

United States District Court  
For the Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

GSI TECHNOLOGY, INC.,	)	Case No. 5:13-cv-01081-PSG
	)	
Plaintiff,	)	<b>ORDERING DENYING MOTION</b>
v.	)	<b>FOR SUMMARY JUDGMENT</b>
	)	<b>(Re: Docket No. 320)</b>
UNITED MEMORIES, INC., et al.,	)	
	)	
Defendants.	)	
	)	

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Plaintiff GSI Technology, Inc. has a problem with its trade secret claim against Defendant United Memories, Inc.: GSI doesn't actually own any of the 576 Mb low latency DRAM semiconductor trade secrets that UMI supposedly misappropriated. Or at least that what UMI says in its motion for summary judgment. UMI and GSI were once partners; UMI designed the 576Mb chip for GSI under a now-terminated contract.<sup>1</sup> GSI claims that after the parties' falling out, UMI put 576 Mb trade secrets that belong to GSI into an "Atris" chip database UMI sold to Defendant Integrated Silicon Solutions, Inc.<sup>2</sup>

Because GSI's efforts to protect its claimed secrets remain in genuine dispute, the court DENIES UMI's motion.

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<sup>1</sup> See Docket No. 320-1 at 3.

<sup>2</sup> See *id.*

I.

1  
2 UMI is a Colorado company that provides integrated circuit design and layout services.<sup>3</sup>  
3 GSI is a California corporation that designs, develops and markets computer memory products.<sup>4</sup> In  
4 May 2008, UMI signed an agreement to provide design and layout services for GSI's 576 Mb  
5 chip.<sup>5</sup> The parties initially planned to leverage UMI's work in designing a different, more  
6 advanced chip called "Atris" that GSI would supply to Cisco Systems.<sup>6</sup> UMI ultimately delivered  
7 to GSI a final 576 MB chip design, along with various UMI internal emails and communications,  
8 third-party documents, circuit schematics and a library.<sup>7</sup> But the relationship between the parties  
9 had run its course and ultimately terminated.<sup>8</sup>

10 More than three years later, Cisco solicited bids for a supply of Atris chips.<sup>9</sup> GSI submitted  
11 a bid, but lost out to ISSI.<sup>10</sup> After GSI learned that ISSI had worked with UMI to prepare its  
12 winning bid, GSI filed this suit against UMI with claims for breach of contract, violation of  
13 California's Unfair Competition Law and a declaratory judgment as to the rights conferred by the  
14 576Mb agreement.<sup>11</sup>

15 GSI later amended its complaint, adding ISSI as a party and asserting four more state law  
16 causes of action: fraud, false promise, misappropriation of trade secrets and intentional

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18 <sup>3</sup> See Docket No. 320-1 at 1-2.

19 <sup>4</sup> See *id.* at 2.

20 <sup>5</sup> See *id.*

21 <sup>6</sup> See Docket No. 187-4 at ¶¶ 29-30.

22 <sup>7</sup> See *id.*; Docket No. 284-8 at 2; Docket No. 284-9 at 2; Docket No. 345-5 at 6.

23 <sup>8</sup> See Docket No. 320-1 at 2.

24 <sup>9</sup> See *id.*; see also Docket No. 187-4 at ¶ 63.

25 <sup>10</sup> See Docket No. 187-4 at ¶ 68; Docket No. 245 at ¶ 64.

26 <sup>11</sup> See Cal. Bus. & Prof. Code § 17200; see also Docket No. 320-1 at 2. GSI further requested a  
27 temporary restraining order against UMI, which the court denied. See Docket No. 24. The court  
later denied GSI's motion for preliminary injunction. See Docket Nos. 160, 176, 203.

1 interference with prospective economic advantage.<sup>12</sup> After the court granted-in-part Defendants’  
2 motion to dismiss, a subset of claims remain: GSI’s claims for unfair competition and intentional  
3 interference with prospective economic advantage against ISSI and GSI’s claim for  
4 misappropriation of trade secrets against both ISSI and UMI.<sup>13</sup>

5 The simple matter of identifying the trade secrets at issue has not been simple. For months  
6 GSI avoided saying exactly what secrets were taken, pointing to the limited discovery tendered on  
7 the subject by UMI. After a hearing last August on seven discovery motions, the court finally  
8 ordered GSI to “clearly and specifically identify all its claimed trade secrets to move forward.”<sup>14</sup>  
9 GSI identified two sets of trade secrets, one for the 576 Mb chip and another for Atris.<sup>15</sup> As to the  
10 576 Mb chip, GSI identified a compilation of roughly 46,000 pages, characterized as “the 576 Mb  
11 chip layout, library and schematic database, delivered in the final form of June 9, 2009, as an entire  
12 compilation.”<sup>16</sup> In addition, GSI identified five designs within the compilation: the “Coherent  
13 Register ‘write’ phase design,” “Output Impedance Calibration design,” “Boundary scan design,”  
14 “Reduced latency design” and “Broadside column address design.”<sup>17</sup>

15 Focusing exclusively on GSI’s underlying ownership of the 576 Mb trade secrets it  
16 identified, and GSI’s reasonable efforts to preserve such secrets, UMI now moves for summary  
17 judgment on GSI’s claim that it misappropriated GSI’s secrets.<sup>18</sup>

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19 <sup>12</sup> See Docket No. 159.

20 <sup>13</sup> See Docket No. 227 at 17. The court dismissed GSI’s federal tort claims.

21 <sup>14</sup> Docket No. 276 at 1.

22 <sup>15</sup> See Docket No. 284-9 at 1, 5; Docket No. 346 at 5.

23 <sup>16</sup> Docket No. 284-8 at 2; Docket No. 284-9 at 2. In its opposition to the pending motion, GSI tried  
24 to trim its definition of its trade secrets, limiting its combination claim (originally the 46,000 page  
25 compilation) to include only its grouping of circuit schematics. In response, ISSI filed a motion to  
enforce the court’s August order to hold GSI to its earlier identification. Having warned GSI  
earlier that it needed to define its secrets once and for all, the court granted ISSI’s motion. See  
Docket No. 415.

26 <sup>17</sup> See Docket No. 284-9 at 104; Docket No. 346 at 5-6.

27 <sup>18</sup> See Docket No. 320. A plaintiff must show three elements: the plaintiff’s ownership of the  
28 secrets, the defendant’s acquisition, disclosure or use of the trade secret through improper means



1 Although “deliverables” is not a defined term, the agreement sets out what UMI was obligated to  
2 “deliver” to GSI.<sup>25</sup> Under the agreement, UMI was to timely “[d]eliver the items listed in Exhibit  
3 B.”<sup>26</sup> The deliverables identified in Exhibit B include all circuit and HSPICE schematics.<sup>27</sup> While  
4 UMI protests that Exhibit B merely lists milestones, not deliverables, it ignores the clear distinction  
5 in the exhibit between milestones, which are specific points in time during the project, and  
6 deliverables, which are the UMI works due. As the schematics are “deliverables” under the  
7 agreement, they are plainly owned by GSI.<sup>28</sup>  
8

9 The other claimed secrets also are deliverables under the agreement. For example, the  
10 compilation is merely the database of information transferred from UMI to GSI—that is, a  
11 collection of the various deliverables.<sup>29</sup> Because GSI owns the individual deliverables under the  
12 agreement, it also owns the deliverables collectively.<sup>30</sup> Nowhere does the agreement reserve for  
13 UMI any intellectual property rights in the compilation as a whole.<sup>31</sup> Similarly, the library is a  
14 deliverable. The library is included in the layout database, which even UMI admits belongs to GSI  
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19 <sup>25</sup> See Docket No. 346-2 at II.1.1(b).

20 <sup>26</sup> *Id.*

21 <sup>27</sup> See *id.* at Ex. B.

22 <sup>28</sup> See *id.* at II.1.1(b), III.1 and Ex. B. UMI also makes much of the fact that Exhibit B does not list  
23 the layout as a deliverable and so cannot be a deliverable assigned to GSI. But the layout is  
24 specifically called out as being assigned to GSI in the language of Article III.1 itself. See Article  
25 III.1.

26 <sup>29</sup> See Docket No. 345-8 at 2-3.

27 <sup>30</sup> *Cf. Forro Precision, Inc. v. IBM Corp.*, 673 F.2d 1045, 1057 (9th Cir. 1982).

28 <sup>31</sup> See Docket No. 346-2, *passim* and at III.1 (reserving UMI’s intellectual property rights with  
respect to only Project Patents and intellectual property developed prior to or independent of the  
agreement).

1 under the agreement.<sup>32</sup> And as with the compilation, nowhere does the agreement reserve for UMI  
2 ownership in the library.<sup>33</sup>

3 That GSI owns the 576 Mb trade secrets is clear under an additional provision in the  
4 agreement. No party disputes that GSI owns all intellectual property rights, “excluding solely any  
5 Project Patents,” associated with the deliverables and the product as a whole.<sup>34</sup> Because the trade  
6 secret rights “associated” with a deliverable or product cannot refer merely to the deliverable or  
7 product itself, it must refer to the information, methods, techniques or processes used to create the  
8 product. Nothing in this language limits these rights, as UMI suggests, only to those conceived,  
9 developed or reduced to practice by GSI. The provision includes such rights for sure, but it does  
10 not exclude all others, as UMI would have it.

11 UMI contends that GSI’s ownership claims are nevertheless undermined by evidence  
12 external to the contract, specifically, UMI’s labeling of the schematics as “United Memories, Inc.  
13 Confidential” and GSI’s silence in response despite its review and notice obligation under Article  
14 Confidential” and GSI’s silence in response despite its review and notice obligation under Article  
15 II.7 following delivery.<sup>35</sup> Even so, other extrinsic evidence is consistent with the notion that,  
16 before the initiation of litigation, UMI agreed that schematics are “deliverables” under the  
17 agreement:  
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- 20 • At the final design review, UMI presented slides identifying “[s]chematics” among the  
“[d]eliverables” in a slide discussing “[c]ontract items.”<sup>36</sup>
  - 21 • In December 2008, UMI’s President Jon Faue identified schematics as “deliverables”  
22 under the agreement when transferring the deliverables.<sup>37</sup>

23 <sup>32</sup> See Docket No. 346-18 at ¶ 7; Docket No. 243-1 at III.1.

24 <sup>33</sup> See Docket No. 346-2, *passim*; Docket No. 320, *passim*.

25 <sup>34</sup> “Product” refers to a DRAM chip developed pursuant to the designated specification. See  
Docket No. 346-2 at 1, Recital C.

26 <sup>35</sup> Docket No. 346-2 at II.7.

27 <sup>36</sup> Docket No. 345-11, Ex. G, at UMI\_0001178.

1 UMI's final pitch for its interpretation is that at most GSI enjoys a non-exclusive license to  
2 the trade secrets at issue. But under Article III.1, GSI's non-exclusive license is to intellectual  
3 property that UMI contributed to the product or deliverables and which was developed either prior  
4 to the execution of the agreement or independent from the agreement.<sup>38</sup> Under Articles III.1 and  
5 IV, GSI also enjoys a non-exclusive license to any patentable inventions developed solely by UMI  
6 in the course of the project.<sup>39</sup> And so if UMI brought its own know-how to the project, or solely  
7 developed a patentable invention in the course of the project, UMI retained its intellectual property  
8 rights, but granted GSI a license to that intellectual property so that GSI may produce the product  
9 without infringing. This is anything but, as UMI suggests, a reservation of all intellectual property  
10 rights in the product and deliverables, whereby GSI owns the physical copy of what it purchased  
11 and nothing else.

12 **Second**, a reasonable jury could find that GSI took reasonable measures to maintain the  
13 confidentiality of the alleged trade secrets.<sup>40</sup> Trade secrets remain protectable so long as the owner  
14 has taken "efforts that are *reasonable* under the circumstances to maintain its secrecy."<sup>41</sup> "Efforts  
15 at maintaining secrecy need not be extreme, just reasonable under the circumstances."<sup>42</sup> The  
16 owner must have "intended its [information] to remain secret and under[taken] steps to secure that  
17 end."<sup>43</sup>

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18 <sup>37</sup> Docket No. 345-8, Ex. D (including among the "[d]eliverables" transferred to GSI all circuit  
19 schematics and HSPICE schematics and parasitics).

20 <sup>38</sup> See Docket No. 346-2 at III.1, IV.

21 <sup>39</sup> See *id.*

22 <sup>40</sup> See *Silicon Image, Inc. v. Analogix Semiconductor, Inc.*, Case No. 3:07-cv-00635-JCS, 2008 WL  
23 166950, at \*14 (N.D. Cal. Jan. 17, 2008).

24 <sup>41</sup> Cal. Civ. Code § 3426.1(d) (emphasis added).

25 <sup>42</sup> *Religious Tech. Ctr. v. Netcom On-Line Comm'ncs Servs., Inc.*, 923 F. Supp. 1231, 1254 (N.D.  
26 Cal. 1995); *accord Network Telecomm., Inc. v. Boor-Crepean*, 790 P.2d 901, 902 (Colo. Ct. App.  
27 1990) (efforts need not be extreme or unduly expensive).

28 <sup>43</sup> *Morlife, Inc. v. Perry*, 56 Cal. App. 4th 1514, 1523 (1997). "Reasonable efforts" might include  
advising others of the existence of a trade secret, limiting access to the information on a "need to  
know basis," or requiring employees to sign confidentiality agreements. See *Courtesy Temporary*

1           While UMI offers evidence to the contrary,<sup>44</sup> GSI offers enough evidence of its own to  
2 carry the day on this issue with a reasonable jury. For example, knowing that UMI would be the  
3 principal designer, but not the owner, of the trade secrets, GSI contractually obligated UMI—the  
4 only outside source with access to the trade secrets—to maintain their confidentiality.<sup>45</sup> Under the  
5 agreement, UMI was required to keep confidential information secret and to take “all reasonable  
6 steps to prevent unauthorized disclosure or use of the disclosing party’s confidential information  
7 and to prevent it from falling into the public domain or into the possession of unauthorized  
8 persons.”<sup>46</sup> UMI could show trade secret information only to persons requiring access to “effect  
9 the intent of this Agreement.”<sup>47</sup> All employees of UMI accessing GSI’s trade secrets were required  
10 to enter into a written confidentiality agreement with UMI.<sup>48</sup> The agreement further requires UMI  
11 to designate written materials and documents containing trade secret information as confidential  
12 and secret.<sup>49</sup> The agreement further protects GSI from UMI’s use of trade secret information with  
13 a competitor through a five-year non-compete provision.<sup>50</sup>  
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16 *Serv., Inc. v. Camacho*, 222 Cal. App. 3d 1278, 1288 (1990); *MAI Sys. Corp. v. Peak Computer*,  
17 991 F.2d 511, 521 (9th Cir. 1993); *see also Port-a-Pour, Inc. v. Peak Innovations, Inc.*, Case No.  
18 13-cv-01511-WYD, 2014 WL 2766775, at \*17-18 (D. Colo. June 17, 2014); *SBM Site Servs., LLC*  
19 *v. Garrett*, 2011 WL 7563785, \*10 (D. Colo. June 13, 2011); *see also Mineral Deposits Ltd. v.*  
20 *Zigan*, 773 P.2d 606, 608 (1998).

21 <sup>44</sup> UMI relies principally on a letter dated in July 2009 in which UMI states that it does not believe  
22 that it is in possession of confidential information “given to UMI by GSI” (Docket No. 320 at 23;  
23 *see also* Docket No 1, Exhibit B). UMI asked GSI to respond if the statement were untrue, but GSI  
24 said nothing.

25 <sup>45</sup> *See* Docket No. 345-1 at III.1.

26 <sup>46</sup> *Id.* at VI.1.

27 <sup>47</sup> *See id.*

28 <sup>48</sup> *See id.*

<sup>49</sup> *See id.* at VI.3.

<sup>50</sup> *See id.* at VII.5.



1 After the trade secrets were transferred to GSI, GSI continued its efforts to protect against  
2 disclosure, including limiting access to the schematics on a “need to know basis” and requiring all  
3 employees to execute a confidentiality agreement.<sup>51</sup> The confidentiality agreement, among other  
4 things, requires employees to maintain the confidentiality of proprietary and trade secret  
5 information and prohibits employees from removing such information from the company’s  
6 premises.<sup>52</sup> GSI also ensures all confidential materials given to customers are marked as  
7 confidential.<sup>53</sup>

8 In sum, a reasonable jury looking at this record could find that GSI owns the rights at issue  
9 and took reasonable steps to protect them. Because UMI only challenges GSI’s claim on these  
10 grounds, summary judgment on the claim is not warranted.

11 **IV.**

12 UMI’s motion for summary judgment is DENIED.

13 **SO ORDERED.**

14 Dated: April 20, 2015

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16 PAUL S. GREWAL  
17 United States Magistrate Judge

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23 <sup>51</sup> See Docket No. 346-16 at ¶ 4; Docket No. 346-18 at ¶ 15.

24 <sup>52</sup> See Docket No. 346-17.

25 <sup>53</sup> See Docket No. 345-13 at 253:2-25; *cf. Morlife*, 56 Cal. App. 4th at 1521 (finding reasonable  
26 efforts where company limited circulation of its trade secrets and advised employees in  
27 employment agreement and employee handbook that information was confidential); *MAI Sys.*, 991  
28 F.2d at 521 (finding reasonable efforts where company required employees to sign confidentiality  
agreements regarding trade secrets).