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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

POWER INTEGRATIONS, INC.,
Plaintiff,
v.
EDISON D. DE LARA, et al.,
Defendants.

Case No. 20-cv-410-MMA (DEB)

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANTS’
MOTION TO DISMISS SECOND
AMENDED COMPLAINT**

[Doc. No. 79]

In its Second Amended Complaint (“SAC”), Power Integrations, Inc. (“Plaintiff”) alleges four causes of action: (1) breach of contract; (2) trade secret misappropriation under 18 U.S.C. § 1836; (3) interference with contractual relations; and (4) unfair competition under the California Business and Professions Code. See Doc. No. 78 (“SAC”).¹ Defendants Edison D. De Lara (“De Lara”), Charles Reyes Evangelista (“Evangelista”), Ian B. Barrameda (“Barrameda”), and Alex F. Mariano II (“Mariano”) (collectively, “Defendants”) move to dismiss Plaintiff’s four causes of action pursuant to

¹ All citations to electronically filed documents refer to the pagination assigned by the CM/ECF system.

1 Federal Rule of Civil Procedure 12(b)(6). *See* Doc. No. 79. Plaintiff filed an opposition
2 to Defendants’ motion, and Defendants replied. *See* Doc. Nos. 81, 82. The Court found
3 the matter suitable for determination on the papers and without oral argument pursuant to
4 Federal Rule of Civil Procedure 78(b) and Civil Local Rule 7.1.d.1. *See* Doc. No. 83.
5 For the reasons set forth below, the Court **GRANTS in part and DENIES in part**
6 Defendants’ motion to dismiss.

7 **I. BACKGROUND**²

8 Plaintiff’s allegations arise out of an employment dispute between Plaintiff,
9 Plaintiff’s previous employees, and one of Plaintiff’s competitors that allegedly targeted
10 Plaintiff’s employees. *See* SAC ¶¶ 11–27.

11 **A. Plaintiff and General Background**

12 Plaintiff, a company based in California, is “the leader in power conversion
13 technology,” and “a leading innovator in semiconductor technologies for high-voltage
14 power conversion and a leading supplier of cutting-edge power technologies including
15 high-performance [integrated circuits (‘ICs’)] used in high-voltage power-conversion
16 systems.” SAC ¶ 11. Plaintiff “is an intellectual property (‘IP’) focused power
17 technology company” and has invested heavily in developing intellectual property “for its
18 high-voltage power conversion products.” *Id.* ¶ 12. In 2015, Plaintiff began expanding
19 “its US-based Applications and Engineering Department (‘APPS US’) by establishing an
20 applications lab in Manila, Philippines (‘APPS Philippines’) and staffing it with local
21 engineering talent.” *Id.* ¶ 13. APPS Philippines initially employed 13 individuals, but
22 “grew to a size of nearly 30 engineers by early 2019.” *Id.*

23 Plaintiff’s applications engineers “design, build, and test power supplies using
24 [Plaintiff’s] ICs.” *Id.* ¶ 14. As part of these efforts, Plaintiff maintained and granted its
25

26
27 ² Because this matter is before the Court on a motion to dismiss, the Court must accept as true the
28 allegations set forth in the complaint. *See Hosp. Bldg. Co. v. Trs. Of Rex Hosp.*, 425 U.S. 738, 740
(1976).

1 applications engineers access to a secured drive that contained various manuals,
2 specifications, and reports. *See id.* Plaintiff further required its applications engineers to
3 maintain personal folders on the secured drive, which Plaintiff retained ownership of,
4 where they were “asked to save all their weekly reports, technical reports, component
5 specifications, reference designs, and other status updates concerning their projects.” *Id.*
6 ¶ 15. Additionally, Plaintiff required its engineers to maintain confidentiality, and
7 included such requirements in their employment agreements. *See id.* ¶ 17.

8 Silanna Semiconductor North America, Inc. (“Silanna”) is a competitor of Plaintiff
9 and “is a newcomer in the industry and only recently entered the market for power
10 products including power converter ICs for AC-DC . . . power supplies.” *Id.* ¶¶ 2, 18.
11 Penbrothers International Inc. (“Penbrothers”) is “a Philippine-based staffing agency.”
12 *Id.* ¶ 2. Plaintiff alleges that “Silanna has secretly and systematically targeted and
13 recruited [Plaintiff’s] most experienced applications engineers and new product team
14 leaders” and “used a third party (Penbrothers) to conceal the hiring of the Defendants to
15 Silanna.” *Id.* ¶ 18. Silanna and Penbrothers were previously defendants in this action.
16 *See generally* Doc. No. 12. However, while this action was pending in the Northern
17 District, Plaintiff voluntarily dismissed Silanna on July 10, 2019. *See* Doc. No. 18. The
18 court dismissed Penbrothers based on lack of personal jurisdiction on November 18,
19 2019. *See* Doc. No. 49.

20 **B. Defendant Mariano**

21 Plaintiff alleges that it employed Mariano “from approximately October 1, 2008
22 through January 26, 2018.” SAC ¶ 28. Mariano signed an employment agreement,
23 which included an “Employee Agreement Regarding Confidentiality and Inventions”
24 (“EARCI”). *Id.* ¶ 29; *see also* Doc. No. 78-2 (containing Mariano’s employment
25 agreement and EARCI). Mariano was first employed as “a field applications engineer” in
26 Plaintiff’s “sales department based in the Philippines,” but later joined APPS Philippines
27 “and became the Team Leader for the LED Lighting Team.” SAC ¶ 28. Plaintiff alleges
28 that “Mariano participated in the design and planning of applications of [Plaintiff’s] new

1 and future high-voltage flyback controller ICs in power supplies” and “was exposed to
2 and acquired [Plaintiff’s] highly proprietary and sensitive information relating to the
3 designs, product plans, and applications of these new and future high-voltage ICs.” *Id.*
4 ¶ 31. Further, “Mariano was also intimately familiar with [Plaintiff’s] Philippine
5 operations.” *Id.* In accordance with Plaintiff’s policy, “Mariano maintained a personal
6 folder” on Plaintiff’s secured drive. *See id.* ¶ 34. However, Plaintiff alleges that
7 “Mariano’s folder surreptitiously disappeared from the APPS drive.” *Id.* Mariano
8 subsequently left Plaintiff’s employ and has since joined Silanna “as Principal Power
9 Applications Engineer.” *Id.* ¶ 36. Plaintiff alleges that Mariano was employed “as a
10 result of his intimate knowledge and possession of [Plaintiff’s] proprietary and
11 confidential information” and that he disclosed confidential information to Silanna. *Id.*
12 ¶ 36; *see id.* ¶ 39.

13 **C. Defendant Barrameda**

14 Plaintiff alleges that it employed Barrameda “from approximately April 7, 2015 to
15 March 2, 2019” and that he “was a founding member of APPS Philippines.” *Id.* ¶ 41.
16 Barrameda’s employment agreement with Plaintiff included an EARCI as well as a
17 conflict of interest provision that required him to disclose any potential conflicts of
18 interest to Plaintiff. *See id.* ¶¶ 42, 44; *see also* Doc. No. 78-3 (containing Barrameda’s
19 employment agreement and EARCI). Barrameda worked on both the “LED Lighting
20 Team” and the “Low-Power Team” where he became a Team Leader in April 2018.
21 SAC ¶ 41. Plaintiff alleges that Barrameda’s responsibilities included “participat[ion] in
22 the design and planning of applications of [Plaintiff’s] new and future high-voltage
23 flyback controller ICs in AC-DC power supplies” and gave him access to Plaintiff’s trade
24 secrets “and other proprietary and confidential information.” *Id.* ¶ 45. Plaintiff further
25 alleges, that unlike the other Defendants, Barrameda resigned from his position in
26 Plaintiff’s employ “purportedly to join Infineon Technologies.” *Id.* ¶ 48. However,
27 Plaintiff asserts that Barrameda “never accepted any offer from Infineon” and “used the
28 Infineon offer to lie about and conceal his employment with Silanna.” *Id.* ¶ 50.

1 Plaintiff alleges, on information and belief, that “Barrameda gained employment
2 with Silanna as a result of his access to and intimate knowledge and possession of
3 [Plaintiff’s] proprietary and confidential information.” *Id.* ¶ 53. Plaintiff further claims
4 that Barrameda agreed to work for Silanna “months before he resigned from [Plaintiff].”
5 *Id.* ¶ 54. Finally, Plaintiff alleges, again on information and belief, that “Barrameda
6 disclosed confidential and trade secret information about [Plaintiff’s] products or
7 projects” through the submission of his resume, his conduct during job interviews, and
8 use of such information to assist Silanna in its product development while still employed
9 by Plaintiff. *Id.* ¶ 56.

10 **D. Defendant De Lara**

11 Plaintiff alleges that it employed De Lara “from approximately March 22, 2016
12 through May 11, 2019” first as “a senior engineer assigned to the LED Lighting Team”
13 and ultimately as “Team Leader” following Mariano’s departure. *Id.* ¶ 58. De Lara’s
14 employment agreement with Plaintiff included an EACRI. *See id.* ¶ 59; *see also* Doc.
15 No. 78-4 (containing De Lara’s employment agreement and EARCI). Like the other
16 Defendants, De Lara “participated in the design and planning of applications of
17 [Plaintiff’s] new and future high-voltage flyback controller ICs in AC-DC power
18 supplies.” SAC ¶ 61. De Lara had access to Plaintiff’s trade secrets “and other
19 proprietary and confidential information” and “was also intimately familiar with
20 [Plaintiff’s] Philippine operations.” *Id.*

21 Plaintiff asserts that De Lara left its employ “ostensibly as the result of accepting
22 employment with Penbrothers as a Staff Power Application Engineer” but “as De Lara
23 knew, under an agreement between Silanna and Penbrothers, De Lara was hired by
24 Penbrothers specifically for the purpose of being assigned to work for Silanna so that
25 Silanna could hide its raiding of [Plaintiff’s] top APPS Philippine engineers.” *Id.* ¶ 64.
26 To this effect, Plaintiff claims that De Lara was hired “as a result of his intimate
27 knowledge and possession of [Plaintiff’s] proprietary and confidential information.” *Id.*
28 ¶ 65. Finally, Plaintiff alleges that De Lara “provided Silanna with confidential business

1 and personnel information” and “also disclosed confidential and trade secret information
2 about [Plaintiff’s] products or projects” through his resume and during his interview. *Id.*
3 ¶¶ 68, 69.

4 **E. Defendant Evangelista**

5 Plaintiff alleges that it employed Evangelista “from approximately September 19,
6 2017 through May 16, 2019” in the capacity of “design engineer assigned to the Low-
7 Power Team.” *Id.* ¶ 70. Evangelista’s employment agreement with Plaintiff included an
8 EARCI. *See id.* ¶ 71; *see also* Doc. No. 78-5 (containing Evangelista’s employment
9 agreement and EARCI). Similar to the other Defendants, Evangelista “participated in the
10 design and planning of applications of [Plaintiff’s] new and future high-voltage flyback
11 controller ICs in AC-DC power supplies.” *Id.* ¶ 73. He also had access to Plaintiff’s
12 trade secrets “and other proprietary and confidential information” and “was also
13 intimately familiar with [Plaintiff’s] Philippine operations.” *Id.* Evangelista’s role
14 “included evaluations of new products at the applications/system level” and “he had
15 access to all confidential documents and information about [Plaintiff’s] products” that
16 were stored on the secure drive. *Id.* ¶ 74. Plaintiff alleges that Evangelista was obligated
17 to maintain a folder on the secured drive where he was to store “all his weekly reports,
18 technical reports, and other status updates concerning the projects he was working on.”
19 *Id.* ¶ 76. Plaintiff notes however, that the folder in question “is completely empty” and
20 alleges that “Evangelista either never saved any project-related reports and updates in his
21 personal folder . . . or deleted them or had them deleted.” *Id.*

22 Like De Lara, “Evangelista resigned from his employment with [Plaintiff] . . .
23 ostensibly as the result of accepting employment with Penbrothers as a Senior
24 Application Engineer.” *Id.* ¶ 77. However, Plaintiff alleges that Evangelista was hired as
25 part of a scheme between Silanna and Penbrothers through which Silanna attempted to
26 conceal the fact that it was hiring Plaintiff’s employees. *See id.* Plaintiff also claims, on
27 information and belief, that Evangelista “formally became an employee of Silanna after
28 the Penbrothers cover was blown.” *Id.* Similar to the previous allegations, Plaintiff

1 asserts that Evangelista was employed primarily because of his knowledge of Plaintiff's
2 "proprietary and confidential information" and that he provided such information to
3 Silanna, including through the submission of his resume and during his job interview. *Id.*
4 ¶¶ 78, 81–82.

5 **II. LEGAL STANDARD**

6 A Rule 12(b)(6) motion to dismiss tests the sufficiency of the complaint. *Navarro*
7 *v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). A pleading must contain "a short and plain
8 statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P.
9 8(a)(2). However, plaintiffs must also plead "enough facts to state a claim to relief that is
10 plausible on its face." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007); *see also*
11 Fed. R. Civ. P. 12(b)(6). The plausibility standard demands more than a "formulaic
12 recitation of the elements of a cause of action," or "'naked assertions' devoid of 'further
13 factual enhancement.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*,
14 550 U.S. at 555, 557). Instead, the complaint "must contain sufficient allegations of
15 underlying facts to give fair notice and to enable the opposing party to defend itself
16 effectively." *Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011).

17 In reviewing a motion to dismiss under Rule 12(b)(6), courts must assume the truth
18 of all factual allegations and must construe them in the light most favorable to the
19 nonmoving party. *Cahill v. Liberty Mut. Ins. Co.*, 80 F.3d 336, 337–38 (9th Cir. 1996)
20 (citing *Nat'l Wildlife Fed'n v. Espy*, 45 F.3d 1337, 1340 (9th Cir. 1995)). The court need
21 not take legal conclusions as true merely because they are cast in the form of factual
22 allegations. *Roberts v. Corrothers*, 812 F.2d 1173, 1177 (9th Cir. 1987) (quoting *W. Min.*
23 *Council v. Watt*, 643 F.2d 618, 624 (9th Cir. 1981)). Similarly, "conclusory allegations
24 of law and unwarranted inferences are not sufficient to defeat a motion to
25 dismiss." *Pareto v. FDIC*, 139 F.3d 696, 699 (9th Cir. 1998).

26 In determining the propriety of a Rule 12(b)(6) dismissal, courts generally may not
27 look beyond the complaint for additional facts. *See United States v. Ritchie*, 342 F.3d
28 903, 907–08 (9th Cir. 2003). "A court may, however, consider certain materials—

1 documents attached to the complaint, documents incorporated by reference in the
2 complaint, or matters of judicial notice—without converting the motion to dismiss into a
3 motion for summary judgment.” *Id.*; *see also Lee v. City of Los Angeles*, 250 F.3d 668,
4 688 (9th Cir. 2001), *overruled on other grounds by Galbraith v. County Of Santa Clara*,
5 307 F.3d 1119, 1125–26 (9th Cir. 2002). “However, [courts] are not required to accept as
6 true conclusory allegations which are contradicted by documents referred to in the
7 complaint.” *Steckman v. Hart Brewing, Inc.*, 143 F.3d 1293, 1295–96 (9th Cir. 1998)
8 (citing *In re Stac Electronics Securities Litigation*, 89 F.3d 1399, 1403 (9th Cir. 1996)).

9 Where dismissal is appropriate, a court should grant leave to amend unless the
10 plaintiff could not possibly cure the defects in the pleading. *Knappenberger v. City of*
11 *Phoenix*, 566 F.3d 936, 942 (9th Cir. 2009) (quoting *Lopez v. Smith*, 203 F.3d 1122, 1127
12 (9th Cir. 2000)).

13 **III. DISCUSSION**

14 Plaintiff asserts four causes of action in its SAC: breach of contract, trade secret
15 misappropriation, interference with contractual relations, and unfair competition. *See*
16 SAC ¶¶ 99–150. The Court will consider each claim in turn.

17 **A. Breach of Contract**

18 Plaintiff’s first cause of action is breach of contract. SAC ¶¶ 99–111. Plaintiff sets
19 forth two alleged breaches: (1) that Defendants breached the confidentiality and company
20 materials clauses in their contracts and (2) that Defendant Barrameda breached the
21 conflict of interest clause in his contract. *See id.* ¶¶ 104–06, 108–10.

22 A breach of contract claim under California law requires “(1) the existence of a
23 contract[,] (2) plaintiff’s performance or excuse for nonperformance, (3) defendant’s
24 breach, and (4) resulting damage to plaintiff.” *EPIS, Inc. v. Fidelity & Guaranty Life Ins.*
25 *Co.*, 156 F. Supp. 2d 1116, 1124 (N.D. Cal. 2001) (citing *Reichert v. General Ins. Co.*,
26 442 P.2d 377, 381 (Cal. 1968)); *see also CDF Firefighters v. Maldonado*, 70 Cal. Rptr.
27 3d 667, 679 (Ct. App. 2008).

28

1 As a threshold matter, Plaintiff points out that Defendants only challenge the
2 breach element. *See* Doc. No. 81 at 10; *see also* Doc. No. 79-1 at 7–12 (failing to
3 challenge any of the other elements). The SAC alleges the existence of contracts
4 between Plaintiff and each Defendant, and that Plaintiff performed its obligations under
5 those contracts. *See* SAC ¶¶ 29–31, 42–44, 59–60, 71–72, 107. Therefore, the Court will
6 focus its analysis on the breach element and will consider each alleged breach in turn.

7 **1. Breach of the Confidentiality and Company Materials Clauses**

8 Plaintiff alleges that Defendants breached their confidentiality obligations. *See*
9 SAC ¶¶ 104–05, 108–09. Defendants argue that Plaintiff’s allegations regarding this
10 breach do not “identify what information was copied or disclosed, by whom, to whom, or
11 how that information fell under the contract definition of ‘Proprietary Information.’”
12 Doc. No. 79-1 at 8 (citing Doc. No. 78-2 at 4); *see also* Doc. No. 82 at 4–8. Defendants
13 elaborate that “[n]othing in the SAC explains or describes in any way what information
14 was copied or deleted, how that information was confidential, proprietary, or how its
15 copying or deletion in any way constituted a breach of contract.” Doc. No. 79-1 at 9.
16 Thus, Defendants argue that the “claim fails as a ‘threadbare recital of the elements.’” *Id.*
17 at 8 (quoting *Iqbal*, 556 U.S. at 678).

18 Plaintiff responds that it has met its burden by alleging that Defendants
19 “disclos[ed] to Silanna [Plaintiff’s] confidential business and personnel information . . .
20 to help Silanna target, solicit, and recruit [Plaintiff’s] top engineering employees and
21 Team Leaders.” *Id.* at 12 (citing SAC ¶¶ 21, 39, 57, 68, 81, 85, 89). Plaintiff further
22 asserts that it has alleged that Defendants breached the confidentiality clause “by
23 disclosing to Silanna trade secret and other confidential information . . . at least in their
24 resumes submitted to and job interviews with Silanna.” *Id.* (citing SAC ¶¶ 24, 40, 56, 69,
25 82, 108). Finally, Plaintiff notes its contention that “Defendant Mariano made
26 unauthorized copies of highly sensitive documents about [Plaintiff’s] new and future
27 products” and that “Defendants then inexplicably deleted or caused the deletion of
28 Mariano’s employee folder on [Plaintiff’s] network.” *Id.* at 13 (citing SAC ¶¶ 22, 34,

1 35). Plaintiff argues that these allegations satisfy the pleading requirement for the breach
2 element. *See id.* at 10.

3 The employment agreement contains the following pertinent clauses:
4

5 **VIII. Confidentiality**

6 You acknowledge and recognize that the information, including, but
7 not limited to the Company's trade secrets, technical data, marketing
8 techniques, human resources, training materials, customer lists, location
9 selection, pricing, client contracts, methods of doing business, and the like,
10 and the similar information of its clients and its clients' customers,
11 including, without limitation, credit card, calling card, address, telephone
12 number or other personal information ("Confidential Information") are
13 special, valuable and unique. As a material inducement to the Company to
14 enter into this contract and in consideration of the compensation the
15 Company pays you under this contract, you agree:

16 a) That the Confidential Information is the sole and exclusive property
17 of the Company (or a third party providing the information to the
18 Company). The Company (or the third party, if applicable) owns all
19 worldwide rights to the information under patent, copyright, trade
20 secret, confidential information or other property right.

21 b) That the Company's disclosure of Confidential Information to you
22 does not confer upon you any license, interest or rights of any kind in
23 or to the Confidential Information. You may use the Confidential
24 Information solely to benefit the Company and only during your
25 employment.

26 c) To safeguard the Confidential Information against disclosure to
27 others.

28 d) Not to directly or indirectly or in any manner, divulge, disclose or
communicate the Confidential Information to others, without the
express written permission of the Company, except that:

i) which you can demonstrate by written records was
previously known;

- 1 ii) which are now, or become in the future, public
2 knowledge other than through your acts or omissions;
3 and
4 iii) which are lawfully obtained by you from sources
 independent of the Company.

5 e) Not to, directly or indirectly, in any form, by any means or for any
6 purpose, reproduce, distribute, transmit, reverse engineer, de-compile,
7 disassemble or transfer, or use, the Confidential Information, or any
8 portion of either, to benefit yourself or any third party, or to cause any
 of the foregoing to happen.

9 f) Not to utilize schemes or formulas of the Company, or any variation
10 or approximation thereof, for your own use or purposes, either by
11 itself or in concert with others;

12 g) That you will return the Confidential Information that is in your
13 possession or control to the Company, together with all copies,
14 documents, records, notebooks, programs and similar items,
15 collections and materials (in writing, electronic or otherwise) that
16 relate to the Confidential Information, immediately (i) upon the
 Company's request, and/or (ii) upon the termination of your
 employment even without the Company's request.

17 h) That the obligations contained herein will remain in effect during
18 and after your employment with the Company.

19 [. . .]

20 **XII. Termination of Employment**

21 [. . .]

22 You agree that all Company records and properties in your custody or
23 control shall be immediately surrendered to the Company, if requested
24 during your employment period, and at the termination thereof, whether or
25 not requested.

26
27 *E.g.*, Doc. No. 78-3 at 5–6, 8 (Barrameda). Mariano's employment agreement differs
28 from the other Defendants' contracts; his does not contain the clauses reproduced above.

1 See Doc. No. 78-2. However, all four Defendants signed the EARCI, which contains the
2 following relevant clauses:

3
4 **2. Confidentiality**

5 I will maintain in confidence and will not disclose or use, either during or
6 after the term of my employment without the prior express written consent
7 of the Company, any proprietary or confidential information or know-how
8 belonging to the Company (“Proprietary Information”), whether or not it is
9 in written or permanent form, except to the extent required to perform duties
10 on behalf of the Company in my capacity as an employee. Proprietary
11 information refers to any information, not generally known in the relevant
12 trade or industry, which was obtain from the Company, or which was
13 learned, discovered, developed, conceived, originated or prepared by me in
14 the scope of my employment. Such Proprietary Information includes, but is
15 not limited to, software, technical and business information relating to the
16 Company’s inventions or products, research and development, production
17 processes, manufacturing and engineering processes, machines and
18 equipment, finances, customers, marketing and production and future
19 business plans and any other information which is identified as confidential
20 by the Company. Upon termination of my employment or at the request of
21 my supervisor before termination, I will deliver to the Company all written
22 and tangible material in my possession incorporating the Proprietary
23 Information or otherwise relating to the Company’s business. These
24 obligations with respect to Proprietary Information extend to information
25 belonging to customers and suppliers of the Company who may have
26 disclosed such information to me as the result of my status as employee of
27 the Company.

28 [. . .]

29 **4. Company Materials**

30 Upon termination of my employment with the Company or at any other time
31 upon the Company’s request, I will promptly deliver to the Company,
32 without retaining any copies, all documents and other materials furnished to
33 me by the Company or prepared by me for the Company.

34 *E.g.*, Doc. No. 78-3 at 16, 18 (Barrameda). Nonetheless, Plaintiff asserts breach of
35 confidentiality against all four Defendants in terms of the employment agreement. *See*

1 SAC ¶¶ 104–05, 108–09. Plaintiff does however tie its allegations regarding Mariano to
2 the text of the EARCI. *See id.* ¶ 30.

3 Plaintiff alleges that Defendants “disclosed to Silanna [Plaintiff’s] confidential
4 business and personnel information, including the performance and/or compensation
5 structures of one or more [of] [Plaintiff’s] applications engineers, to help Silanna target
6 [Plaintiff’s] top engineering employees and Team Leaders for solicitation and
7 recruitment.” *Id.* ¶ 21; *see also id.* ¶ 108 (alleging that Defendants breached their
8 employment agreements by making copies of or disclosing without permission Plaintiff’s
9 “proprietary and confidential information,” such as business operation and product
10 information). Additionally, Plaintiff specifically claims that Defendants “disclosed trade
11 secret information about [Plaintiff’s] new and future high-voltage power conversion
12 products in their resumes submitted to Silanna and/or during their job interviews with
13 Silanna.” *See, e.g., id.* ¶ 24.

14 Defendants challenge this allegation in their reply and suggest that “[h]aving
15 overemphasized the importance of the ‘missing’ resumes, Plaintiff fell on its sword once
16 those resumes became court exhibits. The ‘smoking gun’ evidence that Plaintiff
17 promised would demonstrate a breach is simply not there, which forced Plaintiff to resort
18 to a thin procedural argument.” Doc. No. 82 at 6. Defendants have attached the resumes
19 in question to their motion. *See* Doc. Nos. 79-2, 79-3, 79-4, 79-5. Regardless of what
20 information may or may not be present in Defendants’ resumes, the fact remains that
21 Plaintiff has plausibly alleged that the disclosure occurred either in Defendants’ resumes
22 *or* during the course of their interviews with Silanna. *See* SAC ¶ 24. Because Plaintiff’s
23 allegation of disclosure during the interviews is sufficient, the Court finds that Plaintiff
24 plausibly alleges breach of the confidentiality clause.

25 As to the alleged breach of the termination and company materials clauses,
26 Plaintiff claims the following: “Defendant Mariano also made unauthorized copies of
27 highly sensitive documents about [Plaintiff’s] new and future products, including
28 Operational Technical Specifications.” SAC ¶ 22. Plaintiff elaborates that:

1
2 34. While at Power Integrations, Mariano maintained a personal folder on
3 the APPS drive as did all Power Integrations engineers. These folders
4 contained information about Power Integration products, and what the
5 engineer was working on, and were the property of Power Integrations.
6 These folders were not to be taken or deleted upon termination. In early
7 2019, Power Integrations discovered that Mariano’s folder surreptitiously
8 disappeared from the APPS drive. On information and belief, Mariano
and/or one or more other Defendants deleted or caused the deletion of
Mariano’s personal folder from the APPS drive around the time of or after
Mariano’s departure from Power Integrations.

9
10 *Id.* ¶ 34; *see also* ¶ 109. The employment agreement and EARCI demonstrate that all
11 four Defendants were bound to return any records or other company owned materials at
12 the end of their employment with Plaintiff. *E.g.*, Doc. No. 78-3 at 5–6, 8, 18
13 (Barrameda). Plaintiff adequately alleges that one or more Defendants breached their
14 obligation by deleting Mariano’s personal information, which plausibly suggests a failure
15 to deliver Plaintiff-related materials to Plaintiff at the end of employment. Thus, the
16 Court finds that Plaintiff plausibly alleges breach of the termination and company
17 materials clauses to survive a motion to dismiss.

18 **2. Breach of the Conflict of Interest Clause**

19 Plaintiff also alleges that Defendant Barrameda breached his conflict of interest
20 obligation. *See* SAC ¶¶ 44, 51, 54, 110. Defendants attack this assertion describing it as
21 “an odd attempt to somehow save the obviously deficient claim for breach of contract”
22 and as “yet another transparent attempt to find a roundabout way to enforce the non-
23 compete provisions this Court has already ruled are invalid, unlawful, and
24 unenforceable.” Doc. No. 79-1 at 11 (emphasis omitted). Defendants argue that “[t]here
25 is no fact in the SAC that supports the notion that Defendant Barrameda was performing
26 work for Silanna during his employment with [Plaintiff]” and that “the only allegation of
27 ‘early’ work for Silanna is an alleged conference Barrameda attended two weeks after he
28 left [Plaintiff].” *Id.* at 11–12 (citing SAC ¶ 24) (emphasis omitted); *see also* Doc. No. 82

1 at 7. Plaintiff responds that “Barrameda’s breach went even further” than the other
2 Defendants because “after being secretly hired by Silanna and while still employed at
3 [Plaintiff], Barrameda continued for months to assist Silanna with its AC-DC power
4 conversion products using [Plaintiff’s] confidential and trade secret information.” Doc.
5 No. 81 at 13; *see id.* at 17. Plaintiff claims this enabled Barrameda “to then promote and
6 sell Silanna’s very first flyback controller IC in the United States just two weeks after his
7 official departure from [Plaintiff].” *Id.* (citing SAC ¶¶ 23, 51, 56).

8 Barrameda’s employment agreement contains the following relevant provision:
9

10 **X. Prohibition on Conflict of Interest**

11 You warrant that to the best of your knowledge no conflict of interest
12 exists or is likely to arise in the performance of your obligations under this
13 Agreement. In the course of this Agreement, you shall not render work or
14 services for another employer, directly or indirectly, part-time or full-time
15 while still employed by the Company. Neither shall you engage in any
16 activity likely to compromise your ability to perform your obligations under
17 this Agreement fairly and independently. In this regard, you shall
18 immediately disclose to the Company any activity which constitutes or may
19 constitute a conflict of interest.

20 Doc. No. 78-3 at 6 (Barrameda). Further the EARCI contains the following relevant
21 passage:

22 **8. No Conflicting Obligations**

23 My performance of this Agreement and as an employee of the Company
24 does not and will not breach any agreement to keep in confidence
25 proprietary information, knowledge or data acquired by me prior to my
26 employment with the Company. I will not disclose to the company, or
27 induce the Company to use, any confidential or proprietary information or
28 material belonging to any previous employer or other person or entity. I am
not a party to any other agreement which will interfere with my full
compliance with this Agreement. I will not enter into any agreement,
whether written or oral, in conflict with the provisions of this Agreement.

1
2 *Id.* at 18–19. Plaintiff alleges that “Barrameda accepted an employment offer from
3 Silanna and secretly started working for Silanna months before he resigned from
4 [Plaintiff].” SAC ¶ 23. Plaintiff elaborates that “Barrameda was targeted, solicited, and
5 recruited for Silanna . . . as early as October 2018 while Barrameda was still employed by
6 [Plaintiff]” and that when Barrameda gave Plaintiff notice of his intention to work
7 elsewhere, he “used Infineon as a decoy, lied about his intended employment with
8 Infineon and hid his employment with Silanna while he was still employed by
9 [Plaintiff].” *Id.* ¶¶ 51, 54; *see id.* ¶¶ 23, 48. Thus, Plaintiff claims that “Defendant
10 Barrameda breached the conflict-of-interest provisions of the Barrameda employment
11 agreement by failing to disclose to [Plaintiff] the actual conflict of interest after he
12 accepted an employment offer from Silanna months before his resignation from
13 [Plaintiff].” *Id.* ¶ 110. These allegations provide factual support for Plaintiff’s conflict of
14 interest breach claim.

15 The Court finds Defendants’ argument that this claim is “an attempt to create a
16 post-employment restraint on trade” unpersuasive. *See* Doc. No. 79-1 at 12 (emphasis
17 omitted). Regardless of whether Barrameda’s alleged attendance at a conference on
18 behalf of Silanna shortly after his departure from Plaintiff’s employ is persuasive, the fact
19 remains that Plaintiff has alleged that Barrameda accepted an offer from Silanna during
20 his tenure with Plaintiff without informing it, that this occurred “as early as October
21 2018,” and that he misled Plaintiff as to where he would be working. SAC ¶ 54; *see id.*
22 ¶¶ 23, 48, 51, 110. Thus, the Court finds that Plaintiff plausibly alleges breach of the
23 conflict-of-interest clauses to survive a motion to dismiss.

24 **3. Conclusion**

25 Accordingly, the Court **DENIES** Defendants’ motion to dismiss Plaintiff’s breach
26 of contract claim.

27 **B. Trade Secret Misappropriation**

1 Plaintiff's second cause of action is trade secret misappropriation under 18 U.S.C.
2 § 1836. *See* SAC ¶¶ 112–137. Defendants argue that this claim should be dismissed
3 because Plaintiff “has not identified its trade secrets with any particularity, let alone
4 sufficient particularity” and “has failed to establish how the technical aspects of its broad
5 categories of alleged trade secret and confidential information are separate and distinct
6 from information it openly provides to the general public.”³ Doc. No. 79-1 at 13; *see*
7 *also* Doc. No. 82 at 8–12. In response, Plaintiff asserts that it “has met the Rule 8
8 pleading standard and put Defendants on ample notice of the trade secrets involved.”
9 Doc. No. 81 at 20. Plaintiff also rejects Defendants' second argument and challenges the
10 manner in which Defendants raised the issue. *See id.* at 23.

11 As a threshold matter, there remains some confusion between the parties as to what
12 pleading standard applies to this case. Defendants remain convinced that Plaintiff must
13 plead this claim with particularity. *See* Doc. No. 79-1 at 13–15. However, as Plaintiff
14 correctly notes, this Court has already found that the “general pleading standards under
15 Rule 8, which require plausibility as opposed to particularity,” apply to this claim. *See*
16 Doc. No. 69 at 33; Doc. No. 81 at 20–21. The Court's view of this issue has not changed,
17 and as such, it will apply the plausibility standard set forth in Federal Rule of Civil
18 Procedure 8 to this claim, rather than the particularity standard articulated in Federal Rule
19 of Civil Procedure 9. *See* Doc. No. 69 at 33 (“In applying the Rule 12(b)(6) standard to
20 DTSA allegations, the Court applies general pleading standards under Rule 8, which
21 require plausibility as opposed to particularity”); *see also Power Integrations, Inc. v.*
22 *De Lara*, No. 20-cv-410-MMA (MSB), 2020 WL 1467406, at *17 (S.D. Cal. Mar. 26,
23 2020) (same).

24
25
26 ³ Defendants assert that Plaintiff has not demonstrated that the alleged trade secret is “separate and
27 distinct from information it openly provides to the general public.” Doc. No. 79-1 at 13. To support this
28 argument, Defendants have attached extrinsic materials to their motion. *See id.* at 16; Doc. No. 79-6.
Even if the Court considered these materials, the Court finds Plaintiff's allegations sufficient to survive
the instant motion to dismiss and that Defendants' argument and materials are better suited for a motion
for summary judgment.

1 To plead a trade secret misappropriation cause of action under the Defend Trade
2 Secrets Act (“DTSA”), a plaintiff must allege the following: “(1) the plaintiff owned a
3 trade secret; (2) the defendant misappropriated the trade secret; and (3) the defendant’s
4 actions damaged the plaintiff.” *AlterG, Inc. v. Boost Treadmills LLC*, 388 F. Supp. 3d
5 1133, 1144 (N.D. Cal. 2019) (quoting *Alta Devices, Inc. v. LG Elecs., Inc.*, 343 F. Supp.
6 3d 868, 877 (N.D. Cal. 2018)). The DTSA creates a civil cause of action for owners of
7 trade secrets that are misappropriated “if the trade secret is related to a product or service
8 used in, or intended for use in, interstate or foreign commerce.” 18 U.S.C. § 1836(b)(1).
9 The DTSA defines “trade secret” as “all forms and types of financial, business, scientific,
10 technical, economic, or engineering information, including patterns, plans, compilations,
11 program devices, formulas, designs, prototypes, methods, techniques, processes,
12 procedures, programs, or codes, whether tangible or intangible, and whether or how
13 stored, compiled, or memorialized physically, electronically, graphically,
14 photographically, or in writing” so long as the owner (a) “has taken reasonable measures
15 to keep such information secret” and (b) “derives independent economic value” from
16 being secret. 18 U.S.C. § 1839(3). The DTSA defines “misappropriation” as “(a)
17 ‘acquisition of a trade secret’ by a person who knows or should know the secret was
18 improperly acquired or (b) ‘disclosure or use of a trade secret of another without express
19 or implied consent.’” *Cave Consulting Grp., Inc. v. Truven Health Analytics Inc.*, No.
20 15-CV-02177-SI, 2017 WL 1436044, at *3 (N.D. Cal. Apr. 24, 2017) (quoting 18 U.S.C.
21 § 1839(5)). In sum, the DTSA “contemplates three theories of liability: (1) acquisition,
22 (2) disclosure, or (3) use.” *Id.* at *4 (citing 18 U.S.C. § 1839(5)).

23 **1. Ownership of Trade Secret**

24 Defendants argue that “the SAC is remarkably devoid of facts alleging a specific
25 trade secret” and merely “contains a laundry list of items that fail to meaningfully define
26 the trade secrets allegedly at issue.” Doc. 79-1 at 13; *see also* Doc. No. 82 at 8–10.
27 Specifically, Defendants take issue with Plaintiff’s use of the phrase “including but not
28 limited to” in one of the complaint’s paragraphs pertaining to the trade secret claim. Doc.

1 79-1 at 14 (emphasis omitted) (citing SAC ¶ 31). Defendants argue that this language
2 “shroud[s] the entire foundation of the SAC in a nebulous cloud of unidentified data,
3 information or documents” and that “Defendants cannot defend themselves against open-
4 ended, incomplete, unintelligible, and obscure definitions.” *Id.* Plaintiff responds by
5 distinguishing the SAC from the authority cited by Defendants in their motion and argues
6 “the trade secrets identified in the SAC are tethered to a specific technology (*i.e.* new and
7 future high-voltage flyback controller ICs) and to specific aspects of the technology (*i.e.*
8 their designs, product plans, and applications).” Doc. No. 81 at 21–22 (citing SAC ¶¶ 31,
9 113). Further, Plaintiff argues that the “use of phrases such as ‘including but not limited
10 to’ to give examples of the types of trade secrets at issue does not automatically render a
11 trade secret claim impermissibly broad or vague.” *Id.* at 22.

12 Given that the Court has established that Federal Rule of Civil Procedure 8 applies
13 to this claim, *see* Doc. No. 69 at 33, the Court must determine whether Plaintiff’s
14 pleading of the DTSA claim plausibly expresses “a short and plain statement of the
15 claim.” Fed. R. Civ. P. 8(a)(2); *see also Twombly*, 550 U.S. at 570 (“[W]e do not require
16 heightened fact pleading of specifics, but only enough facts to state a claim to relief that
17 is plausible on its face.”). The Court finds that Plaintiff has met this requirement. The
18 SAC includes the following relevant paragraph pertaining to trade secrets:

19
20 113. [Plaintiff] is a leading innovator in semiconductor technologies for
21 high-voltage power conversion. As a leading innovator, [Plaintiff] owns
22 special, valuable and unique trade secrets relating to the designs, product
23 plans, and applications of its new and future high-voltage flyback controller
24 ICs, including but not limited to Operational Technical Specifications
25 (‘OTS’), product designs, definitions, specifications, schedules and
26 forecasts, new technologies (such as PowiGaN™, [Plaintiff’s] gallium
27 nitride technology, and active clamp technology used in these products),
28 product meeting minutes, BOMs, business plans, business opportunities and
strategies, marketing and sales projections, customer acquisition, customer
requirements, preferences and feedback, and design challenges and solutions
and negative know-how at the applications/system level.

1 SAC ¶ 113. Further, the Complaint also states:

2
3 12. Unlike many of its competitors, [Plaintiff] is an intellectual property
4 (“IP”) focused power technology company, having devoted a substantial
5 amount of resources into developing the IP, including patents and trade
6 secrets, for its high voltage power conversion products. [Plaintiff’s]
7 technologies and IP are valuable information often sought after by its
8 competitors.

9 [. . .]

10 114. New and future products are the crown jewels of any high-tech
11 company and are the lifeblood of [Plaintiff]. [Plaintiff] has expended
12 considerable amount of time, effort, and expense in developing and
13 maintaining Power Integrations Future High-Voltage Power Product Trade
14 Secrets, which are not known to the public and are not readily ascertainable
15 by proper means to persons who could derive value from their disclosure or
16 use, including [Plaintiff’s] competitors.

17 115. Each of Power Integrations Future High-Voltage Power Product Trade
18 Secrets alleged herein derives independent economic value from not being
19 generally known to, and not being readily ascertainable through proper
20 means by [Plaintiff’s] competitors and any other persons who can obtain
21 economic value from the disclosure or use of the information.

22 *Id.* ¶¶ 112, 114–15 (citation omitted). Finally, Plaintiff details the steps it has taken to
23 ensure that its trade secrets remain confidential:

24 including (1) keeping the trade secret information in [Plaintiff’s] locked
25 facilities and/or in secure and restricted-access computer network systems;
26 (2) requiring non-disclosure agreements from employees and non-employees
27 exposed to the trade secret information; (3) ensuring limited access to trade
28 secret information; and (4) implementing additional procedures to require
and remind employees to maintain the confidentiality of all such
information.

1 *Id.* ¶ 116. Plaintiff sufficiently alleges the requirements of a trade secret as defined by the
2 DTSA, alleging that Plaintiff “has taken reasonable measures to keep such information
3 secret” and that it “derives independent economic value” keeping its trade secrets
4 confidential. 18 U.S.C. § 1839(3); *see* SAC ¶¶ 113, 112, 114–16. Plaintiff’s description
5 of the trade secrets identifies the technologies at issue: “high-voltage flyback controller
6 ICs” and “PowiGaNTM, [Plaintiff’s] gallium nitride technology, and active clamp
7 technology used in these products.” SAC ¶ 113. Further, Plaintiff has plausibly pleaded
8 that it “derives independent economic value” from these trade secrets. *See* § 1839(3);
9 SAC ¶¶ 114–15. Plaintiff further bolsters this claim of economic value by alleging that
10 Silanna used Plaintiff’s secret information to develop competing products in a relatively
11 short period of time. *See, e.g.*, SAC ¶¶ 20, 27, 130. Collectively, these allegations
12 plausibly support the “independent economic value” requirement of Section 1839(3).
13 Therefore, the Court finds that Plaintiff plausibly alleges the trade secret element of its
14 DTSA claim under Rule 8 to survive a motion to dismiss.

15 **2. Misappropriation of Trade Secret**

16 Defendants also challenge Plaintiff’s pleading of misappropriation and argue that
17 “it has alleged no facts sufficient to establish misappropriation.” Doc. No. 79-1 at 17; *see*
18 *also* Doc. No. 82 at 10–12. Defendants elaborate that “[n]owhere does the SAC plainly
19 state how it is that the Defendants misappropriated [Plaintiff’s] alleged ‘trade secrets’”
20 and that “the entirety of [Plaintiff’s] allegations of misappropriation is its own
21 unsupported belief that the Individual Defendants were ‘exposed to’ Power Integrations
22 Future Product Trade Secrets and that this ‘exposure’ must have been the reason they
23 were able to gain subsequent employment.” Doc. No. 79-1 at 17 (emphasis omitted).

24 Plaintiff responds that “[it] need not prove or ‘establish misappropriation’ at this
25 juncture and has alleged more than sufficient facts to establish plausibility.” Doc. No. 81
26 at 24–25 (emphasis omitted). Further, Plaintiff argues that its “claim does not rest on a
27 ‘mere possession’ or ‘inevitable disclosure’ theory” and that it “has alleged
28 circumstances that indicate both actual and threatened misappropriation of the trade

1 secrets by Defendants.” *Id.* at 25. In so doing, Plaintiff relies on language from this
2 Court’s previous Order: “[a]s the Court already found, Defendant Barrameda’s ‘alleged
3 conduct of lying about his employment with Infineon Technologies constitutes
4 circumstantial evidence that he is in possession of Plaintiff’s sensitive information and a
5 likelihood that he intends to use or disclose that information.”” *Id.* (quoting Doc. No. 69
6 at 37).⁴

7 The DTSA permits a court to enjoin “any actual or threatened misappropriation.”
8 18 U.S.C. § 1836(b)(3)(A)(i). Both state and federal courts in California have held that a
9 plaintiff must prove more than a defendant’s mere possession of trade secrets. *E.g.*,
10 *Pellerin v. Honeywell Int’l, Inc.*, 877 F. Supp. 2d 983, 989 (S.D. Cal. 2012); *Cent. Valley*
11 *Gen. Hosp. v. Smith*, 75 Cal. Rptr. 3d 771, 792 (Ct. App. 2008). Threatened
12 misappropriation may occur under several variations: (1) a defendant possesses trade
13 secrets and “actually has misused or disclosed some of those trade secrets in the past”; (2)
14 a defendant possesses trade secrets and “intends to improperly use or disclose some of
15 those trade secrets”; and (3) a defendant possesses trade secrets and “wrongly refuses to
16 return the trade secrets after a demand for their return has been made.” *Cent. Valley Gen.*
17 *Hosp.*, 75 Cal. Rptr. 3d at 791–92. However, “the issuance of an injunction based on a
18 claim of threatened misappropriation *requires a greater showing than mere possession* by
19 a defendant of trade secrets where the defendant acquired the trade secret by proper
20 means.” *Id.* at 792 (emphasis added).

21 The SAC includes several allegations that constitute circumstantial evidence that
22 Defendants both possessed sensitive information belonging to Plaintiff and a likelihood
23 that they intended to use or disclose that information. *See* Doc. No. 69 at 37 (citing
24
25

26 ⁴ In their Reply brief, Defendants take issue with the Court’s finding that Barrameda’s alleged lying
27 “constitutes circumstantial evidence that he is in possession of Plaintiff’s sensitive information and a
28 likelihood that he intends to use or disclose that information.” *See* Doc. No. 82 at 11–12; Doc. No. 69 at
37. Specifically, “Defendants ask the Court to reconsider this ruling.” Doc. No. 82 at 11. The Court
declines Defendants’ invitation.

1 *Shippers, a Div. of Illinois Tool Works, Inc. v. Fontenot*, No. 13CV1349 JLS (MDD),
2 2013 WL 1209056, at *4 (S.D. Cal. Sept. 23, 2013)). In addition to the allegations of
3 Barrameda’s duplicity with respect to his relationship with Infineon Technologies and
4 Silanna, which the Court addressed in its previous order and have been reproduced in the
5 SAC, *see id.*; *see e.g.*, SAC ¶¶ 48–49, 51–52, 124, Plaintiff has set forth allegations that
6 are relevant to the issue of misappropriation. For example, Plaintiff has elaborated on its
7 allegations that Barrameda lied about his future employment with Infineon Technologies
8 to include all Defendants:

9
10 128. When [Plaintiff] demanded compliance with the Power Integrations
11 Employment Agreements, counsel for Silanna and Defendants represented
12 that [Plaintiff’s] former employees, including Defendants, would be
13 “assigned to [Silanna]’s ‘DC-DC’ power conversion business” which
14 allegedly “is organized entirely separately from the Company’s ‘AC-DC’
15 power products” that compete[] with [Plaintiff’s] products.[] As discovery
16 in this case has shown, however, none of the Defendants were assigned to
17 Silanna’s DC-DC power conversion business; all Defendants work on
18 Silanna’s AC-DC power products either exclusively or primarily, and were
19 doing so and/or assigned or expected to do so before their counsel’s false
20 representation to the court on May 17, 2019. In fact, Defendants have been
21 assigned to, and have worked on, the very flyback controller ICs with which
22 Silanna competes with [Plaintiff].

23 SAC ¶ 128. Further, expanding on the theory of circumstantial evidence, Plaintiff claims
24 that “Defendants conspired with and knowingly allowed Silanna to use and exploit . . .
25 their knowledge and possession of [Plaintiff’s] proprietary and confidential information,
26 including and especially Power Integrations Future High-Voltage Power Product Trade
27 Secrets . . . to unfairly compete with [Plaintiff].” *Id.* ¶ 122. Plaintiff adds other
28 allegations, including that “Mariano made unauthorized copies of highly sensitive
documents about [Plaintiff’s] new and future products, including OTS” and that
“Defendants also disclosed trade secret information about [Plaintiff’s] new and future
high-voltage power conversion products in their resumes submitted to Silanna and/or

1 during their job interviews with Silanna.” *Id.* ¶¶ 123, 126. Finally, Plaintiff alleges that
2 Silanna has exploited its trade secrets “to introduce its first two high-voltage flyback
3 controller ICs for AC-DC power supplies . . . just five to six months after hiring
4 Defendant Mariano, and announce the full release of these products less than a year after
5 hiring . . . Defendants Barrameda, Evangelista and De Lara.” *Id.* ¶ 130.

6 The Court finds that Plaintiff’s allegations, when considered together and in the
7 light most favorable to Plaintiff, represent “enough facts to state a claim to relief that is
8 plausible on its face.” *Twombly*, 550 U.S. at 570; *see Cahill*, 80 F.3d at 337–38 (citing
9 *Nat’l Wildlife Fed’n*, 45 F.3d at 1340); Doc. No. 69 at 37 (citation omitted). Further,
10 Plaintiff plausibly alleges the first two prongs described in *Central Valley General*
11 *Hospital*. *See* 75 Cal. Rptr. 3d at 791–92. Therefore, the Court finds that Plaintiff has
12 sufficiently pleaded the misappropriation element of its DTSA claim to survive a motion
13 to dismiss.

14 **3. Damages**

15 Defendants do not appear to address the damages element of the DTSA claim.
16 Plaintiff does not provide argument on this element either, though it notes that
17 “Defendants do not dispute the sufficiency of pleading as to the damages element.” Doc.
18 No. 81 at 19. Plaintiff’s complaint includes the following relevant passages:

19
20 131. On information and belief, Defendants have used [Plaintiff’s] trade
21 secrets of substantial and economic value for their own personal gain,
22 allowing Silanna to unfairly compete with [Plaintiff] in the market for high-
voltage flyback controller ICs for AC-DC power supplies.

23
24 132. Defendants’ current and continued misappropriation of [Plaintiff’s]
25 trade secrets is reckless and malicious. Defendants knew of and agreed to
26 abide by the confidentiality obligations and restrictions on the use and
disclosure of [Plaintiff’s] trade secrets.

27
28 133. As a direct and proximate result of Defendants’ current and continued
misappropriation of [Plaintiff’s] trade secrets, [Plaintiff] will suffer
imminent and irreparable harm.

1
2 134. Unless enjoined by this Court, Defendants’ acts of misappropriation
3 will continue, and [Plaintiff] will continue to suffer irreparable harm.

4 135. [Plaintiff] has no adequate remedy at law and is entitled to an
5 injunction under 18 U.S.C. § 1836(b)(3)(A).

6 136. On information and belief, Defendants’ continued use of these trade
7 secrets is willful and malicious, and [Plaintiff] is entitled to recover
8 enhanced damages and its reasonable attorneys’ fees under 18 U.S.C.
§§ 1836(b)(3).

9 Doc No. 78 ¶¶ 131–36. Therefore, the Court finds that Plaintiff has sufficiently pleaded
10 the damages element of its DTSA claim.

11 **4. Conclusion**

12 The Court finds that Plaintiff has alleged sufficient facts to plead its DTSA
13 claim. Accordingly, the Court **DENIES** Defendants’ motion to dismiss Plaintiff’s
14 DTSA claim.

15 **C. Interference with Contractual Relations**

16 Plaintiff’s third cause of action is interference with contractual relations. *See* SAC
17 ¶¶ 138–44. Defendants challenge this claim on two grounds. *See* Doc. No. 79-1 at 19–
18 20. First, Defendants argue that Plaintiff has failed to allege breach of contract and that
19 “[b]ecause . . . the breach of contract claims lack facts alleging an actual breach, the
20 claim for interference likewise falls.” *Id.* at 20. Second, Defendants argue that “[t]he
21 claim further fails under 12(b)(6) for lack of specificity.” *Id.* Defendants elaborate that
22 “[i]nsofar as the claim is based solely on alleged interference with the Defendants’
23 contracts, it is 1) simply another attempt to restate the already-dismissed claim for
24 violation of non-solicitation covenants, and 2) lacking any factual specifics with respect
25 to who induced what breach of what contract or covenant.” *Id.*; *see also* Doc. No. 82 at
26 12–13. Plaintiff responds that it “has sufficiently pled each element” of the claim. *See*
27 Doc. No. 81 at 29. Specifically, Plaintiff argues that it “alleges that each Defendant
28 knowingly interfered with [Plaintiff’s] contractual relations with at least other Defendants

1 by conspiring with Silanna and each []other” and by “using [Plaintiff’s] confidential
2 personnel information, to secretly target and entice [Plaintiff’s] top-performing
3 applications engineers to improperly use and disclose [Plaintiff’s] confidential and trade
4 secret information in breach of their employment agreements, causing harm to
5 [Plaintiff].” *Id.* (citing SAC ¶¶ 39, 54, 57, 66, 68, 79, 81, 89, 138–43).

6
7 The elements which a plaintiff must plead to state the cause of action for
8 intentional interference with contractual relations are (1) a valid contract
9 between plaintiff and a third party; (2) defendant’s knowledge of this
10 contract; (3) defendant’s intentional acts designed to induce a breach or
11 disruption of the contractual relationship; (4) actual breach or disruption of
12 the contractual relationship; and (5) resulting damage.

13 *AlterG, Inc.*, 388 F. Supp. 3d at 1149 (quoting *Pac. Gas & Elec. Co. v. Bear Stearns &*
14 *Co.*, 791 P.2d 587, 589–90 (Cal. 1990)). “Unlike the related tort of intentional
15 interference with prospective economic advantage . . . intentional interference with
16 contractual relations does not require that a defendant’s conduct be independently
17 wrongful.” *Blizzard Entm’t Inc. v. Ceiling Fan Software LLC*, 28 F. Supp. 3d 1006, 1015
18 (C.D. Cal. 2013) (citing *Quelimane Co. v. Stewart Title Guar. Co.*, 960 P.2d 513, 530
19 (1998)).

20 The Court has already found that Plaintiff has adequately pleaded its claims for
21 breach of contract. *See supra* Section III.A. Thus, Plaintiff has alleged the first and
22 fourth elements of its interference claim.

23 The Court finds Plaintiff sufficiently pleads second element—defendants’
24 knowledge of the contract—because Plaintiff alleges that such knowledge existed “at
25 least because they each executed their respective employment agreements with
26 [Plaintiff].” *See id.*; SAC ¶ 140. The combination of this allegation with the specific
27 allegations that each Defendant signed substantially similar employment contracts with
28 Plaintiff and the fact that these agreements are attached to the Complaint as exhibits

1 satisfies this element. *See, e.g.*, SAC ¶¶ 29–31, 42–44, 59–60, 71–72; Doc. No. 78-3
2 (Barrameda).

3 The third element—defendants’ intentional acts designed to induce a breach or
4 disruption of the contractual relationship—is more problematic. In the section of the
5 SAC that covers this cause of action, Plaintiff asserts that “Defendants have interfered
6 with and continue to interfere with [Plaintiff’s] contracts to put [Plaintiff] in a
7 competitive disadvantage and prevent performance of those contracts and/or to cause the
8 termination and/or breach of these contracts.” SAC ¶ 142. By itself this “threadbare
9 recital[] of the elements” is insufficient. *Iqbal*, 556 U.S. at 678. The SAC does not
10 specify how each Defendant intentionally interfered with the contractual relations
11 between Plaintiff and other Defendants or employees. For example, Plaintiff highlights
12 several paragraphs alleging that Defendants “provided Silanna with confidential business
13 and personnel information . . . to target [Plaintiff’s] top engineering employees . . . for
14 solicitation and recruitment.” SAC ¶ 39; *see also* SAC ¶¶ 57, 68, 81. Plaintiff also
15 alleges that “conspiring with Silanna and each other, Defendants also used [Plaintiff’s]
16 confidential business operations and personnel information to help Silanna target, solicit,
17 and recruit [Plaintiff’s] engineers . . . causing a group of Philippine-based top engineers
18 to resign from [Plaintiff] and join Silanna.” *Id.* ¶ 89.

19 While these allegations support the claim that Defendants breached their contracts
20 with Plaintiff, they do not allege that Defendants intentionally interfered with the
21 contracts of other employees. First, as currently pleaded, these allegations imply that it
22 was Silanna, rather than Defendants, that was using the information allegedly provided
23 by Defendants to “target” Plaintiff’s employees. *See id.* However, Silanna is not a party
24 to this action. *See* Doc. No. 18. Second, allegations that some of Plaintiff’s other
25 employees were “targeted” by Silanna, and subsequently left Plaintiff’s employ do not
26 expressly indicate that these employees breached their contracts. *See* SAC ¶¶ 39, 57, 68,
27 81, 89. Thus, these allegations are insufficient to establish that Defendants intentionally
28 interfered with contractual relations between Plaintiff and its other employees.

1 However, Plaintiff sets forth additional allegations with respect to Defendant
2 Mariano. *See id.* ¶¶ 54, 66, 79. For example, Plaintiff alleges that “[o]n information and
3 belief, Barrameda was targeted, solicited, and recruited for Silanna by Mariano, as early
4 as October 2018 while Barrameda was still employed by [Plaintiff].” *Id.* ¶ 54; *see also*
5 *id.* ¶¶ 66, 79. As previously noted by the Court, Plaintiff alleges that Barrameda
6 breached his conflict of interest clause by working for both Plaintiff and Silanna at the
7 same time. *See, e.g., id.* ¶ 54. While this sufficiently alleges that Barrameda breached
8 his contract, the language describing Mariano’s actions only mentions that he “targeted,
9 solicited, and recruited [Barrameda] for Silanna.” *See id.* Plaintiff does not allege that
10 Mariano solicited or recruited Barrameda to work for Silanna and Plaintiff
11 simultaneously or otherwise induce Barrameda to breach his contract.

12 Plaintiff also alleges that De Lara and Evangelista were also “targeted, solicited,
13 and recruited for Silanna by Mariano and Hodge.” *See id.* ¶¶ 66, 79. Like Silanna,
14 Hodge has also been voluntarily dismissed from this suit by Plaintiff. *See* Doc. No. 32.
15 Further, as noted above, these allegations do not allege that Mariano intentionally tried to
16 induce De Lara and Evangelista to breach their contracts by allegedly soliciting or
17 recruiting them to change employers. *See* SAC ¶¶ 66, 79.

18 Thus, the Court finds that Plaintiff has not sufficiently pleaded its interference with
19 contractual relations claim. Accordingly, the Court **GRANTS** Defendants’ motion and
20 **DISMISSES** Plaintiff’s interference with contractual relations claim with leave to
21 amend.

22 **D. Unfair Competition**

23 Plaintiff’s fourth cause of action is unfair competition under the California
24 Business and Professions Code. *See* SAC ¶¶ 145–50. Defendants argue that “[b]ecause
25 the SAC still alleges no facts sufficient to establish any wrongful, unlawful, or fraudulent
26 activity, there is no factual predicate for a claim under section 17200.” Doc. No. 79-1 at
27 20–21 (citation omitted); *see also* Doc. No. 82 at 13. Plaintiff responds that “[b]ecause
28

1 [Plaintiff] has adequately alleged at least Defendants’ violation of the DTSA,
2 Defendants’ motion to dismiss the UCL claim must be denied.” Doc. No. 81 at 29.

3 California Business & Professions Code § 17200 “establishes three varieties of
4 unfair competition—acts or practices which are unlawful, or unfair, or fraudulent.” *Cel-*
5 *Tech Commc’ns, Inc. v. L.A. Cellular Tel. Co.*, 973 P.2d 527, 540 (1999) (citations
6 omitted). “Because the statute is written in the disjunctive, it is violated where a
7 defendant’s act or practice violates any of the foregoing prongs.” *Davis v. HSBC Bank*
8 *Nevada, N.A.*, 691 F.3d 1152, 1168 (9th Cir. 2012).

9 The unlawful prong “is essentially an incorporation-by-reference provision.”
10 *Obesity Research Inst., LLC v. Fiber Research Int’l, LLC*, 165 F. Supp. 3d 937, 952
11 (S.D. Cal. 2016); *see also Cel-Tech Commc’ns, Inc.*, 973 P.2d at 539–49 (“By
12 proscribing ‘any unlawful’ business practice, ‘section 17200 “borrows” violations of
13 other laws and treats them as unlawful practices’ that the unfair competition law makes
14 independently actionable.”). Accordingly, “[w]hen a statutory claim fails, a derivative
15 UCL claim also fails.” *Obesity Research Inst., LLC*, 165 F. Supp. 3d at 953 (quoting
16 *Aleksick v. 7-Eleven, Inc.*, 140 Cal. Rptr. 3d 796, 801 (Ct. App. 2012)). Here, Plaintiff
17 can succeed on this prong only if it pleads sufficient facts to support another cause of
18 action. *See Aleksick*, 140 Cal. Rptr. 3d at 801. Because Plaintiff sufficiently pleads its
19 DTSA claim, *see supra* Section III.B, the Court finds that Plaintiff sufficiently pleads its
20 unlawful prong UCL claim.

21 Accordingly, the Court **DENIES** Defendants’ motion to dismiss Plaintiff’s unfair
22 competition claim.

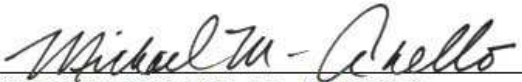
23 **IV. CONCLUSION**

24 For the foregoing reasons, the Court **GRANTS in part and DENIES in part**
25 Defendants’ motion to dismiss. Although Plaintiff has failed to adequately plead its claim
26 for interference with contractual relations, it is not clear that it would be unable to do so if
27 given leave to amend. Accordingly, that claim is dismissed without prejudice and with
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1 leave to amend. *See Knappenberger*, 566 F.3d at 942. Plaintiff may file an amended
2 complaint curing the deficiencies noted herein on or before **August 24, 2020**.

3 **IT IS SO ORDERED.**

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5 Dated: August 10, 2020

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8 HON. MICHAEL M. ANELLO
9 United States District Judge
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