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$40 Million Trade Secrets Award Vacated Due To Trial Court Error

California Employment Law on **September 22, 2026**

Comet Technologies USA, Inc. v. XP Power, LLC, 181 F.4th 988 (9th Cir. 2026)

Three senior engineers left Comet Technologies for competitor XP Power and allegedly misappropriated thousands of confidential files concerning Comet's products, research strategy, and technology. Comet contended the engineers used that material to deliver designs and a development plan for XP's competing product lines. A jury found that XP misappropriated three trade secrets under the federal Defend Trade Secrets Act (DTSA) and awarded Comet $20 million in compensatory damages and $20 million in punitive damages. The district court also entered a permanent injunction against any further use of the trade secrets and awarded Comet more than $17 million in attorneys' fees. The Ninth Circuit vacated the judgment and ordered a new trial because the district court incorrectly instructed the jury that XP had to prove the asserted trade secrets were readily ascertainable through proper means. Under the DTSA, however, the plaintiff bears the burden of proving that its information was not readily ascertainable, and the error was not harmless given the conflicting evidence and its effect on damages.

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