

# Cyrix and TI Exchange Lawsuits

## Simmering Feud Erupts Into Public—TI's x86 Future at Stake

by Michael Slater

After more than a year of backroom squabbling, the disagreements between Cyrix and Texas Instruments have burst into public view. On December 13, Texas Instruments sued Cyrix, seeking to force Cyrix to deliver the design databases for the M6 (Cx486S) and M7 (Cx486DX) chips, as well as the forthcoming M1 superscalar design. TI is seeking "specific performance"—that is, delivery of the manufacturing packages for these Cyrix processor designs.

Later the same day, Cyrix filed a countersuit giving its account of the breakdown of the relationship. The company raised the stakes by asking the court to confirm Cyrix's termination of the agreement and demanding that TI "cease and desist from manufacturing and distributing Cyrix Licensed Products." Should the court rule in Cyrix's favor, it would take TI out of the x86 processor business, at least for the near term. TI has said that it has an independent x86 CPU core in development, but it is unlikely that this design is close to being ready to bring to market.

At the heart of the dispute is the question of which Cyrix products are covered by the Cyrix/TI agreement. The agreement was written to cover the M5 (486SLC), the M1 (the future superscalar design), "and any derivatives thereof." TI considers the M6 and M7 to be derivatives of the M5; Cyrix does not. Both chips have the same CPU core as the M5, but they have a different bus interface (486 instead of 386) and larger, write-back caches. According to TI's complaint, the M6 and M7 include features that were originally part of the M5 specification but were deferred to the later products.

Cyrix's countersuit focuses not on whether the M6 and M7 are licensed products, but on whether TI upheld its side of the agreement. According to the agreement between the two companies, TI was to supply wafers to Cyrix, and if TI's inventory and manufacturing capacity did not allow it to meet orders from both Cyrix and its other customers, then TI was to "allocate unit shipments...based on relative purchase order unit volumes."

Cyrix alleges that TI did not do so. The countersuit cites an April 15, 1993, order for 625 wafers per week, to which TI responded that it would supply only 200–240 wafers per week. Cyrix asserts that TI refused to demonstrate compliance with the allocation provisions of the agreement, and that on July 26, 1993, Cyrix notified TI that it was terminating the agreement because of TI's alleged failure to perform. If this termination is confirmed

by the court, it will render moot the issue of whether the M6 and M7 are licensed products, and it will also prevent TI from getting the M1 design, to which the agreement—if upheld—clearly entitles it.

A TI spokesperson claimed that "we have more than lived up to our side of the agreement" and declined to comment on Cyrix's allegations about wafer allocation.

Cyrix CFO Ron Edgerton said that TI's refusal to provide legal support that it had allegedly promised was another factor in the dispute. According to Edgerton, TI had agreed to indemnify Cyrix against claims of infringement by Intel and failed to do so. SGS-Thomson, Cyrix's primary—and currently its only—foundry, did come to the company's defense. Unlike TI, SGS-Thomson has only limited rights to market the Cyrix processors under its own name.

The relationship between TI and Cyrix apparently began deteriorating soon after the agreement was signed in February 1991. For Cyrix, having TI's endorsement was a critical step in gaining credibility as a microprocessor vendor. Once this was done, however, TI became a competitor selling chips under its own name, while also supplying wafers to Cyrix.

TI has become the primary supplier for the Cyrix-designed 486DLC, and it recently introduced the first derivatives of its own, the 486SXL and 486SXLC (*see 071504.PDF*). TI has promised to introduce soon a more highly integrated design, code-named Rio Grande and designed for notebook systems. It is apparent from TI's lawsuit that the company had hoped to market the M6 and M7 as well. Should Cyrix prevail, TI's ability to continue selling any products with the Cyrix-designed core would be in doubt. Access to the M1 core could also be critical to TI's long-term participation in the x86 market.

The relationship between the two companies has clearly become very bitter, and it is hard to imagine that they could successfully work together in the future. Cyrix's hostile attitude is summed up in the title of its press release announcing its countersuit: "Cyrix ends TI's free ride into x86 market."

According to Cyrix, TI has been throwing its weight around to manipulate the relationship to its advantage. From TI's perspective, Cyrix is simply trying to get out of an agreement that no longer appeals to it. In either case, the motives are clear: Cyrix would prefer not to have TI as a competitor, and TI would prefer to sell chips directly to customers rather than selling wafers to Cyrix. Whether either company stepped over the line in pursuing these goals is something a judge will decide. ♦