



## News

Many of our engagements involve matters in which our clients face significant public attention. The following is a list of news stories about the firm, our clients, cases and the results we have achieved.

### **Jury Awards Propel Fuels \$604.9 Million for Trade Secret Misappropriation by Phillips 66**

October 17, 2024

*Verdict Finds Phillips 66's Misconduct Was Willful and Malicious.*

SACRAMENTO, October 17, 2024 -- (BUSINESSWIRE) -- Propel Fuels, Inc. ("Propel"), a leading retailer of low-carbon fuels at stations throughout California, was awarded victory by a jury in its trade secrets misappropriation case against Phillips 66 Company ("Phillips 66"), following a five-week trial in the Superior Court of California, County of Alameda, located in Oakland, California.

The jury found in Propel's favor on its claim that Phillips 66's California renewable fuels business was developed from Propel's trade secrets in violation of California's Uniform Trade Secrets Act, and awarded unjust enrichment damages totaling \$604.9 million. The jury also found that Phillips 66's misappropriation was willful and malicious, meaning that Court may now triple the total damages award. The verdict follows more than two years of pretrial proceedings, and a trial that featured voluminous evidence and testimony from 31 witnesses, including 10 expert witnesses.

"Propel Fuels is pleased that after viewing all of the evidence, the jury has held Phillips 66 accountable for stealing our trade secrets," said Rob Elam, founder and Chief Executive Officer of Propel Fuels. "Before its discussions with Phillips 66, Propel had worked for more than 13 years to create the market for these fuels, which are important alternatives that improve air quality and help fight climate change. We were pioneers who helped create the market, and what Phillips 66 stole was result of hard work by entrepreneurs who took the kind of risks that are the foundation for our entire modern economy."

"Propel did what many innovators cannot do—it stood up to a much larger adversary and persevered through a long process to vindicate its rights." said Michael Ng of the global disputes and investigations firm Kobre & Kim, lead counsel for Propel. "We are grateful to the jury, who spent more than a month examining detailed evidence supporting this verdict and their finding that Phillips 66's misappropriation was willful and malicious, and the highly experienced presiding judge, who devoted considerable time and effort to the arguments of both sides."

The lawsuit, filed on February 16, 2022, alleges that Philips 66 stole confidential data, proprietary strategies and business intelligence developed by Propel over 13 years at a cost to Propel of hundreds of millions of dollars. Founded in 2004, Propel was an early pioneer in the sale of low-carbon renewable fuels, including E85, a cleaner energy solution for use in Flex Fuel vehicles. In 2015, Propel was the first in the market to retail high-blend renewable diesel, which Propel sells under its HPR™ brand. Renewable diesel is a cleaner diesel fuel produced from lower carbon intensity feedstocks; Propel's HPR (R99) was the first high-blend renewable diesel targeted to consumers in the California market.

Propel and Phillips 66 entered into due diligence in 2017, in connection with a proposed acquisition of Propel by Phillips 66. Propel alleged at trial that, during the due diligence process, Propel disclosed its proprietary strategies and data, and was actively building a new integrated renewable fuels business for Phillips 66. Phillips 66 abruptly and without explanation terminated the deal on August 24, 2018, and the next business day announced to California regulators that it would enter the E85 market in the state and launched retail sales of high-blend renewable diesel weeks later. Propel alleged at trial that Phillips 66 rapidly expanded its California renewables business using Propel's data and market insights; it now retails E85 or renewable diesel at more than 600 stations in the state.

# KOBRE & KIM

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