



# Trade Secret Litigation Watch

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Since the passage of the Defend Trade Secrets Act (DTSA) in 2016, US district courts have served as a battleground for high-stakes trade secret litigation—and that trend shows no sign of slowing. In this article, CRA's Intellectual Property Practice consultants take a closer look at trade secret case filings and developments from the first half of 2025.

## District court filing activity: Surge in first half of 2025

Trade secret case filing activity is accelerating in US district courts. After a 9% rise from 2023 to 2024, the first half of 2025 saw a 15% increase in filings compared to the first half of 2024, indicating a sustained upward trajectory.<sup>1</sup> But continued growth was not the only trade secret filing trend that continued in the first half of 2025. As in 2023 and 2024, the majority (74%) of new US district court trade secret filings from the first half of 2025 included contract claims.<sup>2</sup>

Unlike patent cases, which are highly concentrated in certain districts, the jurisdictions of trade secret case filings remain relatively fragmented, with no single district accounting for more than 6% of new cases in the first half of 2025. This was also the case in 2023 and 2024. So far, the Southern District of New York and the Central District of California have seen the largest amount of new case activity in 2025, but 76 other US district courts have at least one filing this year. The District of New Jersey experienced an uptick in case filings in the first half of 2025, as the 36 cases filed in the district represented a 57% increase from the 23 cases filed in the first half of 2024.

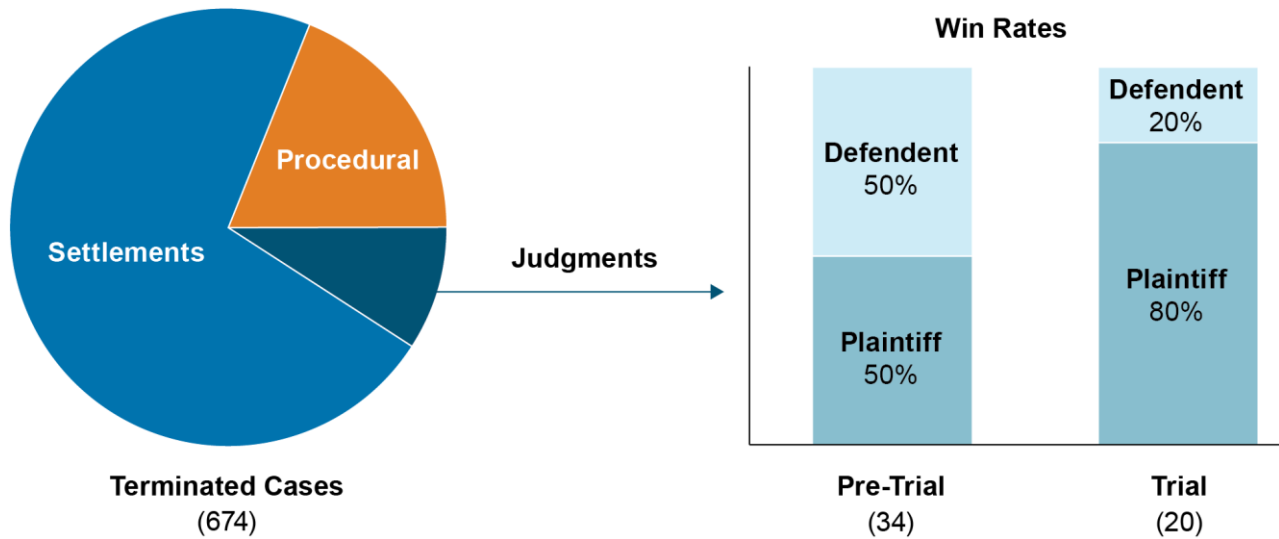
In the first half of 2025, 674 federal trade secrets-related cases were terminated. Approximately 65% of terminations resulted from a likely settlement between the parties and 17% stemmed from a procedural termination, such as a procedural dismissal, venue transfer, or case consolidation. Of the 34 cases that were terminated as a result of a pre-trial judgment (i.e., judgment on the pleadings or summary judgment), there was a 50/50 split between wins for the claimant and the claim defendant. For cases that survived summary judgment and/or a judgment on the pleadings, claimants were victorious in 16 of the 20 cases (80%) that had gone to trial. Such outcomes are largely consistent with historical data, which shows that claimants have

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<sup>1</sup> CRA analysis; Lex Machina.

<sup>2</sup> Over 80% of federal trade secret cases filed in 2023 and 2024 had contract claims.

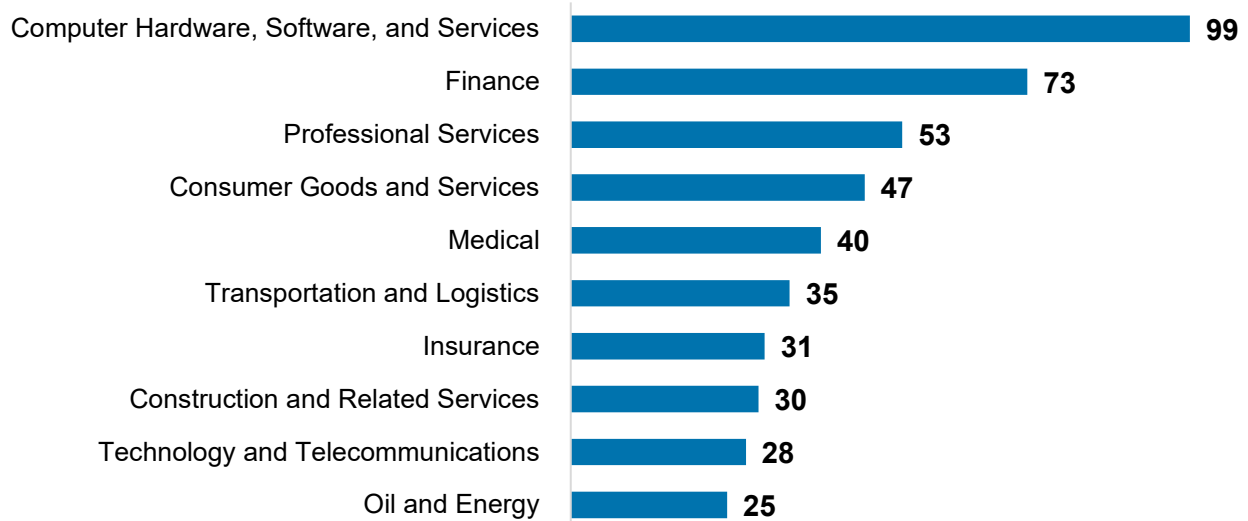
prevailed in 86% of trade secret cases that proceeded to trial.<sup>3</sup> The graphic below provides a breakdown of terminated trade secret cases in the first half of 2025:



### Industry trends: Escalating number of AI-related cases

In 2023 and 2024, cases involving Computer Hardware, Software, and Services companies saw the most filing activity of any industry in the first half of 2025. The top 10 industries that saw the most filing activity during the first half of the year are shown below:<sup>4</sup>

#### Top 10 industries by trade secret case filings, first half of 2025



<sup>3</sup> "The Rise of Trade Secret Litigation," Sheppard Mullin, September 23, 2024 (accessed: <https://www.tradesecretslawblog.com/2024/09/the-rise-of-trade-secret-litigation/>).

<sup>4</sup> Industry classifications of parties from Lex Machina.

Within the Computer Hardware, Software, and Services industry, the litigation landscape surrounding artificial intelligence (AI) and trade secrets continues to unfold. The term “artificial intelligence” was mentioned in the complaints of 36 different cases filed in the first half of 2025, an 80% increase from the 20 complaints filed in the first half of 2024.<sup>5</sup> Notable AI-related cases filed in the first half of 2025 include *Tesla Inc. v. Proception Inc.* (N.D. Cal.), in which Tesla alleges theft of trade secrets related to “Optimus,” the company’s “autonomous humanoid robot” powered by “a comprehensive learning system that leverages artificial intelligence to execute complex physical tasks,”<sup>6</sup> as well as two cases filed by OpenEvidence Inc., a medical AI company, alleging theft of its proprietary source code.<sup>7</sup> As noted recently by *Law360*, trade secrets have been increasingly recognized as a suitable legal mechanism for protecting AI-related technologies.<sup>8</sup>

## Trade secret damages: The Wild West continues

In the first half of 2025, 51 different cases with trade secret claims returned damages awards collectively totaling over \$485 million.<sup>9</sup> Approximately \$370 million of the \$485 million in trade secret-related damages awards came from jury verdicts, which, as is often the case with patent cases, isn’t necessarily “the end of the story.”<sup>10</sup> In fact, the two largest jury damages awards from the first half of 2025—*Zest Labs Inc. v. Walmart Inc.* (E.D. Ark.) and *Syntel Sterling Best Shores Mauritius Ltd. v. The TriZetto Group, Inc.* (S.D.N.Y.)—were awarded in retried cases.<sup>11</sup> Jury-awarded damages in these retrials totaled \$223 million and \$70 million, respectively, representing over 60% of the total damages awarded for cases involving trade secrets during the first half of 2025.

Punitive damages for trade secret cases were awarded in eight instances during the first half of 2025, totaling about \$166 million. Of that amount, the *Zest Labs* case alone accounted for \$150 million. The punitive damages in the *Zest Labs* matter represented two-thirds of its total \$223 million damage award, highlighting the potential impact of a finding of willful misappropriation in a trade secret dispute.

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<sup>5</sup> Number of cases determined by performing a keyword search for “artificial intelligence” in complaints filed during the desired time frame on Lex Machina. Figures exclude complaints of cases originally filed outside of the time frames shown (e.g., an amended complaint filed in the first half 2025 that relates to a case originally filed in the second half of 2024 would not be included in the count of cases from the first half of 2025).

<sup>6</sup> Complaint, *Tesla Inc. v. Proception Inc.*, Case No. 5:25-cv-04963 (N.D. Cal.), June 11, 2025, pp. 2, 5.

<sup>7</sup> Complaint, *OpenEvidence Inc. v. Doximity Inc.*, Case No. 1:25-cv-11802 (D. Mass), June 20, 2025; Complaint, *OpenEvidence Inc. v. Pathway Med. Inc.*, Case No. 1:25-cv-10471 (D. Mass), Feb. 23, 2025.

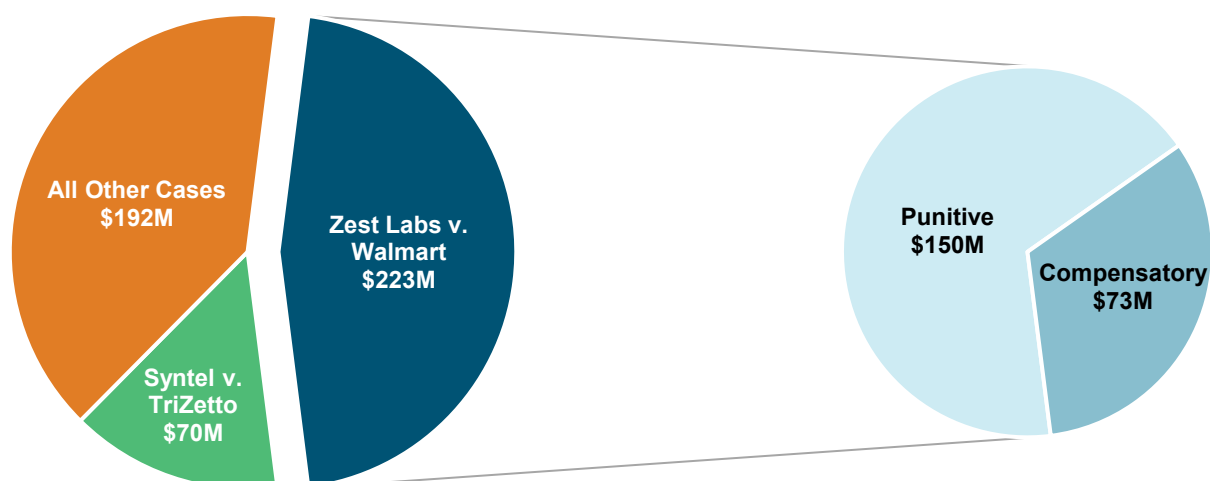
<sup>8</sup> “Trade Secrets Emerge As Path For Cos. To Protect AI Works,” Ivan Moreno, *Law360*, May 6, 2025 (accessed: <https://www.law360.com/articles/2336427/trade-secrets-emerge-as-path-for-cos-to-protect-ai-works>).

<sup>9</sup> Of this collective amount, approximately \$89 million was awarded for causes of action unrelated to trade secrets, including, but not limited to, claims related to breach of contract, trademark infringement, and copyright infringement. Attorney’s fees totaling \$33 million were awarded in 30 separate cases, making these awards the most common damage types in trade secret cases during the first half of 2025.

<sup>10</sup> “Patent Damages Jury Verdicts Aren’t Always End Of The Story,” James Donohue and Marie Sanyal, *Law360*, May 7, 2024 (accessed: <https://media.crai.com/wp-content/uploads/2024/05/08142400/Patent-Damages-Jury-Verdicts-Arent-Always-End-Of-The-Story-Donohue-Sanyal-Law360-2024.pdf>).

<sup>11</sup> “Walmart Hit With \$223M Verdict In Trade Secrets Fight,” Adam Lidgett, *Law360*, May 14, 2025 (accessed: <https://www.law360.com/articles/2337554/walmart-hit-with-223m-verdict-in-trade-secrets-fight>); “\$70M Verdict Boosts TriZetto’s Trade Secrets Award To \$370M,” Ivan Moreno, *Law360*, July 1, 2025 (accessed: <https://www.law360.com/articles/2359934/-70m-verdict-boosts-trizetto-s-trade-secrets-award-to-370m>).

## Trade secret damages awards, first half of 2025 (\$M)



Another example of a case not concluding with jury-awarded damages is *Insulet Corp. v. EOfFlow, Co. Ltd.* (D. Mass.). In April of this year, a 2024 jury award of \$452 million in favor of Insulet Corporation was reduced to \$59 million by a US district court judge. Appeals of this decision are under way in federal circuit court.<sup>12</sup>

## State court developments: Large damages awards hang in the balance

Post-verdict disputes over notable damages awards in state court continued to unfold during the first half of 2025. After attorneys for Propel Fuels argued that \$1.2 billion should be tacked onto a jury's compensatory award of \$605 million in March, a California state judge ordered Phillips 66 to pay \$195 million in exemplary damages for misappropriating trade secrets related to renewable fuels on July 30.<sup>13</sup> Earlier in March, the Virginia Supreme Court agreed to hear Appian Corporation's petition to reinstate a 2023 jury award of \$2 billion found in favor of Appian against Pegasystems Inc. for misappropriation of proprietary software, which had been vacated by a state appeals court in June 2024.<sup>14</sup> These cases serve as a reminder of the volatile and high-stakes nature of trade secret battles outside of federal court disputes.

CRA's Intellectual Property (IP) Practice will continue to monitor and analyze trends and developments in trade secret litigation, particularly those related to damages issues.

<sup>12</sup> "Insulet's \$452M Trade Secrets Award Reduced To \$59.4M," Ivan Moreno, *Law360*, April 25, 2025 (accessed: <https://www.law360.com/articles/2330412/insulet-s-452m-trade-secrets-award-reduced-to-59-4m>).

<sup>13</sup> "'Abusive Behavior' Spurs \$195M Add To Phillips 66 IP Verdict," Cara Salvatore, *Law360*, July 31, 2025 (accessed: [https://www.law360.com/ip/articles/2371860?cn\\_pk=23492bd4-7ef9-4f2d-bf0b-b8064a7514a5&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=custom&utm\\_content=2025-08-01&read\\_main=1&nlsidx=0&nlaidx=0](https://www.law360.com/ip/articles/2371860?cn_pk=23492bd4-7ef9-4f2d-bf0b-b8064a7514a5&utm_source=newsletter&utm_medium=email&utm_campaign=custom&utm_content=2025-08-01&read_main=1&nlsidx=0&nlaidx=0)).

<sup>14</sup> "Supreme Court of Virginia Agrees to Hear Appian Petition to Reinstate \$2.036 Billion Verdict Against Pegasystems, Inc." Appian Press Release, March 7, 2025 (accessed: <https://appian.com/about/explore/press-releases/2025/supreme-court-of-virginia-agrees-to-hear-appian-petition>); Petition for Appeal from the Court of Appeals of Virginia, *Appian Corp. v. Pegasystems Inc.*, Aug. 29, 2024.

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