

PUBLIC

UNITED STATES FEDERAL TRADE COMMISSION

—————
Docket No. 9302
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In the Matter of

RAMBUS INC.,

A CORPORATION

**AMICUS CURIAE BRIEF OF
JEDEC SOLID STATE TECHNOLOGY ASSOCIATION
IN SUPPORT OF COMPLAINT COUNSEL'S
APPEAL OF INITIAL DECISION**

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This *amicus curiae* brief is submitted by the JEDEC Solid State Technology Association (“JEDEC”), in support of Complaint Counsel’s appeal to the Commission of the Initial Decision dated February 23, 2004 (the “Decision”) rendered by Chief Administrative Law Judge Stephen J. McGuire.

INTEREST OF AMICUS CURIAE

JEDEC is at the epicenter of this case. The Complaint alleged that Rambus Inc. (“Rambus”) breached JEDEC’s patent-disclosure policy and engaged in conduct that violated the antitrust laws and Section 5 of the Federal Trade Commission Act. JEDEC executives and members testified at the trial, and JEDEC’s patent policy is a central focus of the lengthy Decision.

JEDEC is a non-profit trade association which serves as the semiconductor and solid-state engineering standardization body of the Electronic Industries Alliance (“EIA”). EIA is a trade association that represents all areas of the electronics industry. During the period in question, EIA conducted standard-setting activity through several divisions and units, including JEDEC.

JEDEC develops and maintains technical standards through its 50 committees. About 250 member companies and 1800 individuals actively participate on these committees to develop and maintain standards to meet industry and user needs for semiconductor devices and integrated circuits. These member companies include both manufacturers and users of these products, and others allied to the field.

Since 1958, JEDEC has been one of the foremost standards development organizations for the semiconductor industry.¹ JEDEC was a division of EIA until 2000, when it was separately incorporated as a non-profit, non-stock corporation.

JEDEC exists for the development of standards by all interested parties that are open for use by the entire industry. That is its mission and purpose. To achieve such open standards, JEDEC's published patent policy required, and continues to require, the early disclosure of relevant patents and applications. JEDEC's published policy states that JEDEC will in no case issue a standard requiring use of a known patent or patent application "unless all the relevant technical information . . . is known to the formulating committee[,] subcommittee, or working group," and JEDEC receives "written assurance that a license will be made available to all applicants under reasonable terms and conditions that are demonstrably free of any unfair discrimination." (CX0208-019.)

JEDEC has a direct interest in this case because it involves the interpretation and application of JEDEC's patent policy. According to the Decision, under JEDEC's patent policy, "the disclosure of intellectual property interests was encouraged and voluntary, not required or mandatory." (Decision, at p. 265.) The Decision also concluded that participants in JEDEC standard-setting activity had no duty of good-faith toward other participants. (*Id.* at p. 261.)

JEDEC explains in this *amicus* brief why these two conclusions are wrong – and egregiously so. They threaten great harm to the information-technology industry in particular, and to standards-development work in general.

¹ JEDEC is an acronym standing for the Joint Electron Device Engineering Council.

SUMMARY OF ARGUMENT

The Commission should review this case carefully, and correct the Decision below, for two reasons.

First, this case is of enormous significance to the standards development community, the information-technology industry, and the consuming public. The Decision guts JEDEC's patent policy. That patent policy has been in place for years to protect the industry and public against patent "ambushes" that drive up costs and reduce competition.

Second, as we show in this brief, the Decision misconstrued the JEDEC patent policy through multiple, egregious, and tortured misinterpretations of JEDEC's and EIA's rules. This analysis, if not corrected, threatens to torpedo not only JEDEC's patent-disclosure rules, but also those of any standard-setting organization which requires the disclosure of patents or patent applications.

Today, and at all pertinent times, JEDEC's patent policy has required that participants in its standard-setting work make early disclosure of patents and patent applications that they know of and that may relate to proposed standards. At JEDEC committee meetings, JEDEC committee members (as Rambus was at the time) had an "obligation" to "inform the meeting of any knowledge they may have of any patents, or pending patents, that might be involved in the work they are undertaking." (CX0208-019.) This information must be furnished "at the earliest possible time" in the standards-development process. (*Id.*)

The Decision wrongly concluded that JEDEC's patent policy did not require participants in JEDEC committees to disclose patents or patent applications relating to proposed standards, and that the EIA Legal Guides do not impose a duty of good-faith on participants. As we show below, these findings are at war with the plain text of the policy and the Legal Guides; they violate basic canons of construction; they conflict with JEDEC's overall purpose and

functions; and they undermine the fundamental principles of openness and fair competition which JEDEC seeks to promote in the public interest.

The Decision purports to rely upon and agree with the Federal Circuit's holding in *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081 (Fed. Cir.), *cert. denied*, 124 S. Ct. 227 (2003), which also addresses the meaning and scope of JEDEC's patent policy. The Decision, however, is so extreme and misguided that it conflicts with both the majority and dissenting opinions in that case. While the two opinions in *Infineon* reached radically different conclusions in many respects, both opinions agreed that JEDEC's patent policy requires mandatory disclosure of patents and patent applications needed to use a final standard; they disagree only about whether the duty is still broader. In this case, the Decision found there is no mandatory disclosure duty at all. This sharp conflict with the Federal Circuit warrants the Commission's careful review to determine why the Decision went so far astray.

If uncorrected, this ruling will have serious repercussions stretching far beyond the immediate parties and claims. Hundreds of JEDEC standards for information-technology devices have been developed under JEDEC's patent policy in the past decade alone, with literally billions of dollars of resulting trade in standardized semiconductor products. The erroneous Decision will permit any company that participated in the standard-setting process at JEDEC, and concealed its patents or patent applications, to now enforce those patents against an entire industry with complete impunity. The Decision nullifies JEDEC's patent policy *in toto*. It threatens to usher in a reign of patent chaos with respect to all standards adopted by JEDEC since at least the early 1990s.

JEDEC's patent-disclosure policy is intended to elicit the early and broad disclosure of any intellectual property ("IP") that is relevant to the work of a JEDEC committee

so that the committee members can make intelligent, informed decisions as they conduct their work on whether to (1) include the IP in the standard, (2) design around the IP, (3) pursue alternative technological approaches, (4) refrain from adopting any standard, or (5) consider other options. The patent policy is fundamental to JEDEC's work. It makes possible the fair and open development of efficiency-enhancing industry standards.

The Decision subverts the JEDEC patent policy, changing it from a broad, mandatory disclosure rule to a toothless entreaty that merely "encourages" the optional, elective disclosure of patents and patent applications. As construed in the Decision, JEDEC's patent policy would enable firms to conceal critical patents and applications from other firms collaborating in the standards-development process. It would allow one participant secretly to use its knowledge of collaborative work at JEDEC to refine its patent applications and, by stealth and deception, to (1) capture the fruits of collaborative work and (2) turn the other participants into unwitting contributors to its patent portfolio. Rambus admits that it refined its patent applications based on the development of JEDEC standards. If not reversed, the Decision – which legitimizes such conduct – will create a huge safe harbor for misleading conduct and frustrate the collaborative, standard-setting process.

Just as significantly, the analysis followed in the Decision – if uncorrected – will doom almost any patent policy – past or future – formulated by any standard-setting body. According to the Decision, a patent policy is not enforceable if some participants express disparate views of how its terms should be enforced in particular circumstances. Under the Decision's rationale, the existence of such disparate views would nullify patent-disclosure duties even if the patent policy's language and purpose are reasonably clear and there is an established mechanism for obtaining authoritative interpretations of the policy. By the same standard,

however, no statute or regulation would stand if two or more litigants expressed alternative views. The Commission should intervene to ensure that such an ideal and practically unattainable level of “clarity” does not doom the efforts of JEDEC and other standard-setting organizations to ensure, through published requirements, that standards-development work occurs without secret manipulation involving undisclosed patents or patent applications.

This is a case of exceptional importance. It warrants careful review by the Commission on the appeal lodged by Complaint Counsel. We submit that the Commission can and should correct the Decision’s erroneous findings and conclusions. They threaten the basic viability of the open standards process.

ARGUMENT

I. JEDEC STANDARD-SETTING ACTIVITY HAS NUMEROUS BENEFITS WHICH ARE ACHIEVED THROUGH COLLABORATIVE WORK REQUIRING OPENNESS AND GOOD FAITH RESPECTING INTELLECTUAL PROPERTY

Collaborative standard-setting activity is crucial to the information-technology industry, which depends on interoperability, interchangeability and compatibility of both hardware and software. Standard setting produces distinct cost advantages for manufacturers and consumers. These benefits, however, can only be achieved if JEDEC members and participants in standards-development work have confidence that other participants are acting openly and in good faith, rather than secretly manipulating the standard-setting group’s functions and meetings for their own competitive advantage.

The early disclosure of actual or potential patent rights is fundamental to JEDEC’s work. It permits standard setting to proceed on an informed basis, with the opportunity for a JEDEC committee to decide in a timely and informed manner whether to utilize alternative technological approaches that are not likely to be burdened by existing or future patent rights, or whether to standardize the claimed intellectual property if appropriate assurances are provided

from the patent holder. JEDEC seeks to avoid patent “ambushes,” in which a patent is disclosed for the first time by a member or other participant only after JEDEC approves a standard and it is put to widespread commercial use. Patent ambushes can roil billion-dollar markets for the basic, technological building blocks of modern computers, cell phones, PDAs, and other digital devices, and create immense economic pressure on firms to license belatedly disclosed patents or else face the cost and uncertainty of litigation.

The disclosure of patents and applications by JEDEC participants is vital because JEDEC, as a practical matter, cannot conduct patent searches of its own for each of the many potential standards considered each year. Obviously, JEDEC lacks any ability to identify patent applications which are not even in the public record.

JEDEC is one of the leading standard-setting groups for the semiconductor industry. JEDEC member companies participate in collaborative work through committees, subcommittees, and working groups to develop and maintain industry-wide technical standards for semiconductor products including, for example, Dynamic Random Access Memory (“DRAM”) and Synchronous Dynamic Access Memory (“SDRAM”). JEDEC technical standards permit DRAM and SDRAM products made by different manufacturers to be interchangeable with each other, and to be interoperable on a standardized basis with other digital components.

Since open standards enable competition, they often reduce costs. Semiconductor products suited only for a single company’s specifications need to be custom-made, with a limited market. In contrast, the manufacturers of a standardized product are able to sell it on an industry-wide basis and can benefit from lower per-unit costs of production. Buyers and consumers gain the benefit of competition from multiple suppliers.

The standards development process at JEDEC provides an important opportunity for different companies to cooperate on the technical development of semiconductor products. It is common for final JEDEC standards to be the result of refinements, suggestions, and contributions by several different companies over months and sometimes years. This collaborative process may include general discussions, survey ballots designed to measure support for different technical approaches, final ballots, and other communications. Through this technical collaboration among competitors, the initial proposals are modified, improved and tailored to best meet industry needs.

All of the advantages of the open standards process are imperiled if some participants in the process are permitted to flout JEDEC's patent policy without consequence. Competitors are far less likely to participate in standard-setting groups like JEDEC, or initiate new standards activities, if they fear a later patent "ambush" by fellow participants, or if they fear that other participants will secretly manipulate the standards-development process. For example, JEDEC members do not expect that their technical suggestions and collaborative refinements to proposed standards will be used by other members to refine previously filed, undisclosed patent applications. The mutual suspicions created by the risk of such behavior would chill and ultimately disable future collaborative work. These grave concerns loom largely in this case. The Administrative Law Judge's Decision specifically found that "Rambus used the information it obtained at JEDEC to help refine the claims in its pending patent applications to ensure that its claims would cover the JEDEC standards." (Decision, Finding No. 918.)

Simply stated, the JEDEC patent policy is among the most important "rules of the game" in the JEDEC standards development process. Everyone who joins JEDEC or participates in its work is duty bound to familiarize themselves with and abide by the letter and the spirit of

the patent disclosure policy. The rules are grounded in common sense and are designed to promote openness, good faith, and fair dealing in the development of standards. JEDEC's rules are fully consistent with the goals of open and fair competition.

II. JEDEC'S PATENT POLICY EXPRESSLY REQUIRES EARLY AND BROAD DISCLOSURE OF PATENTS AND PATENT APPLICATIONS THAT MIGHT BE INVOLVED IN THE WORK OF JEDEC COMMITTEES

JEDEC's patent-disclosure policy expressly requires members of its committees to disclose any known patents or patent applications related to standardization work being undertaken by their respective JEDEC committees. JEDEC has tailored its policy to the needs of the information-technology industry and the wishes of its members.² Therefore, its patent-disclosure policy differs from the policies adopted by some other standard-setting groups.

The Administrative Law Judge's Decision concluded that JEDEC's patent policy did not unambiguously require the disclosure of patents and patent applications. (Decision, Finding Nos. 631, 767, 771.) The Decision went on to conclude that, at JEDEC, "the disclosure of intellectual property interests was encouraged and voluntary, not required or mandatory." (Decision, at p. 265.) Beyond that, the Decision concluded that participants at JEDEC had no "good faith duty" toward other participants respecting patents under the EIA Legal Guides. (Decision, at p. 261.)

Because this Decision is so fundamentally contrary to JEDEC's rules, we set out the actual text so that the Decision's glaring errors and convoluted reasoning are manifest to the Commission. Although the Decision at one point concedes that patent policies should be

² See M. Lemley, *Intellectual Property Rights and Standard-Setting Organizations*, 90 Calif. L. Rev. 1889, 1903-08 (2002) (surveying variations in patent policies among different standard-setting organizations).

interpreted “as developed and written by standard setting organizations” (Decision, at p. 264) (emphasis in original), it radically departed from this axiomatic principle.

In October 1993, JEDEC published a revised JEDEC Manual of Organization and Procedure, designated as JEP 21-I. (CX0208.) Section 9.3.1 of this Manual required JEDEC committee chairs to:

call to the attention of all those present the requirements in EIA Legal Guides, and call attention to the obligation of all participants to inform the meeting of any knowledge they may have of any patents, or pending patents, that might be involved in the work they are undertaking.

(CX0208-019) (emphasis added).

This language is phrased in mandatory, not precatory, terms. It describes an “obligation” of JEDEC members to disclose patents and patent applications. There is no hint that the “obligation” is instead voluntary, elective, discretionary or optional, depending on the preferences of a participant.

Furthermore, the mandatory disclosure requirement goes well beyond patents or patent applications that eventually prove to be required to manufacture a device incorporating a standard. Instead, it more broadly requires the disclosure of IP that “might be involved” in the standards-development work being “undertaken” by the committee. This broader duty is necessary because, in the early stage of standards development, JEDEC committee members do not have an augur to tell them the substance and elements of the final JEDEC standard that will evolve through the committee’s subsequent meetings and deliberations.

The JEDEC Manual’s reference to the “EIA Legal Guides” further incorporates the principle, specifically stated in the Legal Guides, that all standardization programs “shall be carried on in good faith and under policies and procedures which will assure fairness and unrestricted participation.” (CX0204-005) (emphasis added.)

Other language in JEDEC's JEP 21-I Manual requires the disclosure of patents and patent applications, and at the earliest possible time in the development process.

First, Section 9.3 of the Manual requires that JEDEC committees act to “ensure” that patents and patent applications are disclosed:

EIA and JEDEC standards . . . that require the use of patented items should be considered with great care. While there is no restriction against drafting a proposed standard in terms that include the use of a patented item** if technical reasons justify the inclusion, committees should ensure that no program of standardization shall refer to a product on which there is a known patent unless all the relevant technical information covered by the patent is known to the formulating committee subcommittee, or working group. If the committee determines that the standard requires use of patented items, then the committee chairperson must receive a written assurance from the organization holding rights to such patents that a license will be made available without compensation to applicants desiring to implement the standard, or written assurance that a license will be made available to all applicants under reasonable terms and conditions that are demonstrably free of any unfair discrimination. . . .

** For the purpose of this policy, the word “patented” also includes items and processes for which a patent has been applied and may be pending.

(CX0208-019) (emphasis added.)

Because Rambus was a member and an active participant in JEDEC's JC-42.3 committee, this language directed to “committees” expressly extended to Rambus and was binding upon it.³ As a member of the JEDEC committee, Rambus shared fully the committee's duty to “ensure that no program of standardization shall refer to a product on which there is a

³ *E.g.*, *Restatement (Second) of Contracts* § 289(1), at 410 (1981) (“Where two or more parties to a contract promise the same performance to the same promise, each is bound for the whole performance thereof, whether his duty is joint, several, or joint and several”); 12 *Williston on Contracts* § 36:1, at 610 (“The effect of a joint obligation is that each joint promisor is liable for the whole performance jointly assumed”)(1999 4th ed.); 9 *Corbin on Contracts* § 937, at 684 (2002 Interim Edition).

known patent [which is defined as including a patent application]” unless “all the relevant technical information” was “known to the formulating committee[,] subcommittee, or working group.” (CX0208-019).

The Administrative Law Judge’s Decision ignored Rambus’ status as a committee member, which bound it to comply with this rule, when it remarkably concluded that Section 9.3 “does not impose an obligation to disclose intellectual property.” (Decision, Finding No. 615.)

The same Section 9.3 then proceeds to require that all correspondence on the topic of patent rights be made “at the earliest possible time:”

All correspondence between the patent holder and the formulating committee, subcommittee, or working group, including a copy of the written assurance from the patent holder discussed above, shall be transmitted to the EIA Engineering Department and the EIA General Counsel at the earliest possible time and, in any case, before the standard is otherwise ready for subcommittee or committee ballot circulation.

(CX0208-019) (emphasis added.) Once again, as a member of the JEDEC committee at issue, this requirement was directed to Rambus and was binding upon it.

Second, Section 9.3.1 of the JEP 21-I Manual required that a “viewgraph” (contained in Appendix E of the Manual) be displayed at all JEDEC committee meetings to inform participants of JEDEC’s patent policy. (CX0208-019.) The “viewgraph” advised participants that JEDEC would not consider proposed standards unless all information about patents or pending patents was known to the committee:

Standards that call for use of a patented item or process may not be considered by a JEDEC committee unless all of the relevant technical information covered by the patent or pending patent is known to the committee, subcommittee or working group.

(CX0208-027) (emphasis added.) Since Rambus was a member of JEDEC’s JC-42.3 committee, Rambus itself could not sit by and “consider” any standard while serving on that committee if it knew that “all relevant information” about a “patent or pending patent” was not “known to the

committee.” In addition, all committee members, including Rambus, had (1) an “obligation” under Section 9.3.1 of JEDEC’s JEP 21-I Manual to disclose patent and patent applications to the committee, and (2) a duty of good-faith under the EIA Legal Guides, to ensure that the committee proceedings were in accordance with the foregoing requirement that “all relevant information” on patents had to be known to the committee.

Together, these texts demonstrate explicitly, and beyond any reasonable doubt, that JEDEC’s patent-disclosure policy required the early disclosure by JEDEC committee members of patents and patent applications that might be involved in standards-development work that was being undertaken. These rules are consistent with the overall patent policy of EIA (which conducted standard-setting work through JEDEC and other units),⁴ though JEDEC’s JEP 21-I Manual provided more detail as well as specific procedures that were required in JEDEC’s committee work.

III. THE DECISION’S ANALYSIS WAS EGREGIOUSLY WRONG AND UNSUPPORTED BY THE EVIDENCE WHICH IT CITED

Through a parade of errors, the Decision concludes that the written terms of JEDEC’s patent policy do not mean what they say. According to the Decision, disclosure is not required but only “voluntary,” and no participant had any duty of good faith to others.

(Decision, at pp. 261, 265.) These conclusions are so wrong-headed that they cry out for careful review, and reversal, by the full Commission.

⁴ For example, in August 1990, EIA published EP-7-A, a Style Manual for Standards and Publications. (JX0054.) That Style Manual states the general principle that EIA and JEDEC should “[a]void requirements in EIA standards that call for the exclusive use of a patented item or process.” (JX0054-009.) It provides that “[n]o program of standardization shall refer to a patented item or process unless all of the technical information covered by the patent is known to the formulating committee or working group, and the committee chairman has received a written expression of interest from the patent holder” to grant royalty-free licenses or to grant licenses on reasonable and non-discriminatory terms. (Id.) (*See* Decision, Finding Nos. 635-37.)

A. The Decision Misconstrued the Text of JEDEC's Patent Policy

The Decision's principal errors in construing the text of JEDEC's patent-disclosure policy were as follows.

1. JEDEC's JEP 21-I Manual. As noted above, Section 9.3.1 of JEDEC's JEP 21-I Manual refers to the "obligation of all participants to inform the meeting of any knowledge they may have of any patents, or pending patents, that might be involved in the work they are undertaking." (CX0208-019.) The Decision purported to find this language "ambiguous" because Section 9.3.1 also refers to the requirements in the EIA Legal Guides which "do not support such an obligation." (Decision, Finding No. 617.) Later, the Decision went further and asserted that the disclosure obligation in Section 9.3.1 is "facially inconsistent with the EIA sections to which it refers." (Decision, Finding No. 631.)

This reasoning is plainly wrong for two reasons.

First, Section 9.3.1 of the JEDEC Manual refers to two types of requirements that are binding on participants. Committee chairs are required to "call to the attention of all those present the requirements contained in the EIA Legal Guides, and call attention to the obligation of all participants to inform the meeting of any knowledge they may have of any patents, or patent applications" (CX0208-019) (emphasis added.) The fact that the EIA Legal Guides "do not support . . . an obligation" to disclose patent rights (Decision, Finding No. 617) is of no importance. No one has ever claimed that the EIA Legal Guides alone are the source of the patent-disclosure duty. That duty is expressly stated in Section 9.3.1 itself, other portions of JEP 21-I (Section 9.3 and Appendix E), and in EIA manuals. (JX-0054-009; *see* note 4, *supra*.) In

short, the Decision ignores the basic canon of construction that a writing – be it a statute or contract – must be construed to give effect to each of its terms.⁵

Second, the EIA Legal Guides do not purport to include or recite all rules governing participation in JEDEC. As one might expect, the EIA Legal Guides contain general principles to ensure that members of the trade association, when working collaboratively, do not engage in “violations of the law” in matters such as “restraint of trade agreements,” “prices and pricing policies,” and similar activities. (CX0204-003.) JEDEC must conduct its activities “within the current edition of EIA legal guides.” (CX0208-018; Decision, Finding No. 611.) However, that does not limit JEDEC from developing additional rules and policies respecting patents so long as they do not involve “violations of law” of the type prohibited by the EIA Legal Guides.

In fact, elsewhere the Decision recognizes that the EIA Legal Guides expressly contemplate that EIA and its divisions will “adopt ‘policies and procedures which will assure fairness.’” (Decision, Finding No. 591; CX0204-05.) That is exactly what JEDEC did when it adopted its patent-disclosure policy in JEDEC Manual JEP 21-I and implemented it through other documents governing sign-in rosters, viewgraphs, and ballots, all of which sought

⁵ *E.g., Mastrobuono v. Shearson Lehman Hutton*, 514 U.S. 52, 63 (1995) (“[A] document should be read to give effect to all its provisions and to render them consistent with each other”); *Restatement (Second) of Contracts*, § 203(a). *See also Heckler v. Chaney*, 470 U.S. 821, 829 (1985) (noting the “common-sense principle of statutory construction that sections of a statute should be read ‘to give effect, if possible, to every clause’”); *Indep. Ins. Agents of America, Inc. v. Hawke*, 211 F.3d 638, 643 (D.C. Cir. 2000) (“Even without regard to the *expressio unius* principle, basic statutory construction requires that statutes be read to give each provision meaning”); *Sutherland Statutory Construction* § 46:06 (Norman J. Singer, ed., 6th ed. 2000) (“It is an elementary rule of construction that effect must be given, if possible, to every word, clause and sentence of a statute”).

disclosure of patents or patent applications. (*See* Decision, Finding Nos. 651-53, 620, 655; CX0208-29, CX0306-01, CX0252A-02.)

In sum, the EIA Legal Guides alone, and the JEDEC Manuals, were never intended to be coextensive. If they had been, there would have no need at all for JEDEC to have its own Manuals, as had occurred without controversy for many years prior to the 1993 publication of JEDEC Manual JEP 21-I. (*E.g.*, CX203A, at 11-12; JX054, at 9; Decision, Finding No. 637.) Nor is there any reason why JEDEC could not develop its own patent-disclosure policy beyond the EIA Legal Guides (which themselves contemplate the adoption of additional rules and procedures). The Decision’s contrary finding has no support in the record.

Finally and astonishingly, the Decision discounts the express language of the JEP 21-I Manual because it found that Complaint Counsel did not provide “sufficient evidence” that this JEDEC Manual “was ever formally adopted by JEDEC” by obtaining a “final stamp of approval from EDEC” (the EIA Engineering Department Executive Council). (Decision, Findings Nos. 238, 627, 628.) This is a red herring. There was undisputed testimony that the JEP 21-I Manual was published in October 1993, as indicated on its face. (CX0208-001.) There is also abundant testimony that this Manual was distributed and in use by JEDEC thereafter, and was relied upon by JEDEC participants as a validly issued Manual.⁶ JEDEC regards the JEP 21-I Manual as a properly issued Manual. There was no testimony to show that anyone (including Rambus) ever alleged or complained of any technical insufficiency under EIA’s internal governance procedures. Finally, the prior Manual (JEP 21-H) indicated that it could be revised without EDEC approval. (CX0205-015.)

⁶ *See* Complaint Counsel’s Proposed Findings of Fact Nos. 408-18 (filed Sept. 15, 2003).

The JEDEC Manual must be given a presumption of validity unless there is some legitimate basis for doubt – none of which is evident from the Decision. *E.g., Superior Bedding Co. v. Serta Associates, Inc.*, 353 F. Supp. 1143, 1149 (N.D. Ill. 1972) (“A legal presumption exists that a corporation exercises its powers according to law, that its bylaws are valid, and that ‘the burden of overthrowing them is upon the party who asserts their invalidity’”) (citation omitted). *See also 8 Fletcher Cyc. Corp.* § 4180, at 659 (“amendments may be proven by proof of custom or usage or by implication”)(2001 rev. ed.).

2. The Non-Liability Disclaimer in the EIA Legal Guides. The Decision attempted to buttress its position that JEDEC imposed no obligation to disclose patents by pointing to the following language in the EIA Legal Guides:

Standards are proposed or adopted by EIA without regard to whether their proposal or adoption may in any way involve patents on articles, materials, or processes.

(Decision, Finding Nos. 590, 919; CX0204-04.) The Decision, however, failed at these points in its analysis to quote the subsequent sentence:

By such action, EIA does not assume any liability to any patent owner, nor does it assume any obligation whatever to parties adopting EIA standards.

(CX0204-04.) JEDEC Manuals contained similar language. (*E.g.*, CX0208-025.)

Elsewhere, the Decision recognizes that the paragraph containing these two sentences is simply a “non-liability disclaimer,” designed to make clear that JEDEC should not be liable if an approved standard turns out to infringe a patent. (Decision, Finding Nos. 607, 633.) It cannot fairly be interpreted as anything else. Indeed, we are unaware of any evidence that it was interpreted differently by anyone besides the Administrative Law Judge.

This “non-liability disclaimer” could not be read in context to mean that EIA and JEDEC act “without regard to” patents, when it is undisputed that both types of manuals contain

provisions stating that standards involving patents should be avoided, and if patent-laden standards are nonetheless adopted the patent-holder should provide assurances of reasonable and non-discriminatory licensing. (CX0208-019; JX054-009.) It is well settled that documents are read in their entirety,⁷ but the Decision failed to do so. As a consequence, it erroneously misread a “non-liability disclaimer” as evidence that JEDEC had no patent-disclosure requirements whatever.

3. The Duty of Good Faith. While the Decision relied on the EIA Legal Guides when that suited it, it waved off the “good faith” provision of the Guides when it stood in the way of the Decision’s other, counter-textual conclusions.

Specifically, the EIA Legal Guides state as follows:

All EIA standardization programs shall be conducted in accordance with the following basic rules:

(1) They shall be carried on in good faith under policies and procedures which will assure fairness and unrestricted participation;

* * *

(4) They shall not involve any agreement, expressed or implied, to adhere, or require adherence to a standard or the use of any coercion, directly or indirectly, with respect thereto;

(5) They shall not be proposed for or indirectly result in effectuation of a price fixing arrangement, . . . giving a competitive advantage to any manufacturer . . .

(CX0204-005) (emphasis added.)

John Kelly, who served as EIA’s General Counsel, testified that this provision “is designed to prevent companies from acting in bad faith in connection with standard-setting

⁷ See, e.g., *Rodriguez v. Seammans*, 463 F.2d 837, 845 (D.C. Cir. 1972) (“[S]tatutes and regulations are meant to be read and interpreted in their entirety”); *Restatement (Second) of Contracts*, § 202(2) (“A writing is interpreted as a whole, and all writings that are part of the same transaction are interpreted together”).

activities.” (J. Kelly Tr. at 1841; *see* Decision, Finding No. 595.) The Decision expressly found that he “is the person responsible for interpreting EIA rules and the JEDEC rules, including the patent policy.” (Decision, Finding No. 244.)

The Decision nonetheless concluded that the duty of “good faith” is “not directed to individual members, but rather is a general directive to administrators who ‘conduct’ the EIA’s standardization activities, directing them to adopt ‘policies and procedures which will assure fairness and unrestricted participation.’” (Decision, Finding No. 591.)

On its face, this reading of the EIA Guides is beyond the pale. The language expressly states that “all EIA standardization programs shall be conducted” in accordance with these principles. This sweeping duty obviously extends to members who actually participate in “standardization programs,” as well as EIA administrators. Moreover, no one could reasonably read this provision to mean that EIA administrators must do their best to ensure that members act in good faith, and do not engage in anti-competitive conduct (such as price-fixing agreements), but that the members are absolutely free to do so if they can successfully evade or thwart the administrator’s supervision. Standard-setting at JEDEC is not a game of “catch-me-if-you-can.”

Indeed, one of the chief purposes of the “EIA Legal Guides” is to ensure that EIA is not found liable for its members’ misconduct. *See American Society of Mechanical Engineers, Inc. v. Hydrolevel Corp.*, 456 U.S. 556, 577 (1982) (standard-setting association may be held liable under the antitrust laws for member misconduct). Yet the Decision would construe the Legal Guides as not applying to members at all, thereby defeating a central purpose of the Guides.

The Decision’s analysis is also astonishing because JEDEC members have at least a quasi-contractual obligation arising from their agreement to participate in JEDEC committee

work (CX0602-02) to comply with JEDEC's rules,⁸ and "[e]very contract imposes upon each party a duty of good faith and fair dealing in its performance and its enforcement." *Restatement (Second) of Contracts*, § 205. At JEDEC, as elsewhere, "good faith" requires "faithfulness to an agreed common purpose and consistency with the justified expectations of the other party," and prohibits "subterfuges and evasions . . . in performance," or "evasion of the spirit of the bargain [and] willful rendering of imperfect performance." *Id.*, § 205, comments a and d.

Moreover, collaborative "private standard-setting by associations comprising firms with horizontal and vertical business relationships is permitted at all under the antitrust laws only on the understanding that it will be conducted in a nonpartisan manner offering procompetitive benefit," and subject to procedures that "prevent the standard-setting process from being biased by members with economic interests." *Allied Tube & Conduit Corp. v. Indian Head, Inc.*, 486 U.S. 492, 501, 506-07 (1988). Good faith is essential. The Decision strangely concluded that the EIA Legal Guides did not mean to require such "good faith" conduct when, in actuality, it is the legal prerequisite for permissible standard-setting work among competitors.

The Decision's rationale not only confounds common sense, it has no basis in the record. There was abundant testimony that JEDEC members believed that they were subject to a duty of good faith toward other participants, and no contrary testimony was cited. (Decision, Finding No. 595.) The Decision suggests that others occasionally did not act in accordance with a duty of good faith. (*Id.*, Finding No. 596.) However, there is no evidence that any of the other

⁸ The Decision's tortured analysis was again evident in its finding that "[t]here was no contractual relationship between Rambus and JEDEC." (Decision, Finding No. 229.) The Decision ignored the fact that Rambus agreed to participate in the JC-42.3 committee (CX0602-02), which carried with it an agreement to comply with JEDEC's rules. The Decision purported to base its finding on testimony that JEDEC "didn't enter into its own contracts on its own" between 1991 and 1996 (J. Kelly Tr. at 2075), but that testimony did not address the nature of the duties owed by JEDEC members to JEDEC and each other under JEDEC rules.

firms who allegedly failed to comply with the duty of good faith later sought – as Rambus did – to enforce undisclosed patents or patent applications. Furthermore, the possible non-compliance by others with JEDEC’s policy does not alter JEDEC’s requirements: “two wrongs do not make a right.”

4. Early Disclosure. The Decision also disregarded the plain language of JEDEC’s rules when it found that the disclosure of patents and patent applications was “not expected until formal balloting.” (Decision, at p. 271.) By this reading, the Decision excised the first part of Section 9.3 of JEDEC Manual JEP 21-I, improperly treating it as meaningless surplusage.

Section 9.3 requires disclosure of patents and patent applications “at the earliest possible time and, in any case, before the standard is otherwise ready for subcommittee or committee ballot circulation.” (CX0208-019.) If disclosure was never required before the point of “committee ballot circulation,” there would have been no need for Section 9.3 first to require disclosure at the “earliest possible time.”

However, the language requiring disclosure “at the earliest possible time” is of utmost importance and does not hinge on specific, procedural steps in the development of a final standard. It means what it says, and was intended to advance JEDEC’s ability to assess in an early and efficient manner whether alternative technology would be better suited for consideration in the committee’s standards-development work. (See pp. 4-5, 6, *supra*.) Section 9.3’s reference to “ballot circulation” did not absolve members from their obligation to make disclosures earlier when, pursuant to Section 9.3.1 of the JEDEC Manual, they developed “knowledge” that patents or patent applications “might be involved in the work [the committee is] undertaking” respecting a particular technology. (*Id.*) While some members might not

develop such knowledge until presented with a formal ballot, others who developed such knowledge earlier had a duty to disclose.

Once again, the Decision's conclusion was at odds with the testimony of Mr. Kelly, who was authorized to interpret JEDEC's patent policy. He testified that the disclosure duty arises before the standards-development process has reached the ballot stage. (J. Kelly Tr. at 1984.) The Decision disregarded this testimony, and the text of Section 9.3, in reaching its contrary findings. (Decision, Finding Nos. 783-85, and pp. 271-72.)

B. The Decision's Reliance on Other Evidence Was Also Deeply Flawed

At the trial of this matter, Complaint Counsel presented a mountain of evidence that JEDEC's patent-disclosure policy was contemporaneously understood by participants to require the disclosure of patents and patent applications. (See Complaint Counsel Proposed Findings of Fact Nos. 319-20 [9/5/03].)

These views were not manufactured years later. Even before JEDEC Manual JEP 21-I was published in 1993, JEDEC ballots requested disclosure of patents: "If anyone receiving this ballot is aware of patents involving this ballot, please alert the Committee accordingly during your voting response." (CX-0253-02; see Decision, Finding Nos. 654-58.) The JEDEC meeting sign-in roster stated that "Committee Chairmen should ensure that no program of standardization shall refer to a product on which there is a known patent unless all relevant and reasonably necessary technical information covered by the patent is known to the formulating committee, subcommittee, or working group." (CX0306-02; see Decision, Finding No. 651.) The roster was later modified to refer to "patentable" items as well. (Decision, Finding No. 652.) The Decision noted that, in 1994, the JEDEC committee that Rambus attended was using a "member's manual" which stated that EIA publications "require intellectual property disclosure and discussion if proposed standards are affected." (Decision, Finding No. 662; RX507 at 15.)

In addition, as noted above, the EIA General Counsel, Mr. Kelly, “is the person responsible for interpreting EIA rules and the JEDEC rules, including the JEDEC patent policy.” (Decision, Finding No. 244.) Yet Mr. Kelly’s testimony could not be clearer: the JEDEC patent policy “requires an early disclosure of intellectual property; that is, patents or patent applications that are or may be related to the work of a standard-setting committee.” (J. Kelly Tr. at 1837-38.)

The Decision unaccountably rejected the views of the one source who was authorized to interpret the JEDEC patent policy when clarification was requested. Mr. Kelly had no stake in the outcome of this case, other than preserving the integrity of JEDEC’s rules and process. While Rambus was a member of JEDEC, it never availed itself of the opportunity to request guidance from Mr. Kelly, even though the evidence shows that it was concerned enough to seek advice from its own counsel about permissible conduct at JEDEC meetings. (Decision, Finding Nos. 930-34.) Rambus cannot complain now that it did not understand JEDEC’s rules when it refrained from asking the readily available source for authoritative interpretations.

Despite this proof, the Decision claimed that there was “overwhelming evidence” from “contemporaneous documents, the conduct of participants, and trial testimony that the disclosure of intellectual property interests was encouraged and voluntary, not required or mandatory.” (Decision at p. 265.) The Decision, however, was unable to back up this sweeping conclusion with anything beyond reference to a handful of documents which it proceeded to misconstrue, and from minor (and sometimes non-existent) differences of opinion among a few JEDEC participants respecting certain details of JEDEC’s disclosure requirements.

The Decision first claimed that its view that JEDEC has a “voluntary” patent policy is supported by a 1994 memorandum, written by JEDEC’s secretary, which expressed

disapproval of a proposal by a European standards institute to “force compulsory licensing on an extraterritorial basis.” (Decision, Finding No. 670, and p. 266; RX-0486.) The memorandum reports that JEDEC’s legal counsel does not think this would be a “good idea.” (RX-0486.) However, the memorandum relates to compulsory licensing – not to the disclosure – of patents relating to proposed standards.

The Decision next claims that its views are supported by a 1996 submission made to the Commission on behalf of EIA and the Telecommunications Industry Association (“TIA”) (which had a close working relationship with EIA), which states that both associations “encourage the early, voluntary disclosure of patents.” (RX-00669-03; *see* Decision, Finding No. 679.) That submission, however, did not describe or address JEDEC’s patent-disclosure policy, which is described in JEDEC documents such as JEDEC Manual JEP 21-I as well as sign-in sheets, viewgraphs, and ballots, that contain text and procedures not found in any EIA manual.⁹

Finally, the Decision relies on unsigned, draft minutes of a JEDEC Board meeting in February 2000, which states that companies are not required to “make public that a patent is pending.” (Decision, Finding No. 683, relying on RX-1570, at 25.) These draft minutes were not signed by EIA’s legal counsel or approved by JEDEC’s Chairman, as required, and the final minutes omitted this language. (*See* Complaint Counsel’s Reply to Proposed Findings of Fact, Nos. 233-34.) It was gross error for the Decision to take the drastic step of invalidating JEDEC’s written patent policy, in place since at least 1993, based on draft minutes prepared in February

⁹ The use of the term “voluntary” in the EIA/TIA comment letter is consistently used to describe the voluntary nature of participation in EIA/TIA work and the voluntary use of final standards. (RX-0669.) Disclosure of patents was only “encouraged” and “voluntary” in the sense that no company was obligated to belong to EIA/TIA or to participate in their standards-development work in the first place. (*See* J. Kelly Tr. at 1783, 2106-07, 2110-14.)

2000 which were later revised. It was likewise gross error for the Decision to rely on an e-mail about what was decided at that meeting from JEDEC's secretary, rather than on the final, authorized minutes themselves and JEDEC's written patent policy. (*See* Decision, Finding Nos. 684-85; RX-1585; RX-1559.)

The Decision also attempts to shore up its conclusion that JEDEC's policy was too ambiguous to be enforceable by finding that "members had different understandings of EIA/JEDEC's patent policy." (Decision, at p. 273.) However, only three of the dozens of participants at JEDEC meetings were identified as having differing views. (*Id.*, Finding Nos. 720-23.) Later, based on the same evidence, the Decision makes the logical leap that there was "no common understanding" about details of JEDEC's patent policy based on selective quotations from testimony. (*Id.*, Finding No. 748.)

This evidence, and the Decision's related conclusions, should be given no weight for several reasons.

First, the small number of examples of uncertainty or confusion do not undermine the actual text of the JEDEC policy, or the overwhelming testimony that participants read and understood that policy to require the disclosure of patents and patent applications.

Second, the Decision draws the illogical conclusion that no disclosure was required when various members expressed uncertainty as to the outermost bounds of required disclosures. For example, the Decision found support for its position that no disclosure was required of patents and patent applications from one member's belief that disclosure was required even of "an intent to file a patent application." (Decision, Finding No. 749.) This example hardly suggests that JEDEC's patent policy should be thrown out entirely when no uncertainty was expressed about the obligation to disclose patents or actual patent applications.

Third, other cited examples of “conflicting” views were more ephemeral than real. For example, the Decision claims that a single JEDEC member (IBM) had the view that disclosure was required only of patents or patent applications that were needed to use the final standard, whereas numerous others cited by the Decision expressed the view (consistent with the JEDEC’s JEP 21-I Manual) that anything that “might be involved” in standards work had to be disclosed. (Decision, Finding Nos. 756-60.) However, the Decision acknowledged that IBM’s representative (Gordon Kelley) testified that disclosure was not only required of IP that “reads on or applies” to the standard, but also of “any claim that might apply to the work of the committee it was required to disclose.” (Decision, Finding Nos. 756, 758.) There was no confusion whatsoever.

More fundamentally wrong is the Decision’s view that no standard-setting group’s rules can be enforced if some “members had different understandings” of that policy. (Decision, at p. 273.) This test is illogical, impractical, and unreasonable. It is difficult to conceive how any standard-setting organization’s rules could survive if this were the test for their validity. Either a policy would be deemed too broad to provide sufficient detail to be “unambiguous” in implementation, or an encyclopedic policy full of detail would be deemed “ambiguous” because it would inevitably require interpretation to reconcile different provisions. In short, the Decision posed an impossible “Catch-22” which, if not reversed, threatens to doom any standard-setting effort that relies on patent disclosure. The Commission should carefully review the Decision because of the dangerously wrong precedent that it sets.

The Decision’s reliance on the existence of different views about details of the JEDEC patent policy to invalidate that policy *in toto* is especially unwarranted in this case because (1) JEDEC provided an authoritative source, Mr. Kelly, to interpret its policies and

provide guidance; (2) the party supposedly aggrieved by the policy's "ambiguity" (Rambus) never consulted with him despite its own concerns about JEDEC's patent-disclosure requirements; and (3) the plain text of the patent policy speaks so clearly that patent disclosures are required.

There are few statutes or regulations that are so clear and precise that there can never be differing views about their scope or requirements. Yet such statutes are construed by courts and agencies, and enforced, except in extreme cases.¹⁰ The Federal Trade Commission Act itself speaks in broad strokes about "unfair methods of competition," 15 U.S.C. § 45(a)(1), but it is still an enforceable, important instrument to protect fair competition and consumers despite frequently varying views about how it should be applied. *See Atlantic Refining Co. v. FTC*, 381 U.S. 357, 367 (1965) ("Congress intentionally left development of the term 'unfair' to the Commission rather than attempting to define 'the many and variable unfair practices which prevail in commerce'") (citation omitted).

Likewise, a contract is not held unenforceable *in toto* simply because two or more contracting parties express different views about specific provisions.¹¹ Instead, the disputed

¹⁰ *E.g., United States v. Powell*, 423 U.S. 87, 94 (1975) ("The fact that Congress might, without difficulty, have chosen '[c]learer and more precise language' equally capable of achieving the end which it sought does not mean that the statute which it in fact drafted is unconstitutionally vague") (*quoting United States v. Petrillo*, 332 U.S. 1, 7 (1947)); *United States v. Nat'l Dairy Prods. Corp.*, 372 U.S. 29, 32 (1963) ("[S]tatutes are not automatically invalidated as vague simply because difficulty is found in determining whether certain marginal offenses fall within their language"); *Hamilton Bank, N.A. v. Office of the Comptroller of the Currency*, 227 F. Supp. 2d 1, 11 (D.D.C. 2001) ("[T]he Court cannot say that the Temporary Cease and Desist Order is unenforceable based solely upon the fact that some of its terms may be subject to multiple interpretations").

¹¹ *See also Non-Linear Trading Co. v. Braddis Assocs.*, 675 N.Y.S.2d 5, 10 (App. Div. 1998) ("A contract is not rendered unenforceable merely because the parties differ in their subjective interpretation of the instrument"); *Thole v. Structural Pest Control Bd.*, 117 Cal. Rptr. 206, 208 (Ct. App. 1974) ("It appears to be petitioner's contention that whenever a word in a

(continued...)

provisions are construed in accordance with the parties' overall purposes. *Restatement (Second) of Contracts*, § 202(1) ("Words and other conduct are interpreted in light of the circumstances, and if the principal purpose of the parties is ascertainable it is given great weight"). As set forth next, the Decision's reading of JEDEC's rules is fundamentally at odds with their overall purposes.

C. The Decision Ignored the Purpose of JEDEC's Patent Policy

The requirements of JEDEC's patent policy, as outlined above, do not exist in a vacuum. They represent JEDEC's particularized approach toward implementing the general goals of the EIA (JEDEC's parent organization) to "[a]void requirements in EIA standards that call for the exclusive use of a patented item or process." (JX0054-009.) JEDEC requires that any standard that requires the use of patented items (including items which are the subject of patent applications" be "considered with great care." (CX0208-019.) The Decision gives no consideration to how these goals could practically be achieved if one or more of the participants in a JEDEC committee knows of patents or patent applications but does not disclose them.

In some cases, the technology that is the subject of a patent or patent application may be technically superior to alternatives being considered for incorporation into a JEDEC standard. In such cases, if JEDEC is informed of patents or patent applications, it may nonetheless choose to use that technology in a JEDEC standard.¹² However, under its patent

(continued...)

statute or regulation is subject to more than one interpretation, the statute or regulation is 'void for vagueness.' Fortunately, the law has never required perfection"); *People v. Anderson*, 105 Cal. Rptr. 664, 670 (Ct. App. 1972) ("Mere difficulty in ascertaining the meaning of the statute or the fact that it is susceptible of different interpretations will not render it nugatory").

¹² *E.g.*, J. Mueller, *Patenting Industry Standards*, 34 J. Marshall L. Rev. 897, 931 (Summer 2001) ("Mandatory disclosure preserves for the standards-setting body the option to
(continued...)

policy, JEDEC may take this step only if the committee chairman has received from the patent holder or patent applicant a commitment either to grant royalty-free licenses to those utilizing the standard, or to grant licenses under reasonable terms and conditions that are demonstrably free of any unfair discrimination. (CX0208-019; *see* JX0054-009.) If such assurances are not provided, JEDEC cannot use the proprietary technology in its standard. Once again, the Decision does not explain how JEDEC could possibly be sure that it obtained the necessary assurances if committee members were not required to disclose relevant patents or patent applications.¹³

The Decision also questioned whether JEDEC acted with sufficient clarity to require the disclosure of patents or patent applications that are not strictly required to produce a device in accordance with a final JEDEC-approved standard. (Decision, Finding Nos. 758, 760.) However, as noted above, the JEDEC policy requires disclosure of all patents or applications “that might be involved in the work [a committee is] undertaking.” (CX0208-019.) The breadth of this disclosure obligation is not an oversight; it is deliberate and essential. Likewise, the duty is intentionally broad – not ambiguous as the Decision found. (Decision, Finding No. 760.)

When information about patents or patent applications that “might be involved” in standard-setting work is disclosed in a timely manner, as required by the patent policy, JEDEC

(continued...)

decide whether it will adopt a standard that requires the use of patented technology or develop a different standard that avoids it altogether”).

¹³ JEDEC relies on the affected parties (patent holders and alleged infringers) to address disputes about non-compliance with JEDEC’s patent disclosure policy. If an amicable resolution is not possible, claimed violations can be addressed through judicial process. JEDEC does have authority to withdraw an issued JEDEC standard if it determines that the patent policy was violated. However, such a withdrawal may have little practical effect if the industry and its supply chain partners have already implemented the standard, such as through widespread production or technical adoption of the standard

participants are able to make informed choices about the technological approach they wish to follow and the types of technology to be incorporated into a standard. They may elect to use alternative technology in which the best means of implementing a standard is not saddled with actual or potential patent rights.

As a standard evolves through the work of a committee, it is impossible for any JEDEC participant to know ahead of time, with total certainty, that a particular patent claim will be infringed by the final JEDEC standard. For this reason too, early disclosure is required of any patents or applications that “might be involved” in the standards “work” that the JEDEC committee is “undertaking.” (CX0208-019.)

The vast majority of participants at JEDEC meetings are engineers, who are not steeped in the intricacies of patent law. This is another reason why the JEDEC patent policy broadly requires the disclosure of anything that “might be involved” in committee work. In practice, most participants are engineers not qualified to make legal determinations whether a patent claim is “needed to implement the standard” (or, in IP terminology, whether a patent claim “reads on” the standard).

It takes months, or in some cases years, to develop a JEDEC standard. Significant delays can arise if required patent disclosures are not made until late in the standard development process, and committees are then forced to go back to the drawing board after lengthy work has been done and the committee has reached a technical consensus. Such delays can only frustrate JEDEC’s goal of developing standards for cutting-edge technology in a field that has been progressing at a rapid pace. Once again, the Decision gave these considerations no heed. Its interpretation of JEDEC’s patent policy can only undermine, not advance, JEDEC’s goals.

D. The Decision Conflicts with the Federal Circuit’s Ruling

The Decision repeatedly cites the Federal Circuit’s January 2003 decision in *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081 (Fed. Cir.), *cert. denied*, 124 S.Ct. 227 (2003), to support its position that JEDEC did not impose a mandatory disclosure obligation on its members, and that such disclosure was instead only “encouraged and voluntary.” (Decision at pp. 258, 260, 264, 265, 269, 273-74.) These citations prove only that the Decision was as capable of misreading the Court of Appeals’ decision as JEDEC’s rules.

Both the majority and dissenting opinions in the *Infineon* case ultimately found that JEDEC’s patent policy required disclosure of patents and patent applications needed to use a JEDEC standard. Both opinions conflict with – rather than support – the Administrative Law Judge’s Decision.¹⁴

Specifically, after considering together the language of JEDEC’s policy and the way it was treated by members, the majority ruled that “a reasonable jury could find only that the duty to disclose a patent or application [at JEDEC] arises when a license under its claims reasonably might be required to practice the standard.” 318 F.3d at 1100. Elsewhere, the majority added that “Rambus’s duty [at JEDEC] to disclose extended only to claims in patents or applications that reasonably might be necessary to practice the standard.” *Id.* Thus, Rambus had a mandatory “duty” to disclose patents or patent applications that might reasonably be necessary to use a final JEDEC standard.

¹⁴ JEDEC strongly disagrees with the majority opinion in *Rambus Inc. v. Infineon Technologies AG*, to the extent that it concluded that JEDEC’s rules did not require the early disclosure of patents or patent applications that “might be involved” in standard-setting activity, but which turn out to be unnecessary actually to utilize a final JEDEC standard. As discussed below, JEDEC believes that the dissenting opinion reached the correct result.

The majority opinion went on to reject Infineon’s contention that the disclosure duty at JEDEC extended even further, and required participants to disclose patents or patent applications which were “related to” a proposed standard but not strictly required actually to use that standard. 318 F.3d at 1098-99, 1101. The majority found the broader duty to be too “amorphous.” *Id.* Thus, the Federal Circuit majority held that JEDEC does have mandatory disclosure requirements, but disagreed only as to whether it applied to intellectual property that is not strictly required to use a final JEDEC standard. Yet the Decision was so extreme that it rejected the ruling of the Federal Circuit’s majority which recognized a mandatory disclosure duty at JEDEC, and then mistakenly relied extensively on the same opinion for the Decision’s opposite conclusion.

The Administrative Law Judge also ignored entirely the lengthy and forceful dissent by Judge Proust in *Rambus Inc. v. Infineon Technologies AG*, which JEDEC believes reached the correct view of JEDEC’s disclosure policy (as did the jury and the trial court). Relying on Section 9.3.1 of JEDEC Manual JEP 21-I, and other evidence, the dissent found that the evidence “supports a broader duty than the one applied by the majority.” 318 F.3d at 1110. The dissent found that Section 9.3.1 – which refers to the obligation to disclose “patents, or pending patents, that might be involved in the work they are undertaking” – contains the “obligation to disclose relevant patents and patent applications.” 318 F.3d at 1113. The dissent explained that this Section

clearly states the duty of disclosure required by all members of JEDEC, which is different from the duty applied by the majority in at least two respects. First, the statement ‘might be involved in’ the standard is much broader than requiring disclosure of only claims reading on the standard. Second, the majority applies the duty to the final standard adopted by JEDEC, whereas the manual requires disclosure based on the ‘work they are undertaking.’ which is much more expansive than the final, completed standard resulting from the work undertaken. The majority’s comparison of pending claims to the final standard does not take

into account the possibility that, during the course of its work, the committee considers, debates, rejects and amends various proposals as the standard evolves.

318 F.3d at 1110-11.

On the record presented in *Infineon*, the dissent went on to find that there was ample evidence of JEDEC's mandatory disclosure duty:

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.

318 F.3d at 1110-11. The dissent even cited testimony from Rambus' representative at JEDEC, Richard Crisp, in which he confirmed being made aware at JEDEC meetings of the "new language of the policy which specifically required the disclosure of patent applications." 318 F.3d at 1114-15.

The dissent also concluded that the JEDEC patent policy was not "overly broad and ambiguous" in requiring disclosure of intellectual property that "might be involved" in standards work. 318 F.3d at 1115. It explained that "JEDEC was free to formulate whatever duty it desired and it is not this court's job to rewrite or reinterpret the duty on the basis that it is unbounded (which I do not think it is)," and that JEDEC "did not have the desire to have a bright line rule, such as the one the majority has now imposed upon it." 318 F.3d at 1115. The Commission should review this case and, unlike the Decision, give Judge Proust's views the careful consideration that they deserve.

IV. THE COMMISSION SHOULD REVIEW THIS CASE TO CORRECT AN ERRONEOUS RULING OF FAR-REACHING IMPORTANCE

The Commission should review this case carefully because it has ramifications far beyond the immediate parties.

Because JEDEC is a leading standard-setting organization in the electronics industry, the proper application of its patent policy affects hundreds of issued JEDEC standards

for semiconductors and other electronic components, and countless manufacturers and users of those components.

If the Administrative Law Judge's Decision is undisturbed, the rights and obligations of these numerous firms respecting these hundreds of JEDEC standards will be altered in ways unforeseen by many. Firms that secretly filed or refined patent claims based on what they learned at the JEDEC meetings will largely be free to enforce those patents, even though those meetings were intended to foster the collaborative development of open standards. Moreover, JEDEC participants will be at the absolute mercy of patent-licensing demands by those firms that secretly laid patent minefields around a proposed standard.

Already, JEDEC is facing reluctance from its members to continue their participation in JEDEC-sponsored standards activity. In the trade press, commentators have stressed that "the semiconductor industry will likely have to reassess its reliance on the protections provided by the JEDEC standardization process."¹⁵ Likewise, there was ample testimony that conduct of the type alleged in this case will chill participation in standard-setting at JEDEC, and cause a shift away from open standard setting. (See Complaint Counsel Proposed Findings of Fact Nos. 250-54.) The advancement of technology and standard-setting activity will suffer. The consuming public, and fair competition, will be the ultimate losers.

The correct interpretation and enforcement of JEDEC's patent-disclosure policy is important to guide the industry in the increasingly frequent judicial and regulatory litigation involving alleged non-disclosures of patent rights. Before the 1990's, there was relatively

¹⁵ F. Marino & J. Nye, *A Diminished Duty to Disclose: The Federal Circuit Decision in Rambus Inc. v. Infineon Technologies*, Intellectual Property Today, June 2003, at 12.

infrequent litigation over abuse of standard-setting groups' patent disclosure rules.¹⁶ Since the early 1990's, however, such litigation has burgeoned. JEDEC itself is aware of litigation involving alleged violations of its patent disclosure policy on at least seven widely used standards.¹⁷ Other cases have involved alleged violations of other standard-setting groups' patent policies, as well as standard setting by government regulators.¹⁸ If undisturbed, the

¹⁶ E.g., *Potter Instrument Co. v. Storage Technology Corp.*, 207 U.S.P.Q. (BNA) 763, 769 (E.D. Va. Mar. 25, 1980) (patent holder is estopped from enforcing patent when it "actively participated" in a standard-setting committee and "intentionally failed to bring its ownership of the . . . patent to the committee's attention, notwithstanding the committee's policy to the contrary"), *aff'd*, 641 F.2d 190 (4th Cir.), *cert. denied*, 454 U.S. 832 (1981); *Stambler v. Diebold, Inc.*, 11 U.S.P.Q.2d (BNA) 1709, 1715 (E.D.N.Y.) ("Plaintiff could not remain silent while an entire industry implemented the proposed standard and then when the standards were adopted assert that his patent covered what manufacturers believed to be an open and available standard"), *aff'd*, 878 F.2d 1445 (Fed. Cir. 1988).

¹⁷ E.g., *Winbond Elecs. Corp. v. ITC*, 2001 U.S. App. LEXIS 25113 (Fed. Cir. Aug. 22, 2001), *corrected*, 275 F.3d 1344 (Fed. Cir. 2001) (Silicon Signature); *Atmel Corp. v. Silicon Storage, Inc.*, Case No. 96-CV-39 (N.D. Calif.)(Silicon Signature); *Wang Labs., Inc. v. Mitsubishi Elecs. Am., Inc.*, 103 F.3d 1571 (Fed. Cir.), *cert. denied*, 522 U.S. 818 (1997) (Single In-Line Memory Modules); *Sun Microsystems, Inc. v. Kingston Tech. Co.*, Civ. Action No. C99-03610VRW (N.D. Cal., filed July 26, 1999) (Dual In-Line Memory Modules); *TM Patents, L.P. v. IBM Corp.*, Case No. 7:97-CV-1529 (S.D.N.Y., filed March 6, 1997) (CBR Refresh); *Texas Instruments, Inc. v. Micron Tech., Inc.*, Case No. 93-CV-254 (D. Idaho, filed Sept. 3, 1992) (Quad CAS); *In re Certain Integrated Circuit Chipsets and Products Containing Same*, Inv. No. 337-TA-428 (ITC, filed April 17, 2000) (P6 Architecture); *STMicroelectronics, Inc. v. Motorola, Inc.*, Civ. No. 4:30-CV-276 (E.D. Tex.)(Package Outlines); *Samsung Electronics Co. v. Tessera Technologies, Inc.*, Case No. 4:02-cv-05837 (N.D. Calif.)(Package Outlines).

¹⁸ E.g., *In re Dell Computer Corp.*, 121 F.T.C. 616 (May 20, 1996) (Complaint and Consent Decree) (Dell Computer charged by Federal Trade Commission with "unfair methods of competition" under the Federal Trade Commission Act for failing to disclose patent rights on a video bus to the Video Electronics Standards Association, despite the group's "affirmative disclosure requirements"); *Townshend v. Rockwell Int'l Corp.*, 55 U.S.P.Q.2d (BNA) 1011, 1018-21 (N.D. Cal. 2000) (modem standard involving International Telecommunications Union); *SanDisk Corp. v. Lexar Media, Inc.*, No. C98-01115 (N.D. Cal. Oct. 17, 2000) (alleged non-disclosure of flash memory patent). In a related context, concerns about unfair competition arise when a firm offers its technology to a regulatory agency as a standard without disclosing that it is seeking patents covering that technology. See *In the Matter of Union Oil Co. of Calif.*, Docket No. 9305 (FTC Initial Decision Nov. 25, 2003), *appeal pending*; *Sony Elecs., Inc. v. Consumer Elecs. Ass'n*, 157 F. Supp.2d 172 (D. Conn. 2001).

Decision will affect all claims of this nature – both present and future – involving standards developed to date. The Decision threatens to create a dangerous precedent that will heavily influence the outcome of other litigation in which parties seek to enforce JEDEC’s patent policy.

The Administrative Law Judge’s Decision will also have repercussions around the world. JEDEC’s members include firms based in Asia, Europe, and other countries, as well as firms based in the United States. Many of these firms do business on a multi-national basis. As a practical matter, many of the standards adopted by JEDEC become worldwide standards.

The problem of patent “ambushes” is particularly acute when it occurs in the context of a standardized product. The Federal Circuit previously addressed a similar controversy in which a patent holder failed to disclose patent applications to JEDEC. *Wang Labs., Inc. v. Mitsubishi Elecs. Am., Inc.*, 103 F.3d 1571 (Fed. Cir.), *cert. denied*, 522 U.S. 818 (1997). As the court noted there, JEDEC’s adoption of an item as an industry standard can vastly increase demand for that item, in some cases into “a multi-billion dollar market.” 103 F.3d at 1579. The very nature of “standardized” products — which by definition may be used by the whole industry — accentuates the need for effective remedies to redress violations of JEDEC’s patent policy.

Finally, cases of this nature implicate important concerns under the antitrust laws, which aim to prevent the improper manipulation of standard-setting processes. As noted earlier, private standard-setting among competitors “is permitted at all under the antitrust laws only on the understanding that it will be conducted in a nonpartisan manner offering procompetitive benefit,” and subject to procedures that “prevent the standard-setting process from being biased by members with economic interests.” *Allied Tube & Conduit Corp.*, 486 U.S. at 501, 506-07. This basic principle is thwarted when a single firm is able to enhance the monopoly power of its

patents by stealthy and misleading conduct at the standard-setting organization. For this paramount reason, if no other, the Commission should give careful attention to this case.

CONCLUSION

For the foregoing reasons, the Commission should conduct a careful review of the Decision and set aside those portions which misconstrued JEDEC's patent-disclosure policy.

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CERTIFICATE OF SERVICE

I hereby certify that, on April 16, 2004, I caused two copies of the *Amicus Curiae* Brief of JEDEC Solid State Technology Association in Support of Complaint Counsel's Appeal of Initial Decision to be served by first-class mail, postage prepaid, on the following:

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