

1 Chris Scott Graham (State Bar No. 114498)
2 chris.scott.graham@dechert.com
3 Michael N. Edelman (State Bar No. 180948)
4 michael.edelman@dechert.com
5 **DECHERT LLP**
6 1117 California Avenue
7 Palo Alto, CA 94304-1013
8 Telephone: 650.813.4800
9 Facsimile: 650.813.4848

10 Attorneys for Plaintiff and Counter-Defendant,
11 SYNOPSISYS, INC.

12 UNITED STATES DISTRICT COURT
13
14 NORTHERN DISTRICT OF CALIFORNIA
15
16 SAN FRANCISCO DIVISION

17 SYNOPSISYS, INC., a Delaware
18 corporation,
19
20 Plaintiff and Counter-Defendant,
21
22 vs.
23
24 MAGMA DESIGN AUTOMATION, INC.
25 a Delaware corporation, and LUKAS VAN
26 GINNEKEN,
27
28 Defendants and Counter-Claimant.

CASE NO.: C-04-03923 MMC (JCS)

SECOND AMENDED COMPLAINT FOR:

- 1. **PATENT INFRINGEMENT;**
 - 2. **BREACH OF CONTRACT;**
 - 3. **INDUCING BREACH OF CONTRACT/INTERFERENCE WITH CONTRACTUAL RELATIONS;**
 - 4. **FRAUD;**
 - 5. **CONVERSION;**
 - 6. **UNJUST ENRICHMENT/ CONSTRUCTIVE TRUST AND;**
 - 7. **UNFAIR COMPETITION**
- DEMAND FOR JURY TRIAL**

AND RELATED CROSS-ACTIONS

29 Plaintiff Synopsys, Inc. (“Synopsys”) hereby alleges against Defendants Magma Design
30 Automation, Inc. (“Magma”) and Lukas van Ginneken (“van Ginneken”) as follows:

JURISDICTION

31 1. This is an action for patent infringement arising under the patent laws of the
32 United States. This Court has jurisdiction over this action under 28 U.S.C. § 1331, 1338(a), and

1 1367(a) and pursuant to the Federal Declaratory Judgments Act, 28 U.S.C. § 2201-02. This Court
2 has supplemental jurisdiction over claims arising under state law pursuant to 28 U.S.C. § 1367(a),
3 because these claims are so related to the parties' claims and counterclaims under federal law that
4 they form part of the same case and/or controversy and derive from a common nucleus of
5 operative fact.

6 **PARTIES**

7 2. Synopsys is a corporation duly organized and existing under the laws of the State
8 of Delaware, with its principal place of business in Mountain View, California.

9 3. Synopsys is informed and believes, and thereon alleges, that Magma is a
10 corporation duly organized and existing under the laws of the State of Delaware, with its principal
11 place of business in Santa Clara, California.

12 **VENUE**

13 4. Venue is proper in the Northern District pursuant to 28 U.S.C. § 1391(b) & (c) and
14 28 U.S.C. § 1400(b).

15 **INTRADISTRICT ASSIGNMENT**

16 5. This is an Intellectual Property Action under this Court's Assignment Plan, and
17 therefore assignment to any division of the Court is proper pursuant to Civil L.R. 3-2(c).

18 **OVERVIEW**

19 6. The extraordinary facts which underlie this action are truly disturbing. It is now
20 clear that, from the very inception of the company, Magma knew that the inventions upon which
21 it built its business were misappropriated from Synopsys. It is beyond dispute that the fixed
22 timing methodology that is the technical foundation for Magma's products was originally
23 conceived at Synopsys. As a result, Magma products and technology infringe Synopsys'
24 intellectual property and contractual rights, and the continued sale, licensing and use of infringing
25 products must be enjoined.

26 7. In order to bury the truth of its wrongful conduct as alleged herein, Magma has
27 spent the past several years making a series of false representations to its investors, its
28 shareholders, the press, and Synopsys. Rather than simply admit the illicit origin of its products

1 and technology, Magma engaged in a public relations campaign designed to portray its fixed
2 timing methodology as an invention that was conceived by employees of Magma “from scratch”
3 through the use of public domain materials. These representations were made despite Magma’s
4 clear knowledge that these inventions had been taken from information contained in confidential
5 Synopsys documents.

6 8. Magma’s web of deceit crumbled soon after Magma asserted three patents, core to
7 its business, against Synopsys. This assertion led to the discovery of the following unequivocal
8 facts: (1) the relevant inventions had been conceived by Lukas van Ginneken (“van Ginneken”)
9 while he was a Synopsys employee; (2) Synopsys’ confidential materials had been copied and
10 used by Magma in its later filed patent applications; (3) Magma had known about the
11 misappropriation of these materials since at least 1997, and; (4) Magma has willfully engaged in a
12 course of conduct to hide the facts of its wrongful conduct. Now that the truth has been revealed,
13 Synopsys seeks to obtain the relief to which it is clearly entitled under law.

14 **FACTUAL BACKGROUND**

15 **van Ginneken’s Employment at Synopsys**

16 9. In 1995, Synopsys hired van Ginneken to play a significant role in leading the
17 development of Synopsys’ logic synthesis and related technologies. van Ginneken was given the
18 responsibility to work on research pertaining to logic synthesis, and was asked to make important
19 contributions to the technical vision for Synopsys’ logic synthesis team. Given van Ginneken’s
20 prior experience in the field, Synopsys heavily relied upon van Ginneken to provide leadership
21 and vision to the development of Synopsys’ products and technology.

22 10. On or about May 17, 1995, van Ginneken signed a Proprietary Information and
23 Inventions Agreement (the “Agreement”) as a condition to his employment by Synopsys. A true
24 and correct copy of the Agreement is attached hereto as Exhibit A.

25 11. The Agreement is valid and fully enforceable against van Ginneken.

26 12. The Agreement provides, among other things, that all Proprietary Information
27 shall be the “sole property” of Synopsys. The term “Proprietary Information” is defined to
28 include information that “has been created, discovered, developed or otherwise become known to

1 the Company (including, without limitation, information created discovered or developed by, or
2 made known to, me during the period of or arising out of my employment by the Company)
3 and/or in which property rights have been assigned, licensed or otherwise conveyed to the
4 Company.” For instance, the Agreement provides that Proprietary Information includes “trade
5 secrets, processes, data and know-how, computer software, improvements, inventions, works of
6 authorship, techniques, marketing plans, strategies, forecasts and copyrightable material and
7 customer lists.”

8 13. The Agreement further provides that “all Inventions which I make, conceive,
9 reduce to practice or develop (in whole or in part, either alone or jointly with others) during my
10 employment shall be the sole property of the Company to the maximum extent permitted by
11 Section 2870 of the California Labor Code . . .”

12 14. The Agreement further provides that Synopsys “shall be the sole owner of all
13 patents, copyrights, trade secrets rights, rights with respect to other intellectual property or other
14 rights in connection therewith (including, without limitation, such rights in algorithms or
15 software).”

16 15. The Agreement further assigns to Synopsys any rights that van Ginneken may
17 have or acquire in any Inventions. The term “Inventions” is broadly defined in the Agreement to
18 include any “improvements, inventions, works of authorship, processes, techniques, know-how,
19 formulae, data, ideas and other information (including, without limitation, my algorithms or
20 software), whether or not patentable, made or conceived or reduced to practice or learned by me,
21 either alone or jointly with others, during the term of my employment.”

22 16. The Agreement further requires van Ginneken to provide a complete list of all
23 “inventions or improvements” which he had contributed to before his employment at Synopsys.

24 17. As reflected in Exhibit “A” attached hereto, van Ginneken in fact attached such a
25 list to the signed Agreement, and covenanted that this list was complete.

26 18. None of the inventions listed by van Ginneken in the Agreement disclose the
27 inventions ultimately claimed in U.S. Patent No. 6,453,446 or U.S. Patent No. 6,725,438
28 (hereinafter collectively referred to as the “Patents”). Accordingly, by van Ginneken’s own

1 representations, none of the inventions disclosed in the Patents had been conceived by him before
2 he joined Synopsys.

3 19. After signing the Agreement, van Ginneken commenced employment at Synopsys
4 on June 26, 1995.

5 20. At no time during his employment at Synopsys, or anytime thereafter, did van
6 Ginneken object to the scope or terms of the Agreement, or ask Synopsys for any waiver from the
7 enforcement of its provisions.

8 **van Ginneken Conceives of the Fixed Timing Inventions in the Patents**

9 21. In or about late 1995 or early 1996, as part of his job to research and explore new
10 product ideas for Synopsys, van Ginneken developed the idea of creating an EDA product that
11 would perform particular inventions using the concept of fixed timing.

12 22. Under the concept of fixed timing, the timing delays of a chip design are held
13 constant and “fixed,” in contrast to determining timing delay at a later point in the design flow.
14 Because fixed timing involves holding the timing delay constant, it can also be referred to as
15 “constant delay.”

16 23. The inventions developed by van Ginneken while employed by Synopsys were
17 designed to implement this concept of fixed timing/constant delay into an EDA tool that
18 performed logic synthesis, placement, and/or related tasks.

19 24. In addition, by early 1996, van Ginneken developed inventions while employed by
20 Synopsys pertaining to the use of “gain-based synthesis,” which is one of the ways in which the
21 fixed timing concept can be implemented in a logic synthesis and/or placement tool.

22 25. On or about January 30, 1996, van Ginneken participated in a meeting with other
23 Synopsys personnel to discuss ideas for Synopsys’ next-generation synthesis product (code
24 named “NGSS” or “Synzilla”). During this meeting, van Ginneken set out the basic concept of
25 his fixed timing inventions. van Ginneken was directed to research the issue further and report
26 his findings at a later meeting.

27 26. During a subsequent meeting in or about February of 1996, van Ginneken gave a
28 further presentation to Synopsys personnel concerning the fixed timing and gain-based synthesis

1 inventions he developed while employed at Synopsys. van Ginneken specifically discussed how
2 Synopsys could implement the inventions relating to fixed timing and gain-based synthesis in its
3 tools. During the course of this meeting, van Ginneken was successful in convincing others at
4 Synopsys that the company should consider redirecting its efforts towards implementing these
5 inventions.

6 27. The conception of the inventions developed by van Ginneken while a Synopsys
7 employee is thoroughly documented in Synopsys' records.

8 28. In early 1996, van Ginneken filled out an invention disclosure form attesting that
9 his fixed timing inventions were conceived by him alone. This invention disclosure, under the
10 title "Constant Delay Synthesis" (the "Constant Delay Synthesis Disclosure"), states as follows:

11 Constant delay synthesis is an entirely different paradigm for delay optimization
12 in logic synthesis. It promises to radically simplify the design process from
13 behavioral synthesis down to physical desing [sic]. It is probably more of a
14 philosophy than an algorithm. Using this philosophy many common optimization
algorithms, such as mapping, retiming, behavioral synthesis, delay & amp [sic];
area optimization, placement can be reformulated in a much simpler form.

15 29. In the Constant Delay Synthesis Disclosure, van Ginneken represents that he was
16 the sole inventor of the fixed timing inventions (by stating "Additio nal Inventors: none").

17 30. In the Constant Delay Synthesis Disclosure, van Ginneken represents that the
18 inventions reflected therein were being considered as the "cornerstone" of the NGSS project at
19 Synopsys.

20 31. In the Constant Delay Synthesis Disclosure, va n Ginneken states that "[i]t is
21 important that Synopsys acquires patent protection in this area, even though some prior art
22 exists."

23 32. van Ginneken's development of these inventions while employed at Synopsys is
24 further documented in the performance reviews he received at Synopsys. For instance, in his
25 performance review for the period March 1, 1996 to April 1, 1997, Synopsys stated that "[o]ver
26 the past year within the Advanced Technology Group, you have had basically one objective:
27 driving through the next generation synthesis effort based on constant delay." The review further
28 stated:

1 Your primary objective over the past year has been driving the technical direction
2 of the Synzilla project, bringing to fruition your ideas on applying constant delay to
3 Synopsys next generation synthesis effort. This project represents a major
4 milestone and direction for Synopsys, and your efforts have been instrumental in
5 effecting the project. One year ago, Synzilla was an idea in your head; it is
6 currently a staffed project that has met aggressive milestones and schedules and that
7 has strong support from outside partners.

8 33. Similarly, another performance review of van Ginneken discussed the presentation
9 of the fixed timing inventions in one of the internal Synopsys meetings in early 1996:

10 Lukas, you demonstrated true vision and original thinking in one of the NGSS
11 meetings when you presented your 'constant delay' ideas. I think that in the
12 process of one hour, you presented a change in the synthesis paradigm to the best
13 technical minds at Synopsys, they accepted that the idea has a lot of merit, and the
14 team initiated a project to investigate this further. This is really exciting!

15 **Synopsys Creates Confidential Documents to Describe van Ginneken's Inventions**

16 34. In order to obtain patent protection for the fixed timing and gain-based synthesis
17 inventions developed by van Ginneken while employed at Synopsys, van Ginneken proceeded to
18 work with Synopsys' former outside patent counsel, Laura Majerus of Graham & James, in order
19 to draft a patent application. Though the content of the communications between van Ginneken
20 and Ms. Majerus is protected by the attorney-client privilege, a patent application was ultimately
21 drafted containing the very same inventions that were later disclosed in the Patents.

22 35. The first draft of the patent application was entitled "System and Method for
23 Constant Delay Synthesis," and contained disclosure of van Ginneken's inventions for fixed
24 timing, including use of fixed timing in relation to logic synthesis and placement, equal slack
25 sizing, area estimation, buffering, bipartitioning, iterative placement, and net weights. This draft
26 patent application was never disclosed by Synopsys to the public, but was instead maintained at
27 all times relevant hereto by Synopsys as proprietary and confidential.

28 36. After the creation of this initial patent application, work on the application
continued, and eventually a subsequent draft was created. This draft was entitled "Method for
Achieving Timing Closure of Digital Networks and Method for Area Optimization of Digital
Networks Under Timing Closure." This draft more thoroughly disclosed the inventions
conceived of by van Ginneken while employed at Synopsys, and described in detail the use of
fixed timing in relation to network slack, library independent optimization, mapping for delay,

1 post mapping optimization, pin swapping, boundary moves, area estimation, net weights,
2 buffering, stretching, placement, and final or discrete sizing. The copies of this draft contained
3 the clear and explicit notation "Synopsys Confidential." This draft patent application was never
4 disclosed by Synopsys to the public, but was instead maintained at all times relevant hereto by
5 Synopsys as proprietary and confidential.

6 37. In addition to the preparation of the draft patent applications, van Ginneken also
7 prepared a "white paper" on the fixed timing inventions. The initial draft of the paper was titled
8 "The Constant Delay Methodology," and set forth several aspects of the inventions contained in
9 the Patents. This paper contained, for instance, a description of the use of fixed timing as it
10 related to logical effort and gain, sizing and placement, buffering, transition time effects, area
11 optimization, and area estimation. The end of the paper recommended that Synopsys adopt the
12 fixed timing methodology for its tools.

13 38. After this initial draft was created, a revised version of the paper was created by
14 van Ginneken with the new title "Driving on the Left-Hand Side of the Performance Speedway."
15 Once again, this paper provided a description of numerous aspects of the inventions conceived of
16 by van Ginneken that are contained in the Patents.

17 39. As the above indicates, by the middle of 1996, Synopsys had extensive
18 confidential documentation describing, in great detail, the fixed timing and gain-based synthesis
19 inventions developed by van Ginneken while employed at Synopsys. At no point did Synopsys
20 ever give permission for van Ginneken to take or use this documentation, or any of the inventions
21 described therein, for the benefit of another company. To the contrary, under the Agreement
22 these inventions were and are the exclusive property of Synopsys, and were assigned to Synopsys
23 the instant that they were conceived.

24 **Magma Misappropriates Synopsys' Confidential Information**

25 40. At some point in 1996, van Ginneken decided to resign from Synopsys to pursue
26 other opportunities. Instead, however, of pursuing ideas at another company that were unrelated
27 to Synopsys' confidential information, van Ginneken sought to take another position where he

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1 could continue utilizing the fixed timing and gain-based synthesis inventions developed at
2 Synopsys.

3 41. In May of 1997, van Ginneken formally resigned from Synopsys in order to join
4 Magma, which had been incorporated on April 1, 1997. In his resignation letter, van Ginneken
5 stated that he was resigning to join a “newly formed startup company,” and stated that his
6 departure “should not be construed as a lack of faith in the technical approaches which I have
7 been advocating.”

8 42. Unbeknownst to Synopsys, there was far more to van Ginneken’s resignation than
9 appeared on the surface. In reality, van Ginneken had only resigned from Synopsys after forming
10 a conspiracy with Rajeev Madhavan, and other founders of Magma, to develop products for
11 Magma using the fixed timing and gain-based synthesis inventions that had been developed at
12 Synopsys. This product development was one of the overt acts in furtherance of the main goal of
13 the conspiracy, which was to use the inventions misappropriated from Synopsys in order to file
14 for patents with the United States Patent and Trademark Office, and thereafter to use the patents
15 in order to inflate the value of Magma’s business to investors and shareholders and obtain a
16 patent-based monopoly to assert against Magma’s competitors.

17 43. van Ginneken entered into this conspiracy with Madhavan and the other founders
18 of Magma for his own personal interest, separate and apart from Magma’s interests in furthering
19 the conspiracy. In particular, van Ginneken was motivated to enter into the conspiracy because of
20 his personal interest in receiving attribution for the inventions he conceived, through being named
21 as an inventor on a novel technology. Indeed, by participating in the conspiracy and obtaining
22 issuance of the ‘446 and ‘438 Patents, van Ginneken personally benefited by being revealed to the
23 public as the inventor of concepts which were deemed worthy by the PTO of patent protection.

24 44. In furtherance of this conspiracy, on or before his resignation from Synopsys, van
25 Ginneken misappropriated for the use and benefit of Magma the information contained in the
26 detailed draft patent application, labeled “Synopsys Confidential.” The information from this
27 application was ultimately copied into patent applications for Magma. van Ginneken also
28 misappropriated for Magma the information contained in at least one of the white papers that he

1 had created for Synopsys. Magma and van Ginneken misappropriated this information from
2 Synopsys for the purpose of using van Ginneken's inventions as the core technical foundation for
3 Magma products, so that Magma could achieve the main goal of its conspiracy as described
4 herein.

5 45. At no time did Magma or van Ginneken inform Synopsys that these documents
6 and related information were being taken, nor did Synopsys ever provide any permission for van
7 Ginneken to take them. Rather, this misappropriation occurred entirely in secret.

8 46. After these materials were misappropriated from Synopsys, Magma proceeded to
9 extensively copy the information contained in the documents in order to create the patent
10 applications that would ultimately result in the issuance of the Patents. This copying was blatant
11 and egregious. Indeed, the inventive concepts contained in these patents were copied from the
12 Synopsys patent application or other documents. In dozens of instances, this copying was word-
13 for-word.

14 47. Attached hereto as Exhibit B is a chart listing just some of the portions of the
15 Patents that were blatantly copied from the confidential patent application drafted for Synopsys.
16 This chart demonstrates that the relevant portions of the Patents are simply plagiarized versions of
17 the confidential patent application that had been drafted for Synopsys. In addition, the Patents
18 also contain numerous passages that were copied, word-for-word, from one of the white papers
19 van Ginneken had drafted for Synopsys.

20 48. In addition to copying the confidential information misappropriated from
21 Synopsys, Magma used the inventions that were misappropriated from Synopsys and labeled
22 them as Magma's "FixedTiming" methodology. Magma then incorporated these misappropriated
23 inventions into its product line, and proceeded to use these inventions as a core technical
24 foundation for its products. By so doing, Magma was able to claim to the Securities and
25 Exchange Commission and the public that its products featured "patented" technology, thereby
26 inflating the value of its business to investors and shareholders and enabling it to assert the
27 patents as a bar against any competitor's use of the inventions claimed in the patents.

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1 **Magma and van Ginneken’s Fraudulent Representations to Synopsys**

2 49. After van Ginneken resigned from Synopsys, Synopsys learned that he had joined
3 Magma. Given the inventions developed by van Ginneken and the Synopsys confidential
4 information that he had been privy to, Synopsys sought assurances from Magma that Synopsys’
5 confidential and proprietary information would not be used or compromised.

6 50. On July 23, 1997, Synopsys forwarded the signed Agreement to Magma, and
7 communicated its expectation that van Ginneken would honor his obligations under the
8 Agreement. Synopsys further asked Magma to confirm that it would not use any confidential or
9 proprietary information of Synopsys. Attached hereto as Exhibit C is a true and correct copy of
10 the July 23, 1997 letter sent by Synopsys.

11 51. At the time Magma received the July 23, 1997 letter from Synopsys, it was already
12 in possession of the information set forth in the confidential patent application drafted for
13 Synopsys, and knew that it was in the process of creating and developing products that would
14 incorporate the very inventions misappropriated from Synopsys. Rather than reveal the
15 misappropriation to Synopsys, however, Magma chose to hide it. To this end, Magma instructed
16 its counsel at the law firm of Pillsbury, Madison & Sutro LLP (“Pillsbury”) to respond by
17 assuring Synopsys that Magma would not use or obtain any confidential or proprietary
18 information of Synopsys.

19 52. In particular, in a letter from Pillsbury dated August 18, 1997, through Magma’s
20 legal counsel Magma and van Ginneken made the following representations and assurances to
21 Synopsys: (1) “Dr. van Ginneken intends to honor his obligations under his Proprietary
22 Information Agreement with Synopsys,” (2) “Magma is in the practice of taking appropriate steps
23 to protect . . . the trade secrets of its employees’ former employers,” (3) “Dr. van Ginneken will
24 protect Synopsys’ proprietary information during his employment at Magma,” (4) “Magma is
25 confident that Dr. van Ginneken has and will continue to abide by the terms of the Magma
26 Agreement in the performance of his duties for Magma,” and (5) “Magma will reiterate to Dr. van
27 Ginneken his duty to abide by his Synopsys Agreement.” Attached hereto as Exhibit D is a true
28 and correct copy of the August 18, 1997 letter.

1 53. All of the foregoing statements from the August 18, 1997 letter were known by
2 Magma and van Ginneken to be false. At the time these statements were made, Magma had
3 already misappropriated the information contained in the confidential patent application drafted
4 for Synopsys (and the information contained in at least one confidential Synopsys white paper),
5 and had already begun to use the information to develop its products and draft patent applications.
6 In an active effort to hide the truth, however, Magma and van Ginneken provided a series of false
7 misrepresentations to Synopsys.

8 54. Through the August 18, 1997 letter, Magma and van Ginneken falsely represented
9 that the use of any “constant delay ideas” by Magma would not implicate Synopsys’ confidential
10 information, because the ideas van Ginneken would be using were already known in the public
11 domain. This representation was also known by Magma and van Ginneken to be false. In truth,
12 Magma was not relying on ideas that were already known in the public domain, but instead had
13 willfully misappropriated the precise fixed timing inventions that van Ginneken had developed
14 while employed at Synopsys.

15 55. The fraudulent nature of the representations were enhanced by the decision to only
16 quote in the August 18, 1997 letter a portion of Magma’s employment agreement with van
17 Ginneken, and to omit information of other facts known to Magma and van Ginneken. Rather
18 than produce the actual employment agreement it had with van Ginneken, Magma’s counsel
19 instead selectively quoted from it and omitted the exhibits to the agreement which had been
20 created by van Ginneken. These exhibits revealed that, contrary to the assertions in the August
21 18, 1997 letter, van Ginneken did not believe that his constant delay ideas were in the public
22 domain and available for use by Magma. Rather, as reflected in these exhibits van Ginneken
23 explicitly informed Magma that the white paper discussing these inventions was outside the scope
24 of his agreement with Magma, because it had been developed at Synopsys before he joined
25 Magma. By purposefully omitting the full agreement and exhibits from the August 18 letter,
26 Magma’s counsel provided information of other facts which were likely to, and did, mislead
27 Synopsys. Through and as a result of the fraudulent representations concerning the

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1 “public domain” nature of the inventions Magma was pursuing, Magma was thus able to pursue
2 its scheme without further question or investigation by Synopsys.

3 56. After representing that Synopsys’ confidential and proprietary information would
4 be “protected,” Magma then used the Pillsbury firm to secretly submit a series of patent
5 applications to the United States Patent & Trademark Office (“PTO”), which contained the same
6 inventions that van Ginneken developed while he was employed at Synopsys. These applications
7 described the inventions in language that was copied from the very same information set forth in
8 the confidential patent application that had been drafted for Synopsys. Though Magma knew that
9 its applications had been copied from confidential Synopsys information, Magma continued to
10 prosecute the applications for years before the PTO.

11 **Magma Deceives Its Investors**

12 57. In 1998, while its plagiarized patent applications were pending, Magma retained
13 the law firm of Orrick, Herrington & Sutcliffe LLP (“Orrick”). The goal of this retention was
14 purportedly to perform intellectual property due diligence at Magma. In reality, the main purpose
15 of this retention was to use counsel to “whitewash” the misappropriation of Synopsys’
16 confidential inventions and documentation, and thereby to further the main goal of the conspiracy
17 against Synopsys as described herein.

18 58. As part of the “due diligence” process, Orrick engaged a professor from the
19 University of Michigan, Marios Papaefthymiou, who conducted a series of interviews at Magma
20 for the purpose of assessing whether Magma had used proprietary or confidential information
21 belonging to previous employers of Magma employees. In truth, this entire process was a sham,
22 because Magma already knew that its patent applications had been copied from confidential
23 information misappropriated from Synopsys, but had carefully avoided telling Papaefthymiou that
24 fact.

25 59. Magma rigged the due diligence process by falsely informing Papaefthymiou that
26 van Ginneken had not used any confidential or proprietary information of Synopsys in his
27 position at Magma, and by failing to disclose to Papaefthymiou the fact that significant portions
28 of Magma’s patent applications had been plagiarized from Synopsys confidential information.

1 60. Papaefthymiou interviewed van Ginneken as part of the due diligence process, and
2 yet neither Magma nor van Ginneken informed him of the critical fact that significant portions of
3 Magma's patent applications had been plagiarized from Synopsys confidential information.

4 61. Although unknown to Synopsys until after the initiation of this lawsuit,
5 Papaefthymiou's notes from his interviews ultimately noted the "similarities" between van
6 Ginneken's work at Synopsys and Magma's work, and indicated that some of the Synopsys
7 technology that was similar to Magma's may have been confidential or may have been patented.
8 Because, however, Magma did not disclose to Papaefthymiou the fact that it had misappropriated
9 Synopsys information and used it to draft Magma's patent applications, Papaefthymiou was
10 unable to reach any conclusion on the matter. Thereafter, Magma did not include significant
11 portions of Papaefthymiou's observations in the due diligence report given to Magma's potential
12 investors. By failing to provide all of the true information during the due diligence process, and
13 by falsifying the scope and content of the report, Magma was able to represent that it had received
14 a "clean bill of health" from the Orrick firm.

15 **Magma and van Ginneken Continue Their Efforts to Deceive Synopsys**

16 62. Rather than approach Synopsys and admit the truth about its wrongful conduct,
17 Magma continued to take steps in 1998 and succeeding years in order to mislead Synopsys.

18 63. For instance, in or about February of 1998, Magma invited Synopsys to attend a
19 meeting at Magma's offices to discuss the possibility of a business arrangement between the two
20 companies. The meeting was attended by at least Rajeev Madhavan and Robert Smith on behalf
21 of Magma, and at least Aart de Geus, Raul Camposano, and Robert Dahlberg on behalf of
22 Synopsys. Unbeknownst to Synopsys, Magma had secretly decided to arrange this meeting as
23 part of an effort by Magma to "set up" Synopsys against future intellectual property claims.

24 64. At the February 1998 meeting, Magma did not tell Synopsys anything about the
25 origin of its technology, the misappropriation of Synopsys' information, the theft of the
26 inventions created by van Ginneken at Synopsys, or the concerns raised by Papaefthymiou during
27 the "due diligence" process. Rather, in furtherance of its continued course of conduct, Madhavan
28 falsely represented (consistent with Magma's fraudulent representations in 1997 to Synopsys) that

1 Magma had come up with a technology that would be able to guarantee timing closure and that
2 this technology was developed by Magma. As set forth above, this representation was knowingly
3 false, because in fact the fixed timing methodology being used at Magma was conceived at
4 Synopsys, and the inventions underlying the methodology were owned by Synopsys. These
5 representations were designed to further mislead Synopsys into believing that the inventions
6 utilized by Magma had been independently developed from public domain sources.

7 65. Magma also set up another sham meeting with Synopsys at Magma's offices in
8 April 30, 1998 in order to defraud Synopsys. This meeting was attended by at least Madhavan
9 and van Ginneken on behalf of Magma, and at least Rich Goldman and Priti Vijayvargiya on
10 behalf of Synopsys. At the meeting, the only discussion involved a brief presentation by
11 Synopsys of its In-Sync program, and there was no description at any time by Magma of fixed
12 timing or gain-based synthesis or the manner in which Magma came into possession of the
13 inventions that were utilized in its products. Indeed, the individuals that attended the meeting on
14 behalf of Synopsys were not technical employees and therefore would not have even been able to
15 participate in a meaningful discussion over fixed timing or gain-based synthesis.

16 66. After this brief meeting, Madhavan directed the sending of an April 30, 1998 letter
17 to Goldman purporting to "confirm" the subjects discussed during the meeting. This letter was
18 sent in order to continue the "set up" of Synopsys. In the letter, Magma falsely stated that there
19 had been discussion at the meeting of Magma's "patent pending approach" for place and route, as
20 well as "Magma's proposed interfaces" and "Magma's product positioning and product plans."
21 This assertion was false. In fact, there had been no discussion of these subjects at the meeting,
22 but rather only a brief presentation of Synopsys' In-Sync program. In addition, as Magma
23 already knew, the assertion that the "patent pending" technology was owned by Magma was also
24 false, because the inventions in Magma's tools were truly owned by Synopsys. Nevertheless, this
25 fraudulent letter was sent in order to create a false record that Magma had "disclosed" the details
26 of its technology, so that if Synopsys ever discovered the truth about Magma's illegal conduct,
27 Magma would be able to use the letter as proof that Synopsys had waived its rights.

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1 67. At no point in 1998 or thereafter did Magma or van Ginneken ever provide the true
2 facts to Synopsys or anyone else about the misappropriation of Synopsys' documentation or
3 inventions. Rather, Magma continued to repeat the misrepresentation that its fixed timing
4 methodology had been entirely developed from scratch at Magma using public domain sources.
5 Magma repeated these misrepresentations even though it knew that the entire foundation for its
6 products was the fixed timing and gain-based synthesis inventions that van Ginneken had
7 developed while he was employed at Synopsys. These false representations constituted an
8 enormous fraud upon Synopsys and the general public.

9 68. For instance, in a November 1999 article appearing in the Electronic Engineering
10 Times, Magma represented that its engineers "developed" the fixed timing methodology by using
11 "back of the envelope" design techniques and techniques that "can be found in popular VLSI
12 design text books." Magma further described at length how its own engineers had used this
13 information to independently develop its "breakthrough" technology. These representations were
14 knowingly false. In fact, van Ginneken had already conceived the fixed timing methodology
15 while he was employed at Synopsys, and Magma's "development" of this invention consisted of
16 misappropriating and copying the information contained in Synopsys' confidential draft patent
17 application.

18 69. Similarly, in a 1999 article published in SiliconIndia, Madhavan gave an interview
19 in which he provided numerous false representations about the origin of the technology used by
20 Magma. Rather than admit that Magma products actually are based on the inventions developed
21 at Synopsys and misappropriated by Magma, Madhavan represented that he came up with the
22 idea for Magma's products by reading a book by a Sun Microsystems researcher while on a flight
23 back to the United States from India. Madhavan further stated that implementing "his" idea
24 meant "re-doing the entire EDA history from scratch." This story was another elaborate hoax,
25 which concealed the fact that -- as Madhavan had known for years by this time -- the core
26 inventions for Magma's products had been literally copied from information contained in
27 Synopsys' confidential documents.

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1 70. In an article published on September 1, 2001, Magma employee Karen Vahtra,
2 another former employee of Synopsys, also perpetuated the false representation that Magma had
3 conceived of the inventions for its technology. This article represented that Magma's gain-based
4 synthesis invention was based on a "patent-pending technique," derived from ideas put forward in
5 a public domain textbook. Carefully omitted from the article, however, was the fact that van
6 Ginneken had developed these inventions while he was employed at Synopsys, and that Magma
7 had only learned of the inventions by misappropriating information contained in confidential
8 Synopsys documentation. By representing that Magma had independently derived the ideas from
9 the public domain, Magma continued to perpetuate the same false story that Magma originally
10 presented in its 1997 letter to Synopsys. Magma's references to public domain materials in its
11 articles gave the impression that any work that Magma had done, or would do in the future,
12 concerning fixed timing would be based only on information in the public domain, and not on any
13 confidential information developed at Synopsys.

14 71. Magma's misrepresentations were also repeated in its public filings with the
15 Securities and Exchange Commission. For instance, in its S-1 Registration Statement filed in
16 conjunction with Magma's initial public offering, Magma represented that it possessed
17 "proprietary" fixed timing methodology that served as the "technical foundation" for its products.
18 Similarly, in its Annual Reports filed with the SEC, Magma expounded at length on its "patented"
19 fixed timing methodology, and represented that this technology is an "important technical
20 foundation" for its software products. At no point in any of its SEC filings did Magma ever
21 suggest or acknowledge that its fixed timing methodology had been misappropriated from
22 Synopsys, or that its core patents had been copied from information contained in confidential
23 Synopsys documentation.

24 72. Until recently, Magma's campaign of disinformation has been successful. Based
25 upon the false representations made by Magma concerning the origin of the inventions and
26 technology in its products, Magma was able to mislead Synopsys and others into believing that
27 those inventions and technology had been independently developed by Magma exclusively from

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1 public domain sources. As a result, Magma fraudulently induced Synopsys to avoid asserting
2 legal claims against Magma or van Ginneken and to avoid pursuing its legal rights.

3 73. Magma was also able to successfully use its false representations to mislead its
4 investors and the EDA community in general. As stated in a November 13, 2000 Electronic
5 News article, "Several industry executives expressed amazement at Rajeev Madhavan, Magma
6 president and chief executive officer, and his continued ability to entrance venture capitalists and
7 drive leading-edge EDA R& D." In truth, unbeknownst to either Synopsys or Magma investors,
8 Madhavan was "entrancing" them with inventions that his company had misappropriated from
9 Synopsys.

10 **Magma Obtains Patents Based On Synopsys' Misappropriated**
11 **Confidential Information**

12 74. From 1997 to the present, Magma has prosecuted patent applications containing
13 inventions misappropriated from Synopsys and language copied from Synopsys confidential
14 documents. At no time did Magma ever inform Synopsys that it was prosecuting patent
15 applications before the PTO that contained language copied from confidential documents created
16 for Synopsys.

17 75. In 2002, the PTO issued the '446 Patent, which was the first issued patent that
18 contained language and inventions plagiarized and misappropriated by Magma from Synopsys'
19 confidential documentation. In 2004, the '438 Patent was issued, which also contained
20 plagiarized language and misappropriated inventions. Further, Magma continues to this day to
21 prosecute at least one continuation of these patents in the PTO which also contains plagiarized
22 and misappropriated language and inventions from Synopsys.

23 76. When these patents began to issue, Magma touted the patents to the public, and
24 emphasized that the inventions in these patents encompassed the core technology in Magma's
25 products. While discussing these patents, however, Magma continued to avoid providing any
26 facts that would reveal the true origin of the patented inventions.

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1 **Synopsys Discovers the Truth In Response to Magma's Threats**

2 77. By the time the '438 Patent issued in 2004, Magma believed that it had been
3 successful in forever hiding the truth concerning the origins of its patents, technology, and
4 products. Believing that Synopsys would never be able to discover the truth, Magma decided to
5 use the Patents offensively against Synopsys. In other words, Magma decided to "enforce"
6 patents against Synopsys which claimed the very same inventions Magma had secretly
7 misappropriated from Synopsys.

8 78. On July 1, 2004, Magma wrote Synopsys to "express certain concerns" with
9 respect to Synopsys' purported implementation of a gain-based delay model in its Design
10 Compiler product. Magma's letter attached copies of the '446 and '438 Patents, along with
11 another patent issued to Magma. The letter requested that Synopsys confirm its position on
12 whether the patents are infringed by Synopsys' delay model. Magma's letter carefully did not
13 reveal, however, that the '446 and '438 Patents contained plagiarized language and inventions
14 that were misappropriated from Synopsys. Attached hereto as Exhibit E is a true and correct copy
15 of the July 1, 2004 letter sent by Magma. This letter was sent in furtherance of the main goal of
16 the conspiracy as described herein.

17 79. After Magma's letter was sent, Synopsys discovered that the inventions in these
18 patents had been misappropriated from Synopsys, and that Magma had repeatedly misled
19 Synopsys in order to hide the evidence of its wrongful conduct. Synopsys was only able to
20 uncover this wrongdoing by Magma because -- unlike the situation that existed beforehand -- it
21 was now able to compare the language of both of the issued Patents to the confidential
22 documentation prepared by van Ginneken at Synopsys.

23 80. On September 17, 2004, Synopsys responded to the July 1, 2004 letter by
24 informing Magma that, pursuant to the Agreement signed by van Ginneken, Synopsys is the
25 rightful owner of the inventions in the Patents. Synopsys asked Magma (and, by copy of the
26 letter, van Ginneken) to take whatever actions were necessary to ensure that the PTO records
27 accurately reflected the true ownership of these patents. Attached hereto as Exhibit F is a true

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1 and correct copy of the September 17, 2004 letter sent by Synopsys. Concurrently, Synopsys
2 filed the instant action for patent infringement.

3 **Magma Continues Making Fraudulent Statements to Synopsys and the Public**

4 81. When Magma received the September 17, 2004 letter from Synopsys, it learned
5 that its misappropriation of Synopsys confidential information, and its lengthy cover-up, had
6 finally been revealed. Rather than responding by simply admitting the truth, Magma engaged in
7 yet another public relations campaign designed to continue the misleading of its investors and the
8 public. Despite the devastating and conclusive evidence of misappropriation, Magma publicly
9 labeled Synopsys' ownership assertions as "insulting," and repeated the misrepresentation that
10 Magma's inventions had been conceived from scratch.

11 82. In addition, in response to Synopsys' claims, Magma filed an Answer with this
12 Court that contained numerous statements which Magma knew were not true. Apparently
13 assuming that Synopsys no longer had possession of the documents which conclusively proved
14 Magma's wrongful conduct, Magma continued its course of deceitful conduct by alleging in this
15 action that van Ginneken had never used or taken any proprietary or confidential information of
16 Synopsys in developing the fixed timing inventions. Magma made this assertion even though it
17 knew that Magma's patents had been copied from information contained in the confidential draft
18 application created at Synopsys.

19 83. In January of 2005, Synopsys produced its draft patent applications which
20 conclusively revealed that the language of the '446 and '438 Patents was plagiarized. Synopsys
21 further produced a chart which set out dozens of instances in which Synopsys confidential draft
22 patent applications had been blatantly copied to create the specification for Magma's patents.
23 Yet, even after producing this chart, Magma still continued to make false statements about its
24 inventions, and still refused to acknowledge the obvious truth that the inventions in the Patents
25 had been misappropriated from Synopsys.

26 **Van Ginneken Confesses to His Illegal Activities Under Oath**

27 84. On March 10, 2005, van Ginneken signed a declaration confessing to Magma's
28 misconduct. A true and correct copy of this declaration is attached hereto as Exhibit G. In his

1 declaration, van Ginneken admits under oath that the inventions in the '446 and '438 Patents were
2 conceived at Synopsys, and admits that he misappropriated those inventions in violation of his
3 obligations to Synopsys. van Ginneken further admits that the inventions misappropriated by
4 Magma were utilized as a technical foundation for Magma's products.

5 85. Soon after van Ginneken signed his declaration, Magma's share price immediately
6 dropped, causing van Ginneken to lose over \$250,000 in value of his Magma stock. Upset over
7 the loss in value of Magma stock caused by public revelation of his illegal conduct, van Ginneken
8 decided to continue his conspiracy with Magma by aiding Magma in attempting to discredit the
9 very declaration that he had signed under oath. To this end, Magma and van Ginneken secretly
10 met several times in order to coach van Ginneken for his deposition, and Magma carefully
11 scripted misleading questions that van Ginneken could be asked at his deposition.

12 86. Despite this careful coaching by Magma, van Ginneken admitted under oath in his
13 deposition that all of the statements contained in his declaration were true. van Ginneken further
14 testified that Magma's products utilize the inventions misappropriated from Synopsys. Rather,
15 however, than direct attention to this information, Magma instead made statements to the public
16 which continued to state or imply that van Ginneken's deposition testimony discredited his
17 declaration. Once again, Synopsys and Magma's innocent shareholders were the victims.

18 87. Rather than simply concede the obvious truth that it had misappropriated
19 inventions from Synopsys, Magma continued to engage in a public relations campaign designed
20 to defraud its investors and shareholders. For instance, Madhavan informed analysts at a Magma
21 conference call that Magma was "not conceding anything," even though Magma had already
22 served discovery responses in the litigation which explicitly conceded that almost all of the
23 inventions in the '446 and '438 Patents were conceived before van Ginneken left Synopsys.
24 Ultimately, millions of Magma shares traded hands without any public acknowledgement by
25 Magma on the admissions made during this litigation.

26 88. Magma further made public efforts to discredit van Ginneken's declaration to its
27 investors and shareholders, leaving the impression that the fundamental truths of what van
28 Ginneken had to say were still in dispute in the case. To the contrary, however, those truths had

1 already been admitted by Magma itself in the litigation, and the documents produced by Synopsys
2 left Magma no choice but to admit them. By pretending as if there was any dispute over the
3 veracity of van Ginneken's testimony, Magma continued its effort to perpetrate an enormous
4 fraud on its investors and shareholders.

5 89. Though Magma refuses to tell the truth to its shareholders or the public, Magma
6 has now recognized in the litigation that it can only avoid a permanent injunction against sale of
7 its product line by attempting to invalidate the very same patents that it had threatened to assert
8 against Synopsys and had vigorously argued were valid before the PTO. Further, Magma has
9 now resorted to contending that its products do not perform the inventions in the '446 and '438
10 Patents, even though Magma has repeatedly stated in SEC filings over the last several years -- and
11 has represented in dozens of press releases, public statements, and marketing materials -- that the
12 inventions are performed by the Magma products.

13 **The Continuance of Magma's Conspiracy**

14 90. The conspiracy as alleged herein has continued unabated all the way up to the
15 present. Since the filing of this litigation, Magma and van Ginneken have continued to take
16 efforts to further the main goal of the conspiracy as described herein. Indeed, Magma continues
17 to the present to prosecute patent applications around the world that are based on inventions that
18 were concededly misappropriated from Synopsys, including the pending prosecution of a
19 continuation application in the PTO. Magma and van Ginneken also continued to conspire
20 together in 2005 pursuant to an agreement through which van Ginneken has assisted Magma in
21 trying to invalidate the '446 and '438 Patents, despite the fact that van Ginneken is obligated by
22 contract to assist Synopsys' efforts to enforce these patents against Magma.

23 **Magma's Infringement of Synopsys' 114 Patent**

24 91. On April 23, 2002, United States Patent No. 6,378,114 ("the '114 Patent"), entitled
25 "Method for the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes," was
26 issued to Synopsys. van Ginneken is a named inventor on the '114 Patent. At least since the
27 issuance of the '114 Patent, Magma has manufactured, tested, and licensed products that infringe
28 the claims of the '114 Patent. This infringement occurred despite the fact that van Ginneken, who

1 was ultimately promoted to Chief Scientist at Magma, was one of the named inventors of the ‘114
2 Patents and therefore knew what the claims of those patents encompassed.

3 **FIRST CAUSE OF ACTION**
4 **(PATENT INFRINGEMENT)**

5 92. Synopsys incorporates by reference the above paragraphs as though fully set forth
6 herein.

7 93. Synopsys is the owner of the Patents and ‘114 Patent because, among other
8 reasons, the inventions disclosed in the patents were previously assigned to Synopsys by van
9 Ginneken pursuant to the terms of the Agreement.

10 94. While employed by Synopsys, van Ginneken made, conceived and developed
11 inventions pertaining to timing closure methodology, the use of constant delay models in logic
12 synthesis and other aspects of placement and/or synthesis. These inventions were made,
13 conceived and developed by van Ginneken during his employment for Synopsys for the purpose
14 of developing Synopsys’ products, and therefore each of the se inventions is encompassed by the
15 terms of the Agreement. By operation of law, all right, title and interest to these inventions are
16 automatically assigned to Synopsys under the Agreement.

17 95. Before or after leaving the employment of Synopsys, van Ginneken co-founded
18 Magma. Thereafter, Magma submitted patent applications to the Patent and Trademark Office
19 that disclosed inventions that van Ginneken had made and conceived while employed at
20 Synopsys, and which are owned by Synopsys.

21 96. On September 17, 2002, United States Patent No. 6,453,446 (“the ‘446 Patent”),
22 entitled “Timing Closure Methodology,” was issued to Magma. The ‘446 Patent discloses
23 inventions which were made, conceived and developed by van Ginneken while employed at
24 Synopsys. Pursuant to the terms of the Agreement, Synopsys holds legal and equitable title to the
25 inventions in the ‘446 Patent. A true and correct copy of the ‘446 Patent is attached to this
26 complaint as Exhibit H and is incorporated by reference herein.

27 97. On April 20, 2004, United States Patent No. 6,725,438 (“the ‘438 Patent”),
28 entitled “Timing Closure Methodology,” was issued to Magma. The ‘438 Patent contains

1 inventions which were made, conceived and developed by van Ginneken while employed at
2 Synopsys. Pursuant to the terms of the Agreement, Synopsys holds legal and equitable title to the
3 inventions in the '438 Patent. A true and correct copy of the '438 Patent is attached to this
4 complaint as Exhibit I and is incorporated by reference herein.

5 98. On April 23, 2002, the '114 Patent was issued to Synopsys. van Ginneken is a
6 named inventor on the '114 Patent. A true and correct copy of the '114 Patent is attached to this
7 complaint as Exhibit J and is incorporated by reference herein.

8 99. Magma has been, and still is, infringing the Patents in violation of the federal
9 patent laws by making, using, selling, distributing, advertising, marketing and creating source
10 code for products which infringe the Patents and the '114 Patent. Magma will continue to so
11 infringe unless enjoined by this Court.

12 100. Magma has actively induced infringement of, or contributed to the infringement
13 of, the Patents and the '114 Patent under the federal patent laws by, among other things, making
14 infringing products and creating source code for infringing products and then selling, distributing,
15 advertising and marketing those infringing products to others. Magma will continue to do so
16 unless enjoined by this Court.

17 101. Magma's infringement of the Patents and the '114 Patent in violation of the federal
18 patent laws has been willful and deliberate, and has caused injury to Synopsys.

19 102. Magma's infringement in violation of the federal patent laws will continue to
20 injure Synopsys unless enjoined by this Court.

21 **SECOND CAUSE OF ACTION**
22 **(INDUCING BREACH OF CONTRACT/INTERFERENCE WITH CONTRACTUAL**
23 **RELATIONS)**

24 103. Synopsys incorporates by reference the above paragraphs as though set forth fully
25 herein.

26 104. As a condition of his employment, van Ginneken signed the Agreement with
27 Synopsys. Synopsys has performed every promise and condition required to be performed by it
28 pursuant to the Agreement, except any which were or would be excused or prevented by the
breaches of van Ginneken as set forth herein.

1 105. At all times referenced herein, the Agreement was and is a valid contract between
2 Synopsys and van Ginneken.

3 106. van Ginneken breached his obligations to Synopsys under the Agreement by,
4 among other things, engaging in the following activities: (a) misappropriating confidential and
5 proprietary information of Synopsys and using this information to develop products for Magma,
6 (b) failing to keep proprietary information of Synopsys in trust and confidence, (c) using and
7 disclosing Synopsys' proprietary information on behalf of Magma without the written consent of
8 Synopsys, (d) failing to return and deliver Synopsys' proprietary information upon termination of
9 employment with Synopsys, (e) failing to inform the PTO and other parties that the specific
10 inventions that were conceived while van Ginneken was employed at Synopsys, and which are
11 the subject of this action, had already been assigned to Synopsys, (f) conspiring with Madhavan
12 and other co-founders of Magma, before the commencement of van Ginneken's employment with
13 Magma, to misappropriate Synopsys' confidential and proprietary information and engage in the
14 other illegal conduct alleged herein, and (g) conspiring with Magma to use the inventions
15 misappropriated from Synopsys in order to file for patents with the United States Patent and
16 Trademark Office, and thereafter to use the patents in order to inflate the value of Magma's
17 business to investors and shareholders and obtain a patent-based monopoly to assert against
18 Magma's competitors.

19 107. The activities of van Ginneken as alleged above also constitute violations of the
20 covenant of good faith and fair dealing implied in the Agreement, because those activities injured
21 and frustrated the right of Synopsys to the benefits of the Agreement.

22 108. van Ginneken's breach of contract has continued up to the present. For instance,
23 van Ginneken has breached his contract in 2004 by refusing to assist Synopsys in the enforcement
24 of the Patents, and by refusing to take all steps needed for Synopsys to pursue its legal remedies
25 against Magma.

26 109. At the time that Magma and van Ginneken entered into their conspiracy to
27 misappropriate confidential information and inventions owned by Synopsys for the objects

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1 alleged herein, Magma had knowledge of the existence of the contract between Synopsys and van
2 Ginneken.

3 110. van Ginneken was induced to breach his contract with Synopsys. van Ginneken
4 was induced by Magma to misappropriate confidential information and inventions belonging to
5 Synopsys, in order for Magma to use that confidential information as the technical foundation for
6 its products.

7 111. The conduct constituting interference and inducing breach of the Agreement, and
8 the acts in furtherance of the conspiracy to interfere with the Agreement and misappropriate
9 confidential information and inventions belonging to Synopsys for the goal described herein, has
10 continued up to the present. Magma has continued in 2005 to perform overt acts in furtherance of
11 this conspiracy, including but not limited to the continued prosecution of a patent application
12 containing inventions and information misappropriated from Synopsys. Further, Magma has
13 induced van Ginneken after the filing of this lawsuit in 2004 to refrain from cooperating with
14 Synopsys, and to continue his breach of his contractual obligations to Synopsys.

15 112. By reason of Magma's inducement, Synopsys has been damaged by the failure of
16 van Ginneken to perform and complete his obligations in accordance with the terms of the
17 Agreement, in a sum of at least \$100,000,000.

18 113. Magma's conduct has been willful, oppressive and malicious and done with intent
19 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore
20 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
21 future wrongful conduct.

22 **THIRD CAUSE OF ACTION**
23 **(FRAUD)**

24 114. Synopsys incorporates by reference the above paragraphs as though set forth fully
25 herein.

26 115. Magma made numerous false representations to Synopsys in its August 18, 1997
27 letter to Synopsys. These include the false representations that (a) "Dr. van Ginneken intends to
28 honor his obligations under his Proprietary Information Agreement with Synopsys," (b) "Magma

1 is in the practice of taking appropriate steps to protect . . . the trade secrets of its employees’
2 former employers,” (c) “Dr. van Ginneken will protect Synopsys’ proprietary information during
3 his employment at Magma,” (d) “Dr. van Ginneken has and will continue to abide by the terms of
4 the Magma Agreement in the performance of his duties for Magma,” and (e) “Magma will
5 reiterate to Dr. van Ginneken his duty to abide by his Synopsys Agreement.” Further, Magma’s
6 representation that the “constant delay ideas” that had been taken by van Ginneken were in the
7 “public domain” was false, and this false representation was bolstered by Magma’s purposeful
8 decision to omit from the letter the exhibits to van Ginneken’s agreement with Magma.

9 116. To hide the truth of its wrongful conduct, in the February 1998 meeting with
10 Synopsys, Magma falsely presented the Magma fixed timing methodology as its own, when in
11 fact Magma knew that this methodology had been secretly misappropriated from Synopsys by
12 Magma and van Ginneken. This false representation concerning the origin of Magma’s
13 technology was repeated to Magma’s investors, and was repeated to the general public in public
14 statements and SEC filings since 1997.

15 117. Magma also made knowingly false representations in the April 30, 1998 letter to
16 Synopsys, by representing that its “patent pending approach” was owned by Magma. In fact, as
17 Magma knew, the inventions in Magma’s then-pending patents were owned by Synopsys.

18 118. These representations to Synopsys were false. In truth, van Ginneken did not
19 intend to “honor his obligations” under his Agreement, as he had already worked with Magma to
20 misappropriate Synopsys’ confidential information and inventions and was using them to create
21 Magma’s products and obtain patent protection for Magma. As it related to van Ginneken
22 Magma was not in the practice of taking “appropriate steps” to protect trade secrets of its
23 employee’s former employers, but to the contrary had founded its business on confidential and
24 proprietary information owned by Synopsys. van Ginneken had not intended, and did not intend,
25 to protect Synopsys’ proprietary information during his employment at Magma, and instead had
26 already conspired with Magma to misappropriate Synopsys’ confidential information and
27 inventions for Magma’s benefit. van Ginneken had not abided by the terms of the Magma
28 Agreement as it related to honoring the intellectual property rights of others, and had no intention

1 of abiding by those terms. Magma did not honestly reiterate, and did not intend to so reiterate, to
2 van Ginneken that he needed to comply with his legal obligations. Further, it was not true that
3 the constant delay ideas that Magma and van Ginneken were pursuing were in the public domain;
4 to the contrary, according to van Ginneken's own representations to Synopsys, the inventions had
5 been developed at Synopsys and had been contained solely in confidential Synopsys documents.

6 119. Magma's representations to Synopsys in the February 1998 meeting and April 30,
7 1998 letter, and to its investors and the general public concerning the origin of Magma's fixed
8 timing methodology, were also false. In truth, Magma never had any ownership interest in the
9 inventions disclosed in the Patents, as those inventions were misappropriated from information
10 contained in confidential Synopsys documentation.

11 120. Magma knew of the falsity of these representations when they were made. Since
12 at least the spring of 1997, Magma has known that it misappropriated Synopsys' confidential
13 information and inventions, and was planning to create products and apply for patents that
14 contained this misappropriated information. Accordingly, Magma's factual representations to
15 Synopsys in 1997 and 1998 were knowingly false, and were made only in order to dissuade
16 Synopsys from pursuing its legal rights. Similarly, Magma's false representations to investors
17 and the general public concerning the ownership and origin of Magma's fixed timing and gain-
18 based synthesis technology were knowingly false.

19 121. Magma's representations constitute fraud and deceit because they assert facts
20 which Magma knew were not true, or did not have any reasonable ground for believing them to
21 be true. Magma's representations also constitute fraud and deceit because, by suppressing the
22 true facts concerning the ownership and misappropriation of Synopsys' inventions and
23 confidential documentation, the information that was provided to Synopsys about Magma's
24 products and technology were misleading. In addition, the promises in the 1997 letter to
25 Synopsys relating to honoring Synopsys' intellectual property were made without any intention
26 by Magma to perform such promises, and therefore those false promises were fraudulent.

27 122. These false statements were made by Magma with an intent to deceive Synopsys.
28 Knowing that Synopsys' discovery of the true facts would lead to the assertion of legal claims

1 which would put an end to its business, Magma made these false representations in order to
2 deceive Synopsys into believing that any inventions or technology that Magma was utilizing were
3 independently developed from public domain sources. In making these misrepresentations,
4 Magma intended to deceive Synopsys so that it would be dissuaded from asserting legal claims or
5 investigating the matter.

6 123. Synopsys reasonably and justifiably relied upon Magma's fraudulent
7 representations. Magma explicitly provided Synopsys a series of assurances about the safeguards
8 that would be taken to ensure that Synopsys information would not be utilized by Magma. In
9 reliance upon these representations, and without the knowledge of their falsity, Synopsys did not
10 pursue legal claims against Magma, and did not take steps to assert legal rights because Magma
11 had carefully hid the evidence that its technology was based upon misappropriated information
12 and inventions. Similarly, Synopsys relied on Magma's representation to Synopsys in 1998 by
13 not pursuing legal claims against Magma.

14 124. Magma's misrepresentations have caused tremendous damage to Synopsys.
15 Rather than fairly and ethically compete in the marketplace, Magma has spent the last several
16 years competing against Synopsys with technology and inventions that are actually owned by
17 Synopsys. Magma's use of Synopsys' own confidential inventions and information has caused
18 Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

19 125. Further, as a result of the issuance of the Patents beginning in 2002, the secrecy of
20 Synopsys' confidential inventions has been forever lost. As a result, Synopsys has lost the value
21 in maintaining the secrecy of the fixed timing and gain-based synthesis inventions contained in
22 the Patents.

23 126. The conspiracy to defraud Synopsys, and to misappropriate confidential
24 information and inventions belonging to Synopsys, has continued up to the present, and Magma
25 has continued in 2005 to perform overt acts in furtherance of this conspiracy, including but not
26 limited to the continued prosecution of a patent application containing inventions and information
27 misappropriated from Synopsys.

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1 127. By reason of the foregoing, Synopsys has been damaged by Magma's fraud in a
2 sum of at least \$100,000,000.

3 128. Magma's conduct has been willful, oppressive and malicious and done with intent
4 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore
5 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
6 future wrongful conduct.

7 **FOURTH CAUSE OF ACTION**
8 **(CONVERSION)**

9 129. Synopsys incorporates by reference the above paragraphs as though set forth fully
10 herein.

11 130. Synopsys is the owner of the confidential information misappropriated by Magma
12 and van Ginneken, including the information contained in the confidential patent applications and
13 white papers drafted by van Ginneken while employed at Synopsys. Under the Agreement and
14 van Ginneken's legal obligations to Synopsys, this information is exclusively owned by
15 Synopsys. Synopsys is the owner of this information and has the exclusive right to possession of
16 it.

17 131. Further, under the Agreement and van Ginneken's legal obligations to Synopsys,
18 the inventions and concepts described in this documentation are also owned by Synopsys.
19 Synopsys is the owner of these inventions and concepts and has the exclusive right to possession
20 of them.

21 132. Magma converted this property of Synopsys by a series of wrongful acts. In
22 particular, this property was converted by (a) misappropriating the confidential information
23 containing Synopsys' inventions, (b) taking the confidential information and the inventions
24 contained therein to Magma, and (c) utilizing the confidential information and the inventions
25 contained therein to prosecute patent applications for Magma and to develop technology based on
26 the information and inventions.

27 133. By converting the confidential information and inventions that are exclusively
28 owned by Synopsys, Magma has caused great damage to Synopsys. Magma has spent the last

1 several years competing against Synopsys with technology and inventions that Synopsys itself
2 owns. Magma's use of Synopsys' own confidential inventions and information has caused
3 Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

4 134. The conspiracy to convert confidential information and inventions belonging to
5 Synopsys has continued up to the present, and Magma has continued in 2005 to perform overt
6 acts in furtherance of this conspiracy, including but not limited to the continued prosecution of a
7 patent application containing inventions and information misappropriated from Synopsys.
8 Further, Magma has continued to convert Synopsys' property in 2004 and 2005 by developing
9 additional products which also incorporate inventions misappropriated from Synopsys.

10 135. By reason of the foregoing, Synopsys has been damaged by Magma's conversion
11 in a sum of at least \$100,000,000.

12 136. Magma's conduct has been willful, oppressive and malicious and done with intent
13 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore
14 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
15 future wrongful conduct.

16 **FIFTH CAUSE OF ACTION**
17 **(UNJUST ENRICHMENT/CONSTRUCTIVE TRUST/QUASI-CONTRACT)**

18 137. Synopsys incorporates by reference the above paragraphs as though set forth fully
19 herein.

20 138. Magma received a benefit from Synopsys through its acquisition and retention of
21 the information contained in Synopsys' confidential patent application, the white paper drafted by
22 van Ginneken at Synopsys, and other Synopsys confidential materials. Magma further received a
23 benefit from Synopsys through its receipt of the inventions that van Ginneken had conceived
24 while employed at Synopsys. The receipt of these benefits was enormously valuable to Magma.
25 As a result of the creation and development of products based on Synopsys' inventions, Magma
26 was able to obtain millions of dollars in funding and investment and to generate profits as a
27 business and van Ginneken was able to profit from the ownership of Magma stock.

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1 139. Magma's retention of these benefits is manifestly unjust, and is at the expense of
2 Synopsys. All of these benefits, including the inventions conceived by van Ginneken while
3 employed at Synopsys, are owned by Synopsys pursuant to the Agreement with van Ginneken.
4 Since these inventions and other confidential information were exclusively assigned to Synopsys
5 under the Agreement, any retention of these inventions would be unjust.

6 140. By virtue of the illegal activities by Magma and van Ginneken as alleged herein,
7 and pursuant to the legal and equitable principles of unjust enrichment, constructive trust, and
8 quasi-contract, Magma holds certain property as a constructive trustee for Synopsys' benefit,
9 including but not limited to the following:

- 10 a. The inventions claimed and/or disclosed in the Patents;
- 11 b. All profits, royalties, and other benefits resulting from the exploitation of
12 the inventions claimed and/or disclosed in the Patents, including all profits and royalties resulting
13 from the manufacture, sale, distribution, and marketing of each version of Magma's products;
- 14 c. All software or other products that incorporate the inventions conceived by
15 van Ginneken while employed at Synopsys, and any products derived from Magma's illegal
16 activities;
- 17 d. Any United States or foreign patents or patent applications that claim
18 priority to the Patents and/or that are supported by the disclosures in the Patents; and
- 19 e. The confidential and/or proprietary information that was misappropriated
20 from Synopsys by Magma and van Ginneken.

21 **SIXTH CAUSE OF ACTION**
22 **(UNFAIR COMPETITION)**

23 141. Synopsys incorporates by reference the above paragraphs as though set forth fully
24 herein.

25 142. In the course of the wrongful conduct alleged herein, Magma engaged in unfair
26 and unlawful business practices in violation of the common law and Sections 17200 and 17203 of
27 the California Business and Professions Code including, but not limited to, the misappropriation
28 of confidential and proprietary information of Synopsys.

1 143. The continuing activities of Magma in developing and exploiting the confidential
2 information stolen from Synopsys constitute an on-going pattern and practice of unfair
3 competition. By continuing to develop this stolen information for years after the initial
4 misappropriation occurred, and by continuing to vigorously develop and sell products even after
5 the instant lawsuit was filed, Magma continues to engage in wrongful conduct prohibited under
6 California law. Indeed, Magma is now competing in the marketplace with product, technology,
7 and inventions that are truthfully owned by Synopsys, and it has obtained millions of dollars from
8 public and private investors to fund the development and sale of products based upon and/or
9 containing stolen inventions.

10 144. The conspiracy to commit unfair competition, and to misappropriate confidential
11 information and inventions belonging to Synopsys, has continued up to the present, and Magma
12 has continued in 2005 to perform overt acts in furtherance of this conspiracy. Magma's unfair
13 competition in 2005 includes but is not limited to (a) its use of Synopsys' inventions to create
14 additional products, and (b) its prosecution of a continuation application containing inventions
15 and information misappropriated from Synopsys.

16 145. By reason of this activity, Synopsys has been harmed in an amount to be proven at
17 trial, and the public misled about the true nature of Magma's business. Injunctive relief is
18 necessary to prevent further irreparable injury to Synopsys, and to put an immediate halt to
19 Magma's on-going practice and pattern of wrongful conduct. Magma has obtained benefits from
20 its unlawful activity in a sum of at least \$100,000,000, for which Magma is required to disgorge
21 or to make restitution.

22 WHEREFORE, Synopsys prays for judgment against Magma, and requests that this Court
23 impose the following remedies under the federal patent laws and state law:

24 A. Preliminarily and permanently enjoin Magma from continued infringement of the
25 Patents, pursuant to 35 U.S.C. § 283;

26 B. Preliminarily and permanently enjoin Magma from:

27 (1) disclosing, obtaining or using, or attempting to disclose, obtain or use any
28 of Synopsys' confidential or proprietary information misappropriated from Synopsys,

1 (2) disseminating or destroying any documents, material or things now in their
2 possession that originated at Synopsys, that belong to Synopsys, or that embody or are derived
3 from Synopsys' confidential or proprietary information, or that are otherwise relevant to the
4 subject matter of this lawsuit,

5 (3) manufacturing, selling, offering to sell, licensing, creating source code for,
6 marketing, or advertising, any product that incorporates or performs any of the inventions
7 misappropriated from Synopsys, or that is derived from any inventions or confidential or
8 proprietary information misappropriated by Magma.

9 C. A declaration that Synopsys was assigned all rights to the inventions conceived by
10 van Ginneken while employed at Synopsys under the terms of the Agreement, and therefore that
11 these inventions are exclusively owned by Synopsys;

12 D. An order directing Magma to correct the records of the PTO to reflect that all
13 intellectual property rights to the inventions conceived by van Ginneken are owned by Synopsys,
14 including but not limited to all rights to all patent applications or patents arising from Synopsys'
15 confidential or proprietary information.

16 E. An order directing the Defendants to account to Synopsys for damages sustained
17 by Synopsys as a result of Magma's infringement of the Patents, with interest, pursuant to 35
18 U.S.C. § 284;

19 F. An order directing Magma to pay Synopsys a reasonable royalty to compensate for
20 Magma's infringement, pursuant to 35 U.S.C. § 284;

21 G. An award of treble damages resulting from Magma's willful and deliberate
22 infringement, pursuant to 35 U.S.C. § 284;

23 H. An award to Synopsys of its costs, expenses and reasonable attorneys' fees
24 incurred in bringing and prosecuting this action, pursuant to 35 U.S.C. § 285;

25 I. An order directing specific performance of the Agreement, including the
26 provisions of the Agreement requiring van Ginneken to honor Synopsys' intellectual property and
27 cooperate with Synopsys in enforcing its rights;

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1 J. An order directing Magma to pay at least \$100,000,000 in damages suffered by
2 Synopsys as a result of the illegal activities alleged herein;

3 K. An award to Synopsys of punitive damages in a sum according to proof; and

4 L. An order imposing a constructive trust for the benefit of Synopsys over:

5 (1) the inventions claimed and/or disclosed in the Patents, and all Magma
6 products based on and/or incorporating those inventions;

7 (2) all profits, royalties, and other benefits resulting from the exploitation of
8 the inventions claimed and/or disclosed in the Patents, including all profits and royalties resulting
9 from the manufacture, sale, distribution, and marketing of each version of Magma's products,

10 (3) all software or other products that incorporate the inventions conceived by
11 van Ginneken while employed at Synopsys, and any products derived from Magma's illegal
12 activities;

13 (4) any United States or foreign patents or patent applications that claim
14 priority to the Patents and/or that are supported by the disclosures in the Patents,

15 (5) the confidential and/or proprietary information that was misappropriated
16 from Synopsys by Magma and van Ginneken,

17 (6) any profits, revenues, or other benefits obtained by Magma as a result of
18 their infringement of the Patents; and

19 M. Award Synopsys such further relief that the Court may deem just and proper
20 arising from Magma's infringement of the Patents under the federal patent laws, or arising from
21 Magma's other wrongful conduct as alleged herein.

22 Dated: June 7, 2005

DECHERT LLP

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By: /s/ Chris Scott Graham
Chris Scott Graham
Michael N. Edelman
Attorneys for Plaintiff SYNOPSIS, INC.

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DEMAND FOR JURY TRIAL

Synopsys hereby demands trial by jury of all issues triable by jury.

Dated: June 7, 2005

DECHERT LLP

By: /s/ Chris Scott Graham
Chris Scott Graham
Michael N. Edelman
Attorneys for Plaintiff SYNOPSYS, INC.

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CERTIFICATION OF INTERESTED ENTITIES OR PERSONS

Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the named parties, there is no such interest to report.

Dated: June 7, 2005

DECHERT LLP

By: /s/ Chris Scott Graham
Chris Scott Graham
Michael N. Edelman
Attorneys for Plaintiff SYNOPSIS, INC.