Proskauer

EV Trade Secrets Litigation Series: Tesla v. Rivian – A High-Stakes Legal Showdown

Regulatory & Compliance on **August 12, 2024**

Continuing our series on electric vehicle (EV) trade secret litigation, see here and here, a California judge has tentatively given Tesla the green light to proceed with a trial against rival Rivian in March of 2025. This will pit two major players in the EV industry head-to-head in a high-stakes legal battle over proprietary EV battery and manufacturing technology.

Tesla filed its lawsuit against Rivian, Tesla's competitor in the EV industry, back in July of 2020. Telsa alleged that Rivian recruited and subsequently employed Tesla employees. According to Tesla, Rivian then instructed those employees to divulge Tesla's proprietary trade secrets. Tesla identified the individual ex-employees as defendants in the complaint as well, alleging specific factual circumstances regarding each ex-employee's violation of Tesla's confidentiality policies and, in some cases, refusal to return highly sensitive trade secret and proprietary information regarding Tesla's EV manufacturing methods. According to the case pleadings, Rivian, for its part, allegedly encouraged these employees to steal Tesla's trade secrets and confidential documentation and bring that information directly to Rivian.

Since 2020, Rivian has been fighting to dismiss Tesla's allegations, while Tesla has repeatedly amended its complaint to specify the alleged misappropriation relating to Tesla's proprietary EV battery technology. Rivian has consistently denied any wrongdoing and argued that Tesla's lawsuit is merely a competitive business tactic to harm Rivian's reputation in the industry. Rivian's repeated legal attempts to dismiss Tesla's allegations, however, have been unsuccessful, culminating in the Court's most recent decision. Despite Rivian's arguments that it investigated these allegations and took some disciplinary actions in response, the Court found there remained questions as to whether Rivian's investigation and response were sufficient. As such, the case is currently set to proceed to trial in 2025.

Tesla’s aggressive approach in enforcing its intellectual property rights against competitors has been at the forefront of EV litigation in recent years. Just last month, Tesla filed a lawsuit against its equipment supplier, Matthews International Corp., alleging trade secret misappropriation and unfair business practices when Matthews allegedly gave those trade secrets to Tesla’s competitors. Tesla is also rumored to be the “victim company” referenced in a sealed trade secret misappropriation lawsuit filed against two ex-employees who allegedly stole proprietary battery assembly information and used it to start a competing Chinese company of their own. The case against Rivian, however, may be Tesla’s first test at trial as it relates to Tesla’s enforcement of its EV trade secrets against a major competitor.

Tesla’s repeated efforts to enforce its intellectual property rights—against ex-employees, competitors, and manufacturers alike—reflect a growing trend in the EV industry: the reliance on trade secret litigation to safeguard competitive and confidential information. Tesla’s approach underscores the importance for EV companies to be vigilant in their approach to trade secret management. This includes implementing rigorous internal policies to protect sensitive information, regularly training employees on confidentiality obligations, actively monitoring for any signs of intellectual property theft, and being prepared to take immediate and decisive legal action when breaches occur. Proskauer’s extensive legal and technical expertise can help EV companies navigate these complex issues, ensuring they are well-prepared to protect their own intellectual property or defend against potential allegations.

View original.

Related Professionals

- **Baldassare Vinti**
  Partner
- **Elizabeth C. Shrieves**
  Associate