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Jury Finds Phillips 66 Liable For Misappropriating Trade Secrets in $605 Million Verdict

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Last week, a California jury found Phillips 66 liable for misappropriating trade secrets from Propel Fuels Inc., a low-carbon renewable fuels retailer, and awarded Propel $605 million in damages.

In 2015, Propel went to market with a retail high-blend renewable diesel fuel that targeted the California market. Two years later, in 2017, Phillips 66 entered into negotiations for the acquisition of Propel. During due diligence, and after signing a non-disclosure agreement, Propel shared confidential information, including trade secrets, with Phillips 66. These trade secrets included proprietary strategies, formulas, financial data, and other confidential information. The following year, Phillips 66 abruptly terminated the acquisition negotiations, and entered the renewable fuels market in California shortly thereafter.

Propel then brought suit against Phillips 66 in 2022 for breach of the non-disclosure agreement and misappropriation of eighty-eight trade secrets. At trial, Phillips 66 claimed that Phillips 66 knew nothing about the renewable fuel business prior to receiving Propel's confidential information, and Phillips 66's entry into the renewable fuels market caused it direct competitive harm. The jury agreed with Propel, finding that Phillip 66's emergence into the California renewable fuel market was not only premised on Propel's trade secrets, but was also willful and malicious. After eight days of deliberation, the jury awarded Propel $605 million in damages.

This verdict underscores why proper due diligence, secure non-disclosure agreements, and protection of trade secrets are necessary during evaluations of and negotiations for potential acquisitions. If you have any questions, please reach out to:

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