts, conduct, and omissions fraudulently,
24 maliciously, and/or oppressively, with the intent and design to damage Seed. By reason of this
25 conduct, Seed is entitled to recover punitive damages in an amount to be determined at trial.

26 **PRAYER FOR RELIEF**

27 WHEREFORE, Plaintiffs Seed Beauty and BETA Beauty pray for the following relief:

28 A. Judgment in Plaintiffs' favor on the causes of action alleged herein;

1 B. Injunctive relief, including but not limited to:

- 2 i. a temporary restraining order and preliminary and permanent
3 injunction enjoining Coty from, among other activity, reviewing,
4 discussing, disclosing or misappropriating the Seed Beauty Trade
5 Secrets, including without limitation [REDACTED];
6 ii. a temporary restraining order and preliminary and permanent
7 injunction requiring Coty to certify through sworn affidavit that all
8 of the Seed Beauty Trade Secrets have been returned or
9 sequestered;
10 iii. a temporary restraining order and preliminary and permanent
11 injunction requiring Coty, through its counsel, to create a log
12 identifying Coty employees, agents, and contractors who were
13 privy to any information related to [REDACTED], the
14 information provided, and the circumstances relating to the
15 provision of such information; and
16 [REDACTED] a temporary restraining order and preliminary and permanent
17 injunction enjoining Coty from, among other activity, developing
18 color cosmetic products with King Kylie during the pendency of the
19 [REDACTED]

20 C. Damages in an amount to be proven at trial to the maximum amount
21 permitted by law;

22 D. Unjust enrichment in an amount to be proven at trial to the maximum
23 amount permitted by law;

24 E. A reasonable royalty from Coty and King Kylie in connection with the
25 Seed Beauty Trade Secrets to the maximum amount permitted by California Civil Code
26 section 3426.3(b);

27 F. Exemplary damages to the maximum amount permitted by California Civil
28 Code section 3426.3(c);

1 G For attorneys' fees to the maximum amount permitted by California Civil
2 Code section 3426.4,

3 H The seizure and return of Seed's trade secret information;

4 I Costs of suit incurred herein, and attorneys' fees as allowed by law or
5 contract; and

6 J Such other and further relief as this Court may deem just and proper.
7

8 Dated: June 30, 2020

Respectfully submitted,

9
10 By: 

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28

VERIFICATION

I, John Nelson, declare:

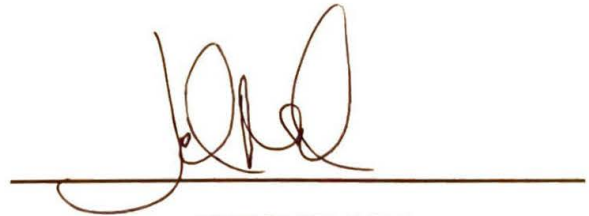
I am the Co-Founder and Chief Executive Officer of Plaintiff Seed Beauty, LLC, which is sole member of Plaintiff Beta Beauty, LLC, in the above-titled mater.

I have read the foregoing **Verified Complaint for (1) Violations of California Uniform Trade Secret Act, Cal. Civ. Code § 3426 et seq.; (2) Breach of Contract; (3) Intentional Interference with Contractual Relations; and (4) Injunctive Relief** and know the contents thereof.

The same is true of my own knowledge, except to those matters which are therein stated on information and belief, and, as to those matters, I believe it to be true.

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

Executed this 29 day of June, 2020

A handwritten signature in black ink, appearing to read 'John Nelson', is written over a horizontal line.

JOHN NELSON

REDACTED
Public-Redacts materials
from conditionally sealed
record.

EXHIBIT A

THIS DOCUMENT HAS BEEN REDACTED IN ITS ENTIRETY.

REDACTED
Public-Redacts materials
from conditionally sealed
record.

EXHIBIT B

THIS DOCUMENT HAS BEEN REDACTED IN ITS ENTIRETY.