



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.

Propel Fuels is Awarded \$195 Million Additional Exemplary Damages for Trade Secret Misappropriation by Phillips 66, Bringing Total Award to More Than \$833 Million

July 31, 2025

Kobre & Kim led litigation leading to one of the largest trade secret verdicts in U.S. history.

SACRAMENTO, July 31, 2025 – California renewable fuels pioneer Propel Fuels, Inc. (“Propel”) has been awarded \$195 million in exemplary damages for trade secret misappropriation by Phillips 66 Company (“Phillips 66”). Together with the jury’s \$604.9 million award of compensatory damages, and pre-judgment interest that the court also allowed in the ruling, the total award to Propel stands at more than \$833 million—already one of the five largest trade secret judgments in U.S. history—with the possibility of an additional award of attorneys’ fees and costs to be added later.

The order was issued by Judge Michael Markman of the Superior Court of California, County of Alameda. Exemplary damages (similar to punitive damages) were allowed after the jury found Phillips 66’s misappropriation to be willful and malicious following a five-week trial ending in October 2024. After numerous written submissions and an oral argument in March 2025, Judge Markman’s order was “tied to [the Court’s] review of the testimony and other evidence at trial,” and concludes: **“In summary, the court finds that Phillips 66’s misconduct was ‘reprehensible’ from a business perspective.”** [Emphasis added.]

“Propel’s decision to pursue litigation was not an easy one. This has been a seven-year effort.” said Rob Elam, founder and Chief Executive Officer of Propel. “The ability of a company of our size to persevere in a long battle against an adversary of this size is rare, and to achieve a successful result like this is even more uncommon. The time, money and commitment required to seek justice in these cases is extremely challenging. We did this for the company, its founders, employees, shareholders, partners and customers. But we also did it for all small business entrepreneurs in America—defending American innovation and the American dream, demanding accountability and responsibility from one of America’s largest corporations.” Mr. Elam continued, “We hope this begins a serious discussion about corporate behavior and ethics, and the damage being done to American competitiveness. Corporations need to be held accountable. The culture needs to be fixed.”

Michael Ng of the global disputes and investigations firm Kobre & Kim, who led the trial team along with Daniel Zaheer, said: “We are grateful for the Court’s attention to the detailed evidence and for its thoughtful findings, which affirm the decisive results from the jury last fall. As the order says, the story told by Phillips 66 fell apart on cross examination. We are proud to stand with innovators, especially those like Propel who are willing to persevere through the challenges of the litigation process.”

The dispute results from the fallout of Phillips 66’s terminated acquisition of Propel in 2018 and Phillips 66’s misuse of confidential information acquired under NDA to immediately launch a new renewable fuels business that quickly grew to a multi-billion-dollar operation. Noting the disparity between Phillips 66 and the much smaller Propel, the Court addressed the need to deter future misconduct:

“The court anticipates that the total judgment is more than sufficient to cause Phillips 66, and public companies at large, to conduct due diligence fairly and to take reasonable steps to safeguard the trade secrets of their smaller potential acquisition partners. Steps like returning trade secrets and other confidential information after a failed merger or acquisition, pursuing future substantially similar business ventures by using a clean team ought to have been second nature to Phillips before it danced with Propel. The court is confident Phillips will make it so going forward as a result of this case and the exemplary damages award.”

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Finding that “the evidence strongly supports” the \$195 million punitive award, Judge Markman’s order cites a long list of misconduct by Phillips 66 during the due diligence, including “troubling aspects of Phillips’ handling of the due diligence process” and “mismanagement of the transition from a potential acquisition” to the launch of its new business, and in particular, the “duplicitous handling of the wind-down” of the acquisition, which it says “contributes to the conclusion that Phillips 66’s misconduct was reprehensible.”

Saying the order covers only a “few examples” of the evidence that “strongly supports” the \$195 million award, the Court noted:

“Phillips 66 gleaned an enormous amount of information concerning the renewable diesel and E85 markets from due diligence. Internally, some at Phillips characterized it as a ten-year head start, in the sense that Propel had accumulated ten years’ worth of know-how, real-world data, and other information that Phillips would be able to leverage in an acquisition.”

However, even after Phillips 66 had decided internally not to pursue the acquisition and instead “go it alone,” the company “continued to string Propel along during that time, most jarringly seen in [an email] reassuring [COO Koichi] Kurisu at Propel that the deal had been presented to the decision-makers and was just awaiting final approval from the chairman of the board. It took another month before Phillips 66 formally called off the deal.”

The Court concluded that after terminating the deal “Phillips 66 then managed to pivot to its ‘go it alone’ strategy, contacting California regulators the very next business day after terminating the Propel deal. It pushed forward building a business that it had not been a player in before due diligence with Propel. Its knowledge of Propel’s trade secret information itself made the business case for entering the renewable diesel and E85 markets ... Phillips 66 got its proof of concept from Propel and then ran with it.”

“Phillips 66 took no efforts to shield the team implementing its renewable diesel project from Propel’s trade secrets. Rather, the team that implemented Phillips 66’s ‘go it alone’ strategy was virtually identical to the team that Phillips had used to conduct the due diligence of Propel. Phillips 66 knew it could make use of a ‘clean team’ to avoid any potential misuse of Propel trade secrets – such steps are well known throughout corporate America and Phillips executives testified they were certainly aware of the concept – but it did not consider the deal significant enough to undertake the necessary effort and expense.”

The order was also critical of “Phillips 66’s efforts to explain away the evidence reflecting its misuse of Propel’s trade secrets,” which it said “were not persuasive.” The Court said certain testimony “did not seem to hold up on cross-examination,” and “Propel effectively countered” other Phillips 66 claims “via contrary evidence and expert testimony.”

The order concludes:

“Phillips 66 should have been candid with Propel about any alleged misgivings in early June 2018, when [Phillips 66’s deal lead] effectively decided the deal should not be consummated. It should not have repeatedly reassured Propel that the acquisition was on track when the deal was effectively dead. It should have collected and sequestered, returned, or destroyed all Propel confidential information shared during due diligence, without exception and without trying to parse whether a particular piece of information was indeed a trade secret under the law. It should not have tried to re-use spreadsheets populated with data from Propel, both financial and concerning site evaluations. **And if all that was really too hard or too expensive, then it probably should have just acquired Propel.**” [Emphasis added]

A conference regarding formal entry of judgment is scheduled for August 5, 2025.

A copy of the order can be accessed [here](#).

About Kobre & Kim

Kobre & Kim is a global law firm that focuses on cross-border disputes and investigations, often involving fraud and misconduct. Our specialized, integrated product offerings allow the firm to address clients’ underlying problems, whether they are legal, financial or reputational. We primarily act as special advocates in sensitive situations requiring independence and conflict-free advocacy.