PUBLIC VERSION

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

In the Matter of	)	
	)	
RAMBUS, INC.,	)	Docket No. 9302
a corporation.	)	
	)	

MEMORANDUM BY NON-PARTY IBM IN SUPPORT OF MOTION TO COMPEL RETURN OF INADVERTENTLY PRODUCED PRIVILEGED MATERIAL FROM RAMBUS, INC.

International Business Machines Corporation ("IBM") hereby respectfully moves for an order to compel Rambus, Inc. ("Rambus") to return inadvertently produced privileged discovery material.

Even though Rambus does not dispute that the documents at issue are communications between IBM employees and counsel for the purpose of providing legal advice and cannot seriously dispute that they were inadvertently produced, Rambus refuses to return these privileged documents. Rambus' counsel told IBM counsel that portions of the documents it wants to use are "relevant" and represent, in certain sentences of an otherwise privileged communication, "public information." Even if Rambus were factually correct, which it is not, neither proposition is relevant as a matter of law to the issue of whether the documents are privileged and should be returned. Thus, even if these documents contain some relevant public information, that does not render them either in whole or in part non-privileged. The case law cited by Rambus to IBM counsel to support its position is clearly

distinguishable and, as detailed below, there is substantial case law, which we have supplied to Rambus' counsel, in support of IBM's position. Finally, Rambus argues that the privilege has been somehow impliedly waived because the FTC has put the IBM witnesses' state of mind at issue. Again, the case law on this issue is flatly contrary to Rambus' position.

Under these circumstances it is difficult to understand why Rambus has forced IBM to bring this motion or what proper purpose it could serve. IBM respectfully requests that the Court order Rambus to return the privileged documents.

FACTS

In November 2002, IBM was served with a subpoena with 66 requests by Rambus. IBM produced over 158,000 pages of documents, most of which were produced in approximately 6 weeks. Kimball Decl. ¶2. IBM has recently discovered that production errors were made with respect to some privileged documents. Kimball Decl. ¶3.

These errors included producing some privileged documents because reviewers did not recognize that the author or recipient of a document was an IBM attorney. Erickson Decl. at ¶ 2. IBM also discovered that there were redaction problems for a group of documents that were processed by one attorney. For this group of documents, non-privileged or non-relevant portions of the documents were redacted and privileged portions of the documents were not redacted and mistakenly produced. Jones Decl. at ¶ 2-4.

IBM promptly sought the return of all inadvertently-disclosed, privileged documents. See Kimball Decl. at ¶ 5. Rambus' counsel has agreed to return all of these documents to IBM except for the two documents at issue. Rambus refuses, however, to return the following documents:

[redacted]

Instead of agreeing to return these documents, Rambus has proposed redacting certain information. See Exh. E to Kimball Decl. IBM rejected the proposal because not all privileged matter would be redacted and Rambus' redaction appears to be tactical and would compromise the context of the documents. [1]

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[1] On April 3, 2003, while this issue was still unresolved, Rambus' General Counsel sent an e-mail to IBM employee Fred Boehm, the head of IBM's Intellectual Property Law Department and a person through whom Rambus had been trying to establish a business relationship with IBM. See Exh. I to Kimball Decl. After stating that it had been nine months since they had talked and setting forth his view of Rambus' level of success in the various litigations involving its conduct at JEDEC, Mr. Danforth stated:

> I am writing because it feels like this might be an opportune time for me to give you an update on this case. Also, I wanted to alert you to a privilege issue that has come up with IBM relating to our case before

Footnote continued

Thus, IBM has attempted to resolve this matter informally with Rambus outside counsel without success. Kimball Decl at ¶ 15-16.

ARGUMENT

I. The Documents Are Protected By The Attorney-Client Privilege

The inadvertently disclosed documents at issue are protected by the attorney-client privilege. Confidential disclosures by a client to an attorney made in order to obtain legal assistance are privileged. Fisher v. United States, 96 S. Ct 1569,1577(1976) citing 8 J. Wigmore, Evidence, s 2292 (McNaughton rev. 1961).

The two documents at issue meet each element of this test because they represent confidential communications between IBM employees and counsel for the purpose of seeking or providing legal advice and are not disclosed to anyone other than a small number of relevant IBM employees. Kellogg Decl ¶3, Capella Decl. ¶3. Rambus does not contend otherwise.

Instead, Rambus contends that portions of the privileged communications from IBM employees should nevertheless be disclosed because they are "directly relevant" to issues in the litigation. This contention has no merit as a

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the FTC. The issue is laid out in the attached letters between our outside counsel.

Is there a time in the next day or two when we might talk?

Exh. I to Kimball Decl.

matter of clear law. Mere relevance is never enough to override the attorney-client privilege. In re Dow Corning Corp., 261 F.3d 280, 286 (2d Cir. 2001).[2]

Rambus argues that, because relevant facts standing alone are not privileged, the communication in which those facts are relayed to an attorney in the course of seeking advice is not privileged. Not only is this simply wrong, it is diametrically opposed to positions Rambus has advocated in this very case.[3] As the Supreme Court has explained, "A fact is one thing and a communication concerning that fact is an entirely different thing. The client cannot be compelled to answer the question, 'What did you say or write to the attorney?'...." Upjohn Co. v. United States, 449 U.S. 383, 395-96 (1981).

Rambus contends further that there is a distinction between confidential facts disclosed to the attorney during the course of an otherwise

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[2] Indeed, it would make little sense if mere relevance could trump the "oldest of the privileges for confidential communications". Upjohn Co. v. United States, 449 U.S. 383, 395-96 (1981).

[3] Rambus's refusal to return the documents and the arguments advanced for refusing to do so are particularly curious given that in its Opposition to Complaint Counsel's Motion to Compel Discovery Relating to Rambus' Document Destruction, dated February 14, 2003 ("Opposition to Motion to Compel") Rambus itself has advocated against every single such position it now takes. Indeed, Rambus advocated that while facts are not privileged, communications with lawyers are privileged. See Opposition to Motion to Compel, pp 8-9 ("Here, Complaint Counsel are entitle to inquire, and have inquired, into the state of mind of non-attorneys with regard to the development or implementation of Rambus's document retention policy. They cannot, however, further probe into Rambus's confidential attorney client communications.") ("Complaint Counsel is entitled to inquire about Rambus witnesses' state of mind, but not about their privileged communications.") Id. at p. 12 (citations omitted).

privileged communication and facts that are not confidential, with the latter not being privileged. Presumably, under Rambus' unique theory, one could ask a witness "What non-confidential facts did you disclose to your attorney during the course of seeking legal advice?" Likewise, each sentence in a document which otherwise constitutes a privileged communication would need to segregated into those that contain confidential versus non-confidential information. None of the authority cited by Rambus to IBM counsel stands for the proposition that such parsing of information in an otherwise privileged communication is appropriate.[4]

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[4] In Coastal States Gas Corp. v. DOE, 617 F.2d 854 (D.C. Cir. 1980), the Court held that the entire communications at issue (memoranda from DOE regional counsel to auditors in the field interpreting regulations) were not privileged because: 1) the information was not confidential because it was related to third parties (rather than private information about the agency); 2) it was not communicated for the purpose of seeking legal advice; and 3) the communications were too widely disseminated such that there could be a reasonable expectation that the communications would be confidential. Indeed, the Court distinguished this factual situation from those in another case cited by the Government involving information disclosed during a contract negotiation, stating that "in such a case, the Government is dealing with its attorneys as would any private party, seeking advice to protect personal interest, and needs the same assurance of confidentiality so it will not be deterred from full and frank communications with its counselors. This case bears little resemblance to that situation." Id. at 863. In Avery Dennison Corporation v. UCB Films, PLC, 1998 WL 703647 (N.D. Ill 1998), the Court held that communications with counsel wherein only technical information and prior art information was furnished was not privileged because it was not provided for the purpose of seeking legal advice and it was not intended that this information remain confidential; however, communications with counsel as to which terms to use in a patent application were "conversations seeking legal advice on the legal effect of specific terms in the patent application" and the entire content of that communication was deemed privileged. Id. at *6. Finally, in In re Aircrash Disaster, 133 FRD 515, 518 (N.D. Ill 1990), the Court was reviewing almost 100 documents which all dealt with an investigation after an air crash. The Court held that some of the documents did not meet the test for privilege on various grounds, including that some were distributed too broadly to claim an expectation of privacy,

Footnote continued

Indeed, such an approach would be contrary to the Supreme Court's decision in Upjohn in which the Court did not distinguish between parts of the investigatory interviews in question to determine which portions contained information that was only known to company employees versus that which was known to others outside the company (such as payments made by the company to third parties). Rather, the Court evaluated each communication as a whole to determine whether it met the test for privileged treatment - - a communication to a lawyer in confidence for the purpose of the lawyer providing legal advice to the client. In such a case "these communications must be protected against compelled disclosure." Upjohn, supra, at 394. As noted above, the two communications here undoubtedly meet this test.

Moreover, even if Rambus' theory were correct, it would not be applicable to what Rambus claims are the relevant entries in the privileged

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that some were not communications seeking legal advice and some contained information that was not intended to be kept confidential (such as information gathered that was intended to be disclosed to the plaintiffs). In so ruling, it appears that the Court looked at each document as a whole, and not on a sentence - by - sentence analysis as Rambus advocates here.

Finally, IBM does not contend in this instance that either Rambus or the Commission cannot seek relevant information from IBM witnesses concerning the facts underlying these privileged documents. They may not do so, however, by using communications protected by the attorney-client privilege. See, e.g., Upjohn, id. at 396 (Government free to question employees regarding facts, but cannot use privileged communications). It is worth noting that although Rambus had the Kellogg e-mail at the time Mr. Kellogg's deposition was taken in this matter, no questions were asked of Mr. Kellogg relating to the underlying facts. Clearly, Rambus is not interested in the underlying facts, but in promoting its own interpretation of the way these facts were communicated to counsel in a privileged communication.

II. The Documents Were Inadvertently Produced

Rambus cannot seriously contend that the disclosure of these documents was anything other than inadvertent. As the declarations filed herewith demonstrate, each of the disclosures was inadvertent. See Declarations of Candice Jones and Michael Erickson.

III. IBM Has not Waived the Privilege

The attorney-client privilege has not been waived for these documents because they were inadvertently produced. Protective Order ¶ 15. Rambus

contends, however, that IBM's attorney-client privilege for these documents has been implicitly waived by Complaint Counsel, which has put the state of mind of IBM's employees "at issue", arguing that the privilege cannot be used as "a sword and a shield." As an initial matter, because the privilege belongs to IBM, Complaint Counsel cannot waive a privilege that does not belong to it. See, e.g., In re van Bulow, 828 F.2d 94, 100 (2d Cir. 1987) ("the [attorney-client] privilege belongs solely to the client and may only be waived by him").[5]

Moreover, Rambus' argument is nonsensical in this context. In all of the cases cited in the attachment to Rambus' letter to support its "sword and shield" argument, a party advocated a position based on advice from counsel, and, at the same time, argued that no discovery could be taken on that issue due to the attorney-client privilege. IBM is not a party to the instant litigation, is not seeking to justify a position based upon receipt of legal advice and is not, as discussed above, asserting that inquiry into any factual area should be thwarted. Again, Rambus has previously advocated this very position. In its Opposition to the Motion to Compel Rambus argued that "a party does not lose the privilege to protect attorney client communications from disclosure in discovery when his or her state of mind is put in issue in the action," Opposition to Motion to Compel at pp. 8-9. Rambus

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[5] Again, this very point was argued by Rambus in the Opposition to the Motion to Compel. See pp. 15-20

further argued that while the person's state of mind may be discoverable, privileged communications that reflect that state of mind are not. Id.[6]

Thus, as a matter of clear law, Rambus has no legitimate reason to refuse to return IBM's privileged and inadvertently disclosed documents in their entirety.[7] As demonstrated by the case law cited above, it is clearly contrary to the well established law that Rambus be able to parse the privileged communications and only redact portions of those communications that it deems to be irrelevant or harmful to its position, while keeping in statements or facts contained in those privileged communications which Rambus deems beneficial to it. If such were the state of the law, the attorney client privilege would be meaningless.

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[6] See Rhone-Poulenc Rorer, Inc. v. Home Indemnity Co., 32 F.3d 851, 863 (3d Cir. 1994) ("Advice is not in issue merely because it is relevant, and does not necessarily become in issue merely because the attorney's advice might affect the client's state of mind...advice of counsel is placed in issue where the client asserts a claim or defense by disclosing or describing an attorney client communication.") (citation omitted). Rambus cited to this case and argued this point in its Opposition to Motion to Compel at pp. 2-7.

[7] Rambus, while completely distorting the words and meaning of the documents, also asserts that unless it can use the privileged communications there is no way to get this evidence before the Court and that this is "unfair." Even if that were true, it is not a basis upon which to violate the privilege. Admiral Insurance Co. v. United States District Court for the District of Arizona, 881 F.2d 1486, 1492 (9th Cir. 1988) (no exception to protections afforded privileged materials because the information sought to be discovered is not available from an unprivileged source).

CONCLUSION

For the foregoing reasons, IBM requests that the Administrative Law Judge enter an order compelling Rambus to return IBM's privileged documents.

Respectfully submitted,

HOGAN & HARTSON L.L.P.

By: _____
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Dated: April 15, 2003

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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

In the Matter of	)	
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RAMBUS INCORPORATED,	)	DOCKET NO. 9302
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CERTIFICATION

I hereby certify that the electronic copy of the Motion of Non-Party IBM to Compel Return of Inadvertently Produced Privileged Material from Rambus, Inc. being filed with the Secretary of the Commission is a true and correct copy of the paper original, and that a paper copy with an original signature is being filed with the Secretary of the Commission.

Corey Roush