Appian Intellectual Property Suit Headed to Retrial Following Virginia Supreme Court Decision

January 9, 2026

The Supreme Court of Virginia rejected Pega's attempt to dismiss the case entirely

MCLEAN, VA — January 8, 2026 – Appian announced today that it would press its trade secret claims against Pegasystems Inc. ("Pega"), following the decision from the Supreme Court of Virginia remanding the case for retrial and rejecting Pega's arguments seeking to dismiss the case entirely. Pega previously was found to have violated the Virginia Computer Crimes Act, a decision it did not appeal.

"None of the issues addressed by the Supreme Court of Virginia go to the principal facts regarding Pega's misappropriation of Appian trade secrets. We will present that evidence to a new jury and remain confident our claims will be properly addressed by Virginia courts," stated Jaye Campbell, General Counsel of Appian.

As summarized by the Supreme Court of Virginia, "[i]t is undisputed that Pega hired what it described as a 'spy' in Zou, went to great lengths to conceal his identity, utilized the information he provided for its own financial benefit, and, when he lost access, engaged in efforts to trick Appian into granting it access to the information through its employees' use of aliases and non-Pega credentials."

The Supreme Court of Virginia described at length Pega's conduct in sections titled " *Pega engages in corporate espionage*" and " *The fruits of Pega's corporate espionage*" spanning multiple legal pages. All quotes below come directly from the opinion of the Supreme Court of Virginia.

Pega's concern with Appian's success:

Although Pega had entered the BPM marketplace nearly two decades before Appian, by 2012, Appian had achieved higher rankings in certain industry ratings. Alan Trefler, Pega's CEO, conceded that Appian's ascent in the ratings was upsetting, with other Pega employees contemporaneously describing the news as "catastrophic and unexpected." (*Opinion at p. 1*).

Pega's solicitation of an Appian contractor to obtain information:

In February 2012, Pega's then-head of competitive intelligence, John Petronio, sought to improve Pega's industry standing vis-a-vis Appian. Petronio hired the professional staffing and solutions firm KForce to find and hire an "Appian Developer who has extensive experience with BPM Tools" to aid in a "competitive analysis project[.]" The prospective developer needed "access to [Appian's] systems" but "should not have worked directly for Appian." KForce's notes also included instructions from Petronio that KForce was to "make sure" that the developer was not "loyal" to Appian "because [Petronio] doesn't want it getting back to Appian that Pega is doing this work." (*Opinion at p. 2*)

Zou started moonlighting as a consultant for Pega in early 2012. The purpose of his work for Pega was to get access to Appian's "software [and] documentation" and then pressure-test and conduct experiments within the platform in order to identify its strengths and weaknesses. Zou's status as an expert in Appian software, and more importantly his status as someone with access to Appian's documentation and software, made him valuable to Pega. (*Opinion at p. 2*)

Pega's use of Zou to obtain information:

Zou's role as an outside contractor was key: Appian had no interest in sharing information regarding its platform with a direct competitor. Pega employees repeatedly acknowledged in depositions and at trial that Appian's "internal workings" were a "black box," Appian was "very guarded about their technology," and the company "would not have sold [Pega] a license" to use its software. As a result, in its internal communications, Pega characterized Zou as its Appian "spy."

Zou provided intelligence to Pega in three primary ways: (1) preparing video tutorials of himself building applications in Appian to assist Pega in "find[ing] weaknesses [Pega] can exploit" and strengths to incorporate in its products; (2) participating in live presentations with Pega employees to the same effect; and (3) downloading and sharing confidential Appian documentation saved in Appian Forum with Pega.

Appian identified numerous tutorial videos created by Zou to assist Pega. Zou's video presentations to Pega employees were geared toward demonstrating user experience and answering Pega employee questions, including by describing the architecture of Appian's social interface. Zou's presentations also involved visiting Pega's headquarters in Massachusetts twice to meet with senior leadership and other employees.

Pega went to great lengths to conceal Zou's identity during his presentations to Pega employees. Pega leadership "spent hours and hours removing (blurring) [Zou's] name from the videos" he had prepared and requested that he "change his name on the screen and the ownership of the assets (within Appian)" ahead of a presentation to keep himself anonymous. In fact, Pega employees often referred to Zou as "Matt" or "the other 'Matt'" internally—a tongue-in-cheek reference to Matt Calkins, Appian's CEO—to keep him from being "outed" as Pega's "spy."

The documentation Zou shared with Pega included Appian's "High Availability and Disaster Recovery Configurations," architecture diagrams that "reveal[ed] how Appian handle[d] high performance[,]" as well as key documentation relating to Appian's mobile and social features. Petronio testified that "the information from Mr. Zou was folded into documents for sales, including internal strategy documents and external documents that they could . . . use with a customer or give to the customer." Zou's tutorials and Appian's documents were "used to educate [Pega's] sales teams and help them form competitive strategies[,]" and multiple Pega employees testified to the way Zou's insights were parlayed into briefs deployed by Pega when competing against Appian. (*Opinion at p. 3-4*)

Pega's use of information obtained from Zou:

Between 2013 and 2021, Pega was in direct competition with Appian over 200 times. A member of Pega's sales team told others in 2013 that, "[i]f your team is competing against Appian anywhere, please get in touch with . . . John Petronio ASAP to get a briefing on where you should attack Appian[.]" Evidence at trial also established that Pega incorporated Appian's internal information and processes into its own platform in order to improve it. As a result, Appian's product change expert, Dr. Richard Marshall, identified "striking similarities" between the two companies' products. (*Opinion at p. 4*)

Dr. Marshall, Appian's product change expert, identified "five illustrative improvements" in Pega's platform that he traced back to information supplied to the company by Zou:

(1) "smart services" – an invention that allows ordinary users to automatically carry out "complex, dynamic actions" without needing to know how to code;

(2) "ease of editing" – a feature that allows programmers who make a mistake to "go straight back into the editing environment without having to go back through complex series of navigations";

(3) "custom data types" – a feature allowing developers to group related pieces of data together;

(4) "out-of-the-box" social – an "innovative single interface" that brings "collaboration into the work context" and gives centralized access to work lists and tasks all in the same place; and

(5) "out-of-the-box" mobile – a feature allowing applications to run on both desktop and mobile devices without additional coding or effort. Although Pega might have known "what" these Appian features were, Zou provided the "how"—the "architecture and design behind that 'what.'"

At trial, Dr. Marshall walked the jury through each of these features, explaining what they were and how they had been implemented into Pega's platform, tracking the changes between Pega software versions 6.3 and 7.1. (*Opinion at p.5*)

Pega's continued effort to obtain access to Appian software:

Zou continued his work for Pega until he lost access to Appian's server in 2014. Despite the loss of its "spy," Pega continued to attempt to access Appian's systems surreptitiously. Specifically, Pega employees used aliases and non-Pega credentials to try to access Appian's free trials. Pega's own Chief Technology Officer conceded that such efforts were not appropriate and regretted his failure to take steps that would have prevented the activities. (*Opinion at p. 4*)

All aspects of the decision could be subject to further appeal by Appian or Pegasystems. Appian cannot predict the outcome of any appeals or further proceedings, or the time it will take to resolve them.

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Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including statements regarding the outcome of any retrial, appeal and the timing of such matters, are forward-looking statements. All aspects of the court decision could be subject to further appeal by Appian or Pegasystems. Appian cannot predict the outcome of any appeals or the time it will take to resolve them. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including the risks and uncertainties set forth in the "Risk Factors" section of Appian's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission on February 19, 2025 and other reports that Appian has filed with the Securities and Exchange Commission. Appian is under no duty to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations, except as required by law.

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