

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

Public

In the Matter of

RAMBUS INCORPORATED,

a corporation.

Docket No. 9302

**MEMORANDUM IN SUPPORT OF MOTION *IN LIMINE* TO BAR PRESENTATION,
ON COLLATERAL-ESTOPPEL GROUNDS, OF TESTIMONY AND ARGUMENTS
REGARDING ISSUES THAT RAMBUS HAS PREVIOUSLY LITIGATED AND LOST**

Complaint Counsel hereby moves to bar Respondent Rambus Inc. from presenting testimony and arguments regarding issues that it fully litigated in *Rambus Inc. v. Infineon Technologies AG*, 155 F. Supp. 2d 668 (E.D. Va. 2001), *aff'd in part, rev'd in part, and vacated in part*, 318 F.3d 1081 (Fed. Cir. 2003). Rambus is properly barred from presenting evidence or arguments on such issues on collateral-estoppel grounds, because it has already had a full and fair opportunity to litigate these issues in another forum. Permitting Rambus to relitigate these issues here would waste the resources of the Commission, create needless delay, and would create the risk of inconsistent decisions.

Argument

Collateral estoppel may be used to bar a party from relitigating an issue on which it has been fully heard and lost. “[A] party who has had one fair and full opportunity to prove a claim and has failed in that effort, should not be permitted to go to trial on the merits of that claim a second time.” *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 324-25 (1971). The purpose of the doctrine is to “protect[] adversaries from, the expense and vexation

attending multiple lawsuits, conserve[] judicial resources, and, foster[] reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Montana v. United States*, 440 U.S. 147, 153 (1979); *accord Blonder-Tongue*, 402 U.S. at 324-25 (“Both orderliness and reasonable time saving in judicial administration require that this be so unless some overriding consideration of fairness to a litigant dictates a different result in the circumstances of the particular case.”). Here, all of the bases for collateral estoppel warrant a conclusion that Rambus should be barred from relitigating a number of issues relating to its patent portfolio and its participation in JEDEC.¹

In order to advance the efficient administration of justice, “once a court has decided an issue of fact or law necessary to its judgments, that decision may preclude relitigation of the issue in a suit on a different cause of action involving a party to the first case.” *Allen v. McCurry*, 449 U.S. 90, 94 (1980) (emphasis omitted); *accord Montana v. United States*, 440 U.S. 147, 153 (1979).² Here, each of the elements supporting collateral estoppel weighs in favor of applying it to bar Rambus from relitigating numerous issues relating to its patent portfolio and its participation in JEDEC that were resolved, ultimately, by the court of appeals. First, these issues were actually litigated in the *Infinion* case, through the appeal; second, they were actually and necessarily determined in those proceedings; and, third, applying estoppel against Rambus would not “work an unfairness.” *E.g., McLaughlin v. Bradlee*, 803 F.2d 1197, 1201 (D.C. Cir. 1986); *Montana*, 440 U.S. at 153; *accord Mother’s Restaurant, Inc. v. Mama’s Pizza, Inc.*, 723 F.2d 1566, 1571 (Fed. Cir. 1983); *United States v.*

¹ A trial court has broad discretion to determine whether collateral estoppel applies. *E.g., Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979).

² The availability of “offensive non-mutual collateral estoppel,” as Complaint Counsel is asserting here, is well recognized. *See Parklane Hosiery Co. v. Shore*, 439 U.S. 322 (1979).

Weems, 49 F.3d 528, 531-32 (9th Cir. 1995).

Each of the findings discussed below satisfies the rule of collateral estoppel that the findings be “necessary.” See Order Granting Complaint Counsel’s Motion for Collateral Estoppel (Feb. 26, 2003). That rule seeks “to prevent the incidental or collateral determination of a nonessential issue from precluding reconsideration of that issue in later litigation.” *Mother’s Restaurant Inc.*, 723 F.2d at 1571. This means that a court need determine only that “the disposition in the first suit was the basis for the holding with respect to the issue and not ‘mere dictum’ . . . [or] merely incidental to the first judgment.” *McLaughlin*, 803 F.2d at 1204 (internal citations omitted). Put differently, although “[d]iscussion of the necessity prong of collateral estoppel analysis is usually framed in terms of determinations that were necessary to the ‘judgment’ or the ‘verdict,’” “[t]he primary purpose of the rule . . . is to ensure that the finder of fact in the first case took sufficient care in determining the issue.” *Pettaway v. Plummer*, 943 F.2d 1041, 1044 (9th Cir. 1991) (internal citations omitted), *cert. denied*, 506 U.S. 904 (1992), *overruled on other grounds Santamaria v. Horsley*, 133 F.3d 1242 (9th Cir.) (en banc), *modified*, 138 F.3d 1280 (9th Cir.), *cert. denied*, 525 U.S. 823 (1998); *see also Weems*, 49 F.3d at 534 (because party had fully litigated issue and had opportunity to challenge ruling on appeal, case warranted an “exception to general rule that preclusive effect should be given only to determinations that are . . . necessary to a previous judgment”) (Norris, J., concurring). Rambus had a full opportunity to litigate these issues, as explained below, and each of the courts considering the issues addressed them. In other words, this “is not a case where the court reached out to make determinations as to issues which were not before it.” *Mother’s Restaurant*, 723 F.2d at 1571.

Here, in ruling on Rambus’s appeal, the Federal Circuit held that a number of facts had been established as a matter of law for purposes of the *Infineon* case. It is thus appropriate to give them

preclusive effect. *See In re Microsoft Corp. Antitrust Litigation*, 232 F. Supp. 2d 534, 535 (D. Md. 2002). Rambus therefore should be barred, in the interest of judicial economy and fairness, from relitigating any of these issues.³

1. JEDEC's Rules Impose a Mandatory Patent Disclosure Duty.

The *Infineon* jury, the *Infineon* trial judge, the Federal Circuit dissent in *Infineon*, and the Federal Circuit majority unanimously concluded that Rambus was subject to a duty of disclosure as a member of JEDEC. The *Infineon* trial court, in upholding the jury's fraud verdict against Rambus, confirmed "the existence of a duty to disclose at JEDEC." *Rambus Inc. v. Infineon Technologies AG*, 164 F. Supp. 2d 743, 752 (E.D. Va. 2001). The Federal Circuit dissent concludes, without reservation and in accord with the *Infineon* trial court, that JEDEC's rules establish a "duty of disclosure required by all members of JEDEC." *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081, 1110 (Fed. Cir. 2003) (Prost, J., dissenting) (emphasis added). Finally, and most importantly, the Federal Circuit majority held that JEDEC imposed a duty of disclosure, although it concluded that such an obligation cannot be discerned from the language of JEDEC's rules alone. *Id.* at 1098. As the majority opinion explained, because "JEDEC members treated the language" of JEDEC's rules "as imposing a disclosure duty, this court likewise treats this language as imposing a disclosure duty." *Id.* at 1098.

Rambus has therefore been fully heard on its contention that JEDEC did not impose a duty of disclosure. Its position has been rejected at every juncture of the *Infineon* litigation. Rambus should therefore be barred from advancing evidence or arguments that purport to show that there was no duty

³ "[I]ssue preclusion can avoid the costly litigation of issues already determined." *Delaware River Port Auth. v. Fraternal Order of Police*, 290 F.3d 567, 572 n.7 (3d Cir. 2002).

of disclosure at JEDEC.⁴ That issue has been fully and fairly litigated, and resolved adversely to Rambus.

2. JEDEC's Members Understood the Organization's Rules to Impose a Mandatory Disclosure Duty.

Rambus's contention that members of JEDEC did not understand the disclosure rule to be mandatory has also been rejected at each stage of the *Infineon* litigation. The trial court and both appellate opinions in the *Infineon* litigation each squarely concluded that JEDEC's members understood the disclosure rule to be mandatory.⁵

In upholding the jury's fraud verdict against Rambus, the *Infineon* trial court repeatedly confirmed that "it was very clear to the membership that disclosure of applicable patents and patent applications was a requirement." 164 F. Supp. 2d at 751; *see also id.* at 752 ("all members . . . had a known duty to disclose"). The Federal Circuit dissent concurred in this view, *see Infineon*, 318 F.3d at 1111 (Prost, J., dissenting) ("the members of JEDEC understood the JEDEC policy to require that its members disclose patents and pending patent applications"), as did the Federal Circuit majority. Most importantly, as explained above, the Federal Circuit opinion placed particular emphasis on the manner in

⁴ Rambus advanced a position in its motion for summary decision that under JEDEC's rules, disclosure of patents was "was merely voluntary." Memorandum in Support of Respondent Rambus Inc.'s Motion for Summary Decision at 4 (filed Feb. 27, 2003) ("Rambus SD Mem.").

⁵ Contrary to the unanimous views of these fact finders, here Rambus claims that while "JEDEC members and the JEDEC leadership may have understood the JEDEC patent policy as encouraging member companies to disclose their intellectual property, they did not understand that policy to require disclosure of intellectual property." Rambus SD Mem. at 23. *See also id.* at 26 (suggesting that JEDEC members "believed that disclosure of patents and, in particular, patent applications was voluntary rather than mandatory"); *id.* at 29 (arguing that "JEDEC members and the JEDEC leadership understood . . . that members were encouraged, but not required, to make a 'voluntary' disclosure of their intellectual property in certain circumstances"); *id.* at 29 n.12 (arguing that "members did not act as if such disclosures were mandatory").

which JEDEC's members understood and applied the organization's rules. Because JEDEC members "treated" the rules "as imposing a disclosure duty," the majority concluded that it "likewise" must interpret JEDEC's rules to "impos[e] a disclosure duty." *Id.* at 1098. Rambus has therefore been heard and lost on this contention as well: Members of JEDEC understood the disclosure duty to be mandatory. In the interests of fairness and expediency, Rambus should not be permitted to litigate that issue again here.

3. The JEDEC Disclosure Duty Extends to Patent Applications as Well as Issued Patents.

The question of whether the JEDEC rules required disclosure of pending patent applications has been conclusively resolved in the affirmative. Rambus should not be permitted to relitigate that issue here, having lost its argument at each stage of the *Infineon* litigation.⁶ This argument stands in direct conflict with the consistent conclusions of the *Infineon* jury, trial court, and both appellate opinions. The *Infineon* trial court, in denying Rambus's post-trial motion for judgment as a matter of law ("JMOL"), concluded "on the basis of clear and convincing evidence, that . . . all [JEDEC] members, at all times here pertinent, had a known duty to disclose patent applications," as well as issued patents. 164 F. Supp. 2d at 751. The Federal Circuit dissent plainly concurred with this conclusion: "Documents and witness testimony show that the members of JEDEC understood the JEDEC policy to require that its members disclose patents and pending patent applications that might be involved in the standard setting process." *Infineon*, 318 F.3d at 1111 (Prost, J., dissenting) (emphasis added). The Federal Circuit majority does not part company with the dissent or the

⁶ Despite the rulings adverse to it, Rambus argued in support of its motion for summary decision that JEDEC's rules, while they may have required disclosure of relevant patents, "did not require disclosure of pending patent applications." Rambus SD Mem. at 21.

Infineon trial court. According to the majority, “At least by 1993, the EIA/JEDEC patent policy required members to disclose patents and patent applications ‘related to’ the standardization work of the committees.” *Id.* at 1085 (emphasis added); *see also id.* at 1097 (noting that JEDEC Manual JEP 21-I, published in October 1993, “included a policy revision expressly adding ‘patent applications’ to the policy language”). Rambus has lost this argument repeatedly. It should be barred by collateral estoppel from relitigating it once again here.

4. JEDEC’s Rules Require Disclosure of All Patents and Applications That “Relate to” JEDEC’s Work.

Rambus has already litigated and lost on the scope of the disclosure rule: patents and patent applications that “relate to” standards under consideration at JEDEC must be disclosed.⁷ The *Infineon* trial court concluded that all JEDEC members, at all pertinent times, “had a known duty to disclose patent applications that related to the SDRAM standard-setting effort.” 164 F. Supp. 2d at 752 (emphasis added); *see also id.* at 748 (“JEDEC policy required members to disclose patents and patent applications that related to JEDEC’s standard- setting work.”) (emphasis added). Echoing the language of the Commission’s Complaint and the literal words of JEDEC’s JEP 21-I Manual (adopted in October 1993), Judge Prost, in her dissenting opinion, similarly concludes that JEDEC’s rules require members to “disclose patents and pending patent applications that might be involved in the standard setting process.” *Infineon*, 318 F.3d at 1110 (Prost, J., dissenting). The Federal Circuit majority – using language closely tracking the trial court’s ruling, but also consistent with the dissent – likewise concluded that, “[a]t least by 1993, the EIA/JEDEC patent policy required members to disclose

⁷ Rambus now seeks to argue that “there is nothing in either the written policies or the actual practices of JEDEC’s members to support” a requirement that “any patent or patent application that relates to a proposed JEDEC standard” must be disclosed. Rambus SD Mem. at 29.

patents and patent applications ‘related to’ the standardization work of the committees.” *Id.* at 1085 (emphasis added). While the majority acknowledges that “the JEDEC policy does not use the language ‘related to,’” it notes that “the parties consistently agree” with this interpretation of what “the JEDEC policy language requires.” *Id.* Again, Rambus has already litigated this question fully, and its position has been rejected.⁸ It should not be given yet another opportunity to secure a ruling that two courts have already rejected.

5. JEDEC’s Disclosure Rules Applied to All Members, Including Rambus.

The application of JEDEC’s patent disclosure policy – which by 1993 “required members to disclose patents and patent applications ‘related to’” JEDEC’s “standardization work,” *Infineon*, 318 F.3d at 1085 – unquestionably applies to Rambus. Rambus is no longer in a position to contest this question, which has been resolved against it.⁹ The *Infineon* trial court could not have been clearer on this point. In fact, the court commenced its analysis of Rambus’s JMOL by observing that “Rambus acknowledges . . . it had a duty to disclose any issued patents while it was a member of JEDEC and participated in JEDEC’s standard-setting process.” 164 F. Supp. 2d at 751.¹⁰ The court then

⁸ Given the *Infineon* majority’s observation that Rambus and Infineon “consistently agree[d]” with this interpretation of what “the JEDEC policy language requires,” 318 F.3d at 1085, it would appear that the position taken on this issue in Rambus’s Memorandum in Support of Summary Decision conflicts with the position that Rambus itself took before the Federal Circuit.

⁹ Rambus appears to suggest that it was somehow not under any obligation to comply with JEDEC’s policy because “there is no evidence that Rambus,” “while it was a JEDEC member,” “was provided with a copy” of any JEDEC Manual describing such a patent disclosure rule. Rambus SD Mem. at 22. (As explained in Complaint Counsel’s Memorandum in Opposition, that claim is demonstrably false.)

¹⁰ The only “dispute at trial,” the court explained, “was whether patent applications were required to be disclosed.” 164 F. Supp. 2d at 751.

proceeded to conclude that Rambus’s acknowledged duty to disclose extended not only to patents, but to patent applications as well. *See id.* at 752 (concluding that “all members” of JEDEC, including Rambus, “had a known duty to disclose patent applications that related to the SDRAM standard-setting effort”). The Federal Circuit majority certainly agreed that Rambus was subject to the same disclosure duty that applied to all Rambus members, 318 F.3d at 1100 (referring to “Rambus’s duty to disclose”), as did the Federal Circuit dissent, *id.* at 1110 (Prost, J., dissenting) (same).

Thus, like the other arguments highlighted above, Rambus’s contention that the JEDEC disclosure rules somehow were not applicable to Rambus is contradicted by the unanimous conclusions of all of the judges (trial and appellate) that reviewed these issues in the context of the *Infineon* litigation. Again, Rambus should not be permitted to relitigate this question.

* * *

Based on the forgoing, Rambus should be barred from relitigating the issues set out above on the basis of collateral estoppel.

Respectfully submitted,

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