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7

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION
11

12 SYNOPSYS, INC., a Delaware
13 corporation,

14 Plaintiff,

15 vs.

16 MAGMA DESIGN AUTOMATION, INC.
a Delaware corporation, and LUKAS VAN
17 GINNEKEN,

18 Defendants.
19
20

CASE NO.: C-04-03923 MMC

FIRST AMENDED COMPLAINT FOR:

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

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

23 **JURISDICTION**

24 1. This is an action for patent infringement arising under the patent laws of the
25 United States. This Court has jurisdiction over this action under 28 U.S.C. § 1331, 1338(a), and
26 1367(a) and pursuant to the Federal Declaratory Judgments Act, 28 U.S.C. § 2201-02. This Court
27 has supplemental jurisdiction over claims arising under state law pursuant to 28 U.S.C. § 1367(a),
28 because these claims are so related to the parties’ claims and counterclaims under federal law that

1 they form part of the same case and/or controversy and derive from a common nucleus of
2 operative fact.

3 **PARTIES**

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

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

9 4. Synopsys is informed and believes, and thereon alleges, that van Ginneken is an
10 individual currently residing in the State of Washington, but who regularly visits California and
11 whose conduct as alleged herein occurred entirely, or almost entirely, within the Northern District
12 of California.

13 **VENUE**

14 5. Venue is proper in the Northern District pursuant to 28 U.S.C. § 1391(b) & (c) and
15 28 U.S.C. § 1400(b).

16 **INTRADISTRICT ASSIGNMENT**

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

19 **OVERVIEW**

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

27 8. In order to bury the truth of its wrongful conduct as alleged herein, Magma has
28 spent the past several years making a series of false representations to its investors, its

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

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

15 **FACTUAL BACKGROUND**

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

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

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

26 12. The Agreement is valid and fully enforceable against van Ginneken.

27 13. The Agreement provides, among other things, that all Proprietary Information
28 shall be the “sole property” of Synopsys. The term “Proprietary Information” is defined to

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

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

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

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

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

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

27 19. None of the inventions listed by van Ginneken in the Agreement disclose the
28 inventions ultimately claimed in U.S. Patent No. 6,453,446 or U.S. Patent No. 6,725,438

1 (hereinafter collectively referred to as the “Patents”). Accordingly, by van Ginneken’s own
2 representations, none of the inventions disclosed in the Patents had been conceived by him before
3 he joined Synopsys.

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

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

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

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

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

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

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

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

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1 27. During a subsequent meeting in or about February of 1996, van Ginneken gave a
2 further presentation to Synopsys personnel concerning the fixed timing and gain-based synthesis
3 inventions he developed while employed at Synopsys. van Ginneken specifically discussed how
4 Synopsys could implement the inventions relating to fixed timing and gain-based synthesis in its
5 tools. During the course of this meeting, van Ginneken was successful in convincing others at
6 Synopsys that the company should consider redirecting its efforts towards implementing these
7 inventions.

8 28. The conception of the inventions developed by van Ginneken while a Synopsys
9 employee is thoroughly documented in Synopsys' records.

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

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

19 30. In the Constant Delay Synthesis Disclosure van Ginneken represents that he was
20 the sole inventor of the fixed timing inventions (by stating "Additional Inventors: none").

21 31. In the Constant Delay Synthesis Disclosure van Ginneken represented that the
22 inventions reflected therein were being considered as the "cornerstone" of the NGSS project at
23 Synopsys.

24 32. In the Constant Delay Synthesis Disclosure van Ginneken stated that "[i]t is
25 important that Synopsys acquires patent protection in this area, even though some prior art
26 exists."

27 33. van Ginneken's development of these inventions while employed at Synopsys is
28 further documented in the performance reviews he received at Synopsys. For instance, in his
performance review for the period March 1, 1996 to April 1, 1997, Synopsys stated that "[o]ver
the past year within the Advanced Technology Group, you have had basically one objective:

1 driving through the next generation synthesis effort based on constant delay.” The review further
2 stated:

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

10 34. Similarly, another performance review of van Ginneken discussed the presentation
11 of the fixed timing inventions in one of the internal Synopsys meetings in early 1996:

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

17 **Synopsys Creates Confidential Documents to Describe van Ginneken’s Inventions**

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

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

37. 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

1 conceived of by van Ginneken while employed at Synopsys, and described in detail the use of
2 fixed timing in relation to network slack, library independent optimization, mapping for delay,
3 post mapping optimization, pin swapping, boundary moves, area estimation, net weights,
4 buffering, stretching, placement, and final or discrete sizing. The copies of this draft contained
5 the clear and explicit notation "Synopsys Confidential." This draft patent application was never
6 disclosed by Synopsys to the public, but was instead maintained at all times relevant hereto by
7 Synopsys as proprietary and confidential.

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

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

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

26 **Magma Misappropriates Synopsys' Confidential Information**

27 41. At some point in 1996, van Ginneken decided to resign from Synopsys to pursue
28 other opportunities. Instead, however, of pursuing ideas at another company that were unrelated

1 to Synopsys' confidential information, van Ginneken sought to take another position where he
2 could continue utilizing the fixed timing and gain-based synthesis inventions developed at
3 Synopsys.

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

9 43. Unbeknownst to Synopsys, there was far more to van Ginneken's resignation than
10 appeared on the surface. In reality, van Ginneken had only resigned from Synopsys after forming
11 a conspiracy with Rajeev Madhavan, and other founders of Magma, to develop products for
12 Magma using the fixed timing and gain-based synthesis inventions that had been developed at
13 Synopsys.

14 44. In furtherance of this conspiracy, on or before his resignation from Synopsys, van
15 Ginneken misappropriated for the use and benefit of Magma the information contained in the
16 detailed draft patent application, labeled "Synopsys Confidential," and the information from this
17 application was ultimately copied into patent applications for Magma. van Ginneken also
18 misappropriated for Magma the information contained in at least one of the white papers that he
19 had created for Synopsys. Magma and van Ginneken misappropriated this information from
20 Synopsys for the purpose of using van Ginneken's inventions as the core technical foundation for
21 Magma products.

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

25 46. After these materials were misappropriated from Synopsys, Magma proceeded to
26 extensively copy the information contained in the documents in order to create the patent
27 applications that would ultimately result in the issuance of the Patents. This copying was blatant
28 and egregious. Indeed, the inventive concept contained in these patents was copied from the

1 Synopsys patent application or other documents. In dozens of instances, this copying was word-
2 for-word.

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

9 48. In addition to copying the confidential information misappropriated from
10 Synopsys, Magma used the inventions that were misappropriated from Synopsys and labeled
11 them as Magma's "FixedTiming" methodology. Magma then incorporated these misappropriated
12 inventions into its product line, and proceeded to use these inventions as a core technical
13 foundation for its products.

14 **Magma and van Ginneken's Fraudulent Representations to Synopsys**

15 49. After van Ginneken resigned from Synopsys, Synopsys learned that he had joined
16 Magma. Given the inventions developed by van Ginneken and the Synopsys confidential
17 information that he had been privy to, Synopsys sought assurances from Magma that Synopsys'
18 confidential and proprietary information would not be used or compromised.

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

24 51. At the time Magma received the July 23, 1997 letter from Synopsys, it was already
25 in possession of the information set forth in the confidential patent application drafted for
26 Synopsys, and knew that it was in the process of creating and developing products that would
27 incorporate the very inventions misappropriated from Synopsys. Rather than reveal the
28 misappropriation to Synopsys, however, Magma chose to hide it. To this end, Magma instructed

1 its counsel at the law firm of Pillsbury, Madison & Sutro LLP (“Pillsbury”) to respond by
2 assuring Synopsys that Magma would not use or obtain any confidential or proprietary
3 information of Synopsys.

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

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

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

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1 55. The fraudulent nature of the representations were enhanced by the decision to only
2 quote in the August 18, 1997 letter a portion of its employment agreement with van Ginneken,
3 and to omit information of other facts known to Magma and van Ginneken. Rather than produce
4 the actual employment agreement it had with van Ginneken, Magma's counsel instead selectively
5 quoted from it and omitted the exhibits to the agreement which had been created by van
6 Ginneken. These exhibits revealed that, contrary to the assertions in the August 18, 1997 letter,
7 van Ginneken did not believe that his constant delay ideas were in the public domain and
8 available for use by Magma. Rather, as reflected in these exhibits van Ginneken explicitly
9 informed Magma that the white paper discussing these inventions was outside the scope of his
10 agreement with Magma, because it had been developed at Synopsys before he joined Magma. By
11 purposefully omitting the full agreement and exhibits from the August 18 letter, Magma's counsel
12 provided information of other facts which were likely to, and did, mislead Synopsys. Through
13 and as a result of the fraudulent representations concerning the "public domain" nature of the
14 inventions Magma was pursuing, Magma was thus able to pursue its scheme without further
15 question or investigation by Synopsys.

16 56. After representing that Synopsys' confidential and proprietary information would
17 be "protected," Magma then used the Pillsbury firm to secretly submit a series of patent
18 applications to the United States Patent & Trademark Office ("PTO"), which contained the same
19 inventions that van Ginneken developed while he was employed at Synopsys. These applications
20 described the inventions in language that was copied from the very same information set forth in
21 the confidential patent application that had been drafted for Synopsys. Though Magma knew that
22 its applications had been copied from confidential Synopsys information, Magma continued to
23 prosecute the applications for years before the PTO.

24 Magma Deceives Its Investors

25 57. In 1998, while its plagiarized patent applications were pending, Magma retained
26 the law firm of Orrick, Herrington & Sutcliffe LLP. The goal of this retention was purportedly to
27 perform intellectual property due diligence at Magma. In reality, the main purpose of this

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1 retention was to use counsel to “whitewash” the misappropriation of Synopsys’ confidential
2 inventions and documentation.

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

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

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

17 61. Although unknown to Synopsys until after the initiation of this lawsuit,
18 Papaefthymiou’s notes from his interviews ultimately noted the “similarities” between van
19 Ginneken’s work at Synopsys and Magma’s work, and indicated that some of the Synopsys
20 technology that was similar to Magma’s may have been confidential or may have been patented.
21 Because, however, Magma did not disclose to Papaefthymiou the fact that it had misappropriated
22 Synopsys information and used it to draft Magma’s patent applications, Papaefthymiou was
23 unable to reach any conclusion on the matter. Thereafter, Magma did not include significant
24 portions of Papaefthymiou’s observations in the due diligence report given to Magma’s potential
25 investors. By failing to provide all of the true information during the due diligence process, and
26 by falsifying the scope and content of the report, Magma was able to represent that it had received
27 a “clean bill of health” from the Orrick firm.

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

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

4 63. For instance, in 1998, Magma invited Synopsys to attend a meeting to discuss the
5 possibility of a business arrangement between the two companies. Unbeknownst to Synopsys,
6 Magma had secretly decided to arrange this meeting as part of an effort by Magma to “set up”
7 Synopsys against future intellectual property claims.

8 64. At the 1998 meeting, Magma did not tell Synopsys anything about the origin of its
9 technology, the misappropriation of Synopsys’ information, the theft of the inventions created by
10 van Ginneken at Synopsys, or the concerns raised by Papaefthymiou during the “due diligence”
11 process. Rather, in furtherance of its continued course of conduct, Magma falsely presented --
12 consistent with its fraudulent representations in 1997 to Synopsys -- the fixed timing
13 methodology being used at Magma as having been developed at Magma. This representation was
14 knowingly false, and was designed to further mislead Synopsys.

15 65. At no point in 1998 or thereafter did Magma or van Ginneken ever provide the true
16 facts to Synopsys or anyone else about the misappropriation of Synopsys’ documentation or
17 inventions. Rather, Magma continued to repeat the misrepresentation that its fixed timing
18 methodology had been entirely developed from scratch at Magma using public domain sources.
19 Magma repeated these misrepresentations even though it knew that the entire foundation for its
20 products was the fixed timing and gain-based synthesis inventions that van Ginneken had
21 developed while he was employed at Synopsys. These false representations constituted an
22 enormous fraud upon Synopsys and the general public.

23 66. For instance, in a November 1999 article appearing in the Electronic Engineering
24 Times, Magma represented that its engineers “developed” the fixed timing methodology by using
25 “back of the envelope” design techniques and techniques that “can be found in popular VLSI
26 design text books.” Magma further described at length how its own engineers had used this
27 information to independently develop its “breakthrough” technology. These representations were
28 knowingly false. In fact, van Ginneken had already conceived the fixed timing methodology

1 while he was employed at Synopsys, and Magma’s “development” of this invention consisted of
2 misappropriating and copying the information contained in Synopsys’ confidential draft patent
3 application.

4 67. Similarly, in a 1999 article published in SiliconIndia, Madhavan gave an interview
5 in which he provided numerous false representations about the origin of the technology used by
6 Magma. Rather than admit that Magma products actually are based on the inventions developed
7 at Synopsys and misappropriated by Magma, Madhavan represented that he came up with the
8 idea for Magma’s products by reading a book by a Sun Microsystems researcher while on a flight
9 back to the United States from India. Madhavan further stated that implementing “his” idea
10 meant “re-doing the entire EDA history from scratch.” This story was another elaborate hoax,
11 which concealed the fact that -- as Madhavan had known for years by this time -- the core
12 inventions for Magma’s products had been literally copied from information contained in
13 Synopsys’ confidential documents.

14 68. In an article published on September 1, 2001, Magma employee Karen Vahtra,
15 another former employee of Synopsys, also perpetuated the false representation that Magma had
16 conceived of the inventions for its technology. This article represented that Magma’s gain-based
17 synthesis invention was based on a “patent-pending technique,” derived from ideas put forward in
18 a public domain textbook. Carefully omitted from the article, however, was the fact that van
19 Ginneken had developed these inventions while he was employed at Synopsys, and that Magma
20 had only learned of the inventions by misappropriating information contained in confidential
21 Synopsys documentation. By representing that Magma had independently derived the ideas from
22 the public domain, Magma continued to perpetuate the same false story that Magma originally
23 presented in its 1997 letter to Synopsys.

24 69. Magma’s misrepresentations were also repeated in its public filings with the
25 Securities and Exchange Commission. For instance, in its S-1 Registration Statement filed in
26 conjunction with Magma’s initial public offering, Magma represented that it possessed
27 “proprietary” fixed timing methodology that served as the “technical foundation” for its products.
28 Similarly, in its Annual Reports filed with the SEC, Magma expounded at length on its “patented”

1 fixed timing methodology, and represented that this technology is an “important technical
2 foundation” for its software products. At no point in any of its SEC filings did Magma ever
3 suggest or acknowledge that its fixed timing methodology had been misappropriated from
4 Synopsys, or that its core patents had been copied from information contained in confidential
5 Synopsys documentation.

6 70. Until recently, Magma’s campaign of disinformation has been successful. Based
7 upon the false representations made by Magma concerning the origin of the inventions and
8 technology in its products, Magma was able to mislead Synopsys and others into believing that
9 those inventions and technology had been independently developed by Magma exclusively from
10 public domain sources. As a result, Magma fraudulently induced Synopsys to avoid asserting
11 legal claims against Magma or van Ginneken and to avoid pursuing its legal rights.

12 71. Magma was also able to successfully use its false representations to mislead its
13 investors and the EDA community in general. As stated in a November 13, 2000 Electronic
14 News article, “Several industry executives expressed amazement at Rajeev Madhavan, Magma
15 president and chief executive officer, and his continued ability to entrance venture capitalists and
16 drive leading-edge EDA R& D.” In truth, unbeknownst to either Synopsys or Magma investors,
17 Madhavan was “entrancing” them with inventions that his company had misappropriated from
18 Synopsys.

19 **Magma Obtains Patents Based On Synopsys’ Misappropriated**
20 **Confidential Information**

21 72. From 1997 to the present, Magma has prosecuted patent applications containing
22 inventions misappropriated from Synopsys and language copied from Synopsys confidential
23 documents. At no time did Magma ever inform Synopsys that it was prosecuting patent
24 applications before the PTO that contained language copied from confidential documents created
25 for Synopsys.

26 73. In 2002, the PTO issued the ‘446 Patent, which was the first issued patent that
27 contained language and inventions plagiarized and misappropriated by Magma from Synopsys’
28 confidential documentation. In 2004, the ‘438 Patent was issued, which also contained

1 plagiarized language and misappropriated inventions. Further, Magma continues to this day to
2 prosecute at least one continuation of these patents in the PTO which also contains plagiarized
3 and misappropriated language and inventions from Synopsys.

4 74. When these patents began to issue, Magma touted the patents to the public, and
5 emphasized that the inventions in these patents encompassed the core technology in Magma's
6 products. While discussing these patents, however, Magma continued to avoid providing any
7 facts that would reveal the true origin of the patented inventions.

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

9 75. By the time the '438 Patent issued in 2004, Magma believed that it had been
10 successful in forever hiding the truth concerning the origins of its patents, technology, and
11 products. Believing that Synopsys would never be able to discover the truth, Magma decided to
12 use the Patents offensively against Synopsys. In other words, Magma decided to "enforce"
13 patents against Synopsys which claimed the very same inventions Magma had secretly
14 misappropriated from Synopsys.

15 76. On July 1, 2004, Magma wrote Synopsys to "express certain concerns" with
16 respect to Synopsys' purported implementation of a gain-based delay model in its Design
17 Compiler product. Magma's letter attached copies of the '446 and '438 Patents, along with
18 another patent issued to Magma. The letter requested that Synopsys confirm its position on
19 whether the patents are infringed by Synopsys' delay model. Magma's letter carefully did not
20 reveal, however, that the '446 and '438 Patents contained plagiarized language and inventions
21 that were misappropriated from Synopsys. Attached hereto as Exhibit E is a true and correct copy
22 of the July 1, 2004 letter sent by Magma.

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

1 78. On September 17, 2004, Synopsys responded to the July 1, 2004 letter by
2 informing Magma that, pursuant to the Agreement signed by van Ginneken, Synopsys is the
3 rightful owner of the inventions in the Patents. Synopsys asked Magma (and, by copy of the
4 letter, van Ginneken) to take whatever actions were necessary to ensure that the PTO records
5 accurately reflected the true ownership of these patents. Attached hereto as Exhibit F is a true
6 and correct copy of the September 17, 2004 letter sent by Synopsys. Concurrently, Synopsys
7 filed the instant action for patent infringement.

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

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

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

24 81. In January of 2005, Synopsys produced its draft patent applications which
25 conclusively revealed that the language of the '446 and '438 Patents were plagiarized. Synopsys
26 further produced a chart which set out dozens of instances in which Synopsys confidential draft
27 patent applications had been blatantly copied to create the specification for Magma's patents.
28 Yet, even after producing this chart, Magma still continued to make false statements about its

1 inventions, and still refused to acknowledge the obvious truth that the inventions in the Patents
2 had been misappropriated from Synopsys.

3 **Magma’s Infringement of Synopsys’ 114 Patent**

4 82. On April 23, 2002, United States Patent No. 6,378,114 (“the ‘114 Patent”), entitled
5 “Method for the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes,” was
6 issued to Synopsys. van Ginneken is a named inventor on the ‘114 Patent. At least since the
7 issuance of the ‘114 Patent, Magma has manufactured, tested, and licensed products that infringe
8 the claims of the ‘114 Patent. This infringement occurred despite the fact that van Ginneken, who
9 was ultimately promoted to Chief Scientist at Magma, was one of the named inventors of the ‘114
10 Patents and therefore knew what the claims of those patents encompassed.

11 **FIRST CAUSE OF ACTION**

12 **(PATENT INFRINGEMENT)**
13 **(Against Magma and van Ginneken)**

14 83. Synopsys incorporates by reference the above paragraphs as though fully set forth
15 herein.

16 84. Synopsys is the owner of the Patents and ‘114 Patent because, among other
17 reasons, the inventions disclosed in the patents were previously assigned to Synopsys by van
18 Ginneken pursuant to the terms of the Agreement.

19 85. While employed by Synopsys, van Ginneken made, conceived and developed
20 inventions pertaining to timing closure methodology, the use of constant delay models in logic
21 synthesis and other aspects of placement and/or synthesis. These inventions were made,
22 conceived and developed by van Ginneken during his employment for Synopsys for the purpose
23 of developing Synopsys’ products, and therefore each of these inventions is encompassed by the
24 terms of the Agreement. By operation of law, all right, title and interest to these inventions are
25 automatically assigned to Synopsys under the Agreement.

26 86. Before or after leaving the employment of Synopsys, van Ginneken co-founded
27 Magma. Thereafter, Magma submitted patent applications to the Patent and Trademark Office

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1 that disclosed inventions that van Ginneken had made and conceived while employed at
2 Synopsys, and which are owned by Synopsys.

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

9 88. On April 20, 2004, United States Patent No. 6,725,438 (“the ‘438 Patent”),
10 entitled “Timing Closure Methodology,” was issued to Magma. The ‘438 Patent contains
11 inventions which were made, conceived and developed by van Ginneken while employed at
12 Synopsys. Pursuant to the terms of the Agreement, Synopsys holds legal and equitable title to the
13 inventions in the ‘438 Patent. A true and correct copy of the ‘438 Patent is attached to this
14 complaint as Exhibit H and is incorporated by reference herein.

15 89. On April 23, 2002, the ‘114 Patent was issued to Synopsys. van Ginneken is a
16 named inventor on the ‘114 Patent. A true and correct copy of the ‘114 Patent is attached to this
17 complaint as Exhibit I and is incorporated by reference herein.

18 90. Magma and van Ginneken have been, and Magma still is, infringing the Patents in
19 violation of the federal patent laws by making, using, selling, distributing, advertising, marketing
20 and creating source code for products which infringe the Patents and the ‘114 Patent. Magma
21 will continue to so infringe unless enjoined by this Court. van Ginneken has played a critical role
22 in this infringement, by misappropriating Synopsys’ inventions and then developing products for
23 Magma that infringe the Patents and the ‘114 Patent.

24 91. Magma and van Ginneken have actively induced infringement of, or contributed to
25 the infringement of, the Patents and the ‘114 Patent under the federal patent laws by, among other
26 things, making infringing products and creating source code for infringing products and then
27 selling, distributing, advertising and marketing those infringing products to others, and Magma
28 will continue to do so unless enjoined by this Court.

1 105. By reason of Magma’s inducement, Synopsys has been damaged by the failure of
2 van Ginneken to perform and complete his obligations in accordance with the terms of the
3 Agreement, in a sum of at least \$100,000,000.

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

8 **FOURTH CAUSE OF ACTION**
9 **(FRAUD)**
10 **(Against Magma)**

11 107. Synopsys incorporates by reference the above paragraphs as though set forth fully
12 herein.

13 108. Magma made numerous false representations to Synopsys in its August 18, 1997
14 letter to Synopsys. These include the false representations that (a) “Dr. van Ginneken intends to
15 honor his obligations under his Proprietary Information Agreement with Synopsys,” (b) “Magma
16 is in the practice of taking appropriate steps to protect . . . the trade secrets of its employees’
17 former employers,” (c) “Dr. van Ginneken will protect Synopsys’ proprietary information during
18 his employment at Magma,” (d) “Dr. van Ginneken has and will continue to abide by the terms of
19 the Magma Agreement in the performance of his duties for Magma,” and (e) “Magma will
20 reiterate to Dr. van Ginneken his duty to abide by his Synopsys Agreement.” Further, Magma’s
21 representation that the “constant delay ideas” that had been taken by van Ginneken were in the
22 “public domain” was false, and this false representation was bolstered by Magma’s purposeful
23 decision to omit from the letter the exhibits to van Ginneken’s agreement with Magma.

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

1 110. These representations to Synopsys were false. In truth, van Ginneken did not
2 intend to “honor his obligations” under his Agreement, as he had already worked with Magma to
3 misappropriate Synopsys’ confidential information and inventions and was using them to create
4 Magma’s products and obtain patent protection for Magma. As it related to van Ginneken
5 Magma was not in the practice of taking “appropriate steps” to protect trade secrets of its
6 employee’s former employers, but to the contrary had founded its business on confidential and
7 proprietary information owned by Synopsys. van Ginneken had not intended, and did not intend,
8 to protect Synopsys’ proprietary information during his employment at Magma, and instead had
9 already conspired with Magma to misappropriate Synopsys’ confidential information and
10 inventions for Magma’s benefit. van Ginneken had not abided by the terms of the Magma
11 Agreement as it related to honoring the intellectual property rights of others, and had no intention
12 of abiding by those terms. Magma did not honestly reiterate, and did not intend to so reiterate, to
13 van Ginneken that he needed to comply with his legal obligations. Further, it was not true that
14 the constant delay ideas that Magma and van Ginneken were pursuing were in the public domain;
15 to the contrary, according to van Ginneken’s own representations to Synopsys, the inventions had
16 been developed at Synopsys and had been contained solely in confidential Synopsys documents.

17 111. Magma’s representations to Synopsys in the 1998 meeting, and to its investors and
18 the general public concerning the origin of Magma’s fixed timing methodology, were also false.
19 In truth, Magma never had any ownership interest in the inventions disclosed in the Patents, as
20 those inventions were misappropriated from information contained in confidential Synopsys
21 documentation.

22 112. Magma knew of the falsity of these representations when they were made. Since
23 at least the spring of 1997, Magma has known that it misappropriated Synopsys’ confidential
24 information and inventions, and was planning to create products and apply for patents that
25 contained this misappropriated information. Accordingly, Magma’s factual representations to
26 Synopsys in 1997 and 1998 were knowingly false, and were made only in order to dissuade
27 Synopsys from pursuing its legal rights. Similarly, Magma’s false representations to investors

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1 and the general public concerning the ownership and origin of Magma's fixed timing and gain-
2 based synthesis technology were knowingly false.

3 113. Magma's representations constitute fraud and deceit because they assert facts
4 which Magma knew were not true, or did not have any reasonable ground for believing them to
5 be true. Magma's representations also constitute fraud and deceit because, by suppressing the
6 true facts concerning the ownership and misappropriation of Synopsys' inventions and
7 confidential documentation, the information that was provided to Synopsys about Magma's
8 products and technology were misleading. In addition, the promises in the 1997 letter to
9 Synopsys relating to honoring Synopsys' intellectual property were made without any intention
10 by Magma to perform such promises, and therefore those false promises were fraudulent.

11 114. These false statements were made by Magma with an intent to deceive Synopsys.
12 Knowing that Synopsys' discovery of the true facts would lead to the assertion of legal claims
13 which would put an end to its business, Magma made these false representations in order to
14 deceive Synopsys into believing that any inventions or technology that Magma was utilizing were
15 independently developed from public domain sources. In making these misrepresentations,
16 Magma intended to deceive Synopsys so that it would be dissuaded from asserting legal claims or
17 investigating the matter.

18 115. Synopsys reasonably and justifiably relied upon Magma's fraudulent
19 representations. Magma explicitly provided Synopsys a series of assurances about the safeguards
20 that would be taken to ensure that Synopsys information would not be utilized by Magma. In
21 reliance upon these representations, and without the knowledge of their falsity, Synopsys did not
22 pursue legal claims against Magma, and did not take steps to assert legal rights because Magma
23 had carefully hid the evidence that its technology was based upon misappropriated information
24 and inventions. Similarly, Synopsys relied on Magma's representation to Synopsys in 1998 by
25 not pursuing legal claims against Magma.

26 116. Magma's misrepresentations have caused tremendous damage to Synopsys.
27 Rather than fairly and ethically compete in the marketplace, Magma has spent the last several
28 years competing against Synopsys with technology and inventions that is actually owned by

1 Synopsys. Magma's use of Synopsys' own confidential inventions and information has caused
2 Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

3 117. Further, as a result of the issuance of the Patents beginning in 2002, the secrecy of
4 Synopsys' confidential inventions has been forever lost. As a result, Synopsys has lost the value
5 in maintaining the secrecy of the fixed timing and gain-based synthesis inventions contained in
6 the Patents.

7 118. The conspiracy to defraud Synopsys, and to misappropriate confidential
8 information and inventions belonging to Synopsys, has continued up to the present, and Magma
9 has continued in 2005 to perform overt acts in furtherance of this conspiracy, including but not
10 limited to the continued prosecution of a patent application containing inventions and information
11 misappropriated from Synopsys.

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

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

18 **FIFTH CAUSE OF ACTION**
19 **(CONVERSION)**
20 **(Against Magma and van Ginneken)**

21 121. Synopsys incorporates by reference the above paragraphs as though set forth fully
22 herein.

23 122. Synopsys is the owner of the confidential information misappropriated by Magma
24 and van Ginneken, including the information contained in the confidential patent applications and
25 white papers drafted by van Ginneken while employed at Synopsys. Under the Agreement and
26 van Ginneken's legal obligations to Synopsys, this information is exclusively owned by
27 Synopsys. Synopsys is the owner of this information and has the exclusive right to possession of
28 it.

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1 123. Further, under the Agreement and van Ginneken's legal obligations to Synopsys,
2 the inventions and concepts described in this documentation are also owned by Synopsys.
3 Synopsys is the owner of these inventions and concepts and has the exclusive right to possession
4 of them.

5 124. Magma and van Ginneken converted this property of Synopsys by a series of
6 wrongful acts. In particular, this property was converted by (a) misappropriating the confidential
7 information containing Synopsys' inventions, (b) taking the confidential information and the
8 inventions contained therein to Magma, and (c) utilizing the confidential information and the
9 inventions contained therein to prosecute patent applications for Magma and to develop
10 technology based on the information and inventions.

11 125. By converting the confidential information and inventions that are exclusively
12 owned by Synopsys, Magma and van Ginneken have caused great damage to Synopsys. Magma
13 has spent the last several years competing against Synopsys with technology and inventions that
14 Synopsys itself owns. Magma's use of Synopsys' own confidential inventions and information
15 has caused Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

16 126. The conspiracy to convert confidential information and inventions belonging to
17 Synopsys has continued up to the present, and Magma has continued in 2005 to perform overt
18 acts in furtherance of this conspiracy, including but not limited to the continued prosecution of a
19 patent application containing inventions and information misappropriated from Synopsys.
20 Further, Magma has continued to converted Synopsys' property in 2004 and 2005 by developing
21 additional products which also incorporate inventions misappropriated from Synopsys.

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

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

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SIXTH CAUSE OF ACTION
(UNJUST ENRICHMENT/CONSTRUCTIVE TRUST)
(Against Magma and van Ginneken)

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

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

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

132. By virtue of the illegal activities by Magma and van Ginneken as alleged herein, Magma and van Ginneken each hold certain property as a constructive trustee for Synopsys' benefit, including but not limited to the following:

- a. The inventions claimed and/or disclosed in the Patents;
- b. All profits, royalties, and other benefits resulting from the exploitation of the inventions claimed and/or disclosed in the Patents, including all profits and royalties resulting from the manufacture, sale, distribution, and marketing of each version of Magma's products;
- c. All software or other products that incorporate the inventions conceived by van Ginneken while employed at Synopsys, and any products derived from Magma's illegal activities;

1 d. Any United States or foreign patents or patent applications that claim
2 priority to the Patents and/or that are supported by the disclosures in the Patents; and

3 e. The confidential and/or proprietary information that was misappropriated
4 from Synopsys by Magma and van Ginneken.

5 **SEVENTH CAUSE OF ACTION**
6 **(UNFAIR COMPETITION)**
7 **(Against Magma and van Ginneken)**

8 133. Synopsys incorporates by reference the above paragraphs as though set forth fully
9 herein.

10 134. In the course of the wrongful conduct alleged herein, the Defendants, and each of
11 them, engaged in unfair and unlawful business practices in violation of the common law and
12 Sections 17200 and 17203 of the California Business and Professions Code including, but not
13 limited to, the misappropriation of confidential and proprietary information of Synopsys.

14 135. The continuing activities of the Defendants in developing and exploiting the
15 confidential information stolen from Synopsys constitute an on-going pattern and practice of
16 unfair competition. By continuing to develop this stolen information for years after the initial
17 misappropriation occurred, and by continuing to vigorously develop and sell products even after
18 the instant lawsuit was filed, the Defendants continue to engage in wrongful conduct prohibited
19 under California law. Indeed, Magma is now competing in the marketplace with product,
20 technology, and inventions that are truthfully owned by Synopsys, and it has obtained millions of
21 dollars from public and private investors to fund the development and sale of products based upon
22 and/or containing stolen inventions.

23 136. The conspiracy to commit unfair competition, 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. Magma's unfair
26 competition in 2005 includes but is not limited to (a) its use of Synopsys' inventions to create
27 additional products, and (b) its prosecution of a continuation application containing inventions
28 and information misappropriated from Synopsys.

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

7 WHEREFORE, Synopsys prays for judgment against the Defendants, and requests that
8 this Court impose the following remedies under the federal patent laws and state law:

9 A. Preliminarily and permanently enjoin the Defendants from continued infringement
10 of the Patents, pursuant to 35 U.S.C. § 283;

11 B. Preliminarily and permanently enjoin the Defendants from:

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

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

18 (3) manufacturing, selling, offering to sell, licensing, creating source code for,
19 marketing, or advertising, any product that incorporates or performs any of the inventions
20 misappropriated from Synopsys, or that is derived from any inventions or confidential or
21 proprietary information misappropriated by the Defendants.

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

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

1 E. An order directing the Defendants to account to Synopsys for damages sustained
2 by Synopsys as a result of the Defendants' infringement of the Patents, with interest, pursuant to
3 35 U.S.C. § 284;

4 F. An order directing the Defendants to pay Synopsys a reasonable royalty to
5 compensate for the Defendants' infringement, pursuant to 35 U.S.C. § 284;

6 G. An award of treble damages resulting from the Defendants' willful and deliberate
7 infringement, pursuant to 35 U.S.C. § 284;

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

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

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

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

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

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

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

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

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

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

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

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

Dated: March 17, 2005

DECHERT LLP

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: March 17, 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: March 17, 2005

DECHERT LLP

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