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12 Global, LLC, and OpenAI OpCo, LLC

13   UNITED STATES DISTRICT COURT

14   NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

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16 X.AI CORP. and X.AI LLC,   Case No. 3:25-cv-08133-RFL

17   Plaintiffs,   **OPENAI'S ANSWER AND**
                                                AFFIRMATIVE DEFENSES
18   vs.

19 OPENAI, INC., OPENAI GLOBAL, LLC,
   and OPENAI OPCO, LLC,
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              Defendants.
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1   To advance its mission of ensuring that artificial general intelligence benefits all of

2 humanity, OpenAI fairly and lawfully hires the best researchers, engineers, and experts in the

3 field. This top talent comes to OpenAI for the opportunity to join the team that built and continues

4 to advance groundbreaking artificial intelligence technology used by hundreds of millions of

5 people around the world. Unable to match OpenAI's innovation, xAI has filed this groundless

6 trade secret lawsuit. To be clear: OpenAI does not need or want anyone's—much less xAI's—

7 trade secrets to achieve OpenAI's mission. OpenAI has no tolerance for any breaches of

8 confidentiality, nor any interest in trade secrets from other companies. But this lawsuit is not

9 about trade secrets or confidential information. Instead, this case is clearly designed to generate

10 publicity to bully and threaten those employees who exercised their right to leave and work

11 elsewhere in the AI industry and to try to chill further flight from xAI. This is just the latest

12 chapter of Elon Musk's ongoing harassment of OpenAI in an effort to distract from the failures of

13 his own competitive AI effort.[1] This time, however, he has resorted to attacking the reputation of

14 hardworking members of the OpenAI team. OpenAI strongly rejects these tactics, and will

15 support its employees every step of the way.

16   The truth is that xAI is hemorrhaging talent to other competitors, including OpenAI.

17 These individuals have a right under California law to change jobs without harassment by xAI and

18 to identify the company with the leadership and vision that aligns with their preferences. And

19 OpenAI should be able to welcome those people best suited to advance its mission, also free from

20 interference from xAI. Stripped of its unsupported guesswork and baseless insinuations, xAI's

21 Complaint offers no evidence whatsoever that OpenAI has done anything wrong.

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[1] This is not the first time that Musk has resorted to baseless accusations and litigation rather than
25 compete fairly in the field of artificial intelligence. After failing to wrest control of OpenAI and
then founding xAI, Musk launched a public media campaign attacking OpenAI's leadership and
26 denigrating the company. Starting in February 2024, Musk filed, withdrew, filed again and then
amended multiple lawsuits in California alleging various meritless theories ranging from breach of
27 contract to antitrust claims. More recently, Musk filed a separate lawsuit in Texas, asserting
overlapping antitrust claims. And, now a new chapter, with new meritless theories, begins in this
28 Court.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

1   Set forth below is OpenAI's summary of its defense, followed by a response to each

2   paragraph in the Complaint. OpenAI has filed a separate motion to dismiss the Complaint in its

3   entirety. OpenAI generally denies each and every allegation except those specifically admitted.

4   **I.   SUMMARY OF DEFENSE**

5   **A.   OpenAI Lawfully Seeks Out Talent to Advance its Mission**

6   At the core of xAI's Complaint is the allegation that OpenAI improperly encouraged xAI

7   employees to leave and interfered with xAI's relationship with them. This is false. xAI's

8   employees are fleeing. The exodus is widespread, and it is not limited to employees joining

9   OpenAI. In just the last few months, xAI's top lawyer (general counsel), another senior lawyer,

10   one of its top engineers (one of its founders who led its engineering teams), and the CEO of its

11   subsidiary, X, all resigned. None of them joined OpenAI. The *Wall Street Journal*, like many

12   news outlets, has reported on the departures, noting that "executive conflicts inside xAI showcase

13   how Musk's unorthodox approach to running companies is complicating his ambitions to build the

14   world's dominant AI company."[2] xAI employees have exercised their statutory right to leave the

15   company for a variety of reasons, including dissatisfaction with the management style of Musk, a

16   lack of faith in the future success of xAI or its products, concerns about company decisions, and

17   an unforgiving, unmanageable work schedule. Many of the departures coincide with a series of

18   incidents this summer where xAI's AI product Grok reportedly "published a number of antisemitic

19   posts," including calling itself "MechaHitler," which was "its second flurry of controversial

20   responses to users in recent months."[3]

21   xAI's unfounded allegations in its Complaint attempt to blame OpenAI for its employee

22   departures. That is clearly a false narrative. As one example, the Complaint alleges that an

23   unnamed senior finance executive "quit his job . . . as part of a corrupt bargain to use and exploit

24   xAI's Confidential Information for the benefit of OpenAI." Compl. ¶ 111. As xAI knows, this is

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26   [2] *Executives at xAI Clashed With Musk Advisors Before Departing,* The Wall Street Journal (Sept. 17, 2025), https://www.wsj.com/tech/ai/elon-musk-xai-executives-advisers-clash-eac3913b.

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28   [3] Alexander Saeedy, *Elon Musk's Grok Chatbot Publishes Series of Antisemitic Posts*, The Wall Street Journal (July 8, 2025), https://tinyurl.com/44aadrpx.

1   not true—the only corruption was xAI's illegal activities. The finance employee left xAI because

2   he refused to engage in or tolerate the unlawful activity he observed at xAI, as set forth in an

3   arbitration demand he recently filed. He also resigned from his senior finance position because he

4   was never provided the access to information or control of the finances necessary for the proper

5   performance of his role. He had no contact with OpenAI during his employment at xAI and did

6   not connect with OpenAI until several weeks after he departed xAI. Thus, OpenAI did not

7   "poach" the senior finance employee whatsoever (let alone with improper tactics). Rather, he was

8   driven out by xAI's actions and he, like others, chose to take a job at OpenAI because he wanted

9   to be part of its purpose-driven mission, not an employee of an unlawful enterprise.

10   Nor has OpenAI somehow "targeted" xAI employees with access to xAI Confidential

11   Information. Of course, OpenAI does value experience in AI. That is not part of some nefarious

12   plan; it is a common sense hiring criteria. xAI does the same thing. xAI's own founders came

13   from AI competitors—for instance, Igor Babuschkin came from a background at OpenAI and

14   Google DeepMind, Greg Yang from Microsoft, and Tony Wu and Christian Szegedy also from

15   Google.[4] To this day, xAI (like OpenAI and every other AI lab) actively recruits employees with

16   AI experience. And while OpenAI unsurprisingly looks to hire strong, experienced talent from

17   across the industry, OpenAI tells employees that it does not want third-party confidential

18   information, and requires all incoming employees to agree that they will not bring confidential

19   information from prior employers into OpenAI or use it in their work at OpenAI.

20   **B.**   **Trade Secret Allegations**

21   xAI tries to style this litigation as a case about OpenAI somehow stealing source code and

22   other trade secrets. Again, this is not true. On its face, the Complaint is devoid of any actual

23   allegations of wrongdoing by OpenAI. It relies on allegations about OpenAI "on information and

24   belief," conceding that xAI does not have any evidence to support the allegations (understandably,

25   since they are false). And xAI does not even allege—even on information and belief—that there

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27   _____

28   [4] *Elon Musk launches AI firm xAI as he looks to take on Open AI*, Reuters (July 13, 2023),
     https://www.reuters.com/technology/elon-musks-ai-firm-xai-launches-website-2023-07-12/.
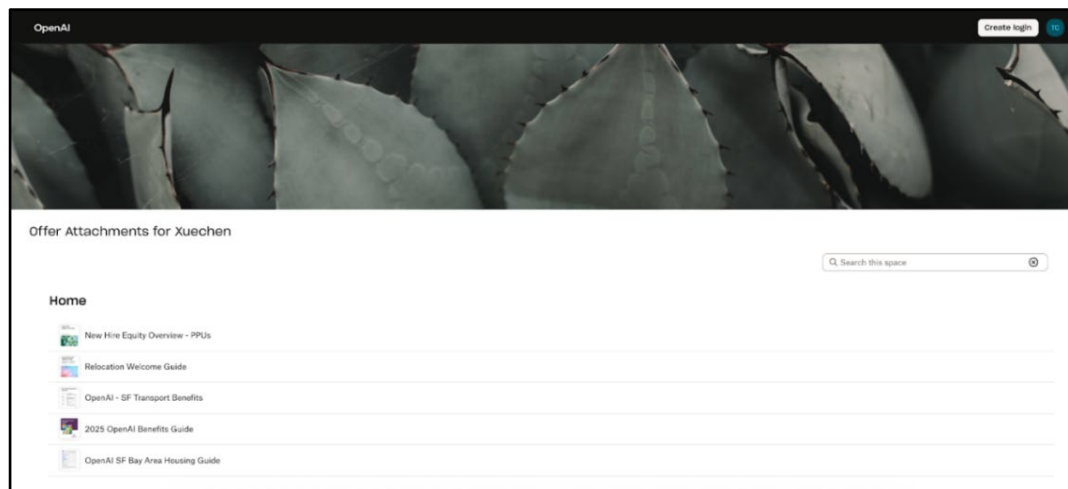
1   is any evidence that former xAI employees disclosed any confidential information to OpenAI or

2   used it in their work there.

3   ●   ***Xuechen Li***. xAI alleges that Li downloaded source code after accepting an offer

4   with OpenAI, and then took steps to obfuscate his actions including visiting websites about file recovery. But xAI admits that Li *never joined OpenAI*. Compl.

5   ¶ 76. OpenAI had no role in Li's alleged actions. It did not ask Li to download the source code, Li did not transfer the source code to OpenAI, and he did not tell

6   OpenAI that he had downloaded code.

7   ●   ***Tifa Chen.*** xAI tries to hide its complete lack of evidence behind misleading

8   insinuations. xAI alleges that Chen, an OpenAI recruiter, sent Li a Signal message on July 24 telling him she was sending him "a link to, on information and belief, a

9   cloud storage location," and emphasizes that this was allegedly the day before Li purportedly downloaded code from xAI to his personal cloud account. Compl.

10   ¶¶ 54-55. But xAI has access to Li's email and knows that the link sent by Chen was merely a standard link to a recruiting portal that contained documents related

11   to OpenAI benefits and compensation that would accompany any future offer, followed by an updated link a few days later with the offer. Crucially, Li did not

12   have upload or even download privileges for that recruiting folder. Nothing unsavory, just *standard industry recruiting practice*. Because xAI did not provide

13   these communications in its Complaint (for obvious reasons), OpenAI includes them here:

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15   **Chen's Recruiting Emails with Li, and the Contents of the Recruiting Portal**

16   From: Tifa Chen
    Sent: 7/24/2025 11:38:31 PM

17   To: Xuechen Li
    Subject: Re: Next steps

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19   You can access some attachment docs via this link after entering your email! https://docsend.com/view/s/[redacted]

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24   Offer Attachments for Xuechen

25   Home
    New Hire Equity Overview - PPUs
    Relocation Welcome Guide

26   OpenAI - SF Transport Benefits
    2025 OpenAI Benefits Guide

27   OpenAI SF Bay Area Housing Guide

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OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

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> **From:** Tifa Chen
> **Sent:** 7/28/2025 10:34:43 PM
> **To:** lxuechen
> **CC:** tifa
> **Subject:** OpenAI Employment Offer for Xuechen Li
>
> Hi Xuechen,
> We are thrilled to offer you a full-time position to join OpenAI's mission to build safe and beneficial AGI! We believe exceptional people like you will be key to our success.
> Please review the important offer details and action items below and let me know if you have any questions. We're excited to welcome you to the team soon!
> -Tifa
> **Open this DocSend space to review your compensation, benefits, and equity information.***

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This allegation underscores how absurd, deceptive, and harmful xAI's claims are. xAI is knowingly taking ordinary, industry-standard recruiting communications, made by a long-time employee who has performed her job with outstanding skill and integrity and conducted herself with the highest ethical standards, and falsely twisting them into some sort of implausible spy craft, intentionally damaging the reputation of all involved with its untrue allegations. The legal process should not be allowed to be perverted in this manner.

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- ***Jimmy Fraiture.*** The allegations related to Fraiture are even thinner. xAI alleges that Fraiture accepted an offer with OpenAI, and that he transferred source code to a personal laptop and then deleted it while still employed by xAI. Compl. ¶¶ 97, 100. xAI does not even try to suggest any encouragement by OpenAI to download code or any transfer to OpenAI, because no such facts exist.

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- ***Unnamed Senior Finance Executive***. xAI's Complaint does not allege that the finance employee downloaded, retained, disclosed or used any confidential or trade secret xAI information. Instead, xAI's only complaint about the finance employee is merely that he had access to such information during the three months he worked at xAI. But this would be expected of any such employee as part of their everyday job duties. In other words, xAI's complaint is not about any alleged wrongdoing, but just ordinary course of business. However, the law in California is settled that an employee with access to confidential information for work can still change jobs, just as xAI's founders did. xAI's suggestion that it was somehow wrongful for the finance employee to accept employment and work at OpenAI violates both California law and public policy, which protects the right of employees to freely change jobs while honoring their confidentiality obligations, as the finance employee has done.

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- ***Other Named Former xAI Employees***. xAI's Complaint lists additional names of individuals who left xAI and later joined OpenAI with no allegation that they or OpenAI engaged in any wrongdoing. Identifying these individuals by name gratuitously, xAI seeks to build on its campaign of intimidation.

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The weakness and/or sheer lack of xAI's allegations underscore that this is not a case where xAI has any legitimate concern that there has been any trade secret theft.

1   xAI's own actions confirm that its true intent is to continue Musk's harassment campaign

2 against OpenAI. Other than a tweet by Musk, xAI has not taken basic steps to advance this

3 litigation or protect its purported trade secrets since filing the Complaint. xAI waited five days to

4 serve the Complaint, and to this day (more than a week later) has not provided notice of the

5 Complaint to OpenAI's known counsel in this matter. xAI has not sought a temporary restraining

6 order for OpenAI despite breathlessly exclaiming the imminent danger that the so-called source

7 code theft presented. And in a recent motion to relate this case to the preexisting case against Li,

8 xAI's counsel told the Court that it would serve the motion on OpenAI, but it did not do so until

9 four days later, continuing to inexplicably promote this litigation in the press and through a tweet,

10 but not to OpenAI's known counsel.

11   In fact, prior to the filing of the Complaint, OpenAI's counsel repeatedly asked xAI's

12 counsel for specific information about the allegedly misappropriated confidential information so

13 that OpenAI could investigate and confirm that this information was never provided to OpenAI, or

14 mitigate the situation if it ever was. Yet xAI did not respond to those requests, and opted instead

15 to file this public Complaint and fire off a tweet without notice to OpenAI or its counsel.

16 Confirming xAI's casual attitude toward purportedly confidential information, xAI has its

17 employees use personal messaging applications on personal devices for work communications,

18 and in some cases has continued pushing xAI information to those employees' devices even after

19 those employees left xAI and tried to leave those messaging channels. These are not the actions of

20 a company seeking to protect its confidential information.

21   OpenAI will continue to advance its mission of ensuring that artificial general intelligence

22 benefits all of humanity while respecting the intellectual property of its competitors and protecting

23 the rights of its employees. OpenAI will not be intimidated by bully tactics dressed up as baseless

24 lawsuits like this one. And OpenAI will protect current, new, and prospective employees from

25 xAI's intimidation because those employees are essential to OpenAI achieving its mission, and

26 because it is the right thing to do.

27   * * * * * *

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OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

Defendants (collectively, "OpenAI") answer the Complaint according to its numbered paragraphs as follows below. For the following response to the paragraphs in the Complaint, OpenAI has included the headings reflected in the Complaint to aid the Court in reviewing OpenAI's Answer. To the extent these headings include factual allegations, OpenAI expressly denies each and every allegation.

INTRODUCTION

1. Denied.

2. Denied.

3. Denied.

4. OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

5. OpenAI admits that artificial intelligence is among the most powerful tools humans have ever invented, and that the technological innovations, scientific discoveries and medical breakthroughs that will come from artificial intelligence can improve the lives of people everywhere and drive lasting economic growth. Except as expressly admitted here, OpenAI denies this allegation.

6. OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

7. Denied.

8. Denied.

9. Denied.

10. Denied.

11. OpenAI denies that OpenAI specifically targeted this former xAI employee for his knowledge of xAI's data center operations. Otherwise, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

12. Denied.

NATURE OF THE ACTION

13. This paragraph sets forth a legal conclusion to which no response is required.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

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PARTIES

2   14.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

3 of the allegations.

4   15.   OpenAI admits that Defendant OpenAI, Inc. is a registered nonprofit organization

5 incorporated under the laws of Delaware, with a place of business in San Francisco, California.

6   16.   OpenAI admits that Defendant OpenAI Global, LLC is a registered limited liability

7 company formed under the laws of Delaware, with a place of business in San Francisco,

8 California.

9   17.   OpenAI admits that Defendant OpenAI OpCo, LLC is a limited liability company

10 formed under the laws of Delaware, with a place of business in San Francisco, California.

11 **JURISDICTION AND VENUE**

12   18.   This paragraph sets forth a legal conclusion to which no response is required.

13   19.   This paragraph sets forth a legal conclusion to which no response is required.

14   20.   This paragraph sets forth a legal conclusion to which no response is required.

15 **GENERAL ALLEGATIONS**

16 **The Ascent of Artificial Intelligence**

17   21.   OpenAI admits that generative AI may refer to systems that can create new content,

18 including text, images, music, code, and more, by learning patterns from datasets, that generative

19 AI is a transformational technology developed during the twenty-first century, and that unlike

20 traditional AI, generative AI produces outputs that are more similar to what would be expected

21 from a human response in a conversation.

22   22.   OpenAI admits that generative AI involves Large Language Models, and that

23 generative AI has seen advancements in image, video, speech, and multimodal generation. To

24 the extent that this paragraph refers to what is "credited" to have caused the "advent of modern

25 AI," OpenAI lacks knowledge or information sufficient to form a belief about the truth of these

26 generically pled allegations, and on that basis denies them.

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23.   OpenAI admits that generative AI models may be built upon advanced architectures, that they may be used to generate content, and that such technologies have become important to many industries.

24.   OpenAI admits that, as a general matter, the development of generative AI models requires significant financial and technical resources. Building a state-of-the-art model involves data acquisition and processing, computational infrastructure, and expert talent, all of which require significant capital investment.

25.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of these generically pled allegations, and on that basis denies them.

26.   OpenAI admits that OpenAI released ChatGPT as a research preview in November 2022, that ChatGPT allowed widespread public access to generative AI technology, and that ChatGPT has been powered by OpenAI's large language models.

27.   OpenAI admits that ChatGPT has contributed to a widespread adoption of generative AI technology. OpenAI otherwise lacks knowledge or information sufficient to form a belief about the truth of these allegations, and on that basis denies them.

28.   OpenAI admits that ChatGPT has hundreds of millions of weekly active users.

xAI and Its Groundbreaking Technology

RESPONSE: OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

29.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

30.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

31.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

32.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

33.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

34.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

xAI Protects Its Confidential Information and Trade Secrets

RESPONSE: OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

35.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

36.   OpenAI denies that xAI has implemented industry standard or industry leading practices for protecting its confidential information and denies more specifically that xAI secures employee devices, including but not limited to employee personal phones used for xAI business, per xAI standard practice. OpenAI otherwise lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

37.   This paragraph purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents.

38.   This paragraph purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents.

Threatened by Grok, OpenAI Resorts to Poaching Specific xAI Employees to Access the xAI Confidential Information Most Needed by OpenAI to Unscrupulously Abscond with xAI's Innovative Technology

RESPONSE: Denied.

39.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

40.   Denied.

41.   Denied.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

Open AI Poaches Xuechen Li to Access xAI Source Code

      RESPONSE: Denied.

      42.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      43.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      44.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      45.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      46.   This paragraph purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents.

      47.   This paragraph purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents.

      48.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      49.   OpenAI admits that OpenAI communicated with Li as part of a standard hiring process. OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations regarding xAI's alleged investment in its future working relationship with Li, and on that basis denies them. OpenAI otherwise denies the allegations.

      50.   OpenAI admits that OpenAI was in contact with Li about a job opportunity at OpenAI as of July 2025.

      51.   OpenAI denies the allegations that Li made a presentation to OpenAI for an interview on July 13, 2025, or that such presentation to OpenAI (which did not occur) contained xAI confidential information. Otherwise, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

      52.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

53.   Denied.

54.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them. The cloud storage location link sent to Li was a folder containing standard recruiting documents, such as benefits information, which Li accessed on that same day. Li was not granted upload permissions for that folder. Li could not and did not upload any source code to that or any other OpenAI folder.

55.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

56.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

57.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them. Chen was not aware of Li's alleged downloading of xAI source code. Her message could not and did not pertain to it.

58.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

59.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

60.   OpenAI admits that OpenAI sent Li a job offer on July 28, 2025. OpenAI otherwise denies the allegations.

61.   OpenAI admits that Li accepted his OpenAI job offer by August 1, 2025. Otherwise, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

62.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

63.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

64.   This paragraph purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents. Otherwise, OpenAI

1   lacks knowledge or information sufficient to form a belief about the truth of the allegations, and

2   on that basis denies them.

3   65.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

4   of the allegations, and on that basis denies them.

5   66.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

6   of the allegations, and on that basis denies them.

7   67.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

8   of the allegations, and on that basis denies them.

9   68.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

10   of the allegations, and on that basis denies them.

11   69.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

12   of the allegations, and on that basis denies them.

13   70.   OpenAI denies that Li presented slides to OpenAI on July 13, 2025. Otherwise,

14   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the

15   allegations, and on that basis denies them.

16   71.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

17   of the allegations, and on that basis denies them.

18   72.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

19   of the allegations, and on that basis denies them.

20   73.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

21   of the allegations, and on that basis denies them.

22   74.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

23   of the allegations, and on that basis denies them.

24   75.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

25   of the allegations, and on that basis denies them.

26   76.   This paragraph purports to quote and characterize a court order, to which OpenAI

27   respectfully refers the Court for its complete and accurate contents. OpenAI admits that it

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OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

revoked Li's job offer. Otherwise, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

77.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

78.   OpenAI denies the allegations to the extent they suggest that OpenAI stands to gain from Li's alleged misappropriation of xAI's codebase. Otherwise, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning Li's alleged conduct, and on that basis denies them.

79.   Denied.

80.   Denied. To the extent this paragraph sets forth a legal conclusion regarding agency principles, no response is required.

OpenAI Poaches Jimmy Fraiture to Further Access xAI Source Code

RESPONSE: Denied.

81.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

82.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

83.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

84.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

85.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

86.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

87.   OpenAI admits that OpenAI was in contact with Jimmy Fraiture as part of a standard hiring process as of July 2025. OpenAI otherwise denies the allegations.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

88.   OpenAI admits that Tifa Chen set a calendar invite to meet with Jimmy Fraiture for recruiting purposes as early as July 17, 2025. OpenAI also admits that Tifa Chen had been in contact with Li for recruiting purposes by that time.

89.   OpenAI admits that Tifa Chen and Jimmy Fraiture sometimes communicated regarding recruiting using the messaging platform Signal. OpenAI lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations, and on that basis denies them.

90.   OpenAI admits that Jimmy Fraiture scheduled a recruiting visit at OpenAI for July 24, 2025 and as a standard part of the interview process signed an OpenAI non-disclosure agreement. This paragraph also purports to quote and characterize an xAI agreement, to which OpenAI respectfully refers the Court for its complete and accurate contents.

91.   OpenAI admits that OpenAI sent Jimmy Fraiture a job offer on July 29, 2025, that Fraiture accepted the offer by July 30, 2025, and that Fraiture began employment with OpenAI on September 2, 2025. OpenAI otherwise denies the allegations.

92.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

93.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

94.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

95.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

96.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

97.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

98.   OpenAI admits that Jimmy Fraiture visited the OpenAI San Francisco office upon joining the company. OpenAI also admits that Chen is based out of the San Francisco office.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

1   99.   Denied. To the extent this paragraph sets forth a legal conclusion regarding agency

2   principles, no response is required.

3   100.   Denied. To the extent this paragraph sets forth a legal conclusion regarding agency

4   principles, no response is required.

5   101.   OpenAI admits that Jimmy Fraiture works at OpenAI. To the extent this paragraph

6   sets forth a legal conclusion regarding ratification, no response is required.

7   **OpenAI's Poaching of Li, Fraiture, and Other xAI Employees Reflects a Deliberate Scheme**

8   **to Target Specific xAI Confidential Information**

9   **RESPONSE:** Denied.

10   102.   Denied.

11   103.   Denied.

12   104.   OpenAI admits that OpenAI has hired an employee that was formerly a senior

13 finance executive at xAI.

14   105.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

15 of the allegations, and on that basis denies them.

16   106.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

17 of the allegations, and on that basis denies them.

18   107.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

19 of the allegations, and on that basis denies them.

20   108.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

21 of the allegations, and on that basis denies them.

22   109.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

23 of the allegations, and on that basis denies them.

24   110.   Denied.

25   111.   Denied.

26   112.   OpenAI denies the allegation: "In the senior finance executive, OpenAI found a

27 kindred spirit who simply did not care about xAI's legitimate interests in protecting its trade

28 secrets." With respect to allegations concerning this individual's alleged conduct, OpenAI lacks

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

1   knowledge or information sufficient to form a belief about the truth of the allegations, and on that

2   basis denies them.

3   113.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

4   of the allegations, and on that basis denies them.

5   114.   OpenAI admits that OpenAI has hired Uday Ruddarraju, Sreekanth Pothanis, Mike

6   Dalton, Hieu Pham, and Ethan Knight. With respect to the allegations concerning these

7   individuals' responsibilities at xAI, OpenAI lacks knowledge or information sufficient to form a

8   belief about the truth of the allegations, and on that basis denies them. OpenAI otherwise denies

9   the allegations.

10   115.   Denied.

<div align="center">

FIRST CAUSE OF ACTION

(Trade Secrets Misappropriation: 18 U.S.C. § 1836 *et seq.*)

</div>

13   116.   OpenAI repeats and incorporates by reference their responses to the foregoing

14   allegations.

15   117.   This paragraph sets forth a legal conclusion to which no response is required.

16   118.   This paragraph sets forth a legal conclusion to which no response is required.

17   119.   This paragraph sets forth a legal conclusion to which no response is required.

18   120.   This paragraph sets forth a legal conclusion to which no response is required.

19   121.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

20   of the allegations, and on that basis denies them.

21   122.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

22   of the allegations, and on that basis denies them.

23   123.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

24   of the allegations, and on that basis denies them.

25   124.   OpenAI lacks knowledge or information sufficient to form a belief about the truth

26   of the allegations, and on that basis denies them.

27   125.   Denied.

28   126.   Denied.

127. Denied.

128. Denied.

129. Denied.

130. Denied.

131. Denied.

132. To the extent this paragraph refers to the contents of information allegedly taken by individuals formerly employed by xAI, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them. To the extent this paragraph sets forth a legal conclusion regarding interstate commerce, no response is required.

133. OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

134. Denied.

135. Denied.

136. Denied.

137. Denied.

138. Denied. To the extent this paragraph sets forth a legal conclusion regarding the damages available to xAI, no response is required.

139. To the extent this paragraph describes Li and Fraiture's alleged conduct, OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them. OpenAI denies that any such alleged conduct was performed in concert with, at the direction of, or with the knowledge of OpenAI. To the extent this paragraph sets forth a legal conclusion regarding xAI's theories of vicarious liability, no response is required.

SECOND CAUSE OF ACTION

(Intentional Interference with Prospective Economic Advantage)

140. OpenAI repeats and incorporates by reference their responses to the foregoing allegations.

141. This paragraph sets forth a legal conclusion to which no response is required.

142.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

143.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

144.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

145.   Denied.

146.   To the extent that this paragraph purports to quote and characterize a video, OpenAI respectfully refers the Court to that video as the best evidence of its complete and accurate contents. OpenAI otherwise denies the remaining allegations in this paragraph.

147.   Denied. To the extent this paragraph sets forth a legal conclusion regarding independent wrongfulness, no response is required.

148.   Denied.

149.   OpenAI lacks knowledge or information sufficient to form a belief about the truth of the allegations, and on that basis denies them.

THIRD CAUSE OF ACTION

(Unfair Competition: Cal. Bus. & Prof. Code § 17200 *et seq.*)

150.   OpenAI repeats and incorporates by reference their responses to the foregoing allegations.

151.   This paragraph sets forth a legal conclusion to which no response is required.

152.   Denied. To the extent this paragraph sets forth a legal conclusion, no response is required.

153.   Denied. To the extent this paragraph sets forth a legal conclusion, no response is required.

ANSWER TO PRAYER FOR RELIEF

The Prayer for Relief contains argument, legal principles, or conclusions of law to which no response is required. To the extent a response is required, OpenAI denies that Plaintiff xAI is entitled to any of the requested relief and denies any allegations in the Prayer for Relief.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

DEFENSES

OpenAI, without admitting any allegations in the Complaint and/or any other wrongful conduct, and without assuming the burden of proof (either of production or persuasion) on any issue, asserts the following affirmative defenses to the Complaint and to the claims stated therein.

FIRST DEFENSE

(FAILURE TO STATE A CLAIM)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI fails to state facts sufficient to constitute valid claims on which relief may be granted.

SECOND DEFENSE

(NO TRADE SECRET MISAPPROPRIATION)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that there has been no trade secret misappropriation, including without limitation because the alleged trade secrets are not protectable, 18 U.S.C. § 1839, and OpenAI did not have access to or knowledge of the alleged trade secrets and confidential information.

THIRD DEFENSE

(CUTSA SUPERSESSION/PREEMPTION)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that some or all of the claims xAI has asserted are barred, in whole or in part, because they are superseded by California's Uniform Trade Secrets Act (CUTSA).

FOURTH DEFENSE

(ESTOPPEL)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, by the doctrine of estoppel by reason of xAI's conduct, actions, omission, and communications.

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

FIFTH DEFENSE

(WAIVER)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, by the doctrine of waiver, abandonment, and/or forfeiture.

SIXTH DEFENSE

(UNCLEAN HANDS)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, by xAI's unclean hands.

SEVENTH DEFENSE

(FAILURE TO MITIGATE DAMAGES)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, by its failure to take reasonable steps to mitigate its damages.

EIGHTH DEFENSE

(ACTS OF PLAINTIFF)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, because xAI's complained-of injuries and damages were caused by its own acts or omissions.

NINTH DEFENSE

(SPECULATIVE DAMAGES)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI's claims are barred, in whole or in part, because xAI's requested monetary relief is too speculative and/or remote and/or impossible to prove or allocate.

TENTH DEFENSE

(DAMAGES UNAVAILABLE)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that some or all of xAI's request for restitution, disgorgement, exemplary damages, punitive damages,

OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

attorneys' fees, and injunctive relief must be stricken as such relief is not available for the claims asserted and, furthermore, the Complaint fails to state facts sufficient to form the basis for such relief in connection with the asserted claims.

ELEVENTH DEFENSE

(RELIEF UNAVAILABLE)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that some or all of the claims xAI has asserted are barred, in whole or in part, due to the unavailability of the relief requested.

TWELFTH DEFENSE

(ADEQUATE REMEDIES AT LAW)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that xAI is not entitled to equitable relief because xAI has adequate remedies at law, and no threat of harm exists to support a grant of equitable relief.

THIRTEENTH DEFENSE

(DUPLICATIVE RECOVERY)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges, without admitting that the Complaint states any claim for relief, that any remedies are limited to the extent that xAI seeks an overlapping or duplicative recovery for the same alleged injuries.

FOURTEENTH DEFENSE

(BAD FAITH TRADE SECRETS CLAIM)

As a separate defense to the Complaint and to the claims therein, OpenAI alleges that some or all of the claims xAI has asserted are frivolous, unreasonable, without justification, and brought in bad faith. Accordingly, OpenAI is entitled to all costs, expenses, and attorneys' fees incurred in defending these claims pursuant to 18 U.S.C. § 1836(b)(3)(D).

RESERVATION OF DEFENSES

OpenAI will answer any additional claims that survive a motion to dismiss at a time ordered by the Court, and expressly reserves the right to amend and add to these defenses, including as to any additional claims, at that time. OpenAI is still investigating the allegations of

1   the Complaint. Additional facts may be revealed by further investigation and/or discovery that

2   support additional defenses presently available to, but unknown, to OpenAI. OpenAI reserves the

3   right to amend or assert additional defenses, cross-claims, and third-party claims, not asserted

4   herein of which they may become aware through discovery or other investigation as may be

5   appropriate.

6   **PRAYER FOR RELIEF**

7   Consistent with the foregoing, OpenAI prays for relief as follows:

8   (1) That xAI's claims be dismissed with prejudiced;

9   (2) That xAI take nothing by way of the Complaint;

10   (3) That judgment be entered in favor of OpenAI;

11   (4) That OpenAI be awarded its costs and attorneys' fees in connection with this litigation

12 to the fullest extent permitted by law, including 18 U.S.C. § 1836(b)(3)(D); and

13   (5) That the Court provide such further relief as it may deem just and proper.

14

15 DATED: October 2, 2025   MUNGER, TOLLES & OLSON LLP

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18   By: */s/ Carolyn Hoecker Luedtke*
                                               CAROLYN HOECKER LUEDTKE
                                               JONATHAN I. KRAVIS
19   DANE P. SHIKMAN
                                               GABRIEL M. BRONSHTEYN
20
                                        Attorneys for Defendants OpenAI, Inc., OpenAI
21   Global, LLC, and OpenAI OpCo, LLC

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OPENAI'S ANSWER AND AFFIRMATIVE DEFENSES

Answers to Complaints
[3:25-cv-08133-RFL X.AI Corp. et al v. OpenAI, Inc. et al](#)

ADRMOP,RELATE

U.S. District Court

California Northern District

Notice of Electronic Filing

The following transaction was entered by Luedtke, Carolyn on 10/2/2025 at 2:15 PM and filed on 10/2/2025
Case Name: X.AI Corp. et al v. OpenAI, Inc. et al
Case Number: [3:25-cv-08133-RFL](#)
Filer: OpenAI, Inc.
                            OpenAI Global, LLC
                            OpenAI OpCo, LLC
Document Number: [31](#)

Docket Text:
OPENAI'S ANSWER to Complaint with Jury Demand *AND AFFIRMATIVE DEFENSES* by OpenAI, Inc., OpenAI Global, LLC, OpenAI OpCo, LLC. (Luedtke, Carolyn) (Filed on 10/2/2025)

3:25-cv-08133-RFL Notice has been electronically mailed to:

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3:25-cv-08133-RFL Please see [Local Rule 5-5](#); Notice has NOT been electronically mailed to:

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:C:\fakepath\FINAL OpenAI Answer.pdf
Electronic document Stamp:
[STAMP CANDStamp_ID=977336130 [Date=10/2/2025] [FileNumber=22850215-0]
[077cc671401c3c02272dcb9dfa83f60b1c2f71011c026764a8075d597d2d467feac3
9b5c513319c0da46d92cef0ce146fa404b27f9cfd7a52168c919f06a5d60]]