

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

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**ADVANCED MICRO DEVICES, INC.**

Plaintiff,

v.

**ROBERT FELDSTEIN, MANOO DESAI,  
NICOLAS KOCIUK, RICHARD HAGEN,  
DEEPAKSRIVATS THIRUMALAI,**  
Defendants.

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**CIVIL ACTION  
No. 13-40007-TSH**

**MEMORANDUM AND ORDER ON  
APPLICATION FOR PRELIMINARY INJUNCTION**  
**May 15, 2013**

**HILLMAN, J.**

This is an action for misappropriation of trade secrets, unfair competition, breach of contract, violation of the Computer Fraud and Abuse Act (“CFAA”), and conspiracy.<sup>1</sup> Plaintiff sought and received a Temporary Restraining Order (“TRO”) from this Court against all defendants. The TRO requires Defendants to preserve any and all trade secret, confidential

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<sup>1</sup> Plaintiff brings a total of seven claims. Count I, raised against Feldstein, Desai, Kociuk and Thirumalai, is for misappropriation of Trade Secrets under Massachusetts common law. Count II, raised against Feldstein, Desai, Kociuk and Thirumalai, is for misappropriation of trade secrets under Mass. Gen. Law ch. 93, § 42, and § 42A. Count III, raised against Feldstein, Desai, Kociuk, and Thirumalai, is for unfair competition under Mass. Gen. Law ch. 93A § 11. Count IV, raised against Feldstein, Desai, Kociuk and Thirumalai, is for violation of the Computer Fraud and Abuse Act, 18 U.S.C. § 1030. Count V, raised against Feldstein, Desai, Kociuk and Thirumalai, is for breach of the employee’s duty of loyalty under Massachusetts common law. Count VI, raised against all Defendants, is for breach of contract, through (1) failing to return confidential AMD information at the end of their employment and (2) solicitation of AMD employees. Count VII, raised against Desai and Kociuk, is for conspiracy.

and/or proprietary AMD information<sup>2</sup> that remains in their possession, while also barring Defendants from any solicitation of AMD employees. Plaintiff now seeks to replace these TROs with preliminary injunctions.

## **I. Facts**

The following facts are taken from the pleadings, stipulations and testimonial evidence contained in the record; except where otherwise indicated they are undisputed. Specific information about the files taken by Defendants, as well as forensic evidence regarding how and when those files were created and accessed, is derived from the testimony of Michael Perry and the Declaration of Gary Titus.<sup>3</sup>

### ***A. The Parties***

Advanced Micro Devices, Inc. (“Plaintiff” or “AMD”) is a Delaware corporation, with its principle place of business in Austin, Texas, that designs and supplies microprocessors and related computer components for a variety of purposes from motherboard chipsets to discrete CPUs and GPUs to system-on-a-chip integrated packages. AMD maintains a facility in Boxborough, Massachusetts which performs design work for multiple AMD projects.

Although there are currently five named defendants, this order addresses only Plaintiff’s application for a preliminary injunction as against the initial four.<sup>4</sup> Defendant Robert Feldstein

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<sup>2</sup> For the sake of simplicity, this order will use the term “confidential AMD information” to encompass any and all confidential, proprietary and/or trade secret information at issue in this case. Detailed classification of the allegedly misappropriated data can be addressed during the discovery phase.

<sup>3</sup> Mr. Perry is a Computer Forensic Analyst at Elysium Digital, a neutral, third party designated by the disputants to conduct forensic examinations of the data storage devices at issue. Gary Titus is Assistant Director of Digital Forensics at Stroz Freidberg, a third party retained by AMD to examine those data storage devices at issue that were in AMD’s possession when this suit began. All parties have stipulated to his declaration.

<sup>4</sup> The fifth defendant, Deepaksrivat Thirumalai, was added to the case in AMD’s Second Amended Complaint (Docket No. 91). AMD has also moved for a preliminary injunction against Thirumalai, and a motion hearing is currently pending. AMD has indicated that its internal investigation is ongoing and has indicated that it may move to add additional defendants as it uncovers more information.

(“Feldstein”), Defendant Manoo Desai (“Desai”), Defendant Nicolas Kociuk (“Kociuk”) and Defendant Richard Hagen (“Hagen”) (collectively “Defendants”) were all employed by AMD at its Boxborough facility. During their employment Defendants had authorized access to confidential AMD information relating to technical specifications and/or business strategy. Between July 2012 and January 2013 Defendants all left AMD and accepted new positions at Nvidia Corporation, a major competitor of AMD in some market segments.

***B. AMD’s Employment Contracts and Confidential Information***

AMD makes use of industry standard practices to protect their confidential information, including a password protected internal network, encrypted computer hard drives, restricted physical access to AMD facilities with security monitoring, and contractual agreements with employees and partners. Each defendant signed a Business Protection Agreement (“BPA”) with AMD which restricted them from retaining or disclosing any confidential AMD information after their employment at AMD was terminated. The BPAs also included non-solicitation clauses.<sup>5</sup>

***C. The Alleged Misappropriation***

Plaintiff alleges that Feldstein, Desai and Kociuk have misappropriated confidential AMD information. Desai and Kociuk are also alleged to have conspired to misappropriate the same confidential AMD information. In each case of alleged misappropriation the relevant data were copied from AMD-owned storage devices onto privately-owned storage devices (a variety of USB thumb drives and larger format external hard disk drives) while the particular defendant still worked for AMD, and then retained by that defendant after his or her employment at AMD terminated. Feldstein, Desai and Kociuk all admit to retaining some data after the end of their

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<sup>5</sup> These non-solicitation clauses are all temporally limited, either to one (Feldstein) or two years (Hagen, Desai, Kociuk) after the termination of employment with AMD.

employment at AMD, but dispute AMD's allegations that they did so in an attempt to convert that data to their own use, or that of Nvidia, or any third-party.

*1. Defendant Feldstein*

Of Defendants, Feldstein was both the most senior employee and the first to leave AMD for Nvidia. During the last several years of his employment at AMD, Feldstein was engaged largely in strategic licensing negotiations with some of AMD's largest customers. Feldstein's last day at AMD was July 13, 2012; his first day at Nvidia was July 16, 2012. Immediately prior to leaving AMD, Feldstein took a one month sabbatical. Forensic examination of USB thumb drives belonging to Feldstein indicates that on July 3, while Feldstein was on sabbatical, some 8,148 files were copied from AMD's intranet via Feldstein's AMD-issued laptop (the "July 3 files"). The metadata associated with these files suggests that this copying was en masse, with little or no manual selection of particular files. On July 13, Feldstein's last day as an AMD employee, the user account assigned to Feldstein copied twelve additional documents (the "July 13 files") onto a pair of USB flash drive. These July 13 files include a Gmail contacts file, a Microsoft Outlook inbox file and several business-strategy-related documents detailing the confidential terms of licensing agreements between AMD and some of its partners.<sup>6</sup> AMD admits that some or all of these documents were in draft form, but asserts that the information would give AMD's competitors an advantage. The metadata associated with these files suggests that they were selectively copied.

Feldstein testified that he had no specific recollection of why he downloaded any of these files, other than the Gmail and Outlook files, which contain personal information that he wished to retain. He avers that he had no intention to transfer any of these files to Nvidia or any other

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<sup>6</sup> Approximately twenty five of the more than 8,000 documents taken by Feldstein on July 3 and July 13 are particularly sensitive, and they have been entered into evidence under seal.

party. Forensic analysis reveals that forty two files were “accessed” on or after July 13, 2012, Feldstein’s last day at AMD.<sup>7</sup> Although “accessed” does not necessarily mean the files were opened by a human, forensic examination of the files suggests that some were opened on various dates in late July 2012, including July 16, 19, 20 and 23. Feldstein concedes that he connected the flash drives to his Nvidia-issued laptop in late July 2012 and opened at least some of the July 13 files, including the Technology Licensing Overview PowerPoint presentation.<sup>8</sup> Feldstein testified that, upon opening this PowerPoint file, he immediately recognized the information contained therein as confidential AMD information. He described his possession of these documents as “problematic.” Despite this realization, which occurred no later than July 23, 2012, Feldstein said nothing to AMD representatives with whom he spoke on July 27, 2012 as part of an AMD post-employment legal debriefing. Nor does Feldstein appear to have taken any other steps to return the documents to AMD. Conversely, there is also no evidence that Feldstein turned the documents over to Nvidia or any other party.

## *2. Defendant Desai*

Desai was a Senior Manager of ASIC/Layout Design at AMD until she accepted an offer of employment from Nvidia on or around November 20, 2012. Prior to her departure from AMD on December 7, 2012, she led a team of engineers working on integration for discrete graphics processors. Forensic analysis of a Western Digital two terabyte external hard drive revealed that 7,899 documents were transferred from Desai’s AMD-issued laptop to a folder located on the external hard drive. One directory in this apparent backup was called “\Manoo\AMD Laptop

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<sup>7</sup> Some of these files accessed on or after July 13 contain no data, and others are Windows system files. A small number are among those confidential documents that have been admitted into evidence under seal as Pl.’s Ex. 86.

<sup>8</sup> Feldstein conceded that his earlier deposition testimony—where he stated that he had only opened one file after July 13—was incorrect. Feldstein now admits that he opened the Technology Licensing Overview PowerPoint on July 19 or 20, and then opened several additional confidential AMD documents on July 23.

Backup 12-6-2012\Perforce.” Perforce is also the name of an internal AMD server that contains confidential information relating to technical and design specifications.

Desai testified that her husband downloaded all of this data late on the evening of December 6, 2012 at her request. She admits that she asked him to copy her personal files, including family photos, personal emails and tax information, from her AMD-issued laptop, but further avers that she instructed him not to take any confidential AMD information. There is evidence that portions of this data, including notes taken by Desai at AMD employee meetings, were “accessed” on Desai’s Nvidia-issued laptop. Desai admits to looking at this information, but avers that she was searching for personal information that she believed was also contained in the Microsoft OneNote file. Desai further admits that, after realizing that the file contained confidential AMD information, she tried to delete it but was unable to do so. Desai also downloaded, installed and opened an application named SDelete, a utility for securely erasing computer files. She asserts that she did so in order to securely erase all of her personal information from her AMD-issued equipment. Forensic examination of her AMD-issued laptop reveals no evidence that any files were erased using SDelete. There is also no evidence that Desai made any effort to return these files to AMD, nor any evidence that she gave these files to Nvidia or any other party prior to this litigation.

On December 6, 2012, Desai’s penultimate day of employment at AMD, she asked Kociuk to retrieve two “template” files from AMD’s Perforce server. These templates were Excel spreadsheets that set out scheduling parameters for IP team managers. Desai was moving to IP team management in her new position at Nvidia and had consulted with IP team managers at AMD to learn about their scheduling processes. Desai testified both that these “templates” were not confidential AMD information and that even if they were, she had no intention of

taking them with her to Nvidia; she was merely engaging in proactive professional development. The evidentiary record to date does not indicate whether these template files were among those copied onto Desai's external hard drive on the evening of December 6, 2012.

AMD alleges that Kociuk and Desai conspired to use this external hard drive to take confidential AMD information. Email evidence indicates that Kociuk provided advice and assistance to Desai with regard to recovering data and securely deleting it from AMD-issued equipment. Kociuk offered to lend Desai an external hard drive for this purpose, and further suggested that Desai use SDelete to clean her AMD-issued laptop. He pointed her to a website where the SDelete could be downloaded. Both Desai and Kociuk testified that they were discussing only how to recover and delete Desai's personal information from her AMD-issued computer.

### *3. Defendant Kociuk*

Kociuk worked at AMD as part of Desai's integration team and reported directly to her. Forensic analysis of Kociuk's AMD-issued computers indicate that his user account conducted several internet searches relating to the topic of copying or transferring very large file systems for subsequent use. Kociuk admits to performing these searches, but asserts that he did so only in order to help Desai securely erase her personal data from AMD equipment when she left AMD. AMD sees these actions as part of the alleged conspiracy between Desai and Kociuk mentioned above.

Additionally, Kociuk admits to using a utility application, Robocopy, to create duplicate images of the entire file structure of his two AMD-issued computers. In total, more than one million files were copied onto a pair of external hard drives. Kociuk indicated that he believed his AMD-issued computers contained personal photos, personal emails and some personal

financial information, and explains this copying as an attempt to preserve that data. Apparently he imaged the entirety of both his AMD-issued computers with the intent of sorting through these files at a later date to separate out any personal data he wished to retain. Kociuk's employment at AMD ended on January 11, 2013. On the afternoon of that day he was asked to sign a statement confirming that he had no confidential AMD information in his possession. He did so despite retaining the two external hard drives containing complete images of his AMD-issued computers. Like Feldstein and Desai, Kociuk categorically denies disseminating, or intending to disseminate, any confidential AMD information to Nvidia or any other AMD competitor.

There is no evidence that, prior to this suit, Kociuk turned any of this information over to any third party after leaving AMD. There is also no evidence that Kociuk attempted to turn this data over to AMD at the time of his departure from AMD or afterwards. However, AMD filed its complaint on the first business day after Kociuk left the company, so his opportunities to return any such information were very limited. There is also evidence that at some point prior to Kociuk's departure, but after the departures of Feldstein, Hagen and Desai, AMD surreptitiously inspected the contents of Kociuk's personal hard drives while they were at his workstation inside AMD's Boxborough facility.

#### ***D. The Alleged Solicitation***

AMD further alleges that Feldstein, Desai and Hagen have also breached their contracts with AMD by soliciting then-current AMD employees to leave for Nvidia.

##### *1. Defendant Feldstein*

Feldstein signed a BPA with AMD in July 2006 in which he promised that

during [Feldstein's] employment with [AMD] and for a period of one year following the termination of [Feldstein's] employment, whether voluntary or



involuntary, [Feldstein would] not hire or attempt to hire an employee of [AMD], or directly or indirectly solicit, induce or encourage an employee of [AMD] to leave his or her employ to work for another employer, without first getting the written consent of an Officer of [AMD].

The allegations of solicitation against Feldstein stem from a meeting he had with Desai on November 12, 2012 in California. After leaving AMD, Feldstein began working at Nvidia as a Vice President of Technology Licensing in one of Nvidia's California facilities. Desai traveled to California for a preliminary interview on November 12 2012.<sup>9</sup> Desai did not interview with Feldstein, however, the two did meet for lunch in an Nvidia campus cafeteria on the same day as her interview. There is no clear indication in the record of how or when Feldstein and Desai arranged this meeting. Both Feldstein and Desai testified that the lunch was personal in nature and had no relation with Desai's then ongoing application for employment at Nvidia.

Desai mentioned this meeting in passing in emails to both her husband and another AMD employee. Desai told her husband: "Just finished talking to [Feldstein]. Went really well. Let's hope it continues." On the same day, she told an AMD colleague "Just talked to [Feldstein]. He is really happy with the switch."

## *2. Defendant Hagen*

Hagen signed a BPA with ATI Technologies, Inc.<sup>10</sup> in November 1999, in which he promised "that during and for two years after the termination of [Hagen's] employment with [AMD], [Hagen would] not solicit any of its employees, or assist others to solicit such employees, to leave his or her employment with [AMD]." Like Feldstein, Hagen is alleged to

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<sup>9</sup> Desai had contacted Joshua Hasten, an Nvidia recruiter, on October 19 2012, to inquire about job opportunities at Nvidia; her inquiries led to an interview and ultimately an offer of employment at Nvidia.

<sup>10</sup> ATI was a corporation that principally designed discrete graphics processors. It was purchased by AMD in 2006 and AMD has been assigned all of the ATI employment contracts and BPAs at issue in this case.

have solicited Desai to leave AMD for Nvidia. Most of the evidence against Hagen comes from email statements made by Desai about conversations with Hagen.

Hagen met with Desai for two separate lunches while she was in the process of applying for employment with Nvidia. On October 24, 2012 Desai emailed Hagen, congratulating him on his new position with Nvidia and asking for details about his new office location. Hagen indicated that he was based in Bedford at that time, but that Nvidia had plans to open a new office complex closer to Boxborough in the near future. Desai later relayed this information to Kociuk, who noted that “AMD is going to have to work pretty hard to retain its top talent in the next 2 years.” Desai responded, “[Hagen] will push to have an office closer to grab talent.”

In an instant message exchange between Desai and Kociuk on November 6, 2012, one day before Desai met with Hagen, Kociuk told Desai “good luck with your lunch...”<sup>11</sup> Hagen and Desai assert that their conversation during this meeting was personal in nature and that Hagen had no involvement with Nvidia’s decision to hire Desai. Shortly after this lunch, Desai also sent Hagen an email with her resume attached. Both Hagen and Desai testified that Desai sent her resume to Hagen for general editing and career advice, rather than as part of her application for employment at AMD. Hagen avers that he neither edited this resume, nor sent an updated version back to Desai.

Desai had a second lunch with Hagen, as well as another former AMD employee who also now works at Nvidia, at a later date in November. Desai testified that this lunch was also personal in nature and had nothing to do with her ongoing application for employment at Nvidia. There is very little evidence in the record relating to this second lunch.

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<sup>11</sup> Kociuk concedes that he was referring to Desai’s lunch with Hagen.

Desai disclosed to Kociuk that she spoke via telephone with Hagen on November 12, 2012, after her interview with Nvidia in California. She reported that “Everything seemed urgent and [Hagen] asked how soon I could give notice. You know [Hagen].” On November 30, 2012 Desai wrote to Kociuk saying “I have stuff to tell you... I had a crazy day with both Rick’s calling me. I have a counter offer from AMD...”<sup>12</sup>

### *3. Defendant Desai*

Desai signed a BPA with ATI in April 2003, in which she promised that: [d]uring, and for a period of two (2) years after termination of [her] employment with [AMD Desai would] not directly or indirectly solicit or take away suppliers, customers, employees or consultants of [AMD] for [her] own benefit or for the benefit of any other party.” AMD alleges that Desai solicited Kociuk to leave AMD and accompany her to Nvidia. As discussed above, Kociuk and Desai exchanged emails on October 24, 2012 in which they discussed Hagen’s efforts to open an Nvidia office near Boxborough, as well as the potential for Nvidia to poach talent from AMD and other tech companies in that area.

The following month, on November 30, 2012 Desai and Kociuk exchanged several emails in which they discussed Kociuk’s ongoing search for a job outside AMD. At this time, Desai was still an AMD employee, but had already accepted an offer of employment from Nvidia. When Kociuk mentioned exploring an employment opportunity with a corporation other than Nvidia, saying “figure it doesn’t hurt to a few nets cast out [sic],” Desai replied with the statement “I want you to come with me.”<sup>13</sup> Later that same day, Kociuk forward an email from

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<sup>12</sup> Desai testified that by “both Ricks,” she was referring to Hagen and Rick Fuller, an officer at AMD’s Boxborough facility.

<sup>13</sup> Desai went on to add that “[she] told Rick this info today.. telling him time is short.” There is no evidence before the Court indicating who “Rick” might be in the context of this email.

Rick Fuller to Desai in which Fuller asked to meet with Kociuk. Kociuk testified that he believed that Fuller intended to make him a retention offer of increased pay and/or promotion in order to remain at Nvidia. At that time, Kociuk had begun searching for a position outside of AMD, but had not yet been offered a position at Nvidia. Desai told Kociuk, “Nick... don’t fall for it.”

## **II. Standard of Review**

Plaintiff seeks a preliminary injunction under Rule 65 of the Federal Rules of Civil Procedure. It is well-settled law that a trial court must consider four factors when evaluating a motion for a preliminary injunction: (1) the moving party’s likelihood of success on the merits, (2) the potential for irreparable harm to the movant without such an injunction, (3) the balance of equities as between the potential burdens upon the moving and non-moving parties, and (4) the effect of an injunction, if any, on the public interest. *Maine Educ. Ass’n Benefits Trust v. Cioppa*, 695 F.3d 145, 152 (1<sup>st</sup> Cir. 2012) (“*Maine Ed. Trust*”) (citing *Ross–Simons of Warwick, Inc. v. Baccarat, Inc.*, 102 F.3d 12, 15 (1<sup>st</sup> Cir.1996)). Of these four factors, the first is “the touchstone of the preliminary injunction inquiry.” *Philip Morris, Inc. v. Harshbarger*, 159 F.3d 670, 674 (1<sup>st</sup> Cir. 1998). “[I]f the moving party *cannot* demonstrate that he is likely to succeed in his quest, the remaining factors become matters of idle curiosity.” *Maine Ed. Trust*, 695 F.3d at 152 (quoting *New Comm. Wireless Servs., Inc. v. SprintCom, Inc.*, 287 F.3d 1, 9 (1<sup>st</sup> Cir. 2002)) (emphasis added).

The moving party bears the burden of proof for each of these four factors. *Nieves-Marquez v. Puerto Rico*, 353 F.3d 108, 120 (1<sup>st</sup> Cir. 2003). Where all parties agree as to the basic facts of a dispute, a court “is free to accept as true well-pleaded allegations in the complaint and uncontroverted affidavits filed in support of the motion for a preliminary injunction.” *Avaya*

*v. Ali*, CIV.A. 12-10660-DJC, 2012 WL 2888474 (D. Mass. July 13, 2012) (citing *Rohm & Haas Elec. Materials, LLC v. Elec. Circuits Supplies, Inc.*, 759 F.Supp.2d 110, 114 n. 2 (D. Mass. 2010)) (internal quotations omitted). However, where there is significant dispute as to the underlying facts, “the propriety of injunctive relief hinges on determinations of credibility.” *Id.* (internal quotations omitted).

### **III. Discussion**

#### ***A. Likelihood of Success on the Merits***

In order to demonstrate a likelihood of success on the merits, plaintiffs must look to the elements necessary to prove their underlying claims. The preliminary injunction proposed by Plaintiff bars Defendants from future distribution or use of confidential AMD information and/or solicitation of AMD employees. Additionally, Plaintiff’s pre-hearing submissions seek equitable relief only on grounds of misappropriation, both statutory and common law, and breach of contract. Therefore this order will consider only Count I (misappropriation of trade secrets under Massachusetts common law), Count II (misappropriation of trade secrets under M.G.L. ch. 93 § 42) and Count VI (breach of contract through failure to return confidential information and solicitation).

#### ***1. Misappropriation of Trade Secrets***

##### ***a. Definitions***

The Massachusetts common law definition of misappropriation of trade secrets is not without ambiguity. Some courts have held that acquisition of trade secrets by improper means is sufficient to establish misappropriation. *Optos, Inc. v. Topcon Med. Sys., Inc.*, 777 F.Supp.2d 217, 238 (D. Mass. 2011). Under this standard, a plaintiff must satisfy a three-part test: (1) the information at issue must constitute a trade secret, (2) the plaintiff must have taken reasonable

steps to secure the confidentiality of the trade secret, and (3) the defendant must have used improper means to obtain the trade secret.” *Id.* at 238. AMD urges the Court to use this broad definition.

Other courts have required plaintiffs to prove actual use above and beyond acquisition by improper means. *EchoMail, Inc. v. Am. Exp. Co.*, 378 F.Supp.2d 1, 2 (D. Mass. 2005) (citing *Data General Corp. v. Grumman Systems Support Corp.*, 36 F.3d 1147, 1165 (1<sup>st</sup> Cir. 1994) *abrogated on other grounds*, *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 130 S. Ct. 1237 (2010)). Under this heightened standard, the plaintiff must satisfy a slightly different three-part test: “1) the existence of a trade secret, 2) reasonable steps to preserve secrecy and 3) use of improper means in breach of a confidential relationship to acquire *and use* the secret.” *Id.* at 2-3 (emphasis added). A classic example of use above and beyond improper acquisition of a trade secret is the production by a misappropriator of competing goods or services that make use of the trade secret. *Id.* at 3. Defendants urge the Court to adopt this narrower definition.

The statutory definition in Massachusetts is as follows: anyone who

embezzles, steals or unlawfully takes, carries away, conceals, or copies, or by fraud or by deception obtains, from any person or corporation, with intent to convert to his own use, any trade secret, regardless of value, shall be liable in tort to such person or corporation for all damages resulting therefrom.

Mass. Gen. Law ch. 93, § 42. Despite the inconsistent common law definition of misappropriation, the First Circuit has stated that the standard of review for misappropriation of trade secrets may be “essentially identical” in Massachusetts under both the common law and statute. *Incase Inc. v. Timex Corp.*, 488 F.3d 46, 52 n.10 (1<sup>st</sup> Cir. 2007) (citing *Burten v. Milton Bradley Co.*, 592 F. Supp. 1021, 1028 (D.R.I. 1984) *rev'd on other grounds*, 763 F.2d 461 (1<sup>st</sup> Cir. 1985)).

For the purposes of this order, the Court will resolve the common law ambiguity by relying on *Incase* and using the statutory definition for both the statutory and common law claims. Thus, Plaintiff must prove “the acquisition, through improper means, of a trade secret *with the intent to convert it* for use by a party other than the rightful owner.” Mass. Gen. Law ch. 93, § 42 (emphasis added). Determinations as to intent and credibility will therefore be essential to this Court’s analysis of Plaintiff’s likelihood of success on the merits.

*b. The Existence of Trade Secret Information*

As a preliminary matter, this Court finds that an as yet unspecified portion of the files taken by Feldstein, Desai and Kociuk was trade secret information. These files include strategic licensing agreements in draft form as well as technical data regarding engineering details of AMD products. In Massachusetts the statutory definition of a trade secret is “anything tangible or intangible or electronically kept or stored, which constitutes, represents, evidences or records a secret scientific, technical, merchandising, production or management information, design, process, procedure, formula, invention or improvement.” Mass. Gen. Law ch. 266, § 30(4). Alternatively, a trade secret is defined in the common law as a 1) secret, that is 2) used in one’s business, and that 3) gives the owner an opportunity to obtain an advantage over competitors who do not know or use the secret. *Optos*, 777 F.Supp.2d at 238. Technical specifications and business strategy data clearly satisfy both of these definitions so long as they are kept secret.<sup>14</sup>

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<sup>14</sup> “[T]he subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret.” *Optos*, 777 F.Supp.2d at 239 (quoting *J. T. Healy & Son, Inc. v. James A. Murphy & Son, Inc.*, 357 Mass. 728, 730, 260 N.E.2d 723, 726 (1970)). Whether or not any particular piece of information constitutes a secret is a very context-sensitive determination. In Massachusetts this inquiry relies upon the following factors:

- (1) the extent to which the information is known outside of the business; (2) the extent to which it is known by employees and others involved in the business; (3) the extent of measures taken by the employer to guard the secrecy of the information; (4) the value of the information to the employer and to his competitors; (5) the amount of effort or money expended by the employer

Such information need not provide competitors with a substantial advantage; any advantage, however small or ephemeral, is sufficient to satisfy these requirements. *Id.*

Similarly, there is no doubt that Feldstein, Desai, and Kociuk all signed agreements with AMD that explicitly prohibit them from retaining any confidential information after leaving their employment at AMD. Defendants have not objected to the enforceability of these contracts. Courts have routinely held as a matter of law that breaching such contracts constitutes an “unlawful taking” of trade secrets for the purposes of Mass. Gen. Law ch. 93, § 42. *E.g., Optos*, 777 F.Supp.2d at 240 (citing *Data Gen.*, 36 F.3d at 1165 (1<sup>st</sup> Cir. 1994) *abrogated on other grounds*, *Reed Elsevier*, 559 U.S. 154).

*c. AMD’s Remaining Burden of Proof*

Therefore the remaining element that AMD must demonstrate in order to establish a likelihood of success on the merits is “the intent to convert it for use by another party.” On that issue, AMD has relatively little direct evidence. Defendants all now aver that their intentions were entirely innocent. AMD had not presented any forensic evidence showing that data were given to Nvidia or some other competitor. Faced with similar facts in the area of patent law, courts have found that “[d]irect evidence of intent or proof of deliberate scheming is rarely

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in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

*Id.* at 239 (quoting *Jet Spray Cooler, Inc. v. Crampton*, 361 Mass. 835, 840, 282 N.E.2d 921 (1972)). Here, all parties have stipulated that AMD uses industry standard precautions to preserve the secrecy of its trade secret information including physical and digital security measures along with confidentiality agreements with all employees. Defendants suggest that AMD failed to take sufficient precautions with its trade secret information, noting that AMD did not prohibit AMD employees from using USB thumb drives. The Court rejects this position. Heroic efforts are not required to protect trade secret information; reasonable efforts are sufficient. *Optos*, 777 F.Supp.2d at 239-40. The other factors also weigh in favor of AMD. Even if some of the information taken by Defendants was obtainable from public sources, all parties concede that some of it was confidential. Similarly, while the value of the information is as yet undetermined, and is potentially difficult to quantify, it cannot reasonably be argued that there is no value to this information. Even in draft form, strategic licensing agreements could provide clues as to expected future revenues and product introduction dates, as well as information about negotiating tactics.



available in instances of inequitable conduct, but intent may be inferred from the surrounding circumstances.” *PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*, 12 F.Supp.2d 69, 72 (D. Mass. 1998) (quoting *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997)). Some courts have used the same approach for misappropriation of trade secrets. *E.g., EchoMail*, 378 F.Supp.2d at 3 (quoting *Fabkom v. R.W. Smith & Assocs., Inc.*, 1996 WL 531873 at \*9 (S.D.N.Y. 1996)).

The circumstantial evidence presented by AMD is compelling. The raw quantity of data taken by Desai, Kociuk and Feldstein is substantial.<sup>15</sup> They all made copies of confidential AMD information shortly before leaving AMD, retained that information, and immediately began working at a significant competitor.<sup>16</sup> Feldstein and AMD both assert that Feldstein, in particular, had access to extremely sensitive business strategy and licensing agreement information.<sup>17</sup> He admits to identifying “problematic” AMD files in his possession just four days before participating in a post-employment legal debriefing with AMD attorneys at which he

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<sup>15</sup> Kociuk in particular copied a huge number of files from his AMD computers. Of these more than one million files, it is clear that a large number are Windows system files or similarly irrelevant to this dispute. Nevertheless it is hard to imagine how complete images of two computers used by an AMD hardware engineer could possibly *not* contain significant amounts of trade secret technical information.

<sup>16</sup> The Court notes that the exact parameters of the competition between AMD and Nvidia are disputed. The companies clearly compete directly in the discrete GPU market. AMD avers that they also compete in system-on-chip (“SoC”) integrated packages, while Defendants assert that, although both companies manufacture SoCs, they do so for different market sectors (PCs for AMD and smartphones/tablets for Nvidia) and are therefore not competitors in the context of this action. The Court finds that AMD’s description of the competition between AMD and Nvidia, as well as that contained in Nvidia’s own K-10 report, is preferable. While the PC and mobile market sectors are distinct, traditional PCs are competing with smartphones and tablets for consumer market share, and therefore AMD and Nvidia are at the very least indirect competitors in some portions of the SoC market. Additionally, all Defendants aver that they are currently employed in different capacities at Nvidia than they were at AMD. The Court is more reluctant to make any determinations regarding the potential competitive advantage when, for example, an engineer with integration experience at AMD moves to RTL design at Nvidia.

<sup>17</sup> Dr. Lisa Su, a senior AMD Officer, avers that information in the July 13 files taken by Feldstein would be extremely valuable for AMD’s competitors, while Feldstein testified that those files are historical in nature and, while very sensitive when created, would no longer provide a competitive advantage. The Court finds it very difficult to accept that historical data about a competitor’s business practices and engineering efforts could not provide even a small competitive advantage.

was reminded of his contractual obligations, including his duty to surrender all confidential AMD information. Yet he said nothing at that debriefing and apparently made no efforts to return or delete the files afterwards. Desai admits to copying documents from a secure AMD sever containing technical design specifications. Her primary defense is that the files she allegedly copied were created by her husband, and that he ignored her explicit instructions not to copy confidential AMD files. On his last day of work at AMD, Kociuk signed a statement indicating that he had no confidential AMD information in his possession (though he apparently did so while being escorted out of the Boxborough facility by AMD personnel).<sup>18</sup> Despite signing this statement he admits that he retained complete copies of the entire contents of the hard drives from both of his AMD-issued computers after leaving AMD.

The Court finds that the alternative explanations provided by Feldstein, Desai and Kociuk are not credible. This lack of credibility colors Defendant's other assertions: that they did not intend to misappropriate the trade secrets and that they could not possibly use their personal knowledge of confidential AMD information to benefit Nvidia in their current positions. AMD therefore has a reasonable likelihood of success on the merits with regard to its claims for misappropriation of trade secrets.

## 2. Solicitation

The BPAs at issue here prohibit both direct and indirect solicitation, but do not attempt to define either term. Where there is such ambiguity in a contract of adhesion, it is appropriate to define the contract narrowly against the interest of the drafter. *William Gallagher Assoc. Ins. Brokers, Inc. v. Everts*, 13 Mass. L. Rep. 716, 2001 WL 1334763 (Mass. Super. 2001). Much of

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<sup>18</sup> Kociuk notes that this form includes the following language: "If you have in your possession any written materials containing any Company confidential, proprietary and/or trade secret information, please contact your supervisor or manager for instructions on how to return the materials to [AMD]." Written material are not explicitly defined in this form, but I am satisfied that, given the full text of the document, electronically stored information is captured by its terms, and to argue otherwise is disingenuous.

the caselaw on solicitation in Massachusetts deals with former employees soliciting customers from their former employers. *See e.g., Wolverine Proctor & Schwartz, Inc. v. Aeroglide Corp.*, 402 F.Supp.2d 365, 371 (D. Mass. 2005); *Alexander & Alexander, Inc. v. Danahy*, 21 Mass. App. Ct. 488, 491, 499 (1986); *Getman v. USI Holdings Corp.*, 05-3286-BLS2, 2005 WL 2183159 (Mass. Super. Sept. 1, 2005); *State Street Corp. v. Barr*, 10 Mass. L. Rep. 599, at \*12–14 (Mass. Super. 1999). Colleagues can generally be expected to have even closer personal relationships than do employees and customers; and wherever closer working relationships are involved, courts must bear in the mind the fact that solicitation can be quite subtle. *See Ziplink, L.L.C. v. Pencom Systems, Inc.*, No. 97-01787B, 1999 WL 1318966, \*3 (March 17, 1999) (observing that the solicited employee had “close working relationship” with defendant “and could have been encouraged to apply in any number of subtle ways”).

Plaintiff urges me to define solicitation as any “encouragement,” be it overt or subtle. They further assert that carefully orchestrated attempts to circumvent technical liability under a nonsolicitation clause are also solicitation. *See PartyLite Gifts, Inc. v. Macmillan*, No. 8:10-CV-1490-T-27EAJ, 2012 U.S. Dist. LEXIS 128905, \*39 n.20 (M.D. Fla. Sept. 11, 2012) (applying Massachusetts law and describing defendants as engaging “in a dubious attempt to structure their [solicitous] activities so as to avoid liability”). Plaintiff’s counsel stated at the hearing, “Massachusetts law says if you say I’m leaving that company, that is not solicitation, however if you say I’m leaving this company and wink, then I think that is.”

Conversely, Defendants urge me to adopt a much narrower view of solicitation. They first assert that “active steps to persuade the employee to leave employment with the company are required.” Defendants’ counsel went even further at the hearing, stating that “[i]f someone is leaving anyway and you say...you want them to come with you, I don't think that’s...proper

encouragement.” With this argument, Defendants effectively assert that even active encouragement might not be solicitation in the proper context. Defendants also note that the identity of the initiating party is a significant factor in analyzing the propriety of potentially solicitous communications. *See Gallagher*, 2001 WL 1334763 n.28. Thus, under Defendant’s proposed definition, if Feldstein or Hagen had initiated contact with Desai, the threshold for solicitation would be markedly lower than if Desai initiated the contact.

There is merit in both positions. Employers clearly have a legitimate business interest in preserving the talent and goodwill of their employees. *Gallagher*, 2001 WL 1334763. Yet it is also clearly against public policy and overly burdensome on individuals to permit employers to categorically prohibit any and all communications between former and current employees in order to protect this legitimate interest. *See id.* The identity of the initiating party is helpful in balancing these two interests. *Id.* However, that does not mean that it is impossible for a former employee to solicit a current employee whenever the current employee initiates the contact.

In light of the considerations stated above and for the purposes of this order, I will define solicitation as follows. Direct solicitation is what might be seen as traditional solicitation, encompassing any active verbal or written encouragement to leave AMD, even if not intended to harm AMD. Due to the personal relationships that develop between colleagues, liability for indirect solicitation requires a more context-sensitive inquiry. The subtle hints and encouragements addressed by the *Ziplink* court can constitute indirect solicitation. However, to preserve the public’s interest in free personal communications, such solicitation should only be found where the finder-of-fact is satisfied that the solicitor actually *intended* to induce the solicitee to leave AMD. Having established a working definition of solicitation, I turn to AMD’s specific allegations.

*a. Feldstein's Alleged Solicitation*

AMD's only actual evidence that Feldstein solicited Desai, or any other AMD employee, concerns a lunch meeting he had with Desai in November 2012. Both Feldstein and Desai assert that this was a personal lunch and AMD has presented no specific evidence to contradict this assertion. This paucity of detail is crippling to AMD's claim. The mere fact that Desai met with Feldstein—a colleague of almost ten years—while in California for a job interview cannot support an allegation of solicitation. Feldstein did admit to making positive comments about his experience at Nvidia. Under some circumstances, such statements could constitute indirect solicitation, but there is no evidence to suggest that Feldstein had any intention of inducing Desai to leave AMD. To the contrary, Feldstein and Desai both assert that he encouraged her to remain at AMD to assume a director-level position.<sup>19</sup> Without additional information regarding the content of any communications between Feldstein and Desai, or Feldstein's particular motivations in meeting with Desai, AMD is unlikely to succeed on the merits of its solicitation claim against Feldstein.

*b. Desai's Alleged Solicitation*

AMD's allegations of solicitation against Desai stem from multiple emails sent by her to Kociuk during the autumn of 2012. Many of these communications appear to be normal conversation between close colleagues about current events. Mere discussion of facts, such as Hagen's employment at Nvidia, is not sufficient to establish that solicitation occurred. Such a finding would effectively prevent any private discussion of adverse news between AMD employees. Desai's statements about her ongoing application for employment at Nvidia are

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<sup>19</sup> This claim is given some credibility by the fact that AMD did offer Desai a director-level position, along with a substantial retention bonus, in late November 2012.

similarly not captured by her BPA as it is against public policy to bar employees from any personal conversations about their own careers with their colleagues.

However, Desai's statement that she wanted Kociuk to join her at Nvidia is more troubling. This is precisely the sort of inducement between colleagues to leave AMD en masse that the BPAs seek to prevent. It is possible that Desai did not even intend to actively solicit Kociuk when she made this statement; she knew Kociuk was already searching for jobs outside AMD and was perhaps expressing only her desire to continue working with him. However, that is irrelevant given her contractual obligations under the BPA. This statement went beyond merely providing Kociuk career advice and constituted direct encouragement to leave AMD. On the basis of the evidence presented AMD is likely to succeed on the merits of its claim with regard to Desai's solicitation of Kociuk.

*c. Hagen's Alleged Solicitation*

The evidence that Hagen solicited Desai to work at AMD is indirect, but compelling. On November 13, Desai told Kociuk that "[Hagen] called last night [on the evening of Nov 12, 2012]... Made everything seem urgent and asked how quickly I could give notice, you know [Hagen]." Assuming Desai's reporting of Hagen's statement is accurate (something neither Desai, nor Hagen contested at the hearing), this is clearly solicitation. Both Hagen and Desai testified that this comment was intended as a joke, made because of Desai's tendency to be over-eager about professional opportunities. They suggest that the appended statement "you know [Hagen]" clearly indicates that the whole exchange had been a joke. This explanation is not credible and in any event, these statements constitute direct solicitation even if made innocently. As with Desai's statement "I want you to come with me," this is precisely the sort of active encouragement that AMD sought to forestall through its BPAs. Therefore, on the basis of the

evidence presented AMD is likely to succeed on the merits of its claim with regard to Hagen's solicitation of Desai.

***B. Potential for Irreparable Harm***

I am satisfied that AMD is likely to suffer irreparable harm in the absence of equitable relief with regard to both misappropriation and solicitation.

*1. Misappropriation of Trade Secrets*

Defendants correctly assert that "injunctions . . . are rarely warranted where no threat of future harm exists." *Capability Group, Inc. v. American Express Travel Related Services Co., Inc.*, 658 F.3d 75, 82 (1<sup>st</sup> Cir. 2011). Defendants also correctly note that merely proving likelihood of success on the merits no longer entitles patent infringement plaintiffs to a presumption of irreparable harm. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 394, 126 S. Ct. 1837, 1841 (2006). The First Circuit has declined to extend this precedent to trademark disputes. *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 54 (1<sup>st</sup> Cir. 2013). It remains unclear whether such a presumption should apply in trade secret disputes such as this, though persuasive authority has used such a presumption. *See Optos*, 777 F.Supp.2d at 241.

These facts, however, are inapposite here. As discussed above, it is clear that Feldstein, Desai and Kociuk all had substantial access to confidential AMD information. AMD has also provided sufficient evidence to show that AMD and Nvidia compete in at least some market segments (most particularly the discrete GPU market). Courts have routinely held that in such situations, there is the potential for irreparable harm. *Bio-Imaging Technologies, Inc. v. Marchant*, 584 F.Supp.2d 322, 330 (D. Mass. 2008) (citing *Sierra Club v. Larson*, 769 F.Supp. 420, 422 (D. Mass. 1991)); *see Capability Group*, 658 F.3d at 82.

Feldstein, Desai and Kociuk argue that any future harm is impossible because they have voluntarily surrendered all confidential AMD information in their possession to a neutral third party for forensic examination. I find this argument ineffective for two reasons: (1) Feldstein, Desai and Kociuk's credibility regarding their total and complete surrender of the relevant information is unpersuasive in light of their apparent disregard for such concerns in the past and; (2) at the very least, Feldstein, Desai and Kociuk must all remember large amounts of confidential AMD information that they learned during their employment. Such memories cannot readily be surrendered to a neutral third party.

Where an actual threat of irreparable harm exists, and the credibility of the parties to be enjoined is in question, equitable relief is within the discretion of this Court. This is true even without relying upon the presumption of irreparable harm in AMD's preferred authority. *See e.g., ANSYS, Inc. v. Computational Dynamics N. Am., Ltd.*, 595 F.3d 75, 80 (1<sup>st</sup> Cir. 2010); *Optos*, 777 F.Supp.2d at 241; *Schawbel Corp. v. Conair Corp.*, 122 F.Supp.2d 71, 84 (D. Mass. 2000) *aff'd*, 15 F. App'x 800 (Fed. Cir. 2001); *CTC Commc'ns, Inc. v. Bell Atl. Corp.*, 14 F.Supp.2d 133, 146 (D. Me. 1998).

## 2. Solicitation

Similarly, the potential harm caused by solicitation is difficult to quantify and remedy. Courts have routinely accepted the threat of future solicitation as an irreparable harm. *Optos*, 777 F.Supp.2d at 241 (citing *Schawbel Corp. v. Conair Corp.*, 122 F.Supp.2d 71, 83–84 (D. Mass. 2000)). Defendants argue that all of the alleged solicitees were already committed to leaving AMD, and therefore AMD cannot prove any irreparable harm has already occurred. This misstates the burden AMD must meet in order to receive injunctive relief. At this stage of the litigation AMD must show a likelihood that Defendants will engage in future solicitation given



their alleged past solicitation. *See Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 32 (1<sup>st</sup> Cir. 2011). Once again, this Court's determinations as to credibility are important when considering how likely defendants are to solicit AMD employees in the future. While Hagen and Desai both claim that their statements were entirely innocent, the evidence on the record suggests that they breached their non-solicitation agreements with AMD. I must conclude that they did so either because they didn't truly understand their obligations under their BPAs, or that they willfully ignored those obligations. I find that the risk of future solicitation is substantial enough to necessitate equitable relief.

### ***C. Balance of Equities***

The balance of equities as between the potential burdens on Plaintiff versus those on Defendants weighs very heavily in AMD's favor. The equitable relief sought by AMD does little more than enjoin Defendants from engaging in activities from which they are already contractually barred. To the extent that a preliminary injunction inconveniences the personal lives of Defendants (e.g., through increased press speculation), the marginal burden over and above the mere fact of this litigation is *de minimis* in comparison to the risk of irreparable harm to Plaintiff.

### ***D. Public Interest***

As discussed above in section III(A)(2), the public interest does weigh against adopting an overly broad definition of solicitation. Certainly, AMD and other businesses have a legitimate interest in holding onto their talented employees, but a very expansive definition of solicitation would have a significant chilling effect on interpersonal communications between colleagues. *See Gallagher*, 2001 WL 1334763. This is an undue hardship on individuals, and also one that would likely do little more than foster exactly the sort of employee discontent that

AMD is seeking to avoid. Beyond this limited issue, the public at large has no strong interest for or against the equitable relief Plaintiff seeks.

#### **IV. Conclusion**

The Court notes that the evidentiary record to date is insufficient to prove that Plaintiff has suffered any quantifiable damages as a result of Defendants' actions. This is no bar to injunctive relief as, "[u]nder Massachusetts law, a person who is injured by a breach of contract has a right to judgment even if the breach caused no harm." *Flynn v. AK Peters, Ltd.*, 377 F.3d 13, 23 (1<sup>st</sup> Cir. 2004) (citing *Nathan v. Tremont Storage Warehouse*, 328 Mass. 168, 102 N.E.2d 421, 423 (1951)). The evidence presented here establishes that Plaintiff is likely to achieve at least a nominal judgment

Additionally, of the remaining three elements necessary for injunctive relief, two weigh in favor of Plaintiff and the fourth does not favor either party. AMD has therefore satisfied the test for a preliminary injunction. The sole exception is the claim for breach of contract (by means of solicitation) against Feldstein. Feldstein will therefore not be enjoined from future solicitation.<sup>20</sup> Plaintiff's application for a preliminary injunction is **GRANTED** in part and **DENIED** in part. The TRO will be dissolved and replaced by a preliminary injunction, the exact language of which will be set forth in a separate order.

**SO ORDERED**

/s/ Timothy S. Hillman  
TIMOTHY S. HILLMAN  
DISTRICT JUDGE

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<sup>20</sup> The Court notes that Feldstein is, however, barred by contract from soliciting any AMD clients, customers or employees, without the consent of an AMD Officer, for no more than one year after the termination of his employment at AMD.