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UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

Commissioners:     Robert Pitofsky, Chairman  
                          Mary L. Azcuenaga  
                          Janet D. Steiger  
                          Roscoe B. Starek, III

In the matter of

CADENCE DESIGN SYSTEMS, INC.,  
a corporation.

DOCKET NO. C-3761  
DECISION AND ORDER

The Federal Trade Commission ("Commission") having initiated an investigation of the proposed acquisition by Cadence Design Systems, Inc. ("Cadence") of Cooper & Chyan Technology, Inc. ("CCT") and having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its

complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Cadence is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2655 Seely Road, San Jose, California 95134.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

## **ORDER**

### **I**

**IT IS ORDERED** that, as used in this Order, the following definitions shall apply:

A. "Cadence" means Cadence Design Systems, Inc., its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its subsidiaries, divisions, groups and affiliates controlled by Cadence Design Systems, Inc., and the respective directors, officers, employees, agents, and representatives, successors, and assigns of each.

B. "CCT" means Cooper & Chyan Technology, Inc., a company organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1601 South De Anza Boulevard, Cupertino, California 95014.

C. "Respondent" means Cadence.

D. "Commission" means the Federal Trade Commission.

E. "Acquisition" means the acquisition by Cadence of CCT.

F. "Independent Software Interface Programs" means Respondent's Connections Program™, any successor program thereto, or other licensing program, promotional program or other arrangement by which Respondent enables independent software developers to provide interfaces to Respondent's Integrated Circuit Design Tools (including, e.g., licenses to the SKILL Programming Language, the SKILL Development Environment, the Virtuoso Layout Editor, and other intellectual property and documentation made available through such programs).

G. "Integrated Circuit Design Tool" means electronic design automation software for integrated circuit design.

H. "Integrated Circuit Routing Tool" means an Integrated Circuit Design Tool for the automated routing of connections between electronic components within an integrated circuit.

I. "Commercial Integrated Circuit Routing Tool" means an Integrated Circuit Routing Tool marketed for sale or intended by the developer for use other than solely for the developer's internal use.

## II

**IT IS FURTHER ORDERED** that:

A. Respondent shall permit developers of Commercial Integrated Circuit Routing Tools to participate in Independent Software Interface Programs. The terms by which developers of Commercial Integrated Circuit Routing Tools participate in Respondent's Independent Software Interface Programs shall be no less favorable than the terms applicable to any other participants in Respondent's Independent Software Interface Programs.

B. The purpose of this Paragraph II is to enable independent software developers to develop and sell Integrated Circuit Routing Tools for use in conjunction with Respondent's Integrated Circuit Design Tools, in competition with Integrated Circuit Routing Tools offered by Respondent, and to remedy the lessening of competition resulting from the proposed Acquisition as alleged in the Commission's Complaint.

## III

**IT IS FURTHER ORDERED** that, for a period of ten (10) years from the date this Order becomes final, Respondent shall not, without prior notification to the Commission, directly or indirectly:

A. Acquire any stock, share capital, equity, or other interest in any concern, corporate or non-corporate, engaged in the development or sale of Integrated Circuit Routing Tools in the United States within the year preceding such acquisition; provided, however, that an acquisition of such stock, share capital, equity or other interest will be exempt from the requirements of this paragraph if it is solely for the purpose of investment and Respondent will hold no more than ten (10) percent of the shares of any class of security; or

B. Acquire any assets used or previously used (and still suitable for use) in the development or sale of Integrated Circuit Routing Tools in the United States; provided, however, that such an acquisition will be exempt from the requirements of this paragraph if the purchase price is less than \$ 5,000,000 (five million dollars).

The prior notifications required by this paragraph shall be given on the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended (hereinafter referred to as "the Notification"), and shall be prepared, transmitted and kept confidential in accordance with the requirements of that part, except that: no filing fee will be required for any such notification; notification shall be filed with the Secretary of the Commission and a copy shall be delivered to the Bureau of Competition; notification need not be made to the United States Department of Justice; and notification is required only of Respondent and not of any other party to the transaction. Respondent shall provide the Notification to the Commission at least thirty (30) days prior to the consummation of any such transaction (hereinafter referred to as the "initial waiting period"). If, within the initial waiting period, the Commission or its staff makes a written request for additional information and documentary material, Respondent shall not consummate the transaction until at least twenty (20) days after complying with such request for additional information and documentary material. Early termination of the waiting periods in this paragraph may, where appropriate, be granted by letter from the Bureau of Competition. Notwithstanding, prior notification shall not be required by this paragraph for a transaction for which notification is required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

#### IV

**IT IS FURTHER ORDERED** that, within sixty (60) days after the date this Order becomes final, Respondent shall submit to the Commission a verified written report setting forth in detail a full description of the manner and form in which it intends to comply, is complying, and has complied with Paragraph II of this Order.

#### V

**IT IS FURTHER ORDERED** that, one year from the date this Order becomes final, annually thereafter for the next nine (9) years, and at other times as the Commission may require, Respondent shall file with the Commission verified written reports setting forth in detail the manner and form in which Respondent has complied and is complying with this Order.

#### VI

**IT IS FURTHER ORDERED** that Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate Respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the Order.

## VII

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this Order, upon written request, Respondent shall permit any duly authorized representative of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondent relating to any matters contained in this Order; and

B. Upon five (5) days' notice to Respondent and without restraint or interference from it, to interview officers, directors, or employees of Respondent.

## VIII

**IT IS FURTHER ORDERED** that this Order shall terminate on August 7, 2007.

By the Commission, Commissioner Starek dissenting.\*

Donald S. Clark  
Secretary

ISSUED: August 7, 1997

SEAL

Attachments: Statement of Chairman Pitofsky and Commissioner Steiger  
Statement of Commissioner Azcuenaga, Concurring in Part and  
Dissenting in Part  
Dissenting Statement of Commissioner Starek

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\* Prior to leaving the Commission, former Commissioner Varney registered a vote in the affirmative for issuing the complaint and the decision & order in this matter.

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

In the matter of

CADENCE DESIGN SYSTEMS, INC.,  
a corporation.

File No. 971-0033

INTERIM AGREEMENT

This Interim Agreement is by and between Cadence Design Systems, Inc., a corporation organized and existing under the laws of the State of Delaware ("Cadence"), and the Federal Trade Commission, an independent agency of the United States Government, established under the Federal Trade Commission Act of 1914, 15 U.S.C. § 41, et seq. (the "Commission").

PREMISES

WHEREAS, Cadence has proposed to acquire all of the voting securities of Cooper & Chyan Technology, Inc. ("CCT") pursuant to the Agreement and Plan of Merger and Reorganization by and between Cadence and CCT, dated October 28, 1996 ("the proposed Merger");

WHEREAS, the Commission is now investigating the proposed Merger to determine if it would violate any of the statutes the Commission enforces;

WHEREAS, if the Commission accepts the Agreement Containing Consent Order ("Consent Agreement") in this matter, the Commission will place it on the public record for a period of at least sixty (60) days and subsequently may either withdraw such acceptance or issue and serve its Complaint and decision in disposition of the proceeding pursuant to the provisions of Section 2.34 of the Commission's Rules;

WHEREAS, the Commission is concerned that if an understanding is not reached during the period prior to the final issuance of the Consent Agreement by the Commission (after the 60-day public notice period), there may be interim competitive harm;

WHEREAS, the entering into this Interim Agreement by Cadence shall in no way be construed as an admission by Cadence that the proposed Merger constitutes a violation of any statute; and

WHEREAS, Cadence understands that no act or transaction contemplated by this Interim Agreement shall be deemed immune or exempt from the provisions of the antitrust laws or the Federal Trade Commission Act by reason of anything contained in this Interim Agreement.

NOW, THEREFORE, Cadences agrees, upon the understanding that the Commission has not yet determined whether the proposed Merger will be challenged, and in consideration of the Commission's agreement that, at the time it accepts the Consent Agreement for public comment, it will grant early termination of the Hart-Scott-Rodino waiting period, as follows:

1. Cadence agrees to execute the Consent Agreement and be bound by the terms of the Order contained in the Consent Agreement, as if it were final, from the date Cadence signs the Consent Agreement.

2. Cadence agrees that, from the date Cadence signs the Consent Agreement until the first of the dates listed in subparagraphs 2.a. and 2.b., it will comply with the provisions of this Interim Agreement:

- a. ten (10) business days after the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Section 2.34 of the Commission's Rules; or

- b. the date the Order is final.
- 3. Cadence waives all rights to contest the validity of this Interim Agreement.
- 4. For the purpose of determining or securing compliance with this Interim Agreement, subject to any legally recognized privilege, and upon written request, and on reasonable notice, Cadence shall permit any duly authorized representative or representatives of the Commission:
  - a. access, during the office hours of Cadence and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of Cadence relating to compliance with this Interim Agreement; and
  - b. upon five (5) days' notice to Cadence and without restraint or interference from them, to interview officers, directors, or employees of Cadence who may have counsel present, regarding any such matters.
- 5. This Interim Agreement shall not be binding until accepted by the Commission.

Dated: May 6, 1997.

FEDERAL TRADE COMMISSION CADENCE DESIGN SYSTEMS, INC.

By:

By:

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Stephen Calkins  
General Counsel

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R.L. Smith McKeithen  
Vice President and General Counsel