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UNITED STATES COURT OF APPEALS

FOR THE SIXTH CIRCUIT

UEC HOLDINGS, INC.,
Plaintiff-Appellee,

v.

STEVEN MARK HATCHER; KENT POWER, INC.; TROY KENT,
Defendants-Appellants.

No. 25-6123

Appeal from the United States District Court for the Western District of Kentucky at Louisville.
No. 3:25-cv-00731—David Jason Hale, District Judge.

Argued: July 21, 2026

Decided and Filed: September 17, 2026

Before: SILER, DAVIS, and RITZ, Circuit Judges.

COUNSEL

ARGUED: D. Andrew Portinga, MILLER JOHNSON, Grand Rapids, Michigan, for Appellants. Jonathan Landesman, COHEN SEGALIAS PALLAS GREENHALL & FURMAN, P.C., Philadelphia, Pennsylvania, for Appellee. **ON BRIEF:** D. Andrew Portinga, James R. Peterson, Amanda L. Rauh-Bieri, MILLER JOHNSON, Grand Rapids, Michigan, for Appellants. Jonathan Landesman, Lori W. Azzara, Leigh Nazzario, COHEN SEGALIAS PALLAS GREENHALL & FURMAN, P.C., Philadelphia, Pennsylvania, for Appellee.

OPINION

SILER, Circuit Judge. The Plaintiffs, UEC Holdings, Inc. ("UEC") and United Electric Company, Inc.[1] ("United Electric"), sued the Defendants, Steven Mark Hatcher ("Hatcher"), Troy Kent ("Kent"), and Kent Power, Inc. ("Kent Power"), alleging misappropriation of trade secrets. Subsequently, the district court issued a preliminary injunction order—the subject of this appeal. The preliminary injunction requires that the Defendants cease working on a contract with one of United Electric's clients, Louisville Gas & Electric ("LG&E"). The order also directs independent forensic examiners to obtain "responsive items" from the Defendants' electronic devices. Because the Plaintiffs have failed to establish irreparable harm or show that the preliminary injunction order is narrowly tailored, we **VACATE** and **REMAND** the district court's order.

I. Background

United Electric is a Kentucky union contractor, providing electrical construction and utility services in and around Louisville, Kentucky. Hatcher became Vice President of United Electric's utility division in 2019. As Vice President, Hatcher had access to sensitive information, such as confidential pricing, bid templates, rate sheets, labor and equipment burdens, customer strategies, and performance data.

In August 2025, UEC (the parent and sole owner of United Electric) terminated Hatcher for poor financial performance, documentation failures, dishonesty, customer dissatisfaction, and safety violations. Following his termination, UEC forensically reviewed Hatcher's company-issued devices. The Plaintiffs allege that UEC found communications between Hatcher and Kent (the owner of Kent Power) spanning July through August 2025, in which Hatcher allegedly transmitted confidential pricing and rate materials.

[1]When this appeal was filed, United Electric was not included as a plaintiff in the appeal. It was added as a plaintiff in the amended complaint, however. Consequently, this opinion refers to United Electric as a plaintiff and refers to UEC and United Electric together as the "Plaintiffs."

Because of this, the Plaintiffs brought suit in federal district court, seeking injunctive relief, compensatory and exemplary damages, and attorney's fees. More specifically, the Plaintiffs raised a federal misappropriation of trade secrets claim under the Defend Trade Secrets Act ("DTSA"), 18 U.S.C. § 1836(b), a state misappropriation of trade secrets claim under the Kentucky Uniform Trade Secrets Act ("KUTSA"), Ky. Rev. Stat. Ann. § 365.880-365.900, and several state-law contract claims related to Hatcher's employment agreements. The Plaintiffs then moved for a preliminary injunction.

Hearing on the Preliminary Injunction Motion

At the hearing on the preliminary injunction motion, Hatcher testified that, about a month before he was terminated, he texted Kent about LG&E's bid process. Their text conversations addressed Kent Power potentially obtaining a contract with LG&E for transmission work—a type of work that United Electric cannot perform because it lacks the necessary equipment. Hatcher further suggested that Kent Power was interested in more than just transmission work; Kent Power was also interested in doing distribution work for LG&E. United Electric's distribution work for LG&E comprises 95% of the business for United Electric's utility division.

While discussing LG&E's bid process, Hatcher texted Kent some of United Electric's proprietary information, including its pricing information and union hiring rates. Hatcher indicated that he deleted texts with Kent before returning his phone to United Electric. And he did not deny that some of the information he shared was trade secret information.

Despite these disclosures, Hatcher stated that, since starting work for Kent Power, the company had not taken any business away from United Electric. Later, on cross-examination, United Electric's former Chief Operating Officer could not identify any business that United Electric had lost to Kent Power.

Kent also testified. He agreed that his text communications with Hatcher were wrong. But he stated that he did not use United Electric's unit-pricing information to develop a proposal to LG&E. On this point, Kent represented that "[o]ur transmission unit and T&E pricing was all submitted well before [my texts with Hatcher]." When asked whether he had Hatcher review pricing before he submitted the transmission proposal to LG&E, Kent responded, "Yeah, in some way." Kent indicated that Kent Power submitted rates for distribution work to LG&E but that its rates were twice rejected for being too high. Kent averred that Kent Power had not taken any business from United Electric.

District Court's Order Granting a Preliminary Injunction

Following the hearing, the district court granted the motion for a preliminary injunction. In the order, the district court found that the Plaintiffs were likely to succeed on the merits of the DTSA and KUTSA claims because "the information [shared by Hatcher with Kent] had independent economic value, was not generally known, and . . . efforts were made to keep it secret." Likewise, the district court found that the Plaintiffs had established irreparable harm for these claims because "the relationship that has been furthered between Kent Power and LG&E . . . does present a potentially significant competitive injury to [the Plaintiffs], particularly if Kent Power later begins providing distribution services in the Louisville area." On the scope of relief, the district court reasoned that requiring Kent Power to cease work for LG&E would be the "narrowest" way to grant the Plaintiffs complete relief because of the connection between Hatcher's review of Kent Power's pricing before it was submitted to LG&E.

Thus, the district court partially granted the Plaintiffs' motion for a preliminary injunction and ordered the following:

> (4) Defendants are ENJOINED and RESTRAINED from directly or indirectly doing any of the following, or aiding or assisting others to do any of the following, for the pendency of this litigation:
>
> (a) Defendants shall not use, access, transmit, or disseminate any of UEC or United Electric's confidential, proprietary, or trade-secret information or documents, including but not limited to pricing models, rate and blended-rate spreadsheets, bid templates, customer information, and operational data referenced in the parties' communications.
>
> (b) Defendants shall preserve all electronic or physical materials containing any UEC or United Electric information and shall not delete, alter, or destroy any such materials. Defendants shall grant access to an independent forensic examiner, selected by UEC and approved by the Court, who shall image, preserve, and search all relevant data sources (including computers, external drives, mobile phones, and cloud accounts) for UEC- and United Electric-generated data or documents; produce responsive items to UEC; and retain mirror images pending further order of this Court.

> (c) Defendants shall immediately return to UEC, at their expense, all files, materials, equipment, and confidential information belonging to UEC and United Electric and cease any use, copying, or disclosure thereof.
>
> (d) Defendants shall provide to UEC, within 10 days of the Court's approval of a qualified independent computer, a written certification of completion from a qualified independent computer forensics vendor selected by UEC and approved by the Court confirming that all UEC and United Electric confidential information has been permanently removed from all devices, accounts, and storage media in Defendants' custody, possession, or control.
>
> (e) Defendants shall withdraw any proposals submitted to, and cease performing any work for, any UEC or United Electric customer or prospective customer with whom Hatcher had dealings during his employment and withdraw any proposals or bids submitted to entities to which United Electric has submitted bids or performed work during the relevant period.

Following the district court's preliminary injunction order, the Defendants filed an interlocutory appeal of the preliminary injunction order.

Video Meeting with Forensic Examiners

After the preliminary injunction order, the parties convened to discuss compliance with the order. During the meeting, the parties "reached an agreement in principle" on certain forensic safeguards, clawback procedures, and custodians. Subsequently, the parties corresponded via e-mail, during which the Plaintiffs declined the Defendants' request that the parties reduce to writing a forensic protocol or agree to limit ex-parte communication with the forensic examiners.

Because of the lack of a written forensic protocol and protective order, the Defendants repeatedly moved to limit the scope of the forensic examination. Despite these efforts, the district court and later the magistrate judge denied relief.

II. Standard of Review

We review a district court's decision to deny a preliminary injunction under an abuse-of-discretion standard. *Babler v. Futhey*, 618 F.3d 514, 519 (6th Cir. 2010). But that can be misleading. While we apply deferential review to a district court's fact findings and its ultimate judgment about whether to grant the preliminary injunction, we treat a mistake of law as an abuse of discretion. *Union Home Mortg. Corp. v. Cromer*, 31 F.4th 356, 366 (6th Cir. 2022).

III. Discussion

A. The Contract Between Kent Power and LG&E

Paragraph 4(e) of the district court's preliminary injunction order requires that Kent Power cease working under the transmission contract with LG&E. The Defendants contend that this portion of the court's order improperly restrains Kent Power from performing work that the Plaintiffs cannot perform. The Plaintiffs argue that this provision is necessary to prevent downstream competitive disadvantages.

"When faced with requests for a preliminary injunction, district courts consider four factors: (1) the plaintiff's likelihood of success on the merits; (2) the risk of irreparable harm to the plaintiff in the absence of an injunction; (3) the risk that an injunction will harm others; and (4) the broader public interest." *PCC Airfoils, LLC v. Daugherty*, 176 F.4th 509, 512-13 (6th Cir. 2026) (citing *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008); *A1 Diabetes & Med. Supply v. Azar*, 937 F.3d 613, 618 (6th Cir. 2019)). "After weighing the four factors against one another, a court may grant a preliminary injunction only if a plaintiff has made 'a clear showing that [it] is entitled to such relief.'" *PCC Airfoils*, 176 F.4th at 513 (alteration in original) (quoting *Winter*, 555 U.S. at 22). That said, there is an especially relevant caveat to the general rule that we must balance the four factors: It is "indispensable" that the plaintiff establishes some kind of irreparable harm. *D.T. v. Sumner Cnty. Schs.*, 942 F.3d 324, 326-27 (6th Cir. 2019). Indeed, "the existence of an irreparable injury is mandatory." *Id.* at 327 (emphasis omitted).

On irreparable harm, the Defendants argue that, because the contract with LG&E is for work that United Electric cannot perform, no harm has occurred. In contrast, the Plaintiffs argue that if Kent Power is allowed to perform transmission work for LG&E, they would suffer competitive disadvantages that could not be undone by a damages award.

Typically, "a plaintiff's harm is not irreparable if it is fully compensable by money damages." *Basicomputer Corp. v. Scott*, 973 F.2d 507, 511 (6th Cir. 1992). The alleged irreparable harm must also be immediate and not "speculative or theoretical." *Ohio v. Becerra*, No. 21-4235, 2022 WL 413680, at *2 (6th Cir. Feb. 8, 2022) (order) (quoting *D.T.*, 942 F.3d at 327). That is, to show irreparable harm, the moving party must establish that, without injunctive relief, "they will suffer 'actual and imminent' harm rather than harm that is speculative or unsubstantiated." *Abney v. Amgen, Inc.*, 443 F.3d 540, 552 (6th Cir. 2006) (citation modified).

At the preliminary injunction hearing, multiple witnesses confirmed that the Plaintiffs cannot perform transmission work. So, the contract for transmission work between Kent Power and LG&E poses no direct threat to United Electric's business. This matters because if the Plaintiffs desire to establish an irreparable injury, the injury must come from something else.

Recognizing no direct threat, the district court found that the irreparable harm to the Plaintiffs resulted from downstream effects of the contract for transmission work. Specifically, the court stated that UEC had established irreparable harm because "the relationship that has been furthered between Kent Power and LG&E . . . does present a potentially significant competitive injury to UEC, particularly if Kent Power later begins providing distribution services in the Louisville area."

The problem with this finding is straightforward. At this stage, nothing in the record shows with any certainty that Kent Power poses a competitive threat to United Electric's relationship with LG&E. Indeed, at the hearing, Hatcher stated that Kent Power had not taken any business from United Electric. And United Electric's former COO could not identify any business that United Electric lost to Kent Power. It is true that Kent Power twice attempted to obtain distribution business with LG&E. But these attempts were unsuccessful. In other words, the record does not indicate that the Plaintiffs' relationship with LG&E has suffered or will likely suffer from Kent Power's transmission services contract with LG&E.

Further, the record lacks sufficient evidence suggesting that Kent Power poses a threat to United Electric's distribution services or other services in Louisville. It is clear, based on Hatcher's testimony, that Kent Power desires to enter the Louisville market. But it is unclear that the contract between Kent Power and LG&E has meaningfully challenged United Electric's market position because nothing in the record shows that United Electric has suffered any loss of business in Louisville. To succeed on this prong, the Plaintiffs must show some imminent, non-speculative harm. They have not shown any harm. *See Insulet Corp. Ltd. v. EOFlow*, *Co.*, 104 F.4th 873, 883-84 (Fed. Cir. 2024) (concluding that "generalized fear of a larger competitor" resulting from the competitor's alleged misappropriation of trade secrets is insufficient to establish irreparable harm).

It is true, as the Plaintiffs emphasize, that we have permitted injunctive relief when misappropriation of trade secrets led to loss of goodwill and competitive disadvantage. *See Brake Parts, Inc. v. Lewis*, 443 F. App'x 27, 32 (6th Cir. 2011) (applying KUTSA). But the cases that the Plaintiffs rely on for this proposition are distinguishable. For example, in *Brake Parts*, we affirmed a district court's order enjoining the defendant from using trade secrets to develop, produce, manufacture, and sell products that relied on trade secrets. *See id.* at 28, 32. Thus, in that case, the misappropriation of trade secrets was "ongoing"—the trade secrets were baked into the defendant's production process. *See id.* at 27 (observing that the defendant allegedly "integrated [the trade secret information] into its own manufacturing processes"). Because the defendant's production process relied on misappropriated trade secrets, misappropriation would have continued if production was not enjoined. *See id.* at 32. Here, that is not the case. Indeed, the Plaintiffs do not contend that Kent Power's contract with LG&E entails ongoing misuse of United Electric's trade secrets. And the other cases that the Plaintiffs cite suffer from a similar problem. *See, e.g.*, *AtriCure, Inc. v. Jian Meng*, 842 F. App'x 974 (6th Cir. 2021) (upholding a preliminary injunction that stopped the defendant from producing products that relied upon trade secret information).

Because the record lacks evidence that the Plaintiffs would suffer irreparable harm in the absence of enjoining the contract between Kent Power and LG&E, the district court abused its discretion by finding otherwise. Accordingly, paragraph 4(e) is vacated.

B. The Forensic Examination

As relevant, the Defendants next contend that paragraphs 4(b)-(d) of the district court's order are not narrowly tailored because they do not protect the Defendants' confidential information. In response, the Plaintiffs argue that paragraphs 4(b)-(d) should remain unchanged because there is no threat that the Defendants' confidential information will be disclosed.

Under the DTSA, courts may "issue an order providing for the seizure of property necessary to prevent the propagation or dissemination of the trade secret that is the subject of the action" when injunctive relief under Federal Rule of Civil Procedure 65 or some other kind of equitable relief would be inadequate. 18 U.S.C.A. § 1836(b)(2)(A)(i). But even then, such a seizure order must "provide for the narrowest seizure of property necessary to achieve the purpose of [the seizure]." *Id.* § 1836(b)(2)(B)(ii). Here, the district court apparently deemed injunctive relief adequate, but like the seizures permitted by § 1836(b)(2), its injunction needed to be closely devised to protect the Defendants' confidential information. While the caselaw regarding the permissible scope of forensic examinations of electronic information is limited, we have noted that forensic imaging of devices, "in and of itself, raises privacy and confidentiality concerns." *John B. v. Goetz*, 531 F.3d 448, 457, 460 (6th Cir. 2008) (quoting Fed. R. Civ. P. 34(a) Advisory Committee Note (2006)). Because of its inherent breadth, mirror imaging of electronic devices risks exposure of "confidential . . . or private personal information that is wholly unrelated to the litigation." *Id.* at 460. Thus, "[c]ourts should guard against undue intrusiveness resulting from inspecting or testing [electronic information] systems." *Id.*

As relevant, paragraph 4(b) of the district court's order directed that "an independent forensic examiner . . . image, preserve, and search all [of the Defendants'] relevant data sources." The items subject to imaging included "computers, external drives, mobile phones, and cloud accounts." This was ordered to allow the forensic examiners to identify and retrieve "UEC- and United Electric-generated data."

Following this order, the parties convened virtually, and—along with the independent forensic examiners—orally agreed to forensic safeguards, clawback procedures, and custodians. However, in subsequent email exchanges, the Plaintiffs declined to reduce these oral agreements to writing. Consequently, the Defendants moved to limit the scope of the forensic examination. The district court and later the magistrate judge denied relief.

At the outset, the district court's preliminary injunction order, particularly paragraph 4(b), appears to be overbroad. It allows for forensic imaging without reference to what custodians, devices, and information the examination is limited. The order also does not define what information is relevant or "responsive." In other words, nothing in the order determines what is to be searched or what information is subject to disclosure.

Because of the breadth of the order, the forensic examiners could gain access to the Defendants' trade secrets, which is expressly renounced by the DTSA. On this point, the DTSA states that "the court shall enter such orders and take such other action as may be necessary and appropriate to preserve the confidentiality of trade secrets." 18 U.S.C.A. § 1835(a). And the Defendants identify specific trade secrets and confidential information that may be at risk: "Kent Power maintains . . . extensive confidential business information, including past and current contracting bids; customer and vendor lists; intellectual property; passwords; classified customer data flagged internally as 'do not distribute;' . . . and other confidential business information." Without delineating precisely what items are subject to review and what information is responsive to the search, these trade secrets are at risk of exposure. Accordingly, the district court's order does not narrow in on the safeguards necessary to protect the Defendants' trade secrets.

Moreover, the Defendants argue that because of the district court order's breadth, the Defendants may have other confidential and personal information exposed: "Kent Power maintains . . . private employee information such as health information, payroll, and performance improvement plans." Absent a forensic protocol, this information would potentially be reviewed by the forensic examiners and could be exposed, whether intentionally or unintentionally, without recourse. This risk is the sort that we have elsewhere rejected as impermissible. *See John B.*, 531 F.3d at 460.

In response to the above reasoning, the Plaintiffs argue that the parties, along with the forensic examiners, agreed "in principle" to limitations on the forensic review and discussed clawback procedures. Even granting that, a verbal understanding has no bearing on the scope of the district court's order. Nor are such promises by the forensic examiners and Plaintiffs necessarily binding. So, this argument is unavailing.

The Plaintiffs next rely on *Safelite Group, Inc. v. Lockridge* for the proposition that forensic imaging is appropriate in trade-secrets cases, so long as the devices to be reviewed contain relevant confidential information. No. 2:21-CV-4558, 2023 WL 4747987, at *3 (S.D. Ohio July 25, 2023). In *Safelite*, the defendant resisted forensic imaging of two devices that were likely to contain relevant information. *Id.* at *2-3. Here, the district court's order does not narrow the scope of forensic imaging to only those devices likely to contain relevant information. And narrow tailoring was not meaningfully at issue in *Safelite*. *See id.* at *4. Narrow tailoring is the main issue here, so *Safelite* is inapposite.

The Plaintiffs' other concerns are similarly unconvincing. They argue that *John B.* supports their position. Not so. That case addressed concerns about overly broad forensic imaging, and the order here is similarly overbroad. The Plaintiffs' final contention—that a protective order is unnecessary because the forensic examiners are supposed to identify only Plaintiff-specific information—misses the point. If the Plaintiffs obtain the Defendants' confidential information, the Defendants have no recourse because they have no protective order. That concern remains no matter who conducts the forensic imaging.

Ultimately, the district court failed to provide protections for the Defendants' confidential, privileged, and private information, making its order overbroad. As it made an overbroad order, the court abused its discretion on this issue.

IV. Conclusion

Because the Plaintiffs have not established irreparable harm regarding paragraph 4(e) of the district courts order and because paragraphs 4(b)-(d) of the order are not narrowly tailored, we **VACATE** the district court's order and **REMAND** for further proceedings.