

Apple's Suit Against OpenAI Signals New Era of AI Trade Secret Litigation



L-R: Manav Das of MBHB, Kirk A. Sigmon of KellDan Law, and Justin K. Beyer of Saul Ewing.

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On its surface, Apple’s high-profile new lawsuit against OpenAI may look like a routine trade secrets dispute between Big Tech heavyweights—but the case may herald the next wave of intellectual property litigation in the AI industry, say tech and IP litigators.

Apple, which announced a partnership with OpenAI to integrate ChatGPT into its iOS, iPadOS and macOS devices in 2024, sued OpenAI and two former Apple employees on July 10, bringing breach-of-contract and federal and state trade secrets claims in California federal court.

Justin Beyer, a partner at Saul Ewing who focuses on disputes involving trade secrets and non-compete agreements, said in an interview that if you take Apple's claims "at face value," OpenAI's alleged infractions could be classified as "corporate espionage"—and the complaint puts the industry on notice that companies jostling for supremacy in the AI market are "going to engage in any means possible" to carve out a position at the top.

The case, he added, is an "industry shifter" that he anticipates will be the first of many to pit tech companies against each other.

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The suit filed by Apple's counsel at Weil, Gotshal & Manges alleges that Chang Liu and Tang Tan—formerly an electrical engineer and vice president at Apple, respectively—disclosed Apple's trade secrets to OpenAI in a coordinated effort to accelerate the production of OpenAI's own AI hardware device.

Apple accuses Liu of stealing an Apple laptop and contends that Tan instructed Apple employees applying for roles at OpenAI to bring "actual parts" from Apple to their interviews with OpenAI for "show and tell" sessions in order to "elicit still more Apple confidential information."

Kirk Sigmon, a founding partner at tech, AI and IP-focused law firm KellDan and former IP litigator at Morrison & Foerster, said that the suit is, more than anything else, "the manifestation of the speed and ferocity with which the AI market's going."

Silicon Valley, he said, is approaching AI trade secret misappropriation as "the cost of doing business" — just as, he pointed out, both Anthropic and OpenAI "play[ed] very loose and fast with copyrights" by allegedly mining copyrighted works to train their AI models.

Even relative to the "dot-com bubble," tech companies now have much higher tolerances for legal risk than at any other point in recent history, he said.

The battle for competitive dominance in the AI market, he added, is one that tech companies are likely to wage in the courts—and Apple's case against OpenAI could embolden other tech companies to similarly go on the offensive and "begin swinging" at their competitors.

"There's a sense that, perhaps, what's happening here is signaling to other folks: 'By the way, this is how brazen OpenAI has been operating because they have to be this brazen in order to play in this game,'" Sigmon said in an interview.

Apple's counsel did not respond to a request for comment.

“We have no interest in other companies' trade secrets,” said a representative for OpenAI in an emailed statement.

“While we take these allegations seriously, we’re not aware of any evidence that this complaint has merit. We believe in fair competition and allowing people the freedom to work wherever they choose, and we’re focused on building innovative technology that empowers people everywhere.”

Litigators from Quinn Emanuel Urquhart & Sullivan have made appearances on the docket for OpenAI.

‘A RoadMap of Future AI Litigation’

According to the complaint, more than 400 former Apple employees now work for OpenAI. Liu joined OpenAI in January 2026 and OpenAI hired Tan as its chief hardware officer in 2025, shortly after OpenAI inked theroughly \$6.5 billion acquisition of io Products, an AI hardware startup founded by former Apple lead designer Jony Ive.

One of the reasons this suit is distinct from most IP litigation in the AI space, said Manav Das, a partner at intellectual property firm McDonnell Boehnen Hulbert & Berghoff, is that the trade secrets at issue involve hardware, which—unlike cloud-accessible software—relies on a “vast network” of vendors.

Das had previously described the case as “one of the first major lawsuits testing how long-established trade secret principles apply to the race to build AI-native consumer devices” in a blog post that he penned shortly after the filing.

The complaint, according to Das, marks a new frontier of IP litigation in the AI industry diverging from the previous landslide of landmark copyright cases such as Kadrey v. Meta Platforms Inc. and Bartz v. Anthropic, where recent rulings held that using copyrighted material to train AI models constituted “transformative fair use.”

Apple, Das said in an interview, is both working to protect its supply chain and “put the brakes” on its competitor’s own hardware development.

“So, Apple has a lot at stake here, but I think this also lays out a roadmap of future AI litigation—not just involving these vendors, but also maybe access to chips and so forth, which really creates a big barrier to entry into the business ... for smaller startups, for example,” he said.

The suit, noted Eric Ostroff, a trade secrets attorney at Meland Budwick, also serves as a strategic and pointed warning shot to current Apple employees.

“By naming individual engineers and putting their texts in a public complaint, Apple is sending a message to everyone still inside the company who is thinking about the same jump,” Ostroff said in an email.

Apple’s Legal Strategy and Implications for Tech Employers

Apple, said Gustavo Sardiña, a trademark and business litigator at Jimerson Birr, faces an uphill battle in proving its damages theory, which is predicated on use. Though “acquisition by improper means” such as bringing parts to interviews is “actionable” under the Defend Trade Secrets Act, OpenAI still hasn’t rolled out an AI hardware device.

In June, U.S. District Judge Rita Lin in San Francisco tossed similar trade secrets claims against OpenAI by billionaire Elon Musk’s AI company, xAI, after finding that “mere possession of trade secrets is not sufficient to constitute misappropriation.”

“Apple will need to show that misappropriated information is actually shaping OpenAI’s development, and pre-launch harm is hard to quantify,” Sardiña said in an email.

“Expect Apple to lean on unjust enrichment, avoided-cost, reasonable-royalty, and head-start theories (the ‘shaved years off development’ argument).”

Aaron Hall, a business and intellectual property attorney at Hall PC, said Apple has fewer legal resources in its arsenal given that both companies are headquartered in California, which imposes extensive employee mobility protections, voids noncompete agreements and rejects the “inevitable disclosure doctrine.”

“This means Apple cannot get an injunction simply by arguing that a former engineer knows too much and will inevitably spill secrets,” said Hall in an email.

“Apple must prove actual or threatened misappropriation. While the unauthorized acquisition of documents is a legal violation in itself, connecting those materials to what the competitor actually built or directed its engineers to do is what drives the highest stakes in these types of cases.”

On the other side, said MBHB’s Das, OpenAI may pursue a more “sophisticated” defense tack that seeks to prove a “convergence of solutions” in order to overcome Apple’s specific allegations.

“If you’re working in this area and you want to achieve certain goals in hardware designs, then you are inevitably going to come up with similar designs, right?” he said. “Because that’s sort of the way these technology paths progress.” He added that likely will be a subject of expert testimony.

The success or failure of Apple’s claims in court could potentially shape hiring strategies

for employers seeking to recruit competitive AI talent, said Saul Ewing's Beyer.

"If [the court] takes, say, the mindset that Apple didn't protect things adequately, or that Apple waited too long to bring this claim, or that Apple's grievances are really against third parties that are not part of this lawsuit, then you could see other companies take a more aggressive approach to obtaining talent," Beyer said.

The courts, he added, need to start evaluating the question of "what constitutes reasonable measures" in an industry "as dynamic and as emerging as the AI marketplace is," noting that agreements and computer password protection simply won't cut it to protect trade secrets in the era of artificial intelligence.

"Companies need to start treating their trade secrets as though we're in 2026, and maybe not as much as though we were in 2005," he said.