

1 UNITED STATES OF AMERICA
2 BEFORE FEDERAL TRADE COMMISSION
3

4 _____)
5 In the Matter of)

6 RAMBUS INCORPORATED,)

7 a corporation.)
8 _____)

Docket No. 9302

9 MOTION OF NON-PARTY MITSUBISHI ELECTRIC & ELECTRONICS USA, INC.
10 TO QUASH SUBPOENA OR IN THE ALTERNATIVE FOR PROTECTIVE ORDER

11 I. INTRODUCTION

12 Under Rule 3.34(c) of the Rules of Practice for Adjudicative Proceedings before
13 the United States Federal Trade Commission (“FTC Rules of Practice”), non-party Mitsubishi
14 Electric & Electronics USA, Inc. (“MEUS”) respectfully submits this motion to quash or
15 otherwise limit the subpoena *duces tecum* purportedly served on MEUS by Rambus Incorporated
16 (“Rambus”) in this matter.

17 Compliance with this subpoena would be both unfair and oppressive. Rambus
18 seeks to force MEUS to search for and produce countless documents spanning a period of nearly
19 12 years. This onerous burden – imposed on a non-party – would far exceed any resulting
20 benefit in this proceeding. Moreover, documents responsive to numerous requests in the
21 subpoena would contain privileged matter or otherwise confidential and commercially sensitive
22 information, including MEUS trade secrets. Forced disclosure of such information here would
23 jeopardize MEUS’s ability to compete and unnecessarily risk both disrupting its business
24 relationships and subjecting MEUS to further litigation and possible liability.

25 Under Rule 3.22(f), and as explained both in Part II.B, below, and in the
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1 accompanying Declaration of John W. Calkins filed in support of this motion (“Calkins Decl.”),
2 MEUS states that its counsel has conferred with counsel for Rambus in an effort in good faith to
3 resolve by agreement the issues raised by this motion and has been unable to reach such an
4 agreement. *See* Calkins Decl. at ¶¶ 6-9, Ex. B. MEUS thus respectfully requests an order
5 quashing this subpoena or, in the alternative, reasonably limiting the production burden the
6 subpoena would impose and requiring reimbursement of related costs by Rambus. Pending the
7 resolution of this motion, enforcement of the Rambus subpoena should be stayed.

8 II. FACTS

9 A. The Rambus Subpoena

10 On October 4, 2002, without prior notice to MEUS, Rambus served a subpoena
11 *duces tecum* issued on August 20, 2002 identifying MEUS as the subpoenaed party. Calkins
12 Decl., ¶ 3. Neither MEUS nor any related entity is or has ever been a party to the underlying
13 FTC proceeding. *Id.*, ¶ 2.

14 Although directed to MEUS, the subpoena was served on CT Corporation System
15 (“CT”) in Chicago, Illinois. *See* Calkins Decl., ¶ 3, Ex. A (“Subpoena”). MEUS is a Delaware
16 corporation with headquarters in Cypress, California. *Id.*, ¶ 4. The company’s semiconductor
17 business unit is based in Sunnyvale, California. *Id.* While CT is MEUS’s authorized agent for
18 service of process in Illinois and other states, CT has no other relationship with MEUS. *Id.*, ¶ 5.
19 CT does not have possession, custody or control of the MEUS documents requested in the
20 Rambus subpoena; on the contrary, most such documents are located approximately 2000 miles
21 away in California, where MEUS’s semiconductor business unit is based. *Id.*, ¶ 5.

22 In its subpoenas directed to non-party MEUS, Rambus demands production of all
23 documents generated or received since January 1, 1991 – a period of nearly 12 years – that fall
24 into one of many sweeping categories. Subpoena at 1, ¶ 6. The subpoena enumerates 63
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1 separate requests, some of which contain numerous subparts. *See, e.g.*, Subpoena at 4-5, Request
2 No. 12 (requesting 11 separate categories of documents related to nine different DRAM
3 technologies – a total of 99 categories of documents); *Id.* at 5-6, Request No. 14 (seeking all
4 communications regarding four distinct subjects – a total of four categories of documents). As a
5 result, the subpoena seeks production of documents in well more than 160 categories, many of
6 which are sweeping in scope. *See, e.g.*, Subpoena at 10, Request No. 52 (requesting “[a]ll
7 documents sufficient to show the following information for *each sale of DRAM chips made by*
8 *the company* during the relevant pricing period: (a) the date of each sale; (b) the date of delivery;
9 (c) the volume; (d) the purchaser; (e) the price per chip; and (f) the terms of the sale agreement.”)
10 (emphasis added). Moreover, while the subpoena is addressed solely to MEUS, the requests
11 purportedly extend to MEUS “and its subsidiaries and parent companies and each of their
12 officers, employees, directors, predecessors, successors, and assigns.” *Id.* at 1, ¶ 5 (defining
13 “Mitsubishi,” “company,” “you,” and “your” in this manner). Mitsubishi Electric Corporation
14 (“MELCO”), the corporate parent of MEUS’s corporate parent, is a Japanese corporation.
15 Calkins Decl., ¶ 10

16 The subpoena also requests production of documents containing privileged or
17 confidential and commercially sensitive information, including MEUS trade secrets. For
18 example, the subpoena demands production of privileged documents, such as “[a]ll documents
19 constituting, relating or referring to *any opinion of counsel* sought or obtained by you prior to
20 December 1995 regarding any intellectual property rights owned or claimed by Rambus.”
21 Subpoena at 3, Request No. 7 (emphasis added). As another illustrative example, Rambus asks
22 MEUS to produce all documents “relating or referring to the fixed costs associated with the
23 company’s manufacture or sale of DRAM chips during the relevant pricing period” – proprietary
24 details concerning MEUS’s costs and operations, the confidentiality of which MEUS has taken
25 all reasonable steps to preserve. Subpoena at 11, Request No. 63.

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2 **B. Efforts To Resolve This Dispute**

3 To allow MEUS time to investigate the impact of attempting to respond to the
4 Rambus subpoena on its business operations, and to permit the parties time needed to meet and
5 confer in a good faith effort to resolve issues raised by the subpoena without prejudice to MEUS,
6 Rambus agreed to extend the deadline for filing this motion, initially to October 22, 2002, and
7 then further to October 29, 2002. Calkins Decl., ¶ 6, Ex. B. On October 21, 2002, counsel for
8 MEUS and Rambus conferred telephonically, discussing (1) the fact that MEUS and MELCO are
9 separate entities, (2) MEUS's concerns regarding the production burden imposed by the requests
10 and regarding requests calling for documents that are privileged or contain confidential and
11 commercially sensitive information, and (3) proposals by Rambus to narrow or eliminate
12 particular requests. *Id.*, ¶ 7, Ex. B. This conference resulted in Rambus withdrawing two
13 requests (Requests Nos. 21 and 32) and agreeing not to require separate responses to several
14 requests because other requests subsumed them. *Id.*, ¶ 8, Ex. B.¹ Counsel for MEUS and
15 Rambus again conferred telephonically on October 28, 2002, discussing (1) the privilege log
16 requirement, (2) MEUS's concerns regarding confidentiality of commercially sensitive
17 information, (3) proposals to reduce the burden of production, (4) the relevant time period, and
18 (5) reimbursement by Rambus of costs incurred by MEUS in responding to the subpoena. *Id.*,
19 ¶ 9.² Unable to resolve these disputes, however, counsel instead agreed to a briefing schedule for
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22 ¹ Specifically, MEUS and Rambus agreed that Request No. 12 subsumes Request No. 34, that
23 Request No. 41 subsumes Request No. 42, and that Request No. 46 subsumes Request No. 45,
24 subparts (a) and (b).

25 ² In both discussions, Sean P. Gates of Munger, Tolles & Olson LLP represented Rambus, and
26 David T. Burse and John W. Calkins of Bingham McCutchen LLP represented MEUS.

1 this motion. *Id.*³ Having attempted in good faith to resolve these issues informally, MEUS
2 respectfully moves to quash this subpoena or, in the alternative, for a protective order narrowing
3 the documents to be produced in response to the subpoena and requiring that Rambus reimburse
4 MEUS for its associated costs.

5
6 **III. THE SUBPOENA SHOULD BE QUASHED FOR FAILURE OF
7 PROPER SERVICE.**

8 A subpoena served on a non-party through its agent for service of process is
9 properly quashed where the documents sought are not controlled by the agent – particularly
10 where, as here, the agent is located in a separate judicial district. *See, e.g., Ariel v. Jones*, 693
11 F.2d 1058 (11th Cir. 1982); *Cates v. LTV Aerospace Corp.*, 480 F.2d. 620 (5th Cir. 1973); *In re*
12 *North American Acceptance Corp.*, 21 F.R.Serv. 2d 612 (N.D. Ga. 1975); *see also* W. Schwarzer
13 *et al., Federal Civil Procedure Before Trial* ¶ 11.384 (2002).⁴ In *Ariel*, for example, the

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15 ³ Pursuant to 4.3(b), “for good cause shown” the Administrative Law Judge may extend the time
16 limit prescribed or allowed by the FTC Rules of Practice, including the deadline for filing a
17 motion to quash or limit a subpoena. 16 C.F.R. § 4.3(b); *see also* 16 C.F.R. § 3.34(c). MEUS
18 respectfully moves for such an extension of time vis-à-vis this motion and submits that good
19 cause exists. Here, Rambus agreed with MEUS that additional time was necessary to allow
20 MEUS adequate time to investigate the impact of attempting to respond to the Rambus subpoena
21 on its business operations and to permit MEUS and Rambus the time required to meet and confer
22 in a good faith effort to resolve issues raised by the subpoena without prejudice to MEUS.
Accordingly, Rambus agreed to extend the deadline for filing this motion, initially to October 22,
2002, and then further to October 29, 2002. Calkins Decl., ¶ 6, Ex. B. As a result, MEUS and
Rambus were able to resolve various issues related to the subpoena. *Id.*, ¶ 8, Ex. B. Based on
this showing of good cause, MEUS respectfully requests that the Administrative Law Judge
extend the prescribed time limit to reflect these mutually beneficial agreements.

23 ⁴ The FTC looks to analogous rules in the Federal Rules of Civil Procedure (“Fed. R. Civ. P.”)
24 and to federal court decisions applying those rules for guidance in interpreting the scope and
25 application of its rules. *See, e.g., In the Matter of Hoechst Marion Roussel*, 2000 FTC LEXIS
155 (Oct. 17, 2000) (summarizing federal courts’ interpretations of Federal Rules of Civil
Procedure where disclosure of trade secret information sought).

1 Eleventh Circuit Court of Appeal affirmed a district court’s order quashing a subpoena served on
2 the United States Olympic Committee, a non-party to the underlying litigation. Rather than
3 serving the Olympic Committee at its headquarters in Colorado, the defendant in the underlying
4 litigation instead served it on C.T. Corporation, the Olympic Committee’s agent for service of
5 process in Florida. *Ariel*, 693 F.2d at 1059, 1061. The district court quashed the subpoena,
6 holding that requiring a non-party based in Colorado to produce documents in Florida “would be
7 burdensome and unfair.” *Id.* at 1059. The Court of Appeal affirmed based on its finding that
8 “C.T. Corporation does not ‘control’ the documents sought by [the defendant]. The documents
9 are located at the Olympic Committee’s headquarters in Colorado Springs.” *Id.* at 1061; *see also*
10 *Cates*, 480 F.2d. at 623 (discovery rules cannot be used to require a non-party to produce
11 documents in the custody of the head of the organization located in another judicial district);
12 *North American Acceptance*, 21 F.R.Serv. 2d at 617 (“In the absence of such control [by local
13 offices over documents kept at corporate headquarters], therefore, even the existence of personal
14 jurisdiction in this court is insufficient to create jurisdiction over the documents which are
15 outside of the district.”).

16 The subpoena at issue here should be quashed on the same basis. Rather than
17 serving its subpoena on MEUS either at its headquarters or at the principal place of business of
18 its semiconductor division (both in California), Rambus instead served it on CT in Illinois. Like
19 C.T. Corporation, the agent served in *Ariel*, CT does not have control of the MEUS documents
20 requested in the Rambus subpoena. On the contrary, most of the requested documents within the
21 control of MEUS are located in California, far from Illinois. Calkins Decl., ¶ 5. *See Ariel*, 693
22 F.2d at 1061 (distance between documents at Olympic Committee’s headquarters in Colorado
23 and its agent in Florida through which service was rendered establishes absence of requisite
24 “control” by agent over documents). Like the litigant seeking discovery from a non-party in
25 *Ariel*, Rambus can demonstrate no compelling basis for serving its subpoena on CT in Illinois
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1 rather than on MEUS in California. Accordingly, this dispute aligns squarely with that decided
2 in *Ariel*, and the outcome should be the same: the Rambus subpoena should be quashed in its
3 entirety.

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5 **IV. AN ORDER QUASHING OR OTHERWISE REASONABLY**
6 **LIMITING THE SCOPE OF THE SUBPOENA IS NECESSARY**
7 **AND WARRANTED.**

8 In the event the subpoena is not quashed for failure of proper service, MEUS
9 moves in the alternative to nevertheless quash or otherwise limit the Rambus subpoena due to its
10 extremely overbroad and burdensome scope. Like a federal court, an Administrative Law Judge
11 in an FTC proceeding must quash or limit any subpoena that is unduly burdensome or requires
12 the disclosure of privileged or confidential and proprietary information. 16 C.F.R.

13 § 3.31(c)(1)(iii) (use of subpoena and other discovery methods “shall be limited by the
14 Administrative Law Judge” where the “burden and expense of the proposed discovery outweigh
15 its likely benefit”); 16 C.F.R. § 3.31(c)(2) (authorizing Administrative Law Judge to “enter a
16 protective order denying or limiting discovery to preserve” a privilege); Fed. R. Civ. P. 45(c)(3)
17 (a court “shall quash or modify the subpoena if it . . . requires disclosure of privileged or other
18 protected matter . . . [or] subjects a person to undue burden”). Moreover, an Administrative Law
19 Judge has the power to modify the subpoena and limit the scope of permissible discovery. 16
20 C.F.R. § 3.31(d)(1) (authorizing Administrative Law Judge to “deny discovery or make any
21 order which justice requires to protect a party or other person from annoyance, embarrassment,
22 oppression, or undue burden or expense”); *see also* Fed. R. Civ. P. 26(c) (court may grant a
23 protective order to protect a party from annoyance, embarrassment, oppression, or undue burden
24 or expense); Fed. R. Civ. P. 45(c)(3) (a court may quash or modify a subpoena requiring the
25 disclosure of a trade secret or other confidential research, development or other commercial
26 information).

Here, compliance with the subpoena should be limited in several significant

1 respects. First, the Rambus subpoena cannot reach MELCO’s documents, which are not within
2 the possession, custody and control of MEUS, the entity to which the subpoena is addressed. *See*
3 Part IV.A.1, below. Notably, Rambus has not followed the procedures required under the FTC
4 Rules of Practice to issue a subpoena directed at a foreign corporation, such as MELCO. *See*
5 Part IV.A.2, below. Second, MEUS should not be required to produce documents generated or
6 received over a 12-year period, as requested by Rambus. *See* Part IV.B.3, below. Third, because
7 the burdens of complying with this overbroad subpoena dwarf the likely benefits, MEUS should
8 not be required to produce any documents unless and until Rambus limits its requests in a
9 manner sufficient to reasonably alter that balance. *See* Part IV.B.3, below. Fourth, the subpoena
10 requests a wide range of confidential and commercially sensitive documents from MEUS,
11 including trade secrets and privileged information. MEUS should not be forced to produce such
12 documents when doing so could foreseeably cause serious and irreparable harm to MEUS’s
13 business and subject MEUS to resulting litigation. *See* Part IV.B.4, below. Finally, Rambus
14 should reimburse MEUS’s expenses related to responding to this subpoena. *See* Part IV.C,
15 below.

16
17 **A. The Subpoena Cannot Compel Production Of Documents**
18 **Controlled By MELCO.**

19 The subpoena at issue is, in part, a thinly veiled attempt by Rambus to obtain
20 documents related to and controlled by MELCO. For example, Rambus has requested various
21 categories of documents related to “the Non-Disclosure Agreement entered into in 1990 between
22 *you* and Rambus (hereinafter ‘the Rambus NDA’).” Subpoena at 2-3, Requests Nos. 1-6, 8
23 (emphasis added). MEUS did not enter such an agreement with Rambus. Assuming *arguendo*
24 MELCO did enter into such an NDA with Rambus, the overbroad definition of “you” in the
25 Rambus subpoena would apparently require MEUS to search for a wide range documents over
26 which MEUS has no control concerning an agreement to which MEUS is not a party. *See*

1 Subpoena at 1, ¶ 5. Rambus should not be allowed to misuse the discovery process in this
2 manner.

3
4 **1. MEUS Need Not Locate And Produce MELCO’s
5 Documents, Over Which MEUS Lacks Control.**

6 A corporation to which a subpoena for records is issued must produce only those
7 records which are in its “possession, custody or control.” Fed. R. Civ. P. 34(a).⁵ MEUS does
8 not maintain custody or possession of MELCO’s documents. Further, as a separate legal entity
9 without the right to demand documents from MELCO, MEUS does not have “control” over any
10 MELCO documents. Calkins Decl., ¶ 10. *United States v. International Union of Petroleum &*
11 *Indus. Workers*, 870 F.2d 1450, 1452-54 (9th Cir. 1989) (compliance with Department of Labor
12 subpoena not required where international union lacked legal right to compel local union to
13 produce documents; “inherent relationship” between entities insufficient to establish actual
14 “control”); *see also In re Citric Acid Litigation*, 191 F.3d 1090, 1107-08 (9th Cir. 1999) (absent
15 showing of actual control, party cannot be compelled to produce documents held by separate
16 legal entity). A subsidiary of a MELCO subsidiary, MEUS is a separate legal entity with its own
17 headquarters, board of directors, executive management, and legal counsel. Calkins Decl., ¶ 10.
18 Rambus has proffered no evidence with its subpoena that MEUS has authority to obtain
19 documents from MELCO, or that documents of MELCO are otherwise in the possession,
20 custody, or control of MEUS.

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24 ⁵ Proceedings to compel the production of documents in accordance with a subpoena issued by
25 an officer or agency of the United States are governed by the Federal Rules of Civil Procedure.
26 Fed. R. Civ. P. 81(a)(3).

1 2. **Rambus Has Not Satisfied The FTC’s Prerequisites For**
2 **Issuing A Subpoena To Be Served In A Foreign**
3 **Country.**

4 The subpoena addressed to MEUS cannot be interpreted to encompass documents
5 under the control of MELCO, as Rambus has failed to file an appropriate application as required
6 by the FTC prior to issuing a subpoena to be served in a foreign country. FTC Rule of Practice
7 3.36 requires that an application “for the issuance of a subpoena to be served in a foreign
8 country, shall be made in the form of a written motion filed in accordance with the provisions of
9 § 3.22(a).” 16 C.F.R. § 3.36(a). Under the same rule, the party moving for such a subpoena
10 must make four specific showings, including establishing its “good faith belief that the discovery
11 requested would be permitted by treaty, law, custom or practice in the country from which the
12 discovery is sought and that any additional procedural requirements have been or will be met
13 before the subpoena is served.” 16 C.F.R. § 3.36(b)(4). Here, Rambus has not made this
14 showing vis-à-vis MELCO, a Japanese corporation. Instead, Rambus seeks to circumvent these
15 procedural safeguards by serving a subpoena on MEUS in the United States commanding
16 production of documents not only from MEUS, but also from “its subsidiaries and *parent*
17 *companies* and each of their officers, employees, directors, predecessors, successors, and
18 assigns.” Subpoena at 1, ¶ 5 (emphasis added).

19 For at least the reasons above, MEUS respectfully requests that the
20 Administrative Law Judge issue a protective order clarifying that the Rambus subpoena at issue
21 here does not require production of documents under the control of MELCO.

22 B. **The Substantial Burdens This Subpoena Would Impose On A**
23 **Non-Party Far Outweigh Any Associated Benefits.**

24 The right to discovery is not unfettered. Rather, like all matters of procedure,
25 discovery has “necessary boundaries.” *Lesal Interiors Inc., v. Resolution Trust Corporation*, 153
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1 F.R.D. 522, 560 (D.N.J. 1994). Where, as here, a subpoena would subject a non-party to burdens
2 far in excess of the likely benefits of production, it must be quashed or otherwise limited. 16
3 C.F.R. § 3.31(c)(1)(iii) (use of subpoena “shall be limited by the Administrative Law Judge”
4 where the “burden and expense of the proposed discovery outweigh its likely benefit”); Fed. R.
5 Civ. P. 45(c)(3) (a court “shall quash or modify the subpoena if it . . . subjects a person to undue
6 burden”).

7
8 **1. Rambus Provides No Indication In Its Subpoena That**
9 **Many Of The Documents It Commands From MEUS**
10 **Are Relevant.**

11 A subpoena is subject to relevance requirements. 16 C.F.R. § 3.31(c)(1)
12 (discovery sought in an FTC proceeding must be “reasonably expected to yield information
13 relevant to the allegations of the complaint, to the proposed relief, or to the defenses of any
14 respondent.”); Fed. R. Civ. P. 26(b)(1) (permitting only production of non-privileged documents
15 that are “relevant to the subject matter” or “reasonably calculated to lead to the discovery of
16 admissible evidence”). Where the requested documents are not relevant or are only marginally
17 so, a court or Administrative Law Judge is more likely to quash the subpoena as unduly
18 burdensome and oppressive. *Compaq Computer Corp. v. Packard Bell Electronics, Inc.*, 163
19 F.R.D. 329, 335-36 (N.D. Cal. 1995) (“Obviously, if the sought-after documents are not relevant
20 nor calculated to lead to the discovery of admissible evidence, then *any burden whatsoever*
21 imposed upon [a non-party] would be by definition ‘undue.’”) (emphasis in original).

22 That is the case here. Rambus has failed to (and cannot) explain the relevance to
23 the underlying FTC proceeding of entire categories of documents responsive to requests in its
24 subpoena. As MEUS understands it, the underlying proceeding relates to the activities of
25 Rambus in the JEDEC organization. Yet the subpoena seeks many categories of documents that
26 are wholly unrelated to Rambus. Of the 63 enumerated requests for production in the subpoena,

1 only 19 (Requests Nos. 1-11, 12(k), 14(c), 35, 43, 45(a) and (c), 46(a) and (c), 48, and 56) are in
2 any way directed toward documents involving Rambus. Accordingly, the subpoena should be
3 limited to exclude all other categories and subparts.

4 Furthermore, despite defining the “relevant pricing period” as the period from
5 January 1, 1998 through June 30, 2002, Rambus nonetheless requires MEUS to identify and
6 produce responsive documents generated or received over a much broader period: January 1,
7 1991 to the present. Subpoena at 1, ¶ 6. Rambus has not explained why MEUS must now
8 search its entire organization for documents spanning a 12-year period, including some which
9 predate the relevant pricing period by seven years and others which relate to JEDEC activities
10 six years after Rambus withdrew from the organization. In the absence of a compelling showing
11 of need by Rambus, each request should require (at most) production of documents generated or
12 received by MEUS *either* during the relevant pricing period *or* during the period when Rambus
13 was a JEDEC member.

14
15 **2. Undue Discovery Burdens On Non-Parties Are**
16 **Particularly Disfavored.**

17 Unduly burdensome and oppressive discovery requests are especially improper
18 when directed at a non-party, such as MEUS here. *Echostar Communications Corp. v. News*
19 *Corp.*, 180 F.R.D. 391, 394 (D. Colo. 1998) (*citing American Standard Inc. v. Pfizer, Inc.* 828
20 F.2d 734, 738 (Fed. Cir. 1987) (“[T]he status of a person or entity as a non-party is a factor
21 which weighs against disclosure.”). In fact, “[t]he standards for nonparty discovery . . . require a
22 stronger showing of relevance than for simple party discovery.” *Laxalt v. McClatchy*, 116
23 F.R.D. 455, 458 (D. Nev. 1986) (documents deemed irrelevant in the hands of a non-party); *see*
24 *also Bio-Vita, Ltd. v. Biopure Corp.* 138 F.R.D. 13, 17 (D. Mass. 1991) (usual relevance standard
25 does not apply to non-parties). Particularly where, as here, the interests of a non-party are
26 implicated, courts and others authorized to resolve discovery disputes attach greater significance

1 to the significant burdens imposed by sweeping discovery requests. *Concord Boat Corp. v.*
2 *Brunswick Corp.*, 169 F.R.D. 44, 48-49 (S.D.N.Y. 1996) (as non-party to underlying litigation,
3 witness entitled to consideration regarding expense and inconvenience).

4
5 **3. The Rambus Subpoena Must Be Limited To Avoid**
6 **Imposing Undue Discovery Burdens On A Non-Party.**

7 MEUS respectfully moves to limit this overly broad subpoena as unduly
8 burdensome and oppressive based on the sweeping scope of the categories of requested
9 documents and their marginal relevance to the underlying proceeding. 16 C.F.R. § 3.31(c)(1)(iii)
10 (use of subpoena and other discovery methods “shall be limited by the Administrative Law
11 Judge” where the “burden and expense of the proposed discovery outweigh its likely benefit”);
12 *see also Concord Boat*, 169 F.R.D. at 48-49 (S.D.N.Y. 1996) (quashing subpoena as overbroad
13 and unreasonable, particularly given expense and inconvenience to non-party). For example,
14 Rambus seeks “[a]ll documents sufficient to show the following information for *each sale of*
15 *DRAM chips made by the company* during the relevant pricing period: (a) the date of each sale;
16 (b) the date of delivery; (c) the volume; (d) the purchaser; (e) the price per chip; and (f) the terms
17 of the sale agreement.”) (emphasis added). Subpoena at 10, Request No. 52. The requested
18 documents have nothing whatsoever to do with Rambus, much less with its activities in the
19 JEDEC organization. Because these documents would appear to be largely (if not entirely)
20 irrelevant to the underlying FTC proceeding, their production would be of little benefit to the
21 finder of fact, but would impose an oppressive burden on MEUS. By itself, the substantial time
22 and expense required simply to locate, compile, review for privilege, and produce all such
23 documents would dwarf the likely benefit of production. *See Calkins Decl.*, ¶ 11. Moreover, the
24 needless intrusion by Rambus into every detail of a non-party’s business affairs constitutes a
25 separate, equally unwarranted burden. *See, e.g., Premium Service Corp. v. Sperry & Hutchinson*
26 *Co.*, 511 F.2d 225, 229 (9th Cir. 1975) (“no company, having a choice, would permit another

1 company to go on a fishing expedition through its records”).

2 The 19 requests that are in some way directed toward Rambus similarly create
3 burdens exceeding their likely benefits. For example, Rambus seeks “[a]ll documents relating to
4 meetings you have participated in with any representative of Rambus.” Subpoena at 9, Request
5 No. 43. To require a non-party like MEUS to search its entire organization for and produce
6 every document related to every meeting, whether or not a JEDEC meeting, attended by
7 representatives of MEUS and Rambus over the last 12 years would be outrageous.⁶ *See, e.g.,*
8 *Premium Service*, 511 F.2d at 229 (quashing subpoena requesting every document concerning
9 relationship between party seeking discovery and subpoenaed non-party). Instead, within each
10 relevant category of documents, the subpoena should be limited to a reasonable scope.

11
12 **4. The Subpoena Seeks To Compel MEUS To Disclose**
13 **Confidential and Commercially Sensitive Information,**
14 **Subjecting MEUS To Potential Competitive And Legal**
15 **Harm.**

16 Rambus seeks documents from MEUS that disclose agreements with its
17 customers and licensors, pricing and cost data, order quantities and patterns, technology
18 licensing terms, and other commercially sensitive details. This information is confidential and
19 proprietary; furthermore, much of it is privileged. Producing this information would subject
20 MEUS to risks both of economic harm and of legal liability.

21 A court *must* quash or modify a subpoena that requires disclosure of privileged or
22 other protected matter when no exception or waiver applies. Fed. R. Civ. P. 45(c)(3). The FTC

23 ⁶ Under the overly broad definition of “you” set forth by Rambus in the subpoena, the scope of
24 this request balloons to encompass every document related to every meeting attended by any
25 representative of Rambus and any representative of MEUS or “its subsidiaries and parent
26 companies and each of their officers, employees, directors, predecessors, successors, and
assigns.” *See* Subpoena at 1, ¶5.

1 Rules of Practice expressly authorize an Administrative Law Judge to respond in the same
2 manner. 16 C.F.R. § 3.31(c)(2). This authority is an effective deterrent to potentially
3 exploitative abuses of discovery, because a litigant’s insistence on production of wide-ranging
4 confidential information reasonably evokes suspicion that it intends to use the requested
5 information for other purposes. *See, e.g., Echostar*, 180 F.R.D. at 396 (finding that facts
6 surrounding third party subpoena raised “a healthy suspicion” it sought discovery for purposes
7 unrelated to litigation). As the party seeking discovery of confidential or proprietary
8 information, Rambus bears the burden of demonstrating a “substantial need” for it. *Compaq*,
9 163 F.R.D. at 338-39.

10 Here, without having demonstrated any substantial need to MEUS, Rambus
11 demands that MEUS, a non-party, produce a sweeping range of documents containing
12 confidential and privileged information, including documents responsive to the following
13 requests:

- 14 • “All documents constituting, relating or referring to any opinion of
15 counsel sought or obtained by you prior to December 1995 regarding any
16 intellectual property rights owned or claimed by Rambus” (Subpoena at 3,
17 Request No. 7);
- 18 • “All documents describing, analyzing, or referring to the scope or validity
19 of any Rambus’ claimed intellectual property rights” (Subpoena at 3,
20 Request No. 10);
- 21 • “All documents describing, analyzing, or referring to the possibility of
22 designing around Rambus’ claimed intellectual property” (Subpoena at 4,
23 Request No. 11);
- 24 • “[A]ll documents describing, analyzing, or referring to any assertion or
25 possible assertion by Rambus of any intellectual property rights with
26

1 respect to [each of nine DRAM-related] technolog[ies] or feature[s]

2 (Subpoena at 5, Request No. 12(k));

- 3 • “Documents sufficient to identify: (a) the criteria used to determine the
4 scope of your search for patents or patent applications in connection with
5 the JEDEC disclosure policy; (b) all actual search efforts and/or results;
6 and (c) the personnel involved in any such search process” (Subpoena at 7,
7 Request No. 23);
- 8 • “All documents describing, reflecting, or referring to terms under which
9 you have licensed proprietary technology in advance of the issuance of a
10 patent” (Subpoena at 7, Request No. 29);
- 11 • “All documents relating or referring to the setting of DRAM chip prices at
12 any level (e.g., end-user, distributor) during the relevant pricing period,
13 including, but not limited to, discussions of price changes, pricing goals or
14 strategies, and competitor responses or reactions to price changes”
15 (Subpoena at 10, Request No. 51);
- 16 • “Documents sufficient to show the quantity of DRAM chips the company
17 manufactured during the relevant pricing period” (Subpoena at 10,
18 Request No. 53);
- 19 • “All documents relating or referring to the price of DRAM chips
20 manufactured by any other DRAM manufacturer” (Subpoena at 11,
21 Request No. 60);
- 22 • “All documents that the company has provided to or received from the
23 Department of Justice (“DOJ”), any grand jury, or any other person in
24 connection with the DOJ's investigation of alleged price-fixing by certain
25 DRAM chip manufacturers” (Subpoena at 11, Request No. 61); and
26

1 • “All documents relating or referring to the fixed costs associated with the
2 company's manufacture or sale of DRAM chips during the relevant pricing
3 period” (Subpoena at 11, Request No. 63).

4 Even if Rambus could articulate a “substantial need” for the discovery of
5 MEUS’s proprietary information, such need could not outweigh MEUS’s interest in maintaining
6 the confidentiality of that information. Requiring MEUS to produce documents that disclose
7 trade secrets and other confidential, commercially sensitive information for review by Rambus’s
8 agents and industry experts would diminish the value of those trade secrets and potentially cause
9 economic harm to MEUS. Moreover, MEUS’s production of documents reflecting the
10 proprietary information of its licensors and other third parties – such as “documents describing,
11 reflecting, or referring to terms under which you have licensed proprietary technology in advance
12 of the issuance of a patent” (Subpoena at 7, Request No. 29) – would potentially violate
13 contractual duties of confidentiality, thus subjecting MEUS to unnecessary risks of resulting
14 litigation and liability.

15 Finally, MEUS should not be required to search its entire organization for
16 documents responsive to requests calling for matter that is protected from discovery under any
17 applicable privilege, including the attorney-client privilege and the work product doctrine. *See,*
18 *e.g.,* Subpoena at 3, Request No. 7 (seeking “[a]ll documents constituting, relating or referring to
19 any *opinion of counsel* sought or obtained by you prior to December 1995 regarding any
20 intellectual property rights owned or claimed by Rambus”) (emphasis added); Subpoena at 3,
21 Request No. 10 (seeking “[a]ll documents describing, analyzing, or referring to the scope or
22 validity of any Rambus’ claimed intellectual property rights”). Forcing MEUS to search for all
23 such documents throughout its entire organization and to prepare a privilege log would impose
24 an onerous burden on a non-party that substantially outweighs the marginal benefit to Rambus of
25 obtaining a list of MEUS’s privileged documents.

26

1
2 **C. MEUS Is Entitled To Reimbursement For Costs Incurred**
3 **Responding To The Rambus Subpoena And Filing This**
4 **Motion.**

5 The Federal Rules of Civil Procedure require courts to “assure that the person to
6 whom the subpoena is addressed will be reasonably compensated” for the burden of disclosure.
7 Fed. R. Civ. P. 45(c)(3)(B)(iii); *see also Mycogen Plant Science, Inc. v. Monsanto Co.* 164
8 F.R.D. 623, 628 (subpoenaing party required to compensate non-party for time and labor in
9 producing documents and being deposed). Courts have broad discretion to fashion discovery
10 orders that protect parties and non-parties from excessive costs for compliance with subpoenas.
11 *See, e.g., S.E.C. v. Arthur Young & Co.*, 584 F.2d 1018, 1022 (D.C. Cir. 1978) (Rule 45 can be
12 used to require interim reimbursement and reimbursement of costs at the conclusion of
13 discovery).

14 Reimbursement of costs is especially appropriate when a subpoena is directed to a
15 non-party, such as MEUS. A subpoenaed entity should not be forced to “subsidize” the costs of
16 litigation to which it is not a party. *United States v. Columbia Broadcasting System, Inc.*, 666
17 F.2d 364, 371 (9th Cir. 1982) (recognizing that non-parties “are powerless to control the scope of
18 litigation and discovery).

19 Rambus is obligated not to use discovery methods “for any improper purpose.”
20 Fed. R. Civ. P. 26(g)(2). MEUS respectfully submits that Rambus has not complied with this
21 obligation, as evidenced by the unfair and disproportionate burden that its subpoena seeks to
22 shift onto a non-party and the commercial sensitivity of the requested documents. Particularly
23 under these circumstances, Rambus should be ordered to reimburse MEUS for all costs incurred
24 in responding to the Rambus subpoena, including those related to searching for, reviewing for
25 privileged material, producing any responsive documents, and for this motion needed to
26 reasonably limit the scope of the subpoena. *Compaq*, 163 F.R.D. at 339.

1 V. CONCLUSION

2 For the foregoing reasons, the Administrative Law Judge should quash the
3 Rambus subpoena in its entirety. In the alternative, MEUS respectfully requests a protective
4 order be entered either prohibiting enforcement of this subpoena altogether or markedly
5 narrowing its scope. At the very least, this protective order should clarify that MEUS need not
6 produce MELCO documents, limit the unfair and disproportionate burden this subpoena would
7 otherwise impose on a non-party, and require Rambus to reimburse MEUS for all expenses
8 incurred in complying with and contesting this subpoena.

9

10 DATED: October 29, 2002

11

12 By: _____

David T. Burse
John W. Calkins
Bingham McCutchen LLP
1900 University Avenue
East Palo Alto, CA 94303

Gerald P. Finn
Bingham McCutchen LLP
1120 20th Street, NW
Suite 800
Washington, DC 20036

Attorneys for Non-Party
Mitsubishi Electric & Electronics USA, Inc.

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1 **DECLARATION OF JOHN W. CALKINS IN SUPPORT OF THE MOTION OF**
2 **NON-PARTY MITSUBISHI ELECTRIC & ELECTRONICS USA, INC. TO QUASH**
3 **SUBPOENA OR IN THE ALTERNATIVE FOR PROTECTIVE ORDER**

4 I, John W. Calkins, declare as follows:

5 1. I am an attorney with the firm of Bingham McCutchen LLP, counsel for
6 non-party Mitsubishi Electric & Electronics USA, Inc. (“MEUS”) in this matter. Except as
7 otherwise indicated below, I make the statements in this declaration based on personal
8 knowledge and, if called as a witness, could and would testify competently thereto.

9 2. This motion relates to a subpoena *duces tecum* purportedly served on
10 MEUS by Rambus Incorporated (“Rambus”) in a proceeding before the Federal Trademark
11 Commission (“FTC”) involving Rambus, captioned In the Matter of Rambus Incorporated,
12 Docket No. 9302. Neither MEUS nor any related entity is or has ever been a party to this
13 proceeding.

14 3. Based on information in the Service of Process Transmittal Form and the
15 subpoena’s cover page, the subpoena was issued on August 20, 2002. The subpoena identifies
16 MEUS as the subpoenaed party. On October 4, 2002, Rambus served the subpoena on CT
17 Corporation System (“CT”) in Chicago, Illinois. A true and correct copy of the subpoena served
18 on CT is attached as Exhibit A hereto.

19 4. MEUS is a Delaware corporation with headquarters in Cypress,
20 California. The company’s semiconductor business unit is based in Sunnyvale, California.

21 5. On information and belief, while CT is MEUS’s authorized agent for
22 service of process in Illinois and other states, CT has no other relationship with MEUS. CT does
23 not have possession, custody or control of the MEUS documents requested in the subpoena; on
24 the contrary, most such documents are located approximately 2000 miles away in California,
25 where MEUS’s semiconductor business unit is based.

1 6. To allow MEUS time to investigate the impact of attempting to respond to
2 the subpoena on its business operations, and to permit the parties time needed to meet and confer
3 in a good faith effort to resolve issues raised by the subpoena without prejudice to MEUS,
4 Rambus agreed to extend the deadline for filing this motion, initially to October 22, 2002, and
5 then further to October 29, 2002. A true and correct copy of an October 23, 2002 letter from
6 John W. Calkins to Sean P. Gates confirming this extension of the deadline to file this motion
7 through October 29, 2002 is attached as Exhibit B hereto.

8 7. On October 21, 2002, counsel for Rambus (Sean P. Gates) and MEUS
9 (David T. Burse and John W. Calkins) conferred telephonically, discussing (1) the fact that
10 MEUS and MELCO are separate entities, (2) MEUS's concerns regarding the production burden
11 imposed by the requests and regarding requests calling for documents that are privileged or
12 contain confidential and commercially sensitive information, and (3) proposals by Rambus to
13 narrow or eliminate particular requests.

14 8. The October 21, 2002 conference resulted in Rambus withdrawing two
15 requests (Requests Nos. 21 and 32) and agreeing not to require separate responses to several
16 requests because other requests subsumed them. Specifically, counsel for Rambus and MEUS
17 agreed that Request No. 12 subsumes Request No. 34, that Request No. 41 subsumes Request
18 No. 42, and that Request No. 46 subsumes Request No. 45, subparts (a) and (b). A true and
19 correct copy of the October 23, 2002 letter from John W. Calkins to Sean P. Gates reflecting
20 these agreements is attached as Exhibit B hereto.

21 9. On October 28, 2002, counsel for Rambus (Sean P. Gates) and MEUS
22 (David T. Burse and John W. Calkins) again conferred telephonically, discussing (1) the
23 privilege log requirement, (2) MEUS's concerns regarding confidentiality of commercially
24 sensitive information, (3) proposals to reduce the burden of production, (4) the relevant time
25 period, and (5) reimbursement by Rambus of costs incurred by MEUS in responding to the
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1 subpoena. Unable to resolve certain disputes, however, counsel instead agreed that MEUS
2 would file this motion on October 29, 2002 and that the parties would continue to work in good
3 faith to resolve by agreement issues related to the subpoena.

4 10. On information and belief, Mitsubishi Electric Corporation (“MELCO”) is
5 a separate legal entity from MEUS. MELCO is a Japanese corporation and is the corporate
6 parent of MEUS’s corporate parent. MEUS is a separate legal entity with its own headquarters,
7 board of directors, executive management, and legal counsel, and has no legal right to demand
8 documents from MELCO.

9 11. Based on my discussions with MEUS personnel, locating throughout the
10 MEUS organization, compiling, reviewing for privileged or otherwise confidential matter,
11 redacting or logging as necessary, and producing all documents responsive to the subpoena
12 would be a time-consuming and expensive endeavor. At a minimum, this effort would require
13 the full attention of MEUS employees and outside counsel over a period of days.

14
15 I declare under penalty of perjury under the laws of the United States of America
16 that the foregoing is true and correct.

17 Executed this 28th day of October, 2002, at San Francisco, California.

18
19 _____
20 John W. Calkins
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1 **[PROPOSED] ORDER GRANTING THE MOTION OF NON-PARTY**
2 **MITSUBISHI ELECTRIC & ELECTRONICS USA, INC. TO QUASH**
3 **SUBPOENA OR IN THE ALTERNATIVE FOR PROTECTIVE ORDER**

4
5 Having considered the Subpoena *Duces Tecum* served by Rambus
6 Incorporated (“Rambus”) and directed to non-party Mitsubishi Electric &
7 Electronics USA, Inc. (“MEUS”) in this action, the memoranda of points and
8 authorities and other papers related to this motion, the papers already on file in this
9 action, and the arguments of counsel, and good cause appearing therefore:

10 IT IS HEREBY ORDERED:

11 1. The motion of non-party MEUS to quash the subpoena served
12 by Rambus is granted.

13 2. Rambus shall reimburse MEUS for its reasonable costs related
14 to this motion forthwith.

15 IT IS SO ORDERED.

16 DATED: _____, 2002

17
18
19 _____
 Administrative Law Judge

1 **CERTIFICATE OF SERVICE**

2 This is to certify that copies of the foregoing Motion Of Non-Party Mitsubishi
3 Electric & Electronics USA, Inc. To Quash Subpoena Or In The Alternative For Protective
4 Order, Declaration Of John W. Calkins In Support Of The Motion Of Non-Party Mitsubishi
5 Electric & Electronics USA, Inc. To Quash Subpoena Or In The Alternative For Protective
6 Order, and Proposed Order Granting The Motion Of Non-Party Mitsubishi Electric &
7 Electronics USA, Inc. To Quash Subpoena Or In The Alternative For Protective Order were
8 served on October 29, 2002 by hand delivery to Munger, Tolles & Olson, LLP, counsel for
9 Respondent Rambus Incorporated, at 355 South Grand Avenue, 35th Floor, Los Angeles,
10 California 90017, and by overnight delivery to:
11

12 The Honorable James P. Timony
13 600 Pennsylvania Avenue
14 Federal Trade Commission
15 Washington, D.C. 20580

16 Donald Clark
17 Secretary
18 Federal Trade Commission
19 Washington, D.C. 20580

20 Richard Dagen, Esq.
21 Assistant Director
22 Federal Trade Commission
23 601 New Jersey Avenue, NW
24 Washington, DC 20001

25 Malcolm Catt, Esq.
26 Federal Trade Commission
601 New Jersey Avenue, NW
Washington, DC 20001

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Geoffery Oliver, Esq
Federal Trade Commission
601 New Jersey Avenue
Washington, DC 20001

Dated: October 29, 2002

Gerard P. Finn