

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>ORDER GRANTING-IN-PART</b>
	)	<b>MOTIONS FOR SUMMARY</b>
v.	)	<b>JUDGMENT, GRANTING-IN-PART</b>
	)	<b>MOTIONS TO STRIKE, DENYING</b>
UNITED MEMORIES INC., et al.,	)	<b>MOTION FOR SANCTIONS AND</b>
	)	<b>GRANTING-IN-PART MOTION FOR</b>
Defendants.	)	<b>PROTECTIVE ORDER</b>
	)	
	)	<b>(Re: Docket Nos. 561, 563, 564, 566,</b>
	)	<b>632, 650, 723, 726)</b>

About three years ago, Cisco Systems, Inc. picked Defendant Integrated Silicon Solutions, Inc. over Plaintiff GSI Technology, Inc. for a contract to supply 1.2Gb reduced latency dynamic random access memory chips. Losing the bid was bad enough for GSI; even worse was learning that ISSI prepared its winning bid with the help of Defendant United Memories, Inc.—a former GSI partner. GSI responded with this suit against UMI, and later ISSI, essentially charging both UMI and ISSI with foul play. All three parties now seek summary judgment on a wide swath of claims and underlying issues that survived an initial set of dispositive motions. The parties also dispute certain evidence related to their summary judgment motions, GSI seeks sanctions for ISSI’s alleged violation of this court’s June 11, 2015 order, and ISSI seeks a protective order regarding the same.

1 Because the court finds certain issues may be resolved as a matter of law, the court  
2 GRANTS summary judgment that:

- 3 1. ISSI's proposal of Nanya as the Atris chip foundry was neither a GSI trade secret nor  
4 misappropriated by ISSI.
- 5 2. ISSI did not misappropriate any ISSI pricing data.
- 6 3. ISSI's alleged misappropriation of GSI's purported circuit schematic trade secrets in  
7 February 2013 did not cause Cisco to choose ISSI's Atris bid in December 2012.
- 8 4. GSI's "unlawful" Section 17200 claim is preempted.
- 9 5. The disputed schematics were not available to UMI through reverse engineering.

10 The court also GRANTS GSI's motion to strike the declaration of Dennis Wilson and  
11 GRANTS-IN-PART ISSI's motion for a protective order. All other relief requested is DENIED.

12 **I.**

13 GSI is a Delaware corporation that designs, develops and markets high-performance  
14 computer memory, including static random access memory and reduced latency dynamic random  
15 access memory products.<sup>1</sup> UMI is a Colorado company that provides integrated circuit design and  
16 layout services.<sup>2</sup> UMI is a wholly-owned subsidiary of Taiwan-based ProMos Technologies, Inc.<sup>3</sup>

17 In 2007, GSI approached UMI with a proposal to design to provide design and layout  
18 services for a 576 Mb reduced latency DRAM chip to supply to Cisco.<sup>4</sup> A short while later, Cisco  
19 issued a request for information for a separate project, a 1.2 Gb RLDRAM chip that Cisco would later  
20 name "Atris."<sup>5</sup> After receiving the RFI, GSI contacted UMI to gauge its interest in aiding GSI with this

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23 <sup>1</sup> See Docket No. 196 at ¶ 4.

24 <sup>2</sup> See id. at ¶ 5.

25 <sup>3</sup> See Docket No. 109-3 ¶¶ 3,8.

26 <sup>4</sup> See Docket No. 568-8, Ex. 2; Docket No. 568-9, Ex. 3; Docket No. 623-7, Ex. A at 52:3-53:4.

27 <sup>5</sup> See Docket No. 82, Ex. A.

1 project as well.<sup>6</sup> UMI told GSI that Cisco had approached it separately about Atris, and agreed with GSI  
2 that the 576 Mb chip project and the Atris project were similar and involved the same DRAM  
3 specification.<sup>7</sup> The parties decided to work together to try to leverage the two design projects.<sup>8</sup> At first,  
4 the collaboration was a success: Cisco awarded GSI one of two Atris supply contracts.<sup>9</sup>

5 In 2008, GSI and UMI signed a formal agreement that focused on the 576 Mb chip work.  
6 The agreement established six Project Milestones as well as a “Confidentiality Provision” governing  
7 the use of any proprietary information exchanged by the parties: “The Receiving Party shall keep  
8 in confidence all of the Disclosing Party’s Confidential Information received by it. All Confidential  
9 Information received by the Receiving Party shall be kept strictly confidential and shall not be used  
10 or disclosed to any person or entity by the Receiving Party except as necessary to exercise its rights  
11 and fulfill its obligations under this Agreement. The Receiving Party shall take all reasonable steps  
12 to prevent unauthorized disclosure or use of the Disclosing Party’s Confidential Information and to  
13 prevent it from falling into the public domain or into the possession of unauthorized persons.”<sup>10</sup>

14 Under an “IP Ownership Clause,” GSI was to assume ownership of the product to be  
15 designed and delivered by UMI: “GSI shall have sole ownership of all deliverables and the  
16 Product, and all associated intellectual property rights [excluding only Project Patents owned by  
17 UMI not applicable here] and all other works of authorship, information fixed in any tangible  
18 medium of expression (whether or not protectable under copyright laws), inventions (whether or

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20 <sup>6</sup> See id., Exs. A, B.

21 <sup>7</sup> See id., Exs. A, B, L, N, O; Docket No. 568-16, Ex. 10.

22 <sup>8</sup> See id., Exs. A, B, C;

23 <sup>9</sup> See Docket No. 568-15, Ex. 9.

24 <sup>10</sup> Docket No. 196, Ex. 1 at § VI.1. “Confidential Information” is defined as “[a]ll non-public  
25 information that the party disclosing the information (the “Disclosing Party”) designates at the time  
26 of disclosure as being confidential, or if disclosed orally or visually is identified as such prior to the  
27 receiving party (the “Receiving Party”) within thirty (30) days, or which, under the circumstances  
surrounding disclosure, the Receiving Party knows or has reason to know should be treated as  
confidential without the need to be marked as “confidential.” Id. at § I.1.

1 not protectable under patent laws), discoveries, designs, developments, suggestions, ideas,  
2 improvements, know-how, and other intellectual property rights conceived, developed or reduced  
3 to practice by GSI, alone or with others, during the course of the Project.”<sup>11</sup>

4 The parties also included a non-compete clause. The non-compete reads:

5 [Except for the Product being designed and developed by UMI for GSI  
6 hereunder,] UMI agrees it shall not, directly or indirectly, design or develop, or  
7 contribute to the design or development of, a Low Latency DRAM Product (as  
8 defined below) during the term of this Agreement. “Low Latency DRAM  
9 Product” means a latency optimized and/or address rate optimized memory  
product that employs a capacitive charge-based memory cell technology,  
including, but not limited to, RLDRAM and FCRAM products.<sup>12</sup>

10 The “term” of the Agreement is defined as beginning on the effective date of the Agreement and  
11 ending “at the close of business on the day five (5) years from the Effective Date unless earlier  
12 terminated by either party pursuant to this Article VII.”<sup>13</sup>

13 Work on both the 576 Mb chip and Atris proceeded together.<sup>14</sup> UMI successfully met the  
14 first four milestones set out in the agreement, but problems arose at the fifth milestone, which  
15 required actual tests of the design specifications.<sup>15</sup> GSI was supposed to provide sufficient wafer  
16 starts for UMI to conduct the chip testing before the testing commenced.<sup>16</sup> For reasons the parties  
17 dispute, the materials were never produced.<sup>17</sup> In any event, after GSI learned that ProMos was  
18 insolvent and was seeking money from the Taiwanese government, GSI grew concerned whether

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21 <sup>11</sup> Id. at § III.1.

22 <sup>12</sup> Id. at § III.6.

23 <sup>13</sup> Id. at § VII.2.

24 <sup>14</sup> See Docket No. 568-14 at UMI\_0012352-53.

25 <sup>15</sup> See Docket No. 1 at ¶¶ 24-27.

26 <sup>16</sup> Docket No. 196, Ex. 1 at § II.1.2(a).

27 <sup>17</sup> See Docket No. 82, Ex. V

1 UMI and ProMos could continue with the project.<sup>18</sup> UMI told GSI that ProMos believed that “the  
2 current government strategy is to let the DRAM guys fail and then buy their assets after they go  
3 bankrupt,” which would include ProMos.<sup>19</sup> UMI also admitted that the future of the ProMos  
4 foundry was uncertain.<sup>20</sup> Not looking to take any chances, GSI decided that it would not make  
5 sense for UMI to continue designing the 576 Mb chip, which was designed specifically to be  
6 manufactured by ProMos.<sup>21</sup>

7 After GSI told UMI that it was dropping the joint project, UMI offered to sell GSI all of the  
8 Atris design work it had completed and maintained in a schematics database until that date for  
9 \$42,000.<sup>22</sup> GSI’s Vice President of Marketing recommended to GSI’s management team that GSI  
10 make the purchase: “Work on the [Atris] design is continuing . . . Cadence schematic are now  
11 complete from pads to core . . . We do not yet own those schematics. The proposed price for them  
12 is \$42k. They will pass on to the new owners of UMI unless we secure them.”<sup>23</sup> GSI also  
13 considered purchasing UMI outright.<sup>24</sup> During this exchange, GSI never told UMI that the  
14 schematics database was confidential or was GSI’s intellectual property.<sup>25</sup> GSI decided not to  
15 purchase the database from UMI.

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19 <sup>18</sup> See Docket No. 568-39, Ex. 31; Docket No. 568-41, Ex. 33; Docket No. 623-7, Ex. A at 169:2-  
172:11, 255:21-256:16.

20 <sup>19</sup> See Docket No. 82, Ex. AS.

21 <sup>20</sup> See Docket No. 623-7, Ex. A at 169:2-172:11, 250:2-5.

22 <sup>21</sup> See Docket No. 82, Ex. I. at 88:21-90:8, Ex. F. at 133:13-34.

23 <sup>22</sup> See Docket No. 109-1, Exs. G at 181:12-182:4; Ex. K at 132:8-24, 247:4-248:19, P, V-Z.

24 <sup>23</sup> See *id.*, Exs. V, Z.

25 <sup>24</sup> See *id.*, Ex. P.

26 <sup>25</sup> See Docket No. 109-3 ¶¶ 10-12.

1           Several months later, UMI sent GSI a letter to formally terminate the 576 Mb Agreement  
2 30 days after GSI’s receipt of the letter.<sup>26</sup> UMI’s letter purported to terminate because “[i]t is  
3 apparent that the intent of the agreement [no] longer exist[s] and that GSI does not plan to satisfy  
4 section II.1.2 (a) Provide sufficient wafer starts.”<sup>27</sup> The letter also stated that “[t]o the best of  
5 [UMI’s] knowledge, no GSI confidential information has been given to UMI by GSI. If this is not a  
6 true statement please identify the confidential material(s) and we will promptly return them to  
7 GSI.”<sup>28</sup> GSI did not respond and continued on its own to develop both the 576 Mb chip and Atris.  
8 Ultimately, GSI selected a different foundry and process technology.<sup>29</sup> The redesign, however,  
9 delayed GSI’s progress—GSI made the 576 Mb chip available for customer sampling only in May  
10 2011.<sup>30</sup> By that time, Cisco told GSI that because of GSI’s 576 Mb chip delays, it would not be  
11 using GSI as an Atris supplier.<sup>31</sup>

12           By 2012, Cisco became concerned that it did not have a second supplier for Atris and  
13 issued another RFI to find one.<sup>32</sup> Along with its competitor ISSI, GSI submitted a proposal in  
14 response to the new RFI, and the decision appears to have come down to a choice between the two  
15 based on foundry, price, schedule, and strength of supplier.<sup>33</sup> As negotiations between Cisco and  
16 both GSI and ISSI got underway, Anand Bagchi, a Cisco employee, called a meeting with  
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19 <sup>26</sup> See Docket No. 82-1, Ex. V.

20 <sup>27</sup> Id.

21 <sup>28</sup> Id.

22 <sup>29</sup> See id., Ex. D at 78:4-79:3, Ex. I at 110:21-112:23.

23 <sup>30</sup> See id., Ex. X.

24 <sup>31</sup> See id., Ex. F at 180:24-181:24, 183:20-185:6; Ex. Y at 81:18-83:1.

25 <sup>32</sup> See Docket No. 560-7, Ex. A at 79:2-22; Docket No. 560-9, Ex. B at 210:14-211:5.

26 <sup>33</sup> See Docket No. 560-7, Ex. A at 79:2-22; Docket No. 560-9, Ex. B at 210:14-211:5; Docket No.  
27 560-11, Ex. C at 127:10-129:22.

1 representatives of GSI and sought a variety of details about GSI's Atris bid.<sup>34</sup> Unbeknownst to  
2 GSI, Bagchi already had an offer to leave Cisco and join ISSI, which he accepted.<sup>35</sup> Bagchi then  
3 became ISSI's point person on the Atris bid negotiations, and even continued to receive a number  
4 of emails from Cisco that addressed GSI's bid.<sup>36</sup>

5         Around the same time, ISSI approached UMI and ProMos about helping with its Atris bid.  
6 ISSI was well aware of UMI's work for Cisco.<sup>37</sup> ISSI told Cisco that it was "co-developing" the  
7 Atris chip with UMI, which would help it "accelerate time-to-market."<sup>38</sup> UMI participated in  
8 several pitch meetings between ISSI and Cisco.<sup>39</sup> Sometime during the bidding process, ISSI  
9 expressed interest in acquiring GSI, but talks were unsuccessful and the idea was abandoned.<sup>40</sup> In  
10 discussion with others, ISSI predicted that GSI would not win a pending lawsuit with Cypress  
11 Semiconductor.<sup>41</sup> After reviewing both GSI and ISSI's proposals, including Cisco's revised  
12 proposal to use Nanya Technology Corporation rather than Powerchip Technology Corporation as  
13 its foundry, Cisco picked ISSI.<sup>42</sup>

14         When Nanya subsequently complained to ISSI that it could not work with UMI, a ProMos  
15 subsidiary, ISSI hired UMI employees to work on the project.<sup>43</sup> ISSI and UMI then executed an  
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17 <sup>34</sup> See Docket No. 564-13, Lasserre Decl. at ¶ 6.

18 <sup>35</sup> See Docket No. 568-78, Ex. 65.

19 <sup>36</sup> See Docket No. 560-27, Ex. K at 94:10-99:25, 108:12-121:12.

20 <sup>37</sup> See Docket No. 570-9, Ex. 4 at 0160845-86; Docket No. 570-35, Ex. 25 at 65:25-67:17, 70:4-11.

21 <sup>38</sup> See Docket No. 82-1, Ex. AC.

22 <sup>39</sup> See, e.g., Docket No. 570-69, Ex. 59; Docket No. .

23 <sup>40</sup> See Docket No. 560-13, Ex. D at 33:9-34:22.

24 <sup>41</sup> See Docket No. 560-13, Ex. D at 208:18-215:2.

25 <sup>42</sup> See Docket No. 560-35, Ex. O at 117:2-119:23; 126:2-131:8.

26 <sup>43</sup> See Docket No. 560-23, Ex. I at 185:7-186:5.

1 Asset Transfer Agreement, whereby five UMI employees “temporarily” resigned from UMI and  
2 were offered work at ISSI with an expected end date of October 30, 2013, or the approximate end  
3 of the employees’ expected work on the Atris project.<sup>44</sup> Those five employees nevertheless  
4 continued to maintain ties with UMI. ISSI would pay their salaries and benefits, but each employee  
5 would continue to work in their UMI office space, using their UMI telephone number and  
6 computer.<sup>45</sup> The Asset Transfer Agreement also transferred an Atris project database compiled by  
7 UMI in 2008 and 2009.<sup>46</sup>

8 GSI soon discovered that ISSI had been working with UMI and filed this suit against UMI  
9 for breach of contract, violation of California’s Unfair Competition Law and a declaratory  
10 judgment as to the rights conferred by the 576Mb Agreement.<sup>47</sup> Among other things, GSI claimed  
11 that UMI transferred to ISSI nearly 300 GSI schematics developed under the 576 Mb Agreement.<sup>48</sup>  
12 GSI later amended its complaint, adding ISSI as a party and four more state law causes of action:  
13 fraud, false promise, misappropriation of trade secrets and intentional interference with prospective  
14 economic advantage.<sup>49</sup> After the court granted-in-part Defendants’ motion to dismiss, a subset of  
15 claims remain: GSI’s claims for unfair competition and intentional interference with prospective  
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18 <sup>44</sup> See Docket No. 570-76, Ex. 66.

19 <sup>45</sup> See Dkt. 82-1, Ex. AI at ¶ 7.1 (indicating that the employees have only “temporarily” resigned  
20 from UMI); Ex. AJ; Ex. U at 181:9-16, 184:24-186:13, 186:24-187:16, 189:19-190:21, 193:14-  
21 194:25, 195:10-196:11, 197:1-18, 208:24-209:12, 211:18-212:9; see also, e.g., Docket No. 82-1,  
22 Ex. AT, at UMI\_0012974 (tying “expected end date” to Atris project end date of October 30,  
23 2013).

24 <sup>46</sup> See Docket No. 570-76, Ex. 66.

25 <sup>47</sup> See Docket No. 1. GSI moved for a temporary restraining order against UMI, which the court  
26 denied. See Docket No. 24. The court later denied GSI’s motion for preliminary injunction. See  
27 Docket Nos. 160, 176, 203.

28 <sup>48</sup> See Docket No. 570-31, Ex. 22 at ¶¶ 51-54, 57, 63-69.

<sup>49</sup> See Docket No. 159.



1 economic advantage against ISSI and GSI's claim for misappropriation of trade secrets against  
2 both ISSI and UMI.<sup>50</sup>

3 UMI filed an initial motion for summary judgment on GSI's claim that it misappropriated  
4 GSI's secrets, focusing exclusively on GSI's underlying ownership of the 576 Mb trade secrets  
5 GSI identified, and GSI's reasonable efforts to preserve these secrets.<sup>51</sup> The court denied UMI's  
6 motion, and denied UMI's later motion for reconsideration.<sup>52</sup>

7 All parties now seek summary judgment.<sup>53</sup> GSI further requests that the court strike the  
8 declaration of Theresa Chen, filed in support of ISSI's motion for summary judgment,<sup>54</sup> and the  
9 declaration of Dennis Wilson,<sup>55</sup> filed in support of UMI's motion for summary judgment, and grant  
10 sanctions against ISSI for failure to properly respond to GSI's interrogatory no. 13.<sup>56</sup> As to  
11 interrogatory no. 13, ISSI moves for a protective order.<sup>57</sup>

## 12 II.

13 This court has jurisdiction under 28 U.S.C. § 1331. The parties further consented to the  
14 jurisdiction of the undersigned under 28 U.S.C. § 636(c) and Fed. R. Civ. P. 72(a).<sup>58</sup>

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17 <sup>50</sup> See Docket No. 227 at 17. The court dismissed GSI's federal RICO and antitrust claims but  
18 retained supplemental jurisdiction under 28 U.S.C. § 1367. See *id.* at 6-11.

19 <sup>51</sup> See Docket No. 320.

20 <sup>52</sup> See Docket Nos. 320, 450, 554, 717.

21 <sup>53</sup> See Docket No. 561; Docket No. 560-5 at 1; Docket No. 564; Docket No. 570-5 at 1; Docket No.  
22 563-4 at 1; Docket No. 566; Docket No. 568-5 at 1.

23 <sup>54</sup> See Docket No. 632.

24 <sup>55</sup> See Docket No. 650.

25 <sup>56</sup> See Docket No. 723.

26 <sup>57</sup> See Docket No. 726.

27 <sup>58</sup> See Docket No. 236 at 11.

1 Pursuant to Fed. R. Civ. P. 56(a), summary judgment is appropriate when “there is no  
2 genuine issue as to any material fact and the moving party is entitled to judgment as a matter of  
3 law.” Material facts are those that may affect the outcome of the case.<sup>59</sup> A dispute as to a material  
4 fact is genuine if there is sufficient evidence for a reasonable jury to return a verdict for the  
5 non-moving party.<sup>60</sup> All evidence must be viewed in the light most favorable to the non-moving  
6 party.<sup>61</sup> At this stage, a court “does not assess credibility or weigh the evidence, but simply  
7 determines whether there is a genuine factual issue for trial.”<sup>62</sup> Initially, the moving party bears the  
8 burden to show that no genuine issue of material fact exists.<sup>63</sup> If this burden is met, the burden  
9 shifts to the non-moving party.<sup>64</sup> Applying these standards to the claims, defenses and evidence in  
10 the record, no reasonable jury could dispute a discrete set of issues contested by the parties, as  
11 outlined below.

### 12 III.

13 ISSI seeks summary judgment on: (1) GSI’s trade secret claims as to the 2012 Atris bid; (2)  
14 GSI’s technology trade secret claims; (3) GSI’s “unlawful” Section 17200 claim and its tortious  
15 interference with prospective economic advantage claim; (4) GSI’s “unfair” Section 17200 claim;  
16 and (5) ISSI’s estoppel defense.<sup>65</sup> A few discrete issues within these topics are not in genuine  
17 dispute; the rest are.

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19 <sup>59</sup> See *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) (“Only disputes over facts that  
20 may affect the outcome of the suit under governing law will properly preclude the entry of  
21 summary judgment. Factual disputes that are irrelevant or unnecessary will not be counted.”).

22 <sup>60</sup> See *id.*

23 <sup>61</sup> See *Anderson*, 477 U.S. at 248; *see also Bierman v. Int’l Bus. Mach. Corp.*, Case No. 10-cv-  
24 4199-PJH, 2012 WL 506562, at \*5 (N.D. Cal. Feb. 15, 2012).

25 <sup>62</sup> *House v. Bell*, 547 U.S. 518, 559-60 (2006).

26 <sup>63</sup> See *Celotex Corp. v. Caltrett*, 477 U.S. 317, 323-24 (1986).

27 <sup>64</sup> See *T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass’n*, 809 F.2d 630, 630 (9th Cir. 1987).

28 <sup>65</sup> See Docket No. 561; Docket No. 560-5 at 1.

1           **First**, no reasonable jury could find that proposing Nanya as the Atris chip foundry is a GSI  
2 trade secret that ISSI misappropriated after Bagchi joined ISSI from Cisco. To establish that ISSI’s  
3 switch to Nanya misappropriated a GSI trade secret, GSI must establish that ISSI did not  
4 independently derive the idea.<sup>66</sup> GSI admits that Nanya and Powerchip were the only two viable  
5 foundry choices.<sup>67</sup> GSI also admits that until Cisco made it clear that it would not accept it, GSI  
6 had long proposed Powerchip’s 63 nanometer foundry technology, including in the proposals  
7 referenced in the emails that Bagchi received.<sup>68</sup>

8           Critically, there is no dispute that by the third quarter of 2012, Cisco expressed concerns  
9 about using Powerchip and asked ISSI if it could use the Nanya foundry in July 2012, well before  
10 Bagchi joined ISSI in October 2012 and allegedly conveyed GSI’s bid information.<sup>69</sup> GSI itself  
11 recognized Cisco’s concerns.<sup>70</sup> When Cisco made this request, ISSI already was using Nanya for  
12 another project and began investigating switching the Atris project to Nanya to stay in Cisco’s  
13 good graces.<sup>71</sup> While ISSI did not formally switch its proposal to Nanya until later, ISSI’s shift  
14 towards Nanya is reflected in August 2 and October 3, 2012 emails.<sup>72</sup> On September 27, 2012,

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17 <sup>66</sup> See Cal. Civ. Code § 3426.1(a) (explicitly excluding independent derivation from the acts that  
18 may constitute misappropriation); *Sargent Fletcher, Inc. v. Abie Corp.*, 110 Cal.App.4th 1658,  
19 1659 (2003).

20 <sup>67</sup> See Docket No. 560-15, Ex. E at 56:20-57:14.

21 <sup>68</sup> See Docket No. 570-72, Ex. 62.

22 <sup>69</sup> See Docket No. 560-7, Ex. A at 92:25-93:13, 289:7-19.

23 <sup>70</sup> See Docket Nos. 560-13 at 63:15-64:23 and 560-19 at 66:2-11, 69:1-24.

24 <sup>71</sup> See Docket No. 560-25, Ex. J at 306:14-311:8; Docket No. 560-51, Han Decl.; Docket No. 560-  
25 53, Howarth Decl. at ¶ 6.

26 <sup>72</sup> See Docket No. 560-25, Ex. J at 308:24-311:8 (Aug. 2, 2012; “K.Y. told me Nanya will be the  
27 foundry Fab.”), 306:14-308:23 (Oct. 3, 2012; ISSI told United Memories, “From the process point  
28 of view, we are leaning towards NTC 42-nanometers.”); Docket No. 560-53, Ex. A at  
ISSI\_0481478 (October 3, 2012; an ISSI executive wrote, “I suggest to have Cisco project to be on  
NTC’s fab ! We need to have backup source in case PSC experience trouble and this might be the  
good candidate to try it out !”; ISSI’s CEO responded, “I agree. Cisco prefers NTC, and this will be

1 Cisco asked ISSI to confirm that Nanya would “support the foundry business.”<sup>73</sup> By October 5,  
2 2012, ISSI asked Nanya for its design kit “[a]s early as possible” and “by end of Oct.” to evaluate  
3 whether Nanya’s design information could meet “the product spec.”<sup>74</sup> GSI’s own Vice President  
4 testified that using Powerchip or Nanya for foundry services is not GSI’s intellectual property.<sup>75</sup> In  
5 short, even if Cisco’s foundry preference could be somehow be claimed as a trade secret belonging  
6 to GSI, GSI offers nothing to disprove that ISSI independently derived its choice to propose  
7 Nanya.<sup>76</sup>

8 **Second**, no reasonable jury could find that ISSI misappropriated any GSI trade secret in its  
9 pricing proposal to Cisco or that any such misappropriation influenced Cisco’s decision. GSI  
10 alleges ISSI acquired GSI’s pricing proposal in October 2012 when Bagchi joined ISSI and later  
11 received the Cisco emails, and then used the information to raise ISSI’s price but still keep it lower  
12 than GSI’s.<sup>77</sup> Bagchi may have coordinated ISSI’s bid revision process<sup>78</sup> and have known GSI’s  
13 pricing proposal when ISSI revised its bid.<sup>79</sup> But throughout 2012 ISSI’s prices were always lower  
14 than GSI’s,<sup>80</sup> both before and after Bagchi joined:

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16 a good opportunity to work with them on design and provide another foundry for long-term  
17 support.”).

18 <sup>73</sup> Docket No. 560-55, Ex. B at ISSI\_0268496-97, Ex. C. at ISSI\_0244405-06.

19 <sup>74</sup> Docket No. 560-51, Ex. B at ISSI\_0493128-29; Docket No. 560-49, Ex. A at ISSI\_0493128-29.

20 <sup>75</sup> See Docket No. 560-15, Ex. E at 53:1-21; Docket No. 560-13, Ex. D at 80:8-18.

21 <sup>76</sup> Cf. CQ, Inc. v. TXU Mining Co., L.P., 565 F.3d 268, 275 (5th Cir. 2009) (finding no trade secret  
22 in strategic recommendation between two generally known alternatives).

23 <sup>77</sup> See Docket No. 629-4 at 7-10.

24 <sup>78</sup> See Docket No. 629-29, Ex. 22 at 138:25-139:20.

25 <sup>79</sup> See Docket No. 629-8, Ex. 3 at 272:2-12. In the absence of imminent harm, mere possession of  
26 trade secrets is not enough. See FLIR Sys., Inc. v. Parish, 174 Cal. App. 4th 1270, 1279 (2009).

27 <sup>80</sup> See Docket No. 560-47, Ex. F at 0155469; Docket No. 560-31, Ex. M at 10099382.

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There is no evidence that ISSI ever considered prices as high as the lowest quarterly price that GSI proposed (i.e., ██████████).

More importantly, GSI offers no evidence whatsoever—circumstantial or otherwise—that Bagchi disclosed GSI’s pricing to anyone else at ISSI, let alone to Ron Kalakuntla, the ISSI executive responsible for raising ISSI’s prices in the final Cisco bid.<sup>81</sup> Nor does GSI offer any evidence that any particular gap between GSI and ISSI’s price was key to winning the bid. Mere speculation is not enough.<sup>82</sup>

**Third**, no reasonable jury could find that a substantial factor in GSI’s losing the Cisco bid in 2012 was ISSI’s alleged acquisition of its trade secrets when it bought UMI’s schematics database in 2013. An alleged misappropriation must cause the claimed injury,<sup>83</sup> and it must be a

<sup>81</sup> See Docket No. 560-33, Ex. N at 294:1-25; Docket No. 560-27, Ex. K at 268:23-275:6.

<sup>82</sup> See *Nelson v. Pima Cmty. College*, 83 F.3d 1075, 1081-82 (9th Cir. 1996) (“[M]ere allegation and speculation do not create a factual dispute for purposes of summary judgment.”).

<sup>83</sup> See, e.g., *Integral Dev. Corp. v. Tolat*, No. C 12-06575 JSW, 2014 WL 721844 (N.D. Cal. Feb. 24, 2014).

1 substantial factor.<sup>84</sup> The “substantial factor standard is a relatively broad one, requiring only that  
2 the contribution of the individual cause be more than negligible or theoretical.”<sup>85</sup>

3 The undisputed evidence from Cisco is there was a “strong consensus on ISSI/Nanya,” that  
4 “the pricing was just hugely different,” and that “pricing” and “perceived risk of the supply  
5 chain”—i.e., the foundry choice—were factors in the decision.<sup>86</sup> Cisco explained that ISSI  
6 proposing Nanya “was an advantage to ISSI,” “because it spread our exposure to another foundry”:  
7 that is, the first source Atris supplier might use Powerchip.<sup>87</sup> Cisco was concerned about the  
8 Powerchip foundry, and thought that Nanya was in a better financial condition.<sup>88</sup> “Pricing [wa]s  
9 always important for Cisco,” and “ISSI ha[d] a more competitive pricing than GSI.”<sup>89</sup> And while  
10 GSI proposed a faster time-to-market schedule, this timeline was less important to Cisco, because  
11 Cisco already had a first-source supplier in place.<sup>90</sup> ISSI’s having UMI on the design team also was  
12 a major factor.<sup>91</sup> When asked why Cisco selected ISSI, Cisco answered that it was due to price, the  
13 foundry selection of Nanya, and that Cisco had “confidence” that ISSI “has the technical  
14 capability.”<sup>92</sup> Cisco felt that GSI lacked DRAM experience compared to ISSI.<sup>93</sup>

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16 <sup>84</sup> See CACI § 4401 (model trade secret jury instruction); Witkin, *SUMMARY OF CALIFORNIA LAW*,  
Torts § 18 (2014).

17 <sup>85</sup> *People v. Holmberg*, 195 Cal. App. 4th 1310, 1321 (2011); see also *Premier Displays & Exhibits*  
18 *v. Cogswell*, No. SACV 09–354 JVS (ANx), 2009 WL 8623588, at \*10 (C.D.Cal. Dec. 23, 2009).

19 <sup>86</sup> See Docket No. 560-35, Ex. O at 126:2-127:3, 117:2-119:23 (“a large part was based on pricing,  
20 and a large part was based on the full supply chain that the vendor had.”)

21 <sup>87</sup> *Id.* at 130:12-131:14.

22 <sup>88</sup> See Docket No. 560-29, Ex. L at 15:6-19; 32:17-33:17.

23 <sup>89</sup> *Id.* at 41:11-14; 44:25-45:5.

24 <sup>90</sup> *Id.* at 47:8-48:4; 48:19-49:2.

25 <sup>91</sup> *Id.* at 68:22-69:18.

26 <sup>92</sup> *Id.* at 51:13-52:19.

27 <sup>93</sup> *Id.* at 83:12-84:17.

1 GSI alleges that ISSI knew it would lack the technical capabilities to bid for the Atris  
2 contract without GSI's schematics.<sup>94</sup> But even if that were undisputed, it would not establish that  
3 any future misappropriation influenced Cisco's decision, nor could it. Cisco would have needed to  
4 be aware that ISSI would use GSI's trade secrets to develop its Atris chip. None of GSI's evidence  
5 supports that inference. The best GSI can do is point to evidence that Cisco knew that ISSI  
6 intended to partner with UMI and Cisco viewed UMI's prior experience designing RLDRAM chips  
7 as a positive feature of ISSI's bid.<sup>95</sup> Valuing UMI's experience designing chips for GSI is a far cry  
8 from believing that UMI would illegally use GSI trade secrets on future projects.<sup>96</sup> There is simply  
9 no evidence of any such causation.

10 GSI's reliance on *San Jose Construction, Inc. v. S.B.C.C, Inc.*<sup>97</sup> is not helpful. In that case,  
11 the defendant hired one of the plaintiff's former employees.<sup>98</sup> The employee allegedly pilfered the  
12 plaintiff's trade secrets to help poach the plaintiff's clients.<sup>99</sup> The alleged misappropriation  
13 occurred before the plaintiff lost clients but arguably caused injury by reducing transition delays  
14 normally associated with clients switching companies.<sup>100</sup> The court found a triable issue as to  
15 whether the reduction in delays was caused by misappropriation or by the clients' affinities for the  
16 employee.<sup>101</sup> The case stands for the unremarkable notion that a party's presentation of evidence  
17 supporting an alternative explanation for an injury does not preclude a reasonable jury from finding  
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19 <sup>94</sup> See Docket No. 629-4 at 21-22.

20 <sup>95</sup> See Docket No. 229-33, Ex. 25 at 68:22-69:25.

21 <sup>96</sup> See *Morlife, Inc. v. Perry*, 66 Cal. Rptr. 2d 731, 737 (1997) (distinguishing trade secrets from the  
22 "general knowledge, skill, and experience" gained from working for prior employers).

23 <sup>97</sup> 67 Cal. Rptr. 3d 54 (2007).

24 <sup>98</sup> See *id.* at 57-60.

25 <sup>99</sup> See *id.* at 60-61.

26 <sup>100</sup> See *id.*

27 <sup>101</sup> See *id.* at 64-65.

1 that misappropriation caused the injury.<sup>102</sup> But nothing in San Jose Construction suggests causation  
2 is a triable issue where a plaintiff presents no evidence that future misappropriation caused its  
3 injury.

4 **Fourth**, GSI’s “unlawful” Section 17200 claim is preempted. To prevail on its claim, GSI  
5 must prove, among other things, an independently unlawful act.<sup>103</sup> At the same time, California law  
6 creates a comprehensive scheme to regulate claims concerning alleged misuse of confidential  
7 business information.<sup>104</sup> As a result, the California UTSA preempts any “claims that are based on  
8 the same nucleus of facts as the misappropriation of trade secret claims for relief.”<sup>105</sup>

9 To avoid this fate, GSI characterizes the underlying offense as conversion of “273 non-  
10 trade secret schematics” that GSI owns under the 576 Mb Agreement and that have value “because  
11 they are tangible documents that provide the blueprint for GSI’s chip.”<sup>106</sup> Even if the contract gave  
12 GSI ownership of the electronic schematic files under the terms of the agreement—an issue the  
13 court previously found to be in genuine dispute<sup>107</sup>—an ownership contract is insufficient to prevent  
14 preemption of tort claims like the “unlawful claim” Section 17200 here.<sup>108</sup> In addition, a party  
15 cannot escape the UTSA’s preemptive effect merely by labeling the information it seeks to protect

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17 <sup>102</sup> See *id.* (reversing summary judgment because a triable issue existed as to whether  
misappropriation or some alternative explanation caused the plaintiff’s injury ).

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19 <sup>103</sup> See *Cel-Tech Commc'ns, Inc. v. Los Angeles Cellular Tel. Co.*, 973 P.2d 527, 539-40 (1999)  
20 (“By proscribing ‘any unlawful’ business practice, ‘section 17200 ‘borrows’ violations of other  
21 laws and treats them as unlawful practices’ that the unfair competition law makes independently  
actionable.”) (citing *State Farm Fire & Cas. Co. v. Superior Court*, 53 Cal. Rptr. 229, 234 (1996));  
*Della Penna v. Toyota Motor Sales, U.S.A., Inc.*, 902 P.2d 740, 751 (1995).

22 <sup>104</sup> See Cal. Civ. Proc. Code §§ 3426-3426.11.

23 <sup>105</sup> See Cal. Civ. Code § 3426.7(b); see also *Lifeline Food Co. v. Gilman Cheese Corp.*, Case No.  
24 5:15-CV-00034-PSG, 2015 WL 2357246, at \*5 (N.D. Cal. May 15, 2015).

25 <sup>106</sup> See Docket No. 629-4 at 25-26.

26 <sup>107</sup> See Docket No. 450.

27 <sup>108</sup> See Cal. Civ. Code § 3426.7(b).



1 as something other than a trade secret.<sup>109</sup> While GSI professes a desire to protect its physical, rather  
2 than any intellectual, property, its claim plainly arises from the same nucleus of fact as a potential  
3 trade secret claim. GSI cites to *Mattel Inc. v. MGA Entertainment, Inc.*, in which the court held that  
4 UTSA preemption does not preclude conversion claims predicated on dominion over physical  
5 works.<sup>110</sup> What GSI ignores, however, is the key paragraph in *Mattel* that explains that preemption  
6 still applies if the physical works lack any value separate from the information contained within  
7 them.<sup>111</sup> There is no evidence in the record here that the schematics have any value separate from  
8 the information that they contain.<sup>112</sup>

9 GSI's assertion that its "unfair" Section 17200 claim can support its "unlawful" Section  
10 17200 similarly is unpersuasive. The "unfair" prong and "unlawful" prongs of Section 17200 are

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13 <sup>109</sup> While certain states take a different approach, California courts follow the majority view. See,  
14 e.g., *K.C. Multimedia, Inc. v. Bank of America Tech. & Operations, Inc.*, 90 Cal. Rptr. 3d 247, 264  
15 (2009); *Silvaco Data Sys. v. Intel Corp.*, 109 Cal. Rptr. 3d 27, 53 (2010), disapproved on other  
16 grounds by *Kwikset Corp. v. Superior Court*, 246 P.3d 877 (2011) (same). The majority of federal  
17 decisions applying California law follow *K.C. Multimedia*, including *SunPower Corp. v. SolarCity*  
18 *Corp.*, No. 12-CV-00694-LHK, 2012 WL 6160472, at \*1, 3-9 (N.D. Cal. Dec. 11, 2012)  
19 (comprehensive preemption ruling rejecting rulings that pre-dated or ignored *Silvaco* and *K.C.*  
20 *Multimedia*); *Mattel, Inc. v. MGA Entm't, Inc.*, 782 F. Supp. 2d 911, 986-87 (C.D. Cal. 2011)  
21 ("UTSA supersedes claims based on the misappropriation of confidential information, whether or  
22 not that information meets the statutory definition of a trade secret."); *Wang v. Palo Alto Networks*,  
23 No. 12-05579 WHA, 2013 WL 415615, at \*4 (N.D. Cal. Jan. 31, 2013) (rejecting ruling that  
24 "conflicts with *K.C. Multimedia*"). See also *In re Salazar*, 470 B.R. 557, 561 (S.D. Cal. 2012)  
25 (quoting *Hayes v. County of San Diego*, 658 F.3d 867, 870 (9th Cir. 2011)) ("In deciding an issue  
26 of state law, when there is relevant precedent from the state's intermediate appellate court, the  
27 federal court must follow the state intermediate appellate court decision unless the federal court  
28 finds convincing evidence that the state's supreme court likely would not follow it.").

<sup>110</sup> 782 F. Supp. 2d 911, 997 (C.D. Cal. 2011).

<sup>111</sup> See *id.*

<sup>112</sup> Cf. *NetApp, Inc. v. Nimble Storage, Inc.*, 41 F. Supp. 3d 816, 834-35 (N.D. Cal. 2014);  
*SunPower Corp. v. SolarCity Corp.*, No. 12-CV-00694-LHK, 2012 WL 6160472 (N.D. Cal. Dec.  
11, 2012); *AirDefense, Inc. v. AirTight Networks, Inc.*, No. C 05-04615JF, 2006 WL 2092053  
(N.D. Cal. Jul. 26, 2006); *Digital Envoy, Inc. v. Google*, 370 F. Supp. 2d 1025 (N.D. Cal. 2005);  
*Silvaco Data Sys. v. Intel Corp.*, 184 Cal. App. 4th 210 (2010).

1 both means of establishing that unfair competition has occurred.<sup>113</sup> Once unfair competition is  
2 established, the remedies afforded to a claim relying on either prong are identical.<sup>114</sup> Usually when  
3 a party asserts both “unfair” and “unlawful” Section 17200 claims, the conduct that forms the basis  
4 for each claim is different. As a result, a party may be able to receive different remedies from the  
5 two claims.<sup>115</sup> But where, as here, an “unfair” Section 17200 claim underlies the “unlawful”  
6 Section 17200 claim, both claims establish that the same conduct is unfair competition. In that  
7 scenario, any injunction or restitution recoverable through the “unlawful” claim already is  
8 recoverable through the “unfair” claim.<sup>116</sup>

9 As for the remainder of GSI’s claims against ISSI, genuine disputes remain that require a  
10 trial to sort out. For example, a genuine dispute exists as to whether ISSI acquired GSI’s  
11 “commingled” circuit schematics while having reason to know that the information was a trade  
12 secret.<sup>117</sup> ISSI is right that a party has reason to know that information is a trade secret only if  
13 known facts would have made a reasonably prudent acquirer suspicious.<sup>118</sup> The knowledge that  
14 GSI previously worked with UMI would not by itself be enough for a reasonably prudent person to  
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16 <sup>113</sup> See Cal. Bus. & Prof. Code § 17200.

17 <sup>114</sup> See *id.* at §§ 17206-07.

18 <sup>115</sup> See Cal. Bus. & Prof. Code. § 17205 (remedies under Section 17200 are cumulative).

19 <sup>116</sup> In contrast, there is precedent for parties to base TIPER claims on underlying Section 17200  
20 violations. See *Hilderman v. Enea TekSci, Inc.*, 551 F. Supp. 2d 1183, 1197 (S.D. Cal. 2008).  
21 Because GSI shows there is a dispute of material fact as to its Section 17200 “unfair” claim, as  
discussed below, ISSI is not entitled to summary judgment on GSI’s TIPER claim.

22 <sup>117</sup> See Cal. Civ. Code § 3426.1(a)-(b); *Ajaxo Inc. v. E\*Trade Grp., Inc.*, 135 Cal. App. 4th 21, 66  
23 (2005).

24 <sup>118</sup> See Cal. Civ. Code § 19; *Ralph Andrews Prods., Inc. v. Paramount Pictures Corp.*, 271 Cal.  
25 Rptr. 797, 800 (1990), modified (Aug. 8, 1990) (citing *Hobart v. Hobart Estate Co.*, 159 P.2d 958  
26 (1945)) (equating facts that a reasonably prudent person would have suspected as information that  
27 the party should have known); *Mediostream, Inc. v. Microsoft Corp.*, 869 F. Supp. 2d 1095, 1114  
(N.D. Cal. 2012) (holding that plaintiff failed to allege that purchaser had reason to know that  
information it acquired from co-defendant included the plaintiff’s trade secrets).

1 suspect that UMI would transfer GSI trade secrets.<sup>119</sup> But GSI presents more than enough evidence  
2 for a reasonable jury to find that by the time the schematics were transferred, ISSI’s employees—  
3 the same designers who worked for UMI on GSI’s Atris project—knew that they were getting UMI  
4 secrets.<sup>120</sup> A company is deemed to have notice of any facts its employees or agents “ought, in  
5 good faith and the exercise of ordinary care and diligence, to communicate to the [company].”<sup>121</sup>

6 Similarly, a material dispute exists as to whether ISSI’s combined conduct was “unfair”  
7 under Section 17200 by threatening competition in the RLDRAM market. An unfair business  
8 practice is conduct that “threatens an incipient violation of an antitrust law, or violates the policy or  
9 spirit of one of those laws because its effects are comparable to or the same as a violation of the  
10 law, or otherwise significantly threatens or harms competition.”<sup>122</sup> GSI presents evidence that goes

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11 <sup>119</sup> In California, parties cannot substantiate trade secret misappropriation claims against a  
12 competitor solely on the basis that a former employee now works for a competitor. See, e.g.,  
13 *Cypress Semi. v. Maxim Integrated Prod., Inc.*, 186 Cal. Rptr. 3d 486, 504 (2015).

14 <sup>120</sup> See, e.g., Docket No. 629-12, Ex. 8 at HARDEE000046-63; Docket No. 629-44, Ex. 37. See  
15 also Docket No. 570-76, Ex. 66; Docket No. 570-77, Ex. 67. For this same reason, even if  
16 California law offers ISSI a safe harbor under Section 3426.1(b)(2)(C), ISSI also is not entitled to  
17 summary judgment that it qualifies for the safe harbor provision, nor is it entitled to summary  
18 judgment that it did not engage in “willful and malicious misappropriation.” See Docket No. 560-5  
19 at 23-24. See *Ajaxo*, 135 Cal. App. 4th at 65-67.

20 <sup>121</sup> Cal. Civ. Code § 2332. See also *Hatfield v. Levy Bros.*, 18 Cal. 2d 798, 806 (1941) (where  
21 employee, acting within the scope of his employment, had knowledge, the employer cannot assert  
22 he had no knowledge; knowledge is imputed). If the employee had such a duty, the fact that the  
23 employee did not actually communicate the information is irrelevant; knowledge is imputed.  
24 *O’Riordan v. Fed. Kemper Life Assur.*, 36 Cal. 4th 281, 288 (2005); *People v. Forest E. Olson,*  
25 *Inc.*, 137 Cal. App. 3d 137, 139-40 (1982); *Allergan, Inc. v. Merz Pharms., No. SACV 11-446 AG*  
26 *(Ex)*, 2012 WL 781705, at \*12-13 (C.D. Cal. Mar. 9, 2012) (holding employer liable for  
27 misappropriation).

28 <sup>122</sup> See *Prakashpalan v. Engstrom, Lipscomb & Lack*, 223 Cal. App. 4th 1105, 1133-34 (2014)  
(stating rule); *Wilson v. Hynek*, 207 Cal. App. 4th 999, 1007-08 (2012). See also *Cel-Tech*, 973  
P.2d at 544-68 (applying Section 17200 by assessing the impact of alleged conduct on market  
competition); *ProconGPS, Inc. v. Star Sensor LLC*, Case No. 11-cv-03975-SI, 2011 WL 5975271,  
at \*3 (N.D. Cal. Nov. 29, 2011) (“Harm to a competitor is not the same as harm to competition,  
and Skypatrol must allege conduct that significantly threatens or harms competition in order to  
state a claim.”) (citing *Watson Labs, Inc. v. Rhone-Poulenc, Inc.*, 178 F. Supp. 2d 1099, 1118-19  
(C.D. Cal. 2001)).

1 beyond ISSI leveraging GSI trade secret assets to cement its position with Cisco, including ISSI's  
2 licensing practices and acquisition strategy.<sup>123</sup> GSI also presents evidence that ISSI knew UMI  
3 could not design a RLDRAM chip for ISSI because of its "conflict" arising from its work with  
4 GSI.<sup>124</sup> As shown in documents produced by ISSI (and former UMI) employee Kim Hardee, there  
5 is evidence that ISSI knew of the exact terms of the 576Mb Agreement, had a marked up copy of  
6 the Agreement in January 2013, and specifically made notes on its copy of the Agreement about its  
7 ownership and non-compete provisions.<sup>125</sup> In addition, while GSI does not contest that its  
8 disparagement allegations are insufficient to support a Section 17200 claim by themselves, GSI  
9 offers evidence that ISSI's allegedly disparaging remarks are part of a pattern of conduct that  
10 shows intent to exclude GSI from the RLDRAM market. A reasonable jury could infer from this  
11 combined conduct that ISSI violated Section 17200's "unfair" prong.<sup>126</sup>

12 There also are genuine issues regarding ISSI's estoppel defense, including whether GSI had  
13 a duty to disclose the existence of its non-compete agreement with UMI.<sup>127</sup> As just one example,  
14 ISSI argues that, even though GSI and ISSI did not have a fiduciary relationship, GSI delegated to  
15 itself the duty to inform others about the non-compete when it precluded UMI from doing so  
16 through a non-disclosure agreement.<sup>128</sup> But ISSI cites no case law supporting its position that the

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17 <sup>123</sup> See Docket No. 629-4 at 28-29.

18 <sup>124</sup> See Docket No. 570-9, Ex. 4 at ISSI\_0228486.

19 <sup>125</sup> See Docket No. 629-12, Ex. 8.

20 <sup>126</sup> ISSI also argues it is entitled to summary judgment on GSI's unfair competition claim because  
21 GSI cannot prove ISSI had the knowledge or intent to interfere with the GSI-UMI non-compete  
22 agreement. See Docket No. 654-4 at 14-17. But Section 17200 does not require proof of intent, see  
23 *Cel-Tech*, 973 P.2d at 533, 568 (affirming the lower court's decision that unfair competition claims  
24 do not require proof of "injurious intent"), and GSI's Section 17200 claim is based on conduct  
beyond ISSI's alleged interference with the GSI-UMI non-compete agreement.

25 <sup>127</sup> See *Moore v. State Bd. of Control*, 112 Cal. App. 4th 371, 385 (2003) (requiring "a showing of  
26 special circumstances, such as a confidential or fiduciary relationship or an undertaking to provide  
advice by one who claims to be informed and knowledgeable in the matter").

27 <sup>128</sup> See Docket No. 654-4 at 19-20.

1 existence of a non-disclosure agreement creates an obligation to disclose the object of the non-  
2 disclosure agreement. That is unsurprising; nondisclosure agreements would have little use if they  
3 automatically created a duty to disclose the material they purport to keep secret. There also is a  
4 genuine dispute whether ISSI knew certain relevant facts, as discussed above, such that it could be  
5 fairly be said to have relied on GSI's silence to its detriment.<sup>129</sup>

6 **IV.**

7 GSI in turn requests summary judgment against ISSI on (1) ISSI's affirmative claim  
8 seeking a bad faith determination and related attorney's fees and costs, pursuant to Cal Civ. Code §  
9 3426.4; and (2) ISSI's "readily ascertainable" affirmative defense.<sup>130</sup> Once again, genuine issues  
10 remain in dispute that preclude summary judgment.

11 **First**, summary judgment is not warranted as to ISSI's affirmative claim for a bad faith  
12 determination and related attorneys' fees and costs.<sup>131</sup> A trade secret defendant is entitled to fees  
13 and costs when the plaintiff has (1) initiated or (2) maintained a trade secret lawsuit in "bad  
14 faith."<sup>132</sup> The statute serves to punish trade secret plaintiffs who bring or maintain cases for  
15 ulterior, anticompetitive purposes.<sup>133</sup>

16 In California, a two-prong test is used to establish bad faith: (1) objective speciousness of  
17 the claim, and (2) subjective bad faith in bringing or maintaining the claim.<sup>134</sup> "Objective  
18 speciousness exists where the action superficially appears to have merit but there is a complete lack  
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20 <sup>129</sup> See *Life v. Los Angeles Cnty*, 227 Cal. App. 3d 894, 902 (1991); *Traders & Gen. Ins. Co. v.*  
21 *Pac. Emp'rs Ins. Co.*, 130 Cal. App. 2d 158, 164 (1955).

22 <sup>130</sup> See Docket No. 570-5 at 1.

23 <sup>131</sup> See Cal. Civ. Code § 3426.4.

24 <sup>132</sup> *Id.*

25 <sup>133</sup> See *Gemini Aluminum Corp. v. Cal. Custom Shapes, Inc.*, 95 Cal. App. 4th 1249, 1262 (2002)  
26 (noting that the legislature enacted the statute to deter "specious" actions).

27 <sup>134</sup> *FLIR Sys., Inc. v. Parrish*, 174 Cal. App. 4th 1270, 1275 (2009).

1 of evidence to support the claim.”<sup>135</sup> A plaintiff’s “reasonable suspicion” of wrongdoing does not  
2 prevent a finding of bad faith<sup>136</sup> and nor do instances of wrongdoing on the part of a defendant.<sup>137</sup>  
3 Subjective bad faith “means the action was commenced or continued for an improper purpose, such  
4 as harassment, delay, or to thwart competition.”<sup>138</sup> Conduct constituting subjective bad faith must  
5 be “at least reckless or grossly negligent, if not intentional and willful.”<sup>139</sup> A plaintiff’s “subjective  
6 belief in the merits” does not preclude a finding of bad faith.<sup>140</sup>

7 The parties’ respective papers make clear a host of underlying factual issues remain in  
8 dispute. The court has already ruled that no reasonable jury could find in GSI’s favor on certain  
9 trade secret and Section 17200 claims. And ISSI has presented significant evidence that GSI never  
10 had documents or testimony to support certain elements of these claims, acted with improper  
11 motive, maintained allegations that it knows to be false, and improperly amended its trade secret  
12 claims to thwart ISSI’s redesign efforts.<sup>141</sup>

13 **Second**, a reasonable jury could find for ISSI on its fifth affirmative defense that the trade  
14 secret information is readily ascertainable. The readily ascertainable test asks whether the

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15 <sup>135</sup> Id. at 1276.

16 <sup>136</sup> See id. at 1278 n.4.

17 <sup>137</sup> See id. at 1279; *SASCO v. Rosendin Elec., Inc.*, 207 Cal. App. 4th 837, 842, 847-48, as modified  
18 on denial of reh’g (Aug. 7, 2012).

19 <sup>138</sup> *SASCO*, 207 Cal. App. 4th at 847 (citations omitted).

20 <sup>139</sup> *Gemini*, 95 Cal. App. 4th at 1261; accord *Stilwell Dev., Inc. v. Chen*, No. CV86-4487-GHK,  
21 1989 WL 418783, at \*3 (C.D. Cal. Apr. 25, 1989).

22 <sup>140</sup> *Cypress*, 186 Cal. Rptr. 3d 486.

23 <sup>141</sup> See, e.g., Docket No. 626-5 at 9-15; Docket No. 560-43, Ex. V at 270:12-271:25, Depo. Ex. 41  
24 at 1-6 (“If UMI is involved, that would delay ISSI by yet another 6 months. And I wiill [sic] be  
25 very happy to tell Cisco if this is the case. . . . I would love nothing more than [to] threaten a  
26 lawsuit and let ISSI and Cisco know so we can tip the scales back in our favor.”); Docket No. 560-  
27 13 at 93:23-94:19, 98:4-99:4, Depo. Ex. 504 at GSI10051765-70 (same); id. at 100:5-103:4 (“Our  
28 hope was that UMI couldn’t aid ISSI, and ISSI would either be left on their own or delayed, and  
that would make our bid look more attractive.”); id. at 105:20-106:20, Depo. Ex. 505 at  
GSI10133901 (“We may get UMI out of the equation, not just delayed, with this plan.”).

1 information, even if not found in one single published source, nonetheless can easily be gathered  
2 together from various sources through a minimum of time and labor.<sup>142</sup> The more difficult  
3 information is to obtain, and the more time and resources expended by an employer in gathering it,  
4 the more likely it is to not be readily ascertainable.<sup>143</sup>

5 GSI says ISSI did not obtain a copy of the chip to conduct a reverse engineering analysis,  
6 cannot establish that the trade secrets can be reverse engineered without undue burden and  
7 expense, and has no evidence that the trade secrets are readily ascertainable.<sup>144</sup> GSI also contends  
8 that ISSI's actions undercut its defense: that is, because ISSI purchased designs from UMI rather  
9 than creating its own, because ISSI does not have an Atris on the market yet, and because ISSI  
10 claims its schematics are AEO, so such schematics must not be readily ascertainable.<sup>145</sup>

11 GSI may be right that ISSI has not substantiated any reverse engineering claims.<sup>146</sup> But  
12 ISSI presents more than sufficient evidence that even if certain circuit schematics that GSI claims  
13 as trade secrets really are secret, each would nonetheless have been readily ascertainable by ISSI  
14 by gathering together certain materials available to ISSI at the time.<sup>147</sup> This is more than enough to  
15 create a genuine issue of material fact.

16 V.

17 In its second round of requests, UMI seeks summary judgment that (1) it did not breach the  
18 non-compete provision of the 2008 agreement, because that provision terminated with the contract

19 \_\_\_\_\_  
20 <sup>142</sup> See Pooley et al., TRADE SECRET PRACTICE IN CALIFORNIA § 1.8A (CEB 2012).

21 <sup>143</sup> See *Morlife, Inc. v. Perry*, 56 Cal. App. 4th 1514, 1522 (1997).

22 <sup>144</sup> See Docket No. 570-5 at 19-23.

23 <sup>145</sup> See Docket No. 669-5 at 14-15.

24 <sup>146</sup> See Docket No. 626-5 at 2; Docket No. 242 at 43-44.

25 <sup>147</sup> See, e.g., Docket No. 626-23, Ex. LL at ¶ 585 (“[T]o the extent any claimed circuit schematic  
26 nevertheless otherwise constitutes a trade secret, all 25 of the claimed circuit schematics are at least  
27 readily ascertainable to ISSI through relevant product specifications, patents, textbooks, and past  
28 designs that are readily at hand to ISSI.”).

1 no later than August 2009, and so UMI's activities, years later, could not, as a matter of law,  
2 breach an expired obligation; (2) that even if the non-compete provision was in effect in the August  
3 2012-March 2013 time frame, GSI waived arguing that the Atris chip at issue is an LLDRAM  
4 subject to the contract's non-compete provision, because GSI had encouraged UMI to continue to  
5 work on an Atris design during the parties' contractual relationship (even though the contract at  
6 issue prohibited UMI from either directly or indirectly designing, developing or contributing to the  
7 design or development of an LLDRAM other than the 576 Mb product); (3) GSI's  
8 misappropriation of trade secrets claim is time-barred under the three-year statute of limitations for  
9 misappropriation of trade secrets and (4) GSI suffered no cognizable damages as a result of UMI's  
10 conduct.<sup>148</sup> Once again, the record confirms that genuine issues of material fact are disputed,  
11 precluding summary judgment.

12 **First**, because the non-compete provision survived UMI's efforts to terminate the  
13 agreement, a reasonable jury could find that UMI breached it. Contract interpretation usually is a  
14 matter of law to be determined from the writing alone.<sup>149</sup> In ascertaining whether a contract's  
15 language is ambiguous, courts look to the "instrument's language."<sup>150</sup> Extrinsic evidence may only  
16 be considered if a contract is ambiguous.<sup>151</sup> A contract is ambiguous when it is susceptible to more  
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21 <sup>148</sup> See Docket No. 563-4 at 2.

22 <sup>149</sup> See Cal. Civ. Code § 1639; *Ad Two, Inc. v. City of Denver ex rel. Manager of Aviation*, 9 P.3d  
23 373, 376 (Colo. 2000).

24 <sup>150</sup> *Ad Two, Inc.*, 9 P.3d at 376.

25 <sup>151</sup> See Cal. Civ. Code § 1639; *Chambliss/Jenkins Assocs. v. Forster*, 650 P.2d 1315, 1318 (Colo.  
26 App. 1982) ("[W]ritten documents containing ambiguities or unclear language must be construed  
27 in accordance with the intent of the parties, and relevant extraneous evidence may be considered to  
28 resolve the factual questions of the parties' intent.").



1 than one reasonable interpretation.<sup>152</sup> The fact that parties may have different interpretations of the  
2 contract does not by itself create an ambiguity justifying consideration of parole evidence.<sup>153</sup>

3 Here, the plain language of Section VII.5 makes clear the non-compete provision survives  
4 any purported termination; parole evidence is neither required nor permitted. The survival  
5 provision provides: “the provisions of Articles III [including the non-compete obligation], IV and  
6 V of this Agreement shall survive expiration or termination of this Agreement permanently.”<sup>154</sup>  
7 UMI is right that under the term provision, “[t]he term of this Agreement shall commence on the  
8 Effective Date and shall expire and be ended at the close of business on the day (5) years from the  
9 Effective Date, unless earlier terminated by either party pursuant to this Article VII.”<sup>155</sup> But the  
10 only reasonable way to read the term provision is that it is subject to and modified by the survival  
11 provision. In other words, the survival provision provides that certain provisions do not expire  
12 along with the term upon a party’s termination pursuant to Article VII. For the non-compete  
13 provision, that means that upon termination UMI may not compete for the full five years. UMI’s  
14 read would undercut any meaning to the survival provision, something this court must strive to  
15 avoid.<sup>156</sup>

16 UMI maintains that even if the non-compete survived, GSI waived it by permitted UMI to  
17 partner with it on Atris in 2008 and 2009. To establish waiver, UMI must prove by clear and

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18 <sup>152</sup> See *Browder v. U.S. Fid. & Guar. Co.*, 893 P.2d 132, 133 (Colo. 1995), overruled on other  
19 grounds by *Hoang v. Assurance Co. of Am.*, 149 P.3d 798 (Colo. 2007).

20 <sup>153</sup> See *USI Properties E., Inc. v. Simpson*, 938 P.2d 168, 173 (Colo. 1997).

21 <sup>154</sup> Docket No. 196, Ex. 1 at § VII.5.

22 <sup>155</sup> Docket No. 196, Ex. 1 at § VII.2.

23 <sup>156</sup> See Cal. Civ. Code § 1641 (“The whole of a contract is to be taken together, so as to give effect  
24 to every part, if reasonably practicable, each clause helping to interpret the other.”); *Concerning*  
25 *Application for Water Rights v. N. Colo. Water Conservancy Dist.*, 677 P.2d 320, 326 (Colo. 1984)  
26 (same). Even if there were a conflict between the survival and term provisions, the more specific  
27 survival provision controls the more general “term” provision. See Cal. Civ. Proc. Code § 1859;  
28 *Kavruck v. Blue Cross of Cal.*, 108 Cal. App. 4th 773, 781 (2003); *Restatement (Second) of*  
*Contracts* § 203(c); *Holland v. Bd. of Cnty. Comm’rs*, 883 P.2d 500, 505 (Colo. App. 1994)

1 convincing evidence that (1) GSI knew UMI was required to not engage in Atris design activities  
2 for others; and (2) GSI freely and knowingly gave up its right to prohibit UMI from engaging in  
3 Atris design activities in 2012.<sup>157</sup> But even before considering how knowledge of UMI’s Atris  
4 activities for GSI could effect a waiver of UMI’s Atris activities for ISSI, the language of Section  
5 X.7 makes clear that no waiver in 2008 or 2009 continues in 2012: “[n]o waiver of any term,  
6 provision or condition of this Agreement, whether by conduct or otherwise, in any one or more  
7 instances, shall be deemed to be or construed as a further or continuing waiver of any such term,  
8 provision or condition of this Agreement.”<sup>158</sup>

9 **Second**, a reasonable jury could find that GSI’s trade secrets claim against UMI is timely.  
10 UMI provides evidence that GSI should have anticipated that by April 2009 that UMI would  
11 engage in any misappropriation, and therefore, GSI’s misappropriation claim was time-barred as of  
12 April 2012.<sup>159</sup> But there is other evidence that GSI learned of UMI’s alleged misappropriation only  
13 within the limitations period.<sup>160</sup> For example, GSI presents evidence that it only learned of the  
14 purported trade secret misappropriation when UMI produced the Asset Transfer Agreement  
15 between UMI and ISSI in the course of this litigation in May 2013.<sup>161</sup> A statutory period does not  
16 begin to run until the plaintiff knew or should have known that a violation actually occurred.<sup>162</sup> A  
17 reasonable fact finder could go either way.

18  
19 <sup>157</sup> See *DRG/Beverly Hills, Ltd. v. Chopstix Dim Sum Café & Takeout III, Ltd.*, 30 Cal. App. 4th 54,  
20 61 (1994).

21 <sup>158</sup> Docket No. 196, Ex. 1 at § X.7. The same evidence precludes summary judgment on UMI’s  
22 alternative theory of equitable estoppel.

23 <sup>159</sup> See Docket No. 563-4 at 12-15.

24 <sup>160</sup> See Docket No. 624-18, Ex. Q at 13 (“GSI was unaware that UMI transferred GSI’s 576 Mb  
25 Trade Secrets to ISSI until 2013.”).

26 <sup>161</sup> See, e.g., *id.*; Docket No. 623-22, Ex. R.

27 <sup>162</sup> See *Menefee v. Ostawari*, 228 Cal. App. 3d 239, 245 (1991) (“a cause of action accrues when,  
28 under the substantive law, the wrongful act is done and liability arises, i.e., when a suit may be  
brought”); *Chasteen v. UNISIA JECS Corp.*, 216 F.3d 1212, 1217 (Colo. 2000) (statute of

1           **Third**, a reasonable jury could find that GSI suffered harm as a result of UMI’s alleged  
2 misconduct. UMI argues GSI’s claim of “about \$40 million,... based on lost sales of Atris chips to  
3 Cisco as its second source supplier” does not prove actual damages<sup>163</sup> because Cisco’s independent  
4 choice of ISSI broke the chain of causation.<sup>164</sup> UMI also argues GSI’s claim that “UMI’s  
5 fraudulent conduct also induced GSI to make payments to UMI totaling \$542,400” is belied by the  
6 evidence because UMI granted GSI a license to UMI’s material and completed its end of the  
7 bargain.<sup>165</sup> But GSI presents sufficient evidence that it would not have worked with UMI on Atris  
8 but for its promise not to compete,<sup>166</sup> and a defendant’s wrongful act need not be the sole and only  
9 cause of the injury.<sup>167</sup> Contribution to injury is enough unless the intervening act is wholly  
10 unforeseeable.<sup>168</sup> GSI also presents sufficient evidence that without UMI’s contributions, ISSI  
11 would not have been able to meet Cisco’s timeline or complete Atris.<sup>169</sup> A jury must decide.

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12 limitations does not begin to run until the plaintiff “learns a defendant improperly disclosed trade  
13 secrets”).

14 <sup>163</sup> See Docket No. 563-4 at 15; Docket No. 563-12, Ex. 40 at 52.

15 <sup>164</sup> See Docket No. 563-4 at 15.

16 <sup>165</sup> See Docket No. 563-4 at 16; Docket No. 563-22, Ex. 41; Docket No. 563-12, Ex. 39 at 47-49;  
17 Docket No. 563-8, Ex. 17 at 264-265, 314; Docket No. 563-22, Ex. 42 at ¶¶ 15, 17.

18 <sup>166</sup> See Docket No. 196, Ex. 1 at § G.

19 <sup>167</sup> See *Third Eye Blind, Inc. v. Near N. Entm’t Ins. Servs., LLC*, 127 Cal. App. 4th 1311, 1319-21  
20 (2005); *Brown v. Silvern*, 45 P.3d 749 (Colo. App. 2001); *Schrimsher v. Bryson*, 58 Cal. App. 3d  
21 660, 664 (1976); *Sanders v. Acclaim Entm’t, Inc.*, 188 F. Supp. 2d 1264, 1276 (D. Colo. 2002). To  
22 the extent causation was addressed in the court’s order on Defendants’ motions to dismiss, GSI  
correctly notes that it was in the context of standing to pursue an antitrust injury, not under  
traditional tort theories. *See* Docket No. 227 at 8.

23 <sup>168</sup> See *Charles O. Bradley Trust v. Zenith Capital LLC*, No. 04-cv-02239, 2008 WL 3400340, at  
24 \*5 (N.D. Cal. Aug. 11, 2008); *Schrimsher*, 58 Cal. App. 3d at 664; *Sanders*, 188 F. Supp. 2d at  
1276.

25 <sup>169</sup> See Docket No. 623-19, Ex. L at 89; Docket No. 624-14, Ex. M at 429. As noted above, GSI  
26 also presents sufficient evidence that it would never have hired UMI—and consequently, would  
27 have never made payments to UMI under the Agreement—if GSI had known UMI intended to  
28 compete against it. *See, e.g.*, Docket No. 196, Ex. 1 at § G. Payments made pursuant to a contract  
are permitted as damages in an action involving fraudulent inducement to enter a contract. *See,*

VI.

1  
2 GSI requests summary judgment against UMI on (1) five discrete issues within its breach of  
3 contract claim, namely, that the non-compete provision is valid and lasts for a duration of five  
4 years, the non-compete provision applies to Atris as an LLDRAM product, UMI's activities with  
5 respect to Atris were in breach of the contract's non-compete provision, UMI breached the  
6 confidentiality provision as a matter of law, and GSI owns the schematics at issue in the lawsuit;  
7 (2) four elements of GSI's ninth cause of action for fraud—falsity, knowledge of falsity, intent to  
8 induce reliance, and actual reliance; and (3) UMI's "readily ascertainable" affirmative defense, or  
9 in the alternative, the reverse engineering portion of that defense.<sup>170</sup> Once again, summary  
10 judgment as to certain issues is warranted; as to the rest, it is not.

11 **First**, there is no genuine dispute that the non-compete provision is valid. Plainly there was  
12 consideration for the non-compete.<sup>171</sup> While Colorado law limits non-compete covenants that  
13 restrict an individual from an entire profession, non-compete covenants involving businesses that  
14 do not entirely restrain a business are not suspect or prohibited.<sup>172</sup> Even if Colorado's restrictions

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16 *e.g.*, *Denevi v. LGCC*, 121 Cal. App. 4th 1211, 1220 (2004); *Elk River Assocs. v. Huskin*, 691 P.2d  
17 1148, 1153 (Colo. App. 1984).

18 <sup>170</sup> See Docket No. 566; Docket No. 568-5 at 1.

19 <sup>171</sup> "[A]ny benefit to a promisor or any detriment to a promisee at the time of the contract—no  
20 matter how slight—constitutes adequate consideration." *Lucht's Concrete Pumping, Inc. v. Horner*,  
21 255 P.3d 1058, 1061 (Colo. 2011) (upholding non-compete executed two years after employment  
22 agreement). UMI suggests that it received no consideration for the non-compete agreement because  
23 the parties intended the non-compete agreement to last beyond the design phase of the contract,  
24 into a support period, and the agreement obligated GSI to provide separate consideration for  
25 support provided during that period. Although GSI agreed to pay separate consideration for  
26 services provided during a three-year support period, that consideration was specifically for  
27 "support of failure analysis" services. Docket No. 196, Ex. 1 at § II.1.1(d). The non-compete  
28 agreement is supported by the original consideration of the Agreement, "[i]n the absence of the  
[non-compete] restrictions contained in this Agreement, GSI would not have considered selecting  
UMI." *Id.* at § G.

<sup>172</sup> See *Energex Enters., Inc. v. Anthony Doors, Inc.*, 250 F. Supp. 2d 1278, 1281 (D. Colo. 2003)  
(limiting Colorado's statutory prohibition against covenants not to compete to contracts involving  
individuals); see also Colo. Rev. Stat. § 8-2-113(2) (voiding any term which "restricts the right of

1 did apply here, UMI presents no evidence that it was entirely restrained from its business. The only  
2 evidence shows that it was at most restricted from designing an LLDRAM chip as defined in the  
3 agreement, while remaining free to pursue other DRAM opportunities. And there is no  
4 requirement, as UMI suggests, that a non-compete agreement explicitly list the trade secrets it is  
5 designed to protect.<sup>173</sup>

6 There also is no genuine dispute that the non-compete provision did not terminate along  
7 with the “term of the contract” in 2009 when the parties’ relationship dissolved. As discussed  
8 above, the contract’s non-compete and survival provisions are clear.<sup>174</sup>

9 There is, however, a genuine dispute as to whether the contract provision applies to Atris as  
10 a LLDRAM product. GSI used a different definition of “LLDRAM” in its related agreement with  
11 ProMOS (concerning fabrication of the 576Mb chip).<sup>175</sup> There also is conflicting evidence whether  
12 Atris is “latency optimized” and/or “address rate optimized,” as the LLDRAM definition in the  
13 agreement requires.<sup>176</sup> A jury must decide.

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15 any person to receive compensation for performance of skilled or unskilled labor for any  
16 employer” (emphasis added)).

17 <sup>173</sup> See *DoubleClick Inc. v. Paikin*, 402 F. Supp. 2d 1251, 1254, 1257-58 (D. Colo. 2005)  
18 (upholding non-compete which “generally prohibited [the defendant] from ever disclosing [the  
19 plaintiff’s] confidential information” under the trade secret exception); *Energex*, 250 F. Supp. 2d at  
20 1281-82 (noting that trade secret exception would save non-compete designed to prevent disclosure  
21 of “Confidential Information,” defined in the contract as including “trade secrets,” with no further  
22 explanation of those trade secrets). UMI also incorrectly cites *Saturn Sys., Inc. v. Militare*, 252  
23 P.3d 516, 527-28 (Colo. App. 2011), as holding a “non-compete agreement enforceable only  
24 because the trade secrets were expressly and unambiguously identified in the contract clause at  
25 issue.” Docket No. 636-4 at 15. What *Saturn* held is that the non-compete at issue in that case was  
26 enforceable because (1) it was not a standalone provision, separate from the non-disclosure clause;  
27 and (2) it was not a “naked covenant restricting all competition” and instead was a “narrowly  
28 tailored provision restricting [the defendant] only from soliciting [the plaintiff’s] clients as a way of  
protecting [the plaintiff’s] trade secrets and confidential information.” 252 P.3d at 527-28.

<sup>174</sup> See Section V, *supra*; Docket No. 196, Ex. 1 at § VII.5; Docket No. 176 at 15-16.

<sup>175</sup> See Docket No. 636-29, Ex. K at Art. 1.7.

<sup>176</sup> See Docket No. 636-25, Ex. J at ¶¶ 11-13.

1 A genuine dispute also exists as to whether UMI breached its confidentiality agreement.  
2 The contract itself does not exactly specify what falls under “confidential information.”<sup>177</sup> The  
3 parties genuinely dispute what constitutes GSI’s confidential information: increments of  
4 schematics, schematics themselves, or the entire chip design.<sup>178</sup> UMI also provides sufficient  
5 evidence that it made reasonable efforts to protect the confidentiality of whatever GSI confidential  
6 information UMI may have had in its possession.<sup>179</sup>

7 **Second**, a genuine dispute exists as to GSI’s fraud claim. Among other things, the parties  
8 genuinely dispute whether they planned to enter into a separate Atris contract and whether GSI  
9 should have paid for UMI’s Atris if GSI wanted it.<sup>180</sup> They further genuinely dispute whether GSI  
10 got its bargain for the full benefit of UMI’s 576 Mb chip design work, and the meaning of GSI’s  
11 declining UMI’s Atris offer.<sup>181</sup> It also is genuinely disputed whether GSI’s claimed injuries arise  
12 from UMI’s conduct.<sup>182</sup>

13 **Third**, with one exception, a genuine dispute exists as to UMI’s readily ascertainable  
14 affirmative defense. A reasonable jury could find that the 25 schematics claimed by GSI “standing  
15 alone” and isolated from a chip design layout are readily ascertainable by UMI and others having  
16 access to UMI’s independently-created commodity DRAM designs and publicly available  
17 materials, including patents.<sup>183</sup> The one exception concerns reverse engineering, which UMI does  
18 not address anywhere in its papers at all.

19 <sup>177</sup> See Docket No. 636-4 at 2-3; Docket No. 196, Ex. 1 at §§ I.1, VI.2.

20 <sup>178</sup> See Docket No. 658-4 at 9-10.

21 <sup>179</sup> See Docket No. 636-4 at 22-24.

22 <sup>180</sup> See Docket No. 563-10, Ex. 28 at GSI0030485-86.

23 <sup>181</sup> See Docket No. 176 at 7; Docket No. 245 at ¶ 64; Docket No. 563-8, Ex. 17 at 335:1-336:11,  
24 336:17-23

25 <sup>182</sup> See Docket No. 227 at 14; Docket No. 563-12, Ex. 40; Docket No. 563-12, Exhibit 39 at 47-49;  
26 Docket No. 563-8, Ex. 17 at 264:21-256:27, 20, 314:1-11, 14; Docket No. 196, Ex. 1 at § G.

27 <sup>183</sup> See Docket No. 636-4 at 4-5.

VII.

GSI also moves for issue and evidence sanctions, or in the alternative, to compel ISSI to comply with the court’s June 11 order regarding its interrogatory no. 13, and to allow the supplemental opinion of Robert Murphy.<sup>184</sup> GSI claims ISSI violated the court’s order granting GSI’s motion to compel ISSI to “[d]escribe in detail, all work product [ISSI] ha[s] created or developed that incorporates or leverages the information transferred to [ISSI] pursuant to the February 1, 2013 Asset Transfer Agreement” (“ATA”) with United Memories, Inc. (“UMI”).<sup>185</sup> GSI further requests an order that says (1) ISSI incorporated or leveraged at least 190 GSI schematics it acquired from UMI into its final Atris design; (2) ISSI incorporated into its Atris design, but then later removed, at least 30 other GSI schematics ISSI acquired from UMI; and (3) ISSI is barred from introducing any fact or expert evidence at trial or other proceedings to show ISSI did not incorporate or leverage GSI-owned schematics in its Atris design.<sup>186</sup> Alternatively, GSI seeks an order compelling ISSI to comply with the order regarding interrogatory no. 13 and to allow its expert Murphy to supplement his May 8, 2015 expert report to address ISSI’s further response.<sup>187</sup>

ISSI, for its part, moves for a protective order preventing GSI from seeking any further discovery from ISSI, whether regarding interrogatory no. 13 or any other topic.<sup>188</sup>

ISSI’s response to interrogatory no. 13 is comprehensive. ISSI tasked five engineers to spend over two days creating a 16-page, substantive response to one interrogatory.<sup>189</sup> GSI’s requests that the court find GSI owns certain circuit schematics are too drastic, and the court has

<sup>184</sup> See Docket Nos. 723, 722-4.

<sup>185</sup> See Docket No. 722-4 at 1; Docket No. 601.

<sup>186</sup> See Docket No. 722-4 at 1.

<sup>187</sup> See *id.*

<sup>188</sup> See Docket No. 727-3 at 3.

<sup>189</sup> See Docket No. 743 at 2.

1 already stricken GSI's attempts to supplement the Murphy report as untimely.<sup>190</sup> Sanctions are  
2 unwarranted. GSI's motion accordingly is DENIED, and ISSI's motion is GRANTED-IN-PART as  
3 to interrogatory no. 13.

4 **VIII.**

5 Finally, GSI's motion to strike the declaration of Theresa Chen on the grounds that Chen  
6 was never disclosed as a potential witness in ISSI's initial disclosures<sup>191</sup> is DENIED as not  
7 contained within the opposition brief,<sup>192</sup> as "the additional or corrective information [was]  
8 otherwise . . . made known to [GSI] during the discovery process or in writing."<sup>193</sup>

9 GSI's motion to strike the declaration of Dennis Wilson on the grounds that UMI failed to  
10 disclose Wilson as an expert<sup>194</sup> is GRANTED.<sup>195</sup>

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12 <sup>190</sup> See Docket No. 722-4 at 1; Docket No. 600.

13 <sup>191</sup> See Docket No. 632.

14 <sup>192</sup> See *Apple, Inc. v. Samsung Elecs., Ltd.*, Case No. 11-cv-01846-LHK, 2011 WL 7036077 at \*3  
15 (N.D. Cal. Dec. 2, 2011) (denying defendant's separate motion to exclude declaration in support of  
16 plaintiff's summary judgment motion on the grounds that it was not contained within defendant's  
opposition brief and thus failed to comply with Civ. L.R. 7-3(a)), *aff'd-in-part*, vacated-in-part on  
other grounds, 678 F.3d 1314 (Fed. Cir. 2012).

17 <sup>193</sup> Fed. R. Civ. P. 26(e)(1)(A); see also *Tumbling v. Merced Irrigation Dist.*, No. 08-cv-1801-LJO,  
18 2010 U.S. Dist. LEXIS 101404, at \*56-57 (E.D. Cal. Sept. 27, 2010); *SEC v. Berry*, No. 07-cv-  
19 04431-RMW, 2011 U.S. Dist. LEXIS 64436, at \*4-5 (N.D. Cal. June 16, 2011) (holding that a  
20 witness had been "otherwise made known" to defendant through plaintiff's interrogatory response);  
21 Docket No. 657-3, Baskin Decl. Ex. A; Docket No. 657-5, Baskin Decl. Ex. B at 238:3-13; see  
also *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1106 (9th Cir. 2001) ("Two  
express exceptions ameliorate the harshness of Rule 37(c)(1): The information may be introduced  
if the parties' failure to disclose the required information is substantially justified or harmless.")

22 <sup>194</sup> See Docket No. 650.

23 <sup>195</sup> See Docket No. 553 at 2:5. Wilson's declaration does not qualify as an expert report because it  
24 does not purport to contain "a complete statement of all opinions the witness will express," as Rule  
25 26(a)(2)(B)(i) requires. See Docket Nos. 636-25, 636-26, 636-27. Second, few of Wilson's  
26 opinions supply "the facts or data considered by the witness in forming them," as Rule  
27 26(a)(2)(B)(ii) requires. *Id.* Under Rule 26(a)(2)(B)(ii), each opinion must be substantiated with the  
precise "reasoning and thought process that led to the ultimate decision," and an expert's general  
28 qualifications are insufficient. See *Henson v. Baker School Dist.* No. 12 Bd. of Trustees, 2013 WL  
5786592, at \*3 (D. Mont. Oct. 28, 2013) (quoting *United States v. GC Quality Lubricants, Inc.*,



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**SO ORDERED.**

Dated: September 21, 2015

  
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PAUL S. GREWAL  
United States Magistrate Judge

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2002 WL 34376587, at \*2 (M.D. Ga.Sept. 27, 2002)). Third, the declaration is missing “a list of all publications authored in the previous 10 years,” as Rule 26(a)(2)(B)(iv) requires. See Docket Nos. 636-25, 636-26, 636-27. Fourth, the declaration fails to list “all other cases in which, during the previous 4 years, the witness testified as an expert at trial or by deposition,” as Rule 26(a)(2)(B)(v) requires. Id. Finally, the declaration omits “a statement of the compensation to be paid for the study and testimony in the case,” as Rule 26(a)(2)(B)(vi) requires. Id.