-PUBLIC VERSION-
No. 11-903

IN THE
Supreme Court of the United States

TESSERA, INC.,
Petitioner,
v.
INTERNATIONAL TRADE COMMISSION, *ET AL.*,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF RESPONDENTS ACER INC., ACER AMERICA CORP., NANYA TECHNOLOGY CORP., NANYA TECHNOLOGY CORP. U.S.A., AND POWERCHIP TECHNOLOGY CORP. ("ANP RESPONDENTS") IN OPPOSITION

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QUESTION PRESENTED

This Court has long held that "the initial authorized sale of a patented item terminates all patent rights to that item." *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625 (2008) (citing *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549 (1852)). The question presented is:

Whether a licensee's sale of a patented item to its customer extinguishes, at the time of the sale, all patent-law claims by the patent holder against the licensee's customer, where the license agreement between the patent holder and the licensee authorizes the licensee to sell the item and make royalty payments months after the sale.

PARTIES TO THE PROCEEDING

Pursuant to Rule 14.1(b), the following lists parties appearing here and before the Federal Circuit Court of Appeals.

The petitioner here and appellant below is Tessera, Inc.

The appellees below and respondents here are Elpida Inc., Elpida Memory (USA) Inc., Acer Inc., Acer America Corporation, Nanya Technology Corporation, Nanya Technology Corporation U.S.A., Powerchip Technology Corporation (previously known as Powerchip Semiconductor Corporation), and the International Trade Commission.

CORPORATE DISCLOSURE STATEMENT

Acer America Corporation is a wholly owned subsidiary of Acer Inc. No public company owns ten percent (10%) or more of Respondent Acer America's stock or the stock of its parent company.

Nanya Technology Corporation U.S.A. is a wholly owned subsidiary of Nanya Technology Corporation. No public company owns ten percent (10%) or more of Respondent Nanya Technology Corporation U.S.A.'s stock or the stock of its parent company.

Powerchip Technology Corporation has no parent companies, nor does any public company own ten percent (10%) or more of Powerchip Technology Corporation's stock.

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STATEMENT OF THE CASE

This case arises from a final determination of the International Trade Commission ("Commission" or "ITC") in an investigation instituted in response to a complaint from petitioner Tessera, Inc. ("Tessera"), pursuant to section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337. Tessera alleged that respondents Elpida Memory, Inc., Elpida Memory (USA) Inc. (collectively, "Elpida"), and respondents Acer Inc., Acer America Corporation, Nanya Technology Corporation, Nanya Technology Corporation U.S.A., and Powerchip Semiconductor Corporation, now known as Powerchip Technology Corporation (collectively, "ANP respondents")[1] infringe its Patent No. 5,663,106 ("'106 patent"). Pet. App. 2a.[2] The Commission determined, as relevant here, that the sale of accused products by Tessera's own licensees exhausted the patent as to those products and prevented any finding of a violation under section 337. The Federal Circuit affirmed that determination.

Factual Background

DRAM semiconductor chips ("DRAM") are memory storage units used in electronic devices. Pet. App. 37a. DRAM may be packaged in ball grid array ("BGA") packages. *Id.*

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[1] This brief is filed on behalf of the ANP respondents, who are represented by their counsel of record in the proceedings below.

[2] Tessera's complaint also alleged infringement of other patents and by other respondents not relevant to the petition for certiorari. *See* Pet. App. 2a-3a.

Tessera's '106 patent is directed to a method of encapsulating BGA packages that prevents contamination of the terminals. *Id.* at 3a-5a. The types of BGA packages accused of infringing the '106 patent fall into two categories: the first has a polyimide-based package substrate ("μBGA"); and the second has a plastic laminate package substrate ("wBGA").

Tessera's primary business is licensing its semiconductor packaging technology. *Id.* at 6a. Since the late 1990s, Tessera has licensed a portfolio of patents including the '106 patent to companies that package DRAM, through agreements called Tessera Compliant Chip Licenses ("TCC Licenses"). *Id.*

Respondents Elpida, Nanya Technology Corporation, Nanya Technology Corporation U.S.A., and Powerchip Technology Corporation, as relevant here, produce DRAM and engage subcontractors, who are Tessera Licensees, to package the DRAM. Those subcontractors package the DRAM integrated circuits into μBGA or wBGA packages, and return the packaged DRAM to respondents. Respondents then ship the packaged DRAM to their customers, who incorporate it into electronic devices such as personal computers or smartphones.[3] Only respondent Elpida imports the accused μBGA packaged DRAM, whereas all respondents import the accused wBGA packaged DRAM. *Id.* at 3a-5a.

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[3] Respondents Acer Inc. and Acer America Corporation do not produce or package DRAM; instead, they purchase DRAM from DRAM manufacturers (like the other respondents) and use it in the manufacture of personal computers and servers. Pet. App. 34a.

Each TCC License calls for an up-front license fee along with running royalties (which are ongoing per-unit or percentage payments) paid at the end of a reporting period. Payment is often due months after the sale is completed. *Id.* at 6a, 21a-22a.

Each TCC License contains a License Grant clause substantially identical to the following: "Subject to the terms and conditions [of this agreement], Tessera hereby grants Licensee a … license to the Tessera Patents … and to sell … and/or offer for sale such TCC Licensed Products." *Id.* at 6a (citation omitted). The agreements also generally contain an Exclusion from License ("Exclusion") provision and a [redacted] provision. A representative Exclusion provision provides:

[redacted]

[redacted]

App. 15a.[4] A representative [redacted] provision states:

[redacted]

App. 16a, n.16.

Procedural Background

Tessera filed a "Section 337" complaint with the ITC in 2007 seeking, as relevant here, an exclusion order against all accused DRAM products imported by respondents. Tessera's complaint, however, averred that "[t]o the extent that any Accused Product is found to be properly licensed … under Tessera's patents, Tessera does not intend to bring—nor should Tessera be construed to have brought—any such Accused Products within the scope of the present Investigation." App. 28a. Nevertheless, during proceedings before the Commission, Tessera ar-

[4] Petitioner has not provided this Court with the sealed version of the Initial Determination. Accordingly, the ANP respondents have included in an appendix the sealed portions of the Initial Determination on which they rely. *See* App. 11a-26a.

gued that packages sold to respondents from Tessera Licensees are unlicensed until royalties have been paid. Pet. App. 20a. As of the filing of the petition for certiorari, the Tessera Licensees have paid in full any relevant royalties. Pet. 6, n.3.

On August 28, 2009, the Administrative Law Judge ("ALJ") issued a final *Initial Determination* finding no violation of Section 337. As relevant here, the ALJ determined that the accused products do not infringe the '106 patent. Pet. App. 218a. The ALJ further determined that "all chips Respondents purchased from licensed entities were authorized to be sold by Tessera," and, as a result, that Tessera's rights in those chips were exhausted. *Id.* at 215a. The ALJ found that 100% of Elpida's accused products came from Tessera licensees; patent exhaustion was thus a complete defense for Elpida. *Id.* at 216a-217a.[5]

The ALJ determined that Tessera's arguments against patent exhaustion "conflate the concepts of 'authority to sell' and 'licensed product.'" *Id.* at 208a. For purposes of patent exhaustion, the ALJ explained, "the threshold question is 'authority to sell'—not license." *Id.* at 208a. Here, the evidence demonstrated that [redacted]

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[5] The ALJ found that "at least a small portion" of the ANP respondents' products came from unlicensed suppliers. *Id.* at 216a-217a. Those products are not at issue in this petition, which concerns only articles sold by Tessera's licensees. *See* Pet. 6.

App. 14a. The ALJ observed similarities between the posture of this investigation and the facts of *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), this Court's most recent patent exhaustion ruling: [redacted] App. 14a.

"[E]ven if a post-sale condition [for running royalties] could [bind] a third party purchaser of patented technology," the ALJ determined, the license agreements in question do not create a "condition" under the governing state law. Pet. App. 209a.[6] In particular, California contract law "compelled [the ALJ] to reject" Tessera's construction of the Exclusion provision as a condition precedent of the license agreement, in favor of respondents' construction that it is not a condition. Pet. App. 211a-212a (distinguishing between "breach of contract" and the "nonoccurrence of a condition"). Moreover, while the text of the Exclusion provision, on its own, is ambiguous, adopting Tessera's construction of it would contradict [redacted] App. 18a. Tessera's reading also would render a portion of the Exclusion provision itself [redacted] App. 18a. Finally, California law requires ambiguity to be construed

[6] Pursuant to a forum-selection clause, California law governs the TCC Licenses. *Id.* at 210a.

against Tessera, as the drafter. *See* Pet. App. 211a (citing Cal. Civ. Code § 1654 (2008)).

The ALJ emphasized that Tessera's construction of its TCC Licenses would "create[] chaos." *Id.* at 213a-214a. Under Tessera's construction, downstream buyers would have no way to determine, at the time of sale, whether purchases from Tessera's own licensees are free from patent-law claims. *Id.* The ALJ explained: "If a company decides to purchase products from a dealer, they can (1) ask the company to prove they have a license, and/or (2) ask Tessera to confirm the company is a licensee in good standing." *Id.* at 213a. "[T]hose measures [would] get the third party purchaser nowhere," however, because, "according to Tessera, the licensee in good standing, amazingly, might not be selling 'licensed products.'" *Id.* Indeed, unless the downstream purchaser "is able to account for each chip or package the Tessera licensee has sold, it cannot be safe from a future action." *Id.* at 214.

On September 17, 2009, Tessera petitioned the Commission to review the ALJ's determination of patent exhaustion and noninfringement. *See* App. 4a.[7] The Commission declined to review—and thereby adopted—the ALJ's patent exhaustion determination on October 30, 2009. *See id.* at 5a. In the same order, the ITC "noticed" review of other issues in the Initial Determination, including claim construction and the finding of noninfringement for the

[7] Tessera, the Commission investigative attorney, and the respondents also petitioned the Commission to review other aspects of the ALJ's Initial Determination not relevant here.

'106 patent. The Commission resolved those outstanding issues on December 29, 2009, and issued an opinion as to those issues on February 24, 2010. The ITC modified the ALJ's claim construction; it affirmed the ALJ's finding of noninfringement for the accused wBGA products, but reversed the ALJ's finding of noninfringement by Elpida's μBGA DRAM. Pet. App. 248a; *id.* at 263a-280a. Nevertheless, the Commission explained, "the μBGA packages do not infringe because they are exclusively Elpida products and Elpida established its patent exhaustion defense for all its products." *Id.* at 277a (internal citation omitted).[8]

The Commission declined Tessera's request to reconsider the patent exhaustion determination, finding that the Commission had already "adopted the ALJ's determination with respect to Respondents' affirmative defense of patent exhaustion." *Id.* at 278a, n.6.

Tessera filed a notice of appeal on January 28, 2010. *Id.* at 16a.

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[8] The ANP respondents prevailed on an independent ground (noninfringement of the wBGA products). Thus, the ITC's patent exhaustion determination was dispositive only as to Elpida. Nevertheless, the patent exhaustion determination applied to *all* products before the Commission purchased from Tessera's licensees. *See* Pet. App. 23a; *see also Powertech Tech. Inc. ("PTI") v. Tessera, Inc.,* 660 F.3d 1301, 1308 (Fed. Cir. 2011) (applying exhaustion determination, affirmed by the Federal Circuit in *Tessera v. ITC*, to sales of wBGA and μBGA products by Tessera's licensee, PTI). Accordingly, the ANP respondents are also interested parties for purposes of the petition for certiorari.

Decision Below

The court of appeals held that "the Commission's decision regarding the '106 patent was supported by substantial evidence and contained no errors of law." Pet. App. 25a. As relevant here, the court affirmed the Commission's finding of noninfringement as to the accused wBGA products, and the Commission's determination that patent exhaustion provided a complete defense as to the accused μBGA products. *See id.* at 8a-13a, 15a-24a.

The Federal Circuit first rejected the position of the ITC and Elpida that the court lacked jurisdiction to hear the appeal as to patent exhaustion because Tessera did not timely appeal the issue. *See id*. at 15a-19a. The Commission argued that its decision not to review—and thereby to adopt—the ALJ's determination as to patent exhaustion constituted the "final determination" of the ITC. Tessera sought to appeal that determination under 19 U.S.C. § 1337(c), which provides that "[a]ny person adversely affected by a final determination of the Commission … may appeal such determination, within 60 days after the determination becomes final." Because the ITC order issued on October 30, 2009, and Tessera failed to file a notice of appeal until January 28, 2010—a full 90 days later—the Commission regarded as untimely Tessera's appeal of that determination. The court of appeals concluded that, because the Commission agreed to review other determinations of the ALJ concerning the '106 patent (namely, claim construction and infringement), and because Tessera's appeal was timely as to those issues, the court also had jurisdiction over the patent exhaustion determination.

Pet. App. 19a. The court of appeals relied on 19 C.F.R. § 210.42(h)(2) for the proposition that "[u]nder the Commission's own regulations, the Initial Determination did not become final because the Notice to Review ordered review of certain issues therein pertaining to the '106 patent." *Id.* at 19a.[9]

Reaching the merits, the court of appeals "affirm[ed] the Commission's determination that Tessera's patent rights are exhausted as to all products accused of infringing the '106 patent purchased from Tessera's licensees." *Id.* at 23a. Because Elpida's products were the only accused products found to infringe the '106 patent, and Elpida acquired 100% of its accused products from TCC Licensees, patent exhaustion served as a complete defense for Elpida. *Id.* at 23a-24a. "'The longstanding doctrine of patent exhaustion,'" the court of appeals explained, "'provides that the initial authorized sale of a patented item terminates all patent rights to that item.'" *Id.* at 20a (quoting *Quanta*, 553 U.S. at 625). The court held that because Tessera's licensees were authorized to sell the accused products, the patent was exhausted as to those sales. *Id.* at 21a. Specifically, the Federal Circuit found:

> Nothing in the TCC Licenses limited the licensee's ability to sell the accused products.

[9] 19 C.F.R. § 210.42(h)(2) provides: "[a]n initial determination … shall become the determination of the Commission 60 days after the date of service of the initial determination, unless the Commission within 60 days after the date of such service shall have ordered review of the initial determination or certain issues therein."

> Each of the TCC License agreements contains *an unconditional grant of a license* 'to sell … and/or offer for sale' the accused products…. [T]here is nothing in any of the license agreements to even remotely suggest that the existence of a condition subsequent, namely, the payment of royalties, operates to convert initial authorized sales into unauthorized sales for purposes of patent exhaustion.

Id. at 21a-22a (emphasis added).

The Federal Circuit rejected Tessera's focus on the Exclusion provision, explaining that Tessera's construction "overlooks important aspects of the structure of its TCC Licenses." *Id.* at 22a. In particular, the agreements "expressly authorize [the] licensees to sell the licensed products and to pay [running royalties] at the end of the reporting period." *Id.* Tessera thus authorizes its licensees to sell "on credit and pay later." *Id.* Tessera concedes, the court of appeals emphasized, "that the TCC License permits a licensee to sell licensed products before that licensee pays royalties." *Id.* at 23a. The court of appeals rejected as "hollow and unpersuasive" Tessera's contention that the licensee's sale would subsequently become unauthorized if the licensee defaulted on post-sale royalties. The court of appeals concluded: "That absurd result would cast a cloud of uncertainty over every sale, and every product in the possession of a customer of the licensee, and would be wholly inconsistent with the fundamental purpose of patent exhaustion—to prohibit postsale restrictions on the use of a patented article."

Id. at 23a (citing *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549 (1852)).

ARGUMENT

The question petitioner poses—whether a patent license *may* condition a licensee's authority to sell on the payment of post-sale royalties—is not suitably presented by this petition and, in any event, is not worthy of certiorari.

To begin with, the court of appeals lacked jurisdiction to review the Commission's patent exhaustion determination: Tessera did not timely appeal it. Accordingly, the question presented is not justiciable.

In any event, petitioner seeks highly factbound error correction where there is no error. For well over a century, this Court has held that "the initial authorized sale of a patented item terminates all patent rights to that item." *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625 (2008) (citing, *inter alia*, *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539 (1852)). Petitioner has never suggested that its licensees violated their license agreement by selling the patented items to respondents; to the contrary, it concedes that they were *permitted* to do so. The case is thus squarely controlled by the well-entrenched doctrine of first sale, or patent exhaustion. The Federal Circuit's straightforward application of hornbook patent law, dating back to the nineteenth century, implicates no novel or unresolved question of law.

The question petitioner poses is not presented on the facts of this case. Every authority to review the license agreements at issue has concluded (correctly) that Tessera authorized the sale of the patented products *without condition*. Accordingly, the petition simply does not present the question whether a license agreement *may* condition the licensee's authority to sell patented items on its payment of royalties long after those sales. In addition, the Court's resolution of the petition would have no impact on the parties before it. Petitioner concedes that its licensees have paid in full any relevant royalties. *See* Pet. 6, n.3. Thus, the only sales here at issue have already fallen out of the case.

Finally, the question petitioner would have this Court decide is trivial. Indeed, it is not clear whether there are any real-world examples of a license agreement that conditions the licensee's authority to sell a patented item on payments that will come due long after the sale is completed. Petitioner certainly provides no example of such a nonsensical scheme. The question petitioner poses thus requires conjuring up hypothetical licensees who would agree to sell patented items *before* they have the authority to do so. At bottom, petitioner wants it both ways: petitioner wishes to sell licensing rights for patented items, while preserving patent rights against its licensees' downstream customers *for those identical items*. That, however, is precisely what the doctrine of patent exhaustion was designed to prevent.

I. THE QUESTION PRESENTED IS NOT JUSTICIABLE.

The Federal Circuit lacked jurisdiction to hear the appeal as to patent exhaustion because Tessera failed to timely appeal that determination. The Federal Circuit's jurisdiction over this appeal is governed by 19 U.S.C. § 1337(c), which provides that "[a]ny person adversely affected by a final determination of the Commission … may appeal such determination, within 60 days after the determination becomes final, to the United States Court of Appeals for the Federal Circuit." The ALJ's determination that Tessera's patent rights were exhausted with respect to all accused products sold by Tessera Licensees—and that Elpida purchased 100% of its accused products from Tessera Licensees—became the "final determination" of the Commission on October 30, 2009, because the Commission declined to review it. *See* App. 5a. The court of appeals erroneously concluded that the decision became final only after the Commission disposed of other respondents and other issues on December 29, 2009. *See* Pet. App. 19a.

Pursuant to Commission rules, "[a]n initial determination … shall become the determination of the Commission 60 days after the date of service of the initial determination, unless the Commission within 60 days after the date of such service shall have ordered review of the initial determination or certain issues therein." 19 C.F.R. § 210.42(h)(2). Here, the date of service of the Initial Determination is August 31, 2009. *See* App. 26a. Accordingly, the patent exhaustion determination became final 60 days later (on October 30, 2009), because the Commission declined to review it.

By definitively declining to exclude from entry certain products that Tessera alleges infringe its patent (and thereby disposing of respondent Elpida), the ITC's determination as to exhaustion constituted a "final" agency action. *See Williamson Cnty. Reg'l Planning Comm'n v. Hamilton Bank of Johnson City*, 473 U.S. 172, 192-193 (1985) ("finality … is concerned with whether the initial decisionmaker has arrived at a definitive position on the issue that inflicts an actual, concrete injury"); *see also Block v. ITC*, 777 F.2d 1568, 1571 (Fed. Cir. 1985) (defining "final determination" under section 1337 as "a final administrative decision on the merits, excluding or refusing to exclude articles from entry") (emphasis omitted).

Finality is a familiar and well-established principle of administrative law.[10] The "core question [for finality] is [1] whether the agency has completed its decisionmaking process, and [2] whether the result of that process is one that will directly affect the par-

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[10] The caption of an order, of course, does not determine its finality. *See, e.g., Sullivan v. Finkelstein*, 496 U.S. 617, 628, n.7 (1990) ("It is true … that the District Court did not caption its order as a 'judgment,' much less a 'final judgment.' The label used by the District Court of course cannot control the order's appealability in this case."); *Fed. Trade Comm'n v. Minneapolis-Honeywell Regulator Co.*, 344 U.S. 206, 212 (1952) ("[T]he question of whether the time for petitioning for certiorari was to be enlarged cannot turn on the adjective ['Final'] which the court below chose to use in the caption of its second judgment [but not its first].").

ties." *Franklin v. Mass.*, 505 U.S. 788, 796-97 (1992). *See generally* S. Childress & M. Davis, 3 *Federal Standards of Review* § 14.13, at 14-49 (4th ed. 2010). Each prong of the finality test was satisfied by the ITC's order. The Commission's determination that Tessera authorized its licensees to sell the accused products here at issue "put to rest the question[]" of patent exhaustion. *Minneapolis-Honeywell*, 344 U.S. at 249. It was the ITC's "last word" on whether articles sold by Tessera Licensees were excludable. *See Whitman v. Am. Trucking Ass'ns*, 531 U.S. 457, 478 (2001) (internal quotation marks omitted) (citations omitted). In addition, that determination had a "direct effect on … day-to-day business" by declining to exclude products whose entry Tessera maintained it had a right to prevent. *See Franklin*, 505 U.S. at 796-97 (citing *Abbott Labs. v. Gardner*, 387 U.S. 136, 152 (1967)).[11]

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[11] Consistent with these principles of finality, the Federal Circuit has held that the ITC's adoption of an ALJ's finding of noninfringement constitutes a "final," appealable determination because "there [is] no further opportunity for review of that decision other than by way of review in [that court]." *Broadcom Corp. v. ITC*, 542 F.3d 894, 896-97 (Fed. Cir. 2008) (citing *Allied Corp. v. ITC*, 782 F.2d 982, 983-984 (Fed. Cir. 1986) (ITC order adopting ALJ determination of patent invalidity is "final," and thus appealable, "there [being] no provision for Presidential review, or for other administrative proceedings, following a determination that does not lead to an exclusion order.")). The court of appeals in this case distinguished *Broadcom* and *Allied* on the ground that, unlike in those cases, the Commission agreed to review other determinations relating to the '106 patent, and Tessera timely filed a notice of appeal as to those determinations. *See* Pet. App. 18a-19a. Whether Tessera could obtain an exclusion order against all products purchased from Tessera Licensees,

Pursuant to 19 U.S.C. § 1337(c), then, petitioner had 60 days within which to appeal the final determination of the ITC as to patent exhaustion. Any concern over piecemeal litigation should have been resolved by timely filing a notice of appeal, and requesting that the Federal Circuit stay the appeal pending resolution of the other issues still before the Commission.[12] *See, e.g., Minneapolis-Honeywell Co.*, 344 U.S. at 213 ("[W]hile we do not mean to encourage applications for piecemeal review …, we do mean to encourage applicants to … take heed of another principle—… that litigation must at some definite point be brought to an end," and that "principle [is] reflected in [statutes limiting] appellate jurisdiction to those … where review is sought within a prescribed period."). Because petitioner did not timely appeal the final patent exhaustion determination, the court of appeals was without jurisdiction to review it.[13]

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however, was no longer before the Commission on December 29. As detailed in the text, that issue had been resolved conclusively on October 30.

[12] That is precisely the course taken by the Federal Circuit in another appeal implicating partial review by the ITC of the ALJ's Initial Determination. *See Vastfame Camera, Ltd. v. ITC*, 56 F. App'x 494, 495 (Fed. Cir. 2003), *cited at* Pet. App. 19a.

[13] The court of appeals misconstrued 19 C.F.R. § 210.42(h)(2) to suggest that, because the Commission noticed review of other issues, there was no "final determination or appealable order" until the Commission issued a final determination on December 29. Pet. App. 19a. As the Federal Circuit itself recognized in a recent case, those "issues not selected for review by the full Commission" become "final"

II. THE CASE PRESENTS A HIGHLY FACT-BOUND QUESTION THAT THE COURT OF APPEALS CORRECTLY RESOLVED.

The case presents a straightforward application of the longstanding doctrine of first sale or patent exhaustion. For well over a century, this Court has held that "the initial authorized sale of a patented item terminates all patent rights to that item." *Quanta*, 553 U.S. at 625 (citing *Bloomer,* 55 U.S. at 549; *Adams v. Burke*, 84 U.S. (17 Wall.) 453 (1873)); *see generally* F. Kieff et al., *Principles of Patent Law* ch. 9.D (5th ed. 2011) (providing a history of the "doctrine of first-sale"). Tessera does not dispute the governing legal standard. *See, e.g.,* Pet. 1. Petitioner instead argues that the court of appeals erred in its application. The highly fact-dependent request for error correction does not warrant certiorari. In any event, it is Tessera, not the Federal Circuit, that misapplies patent exhaustion to the facts of this case.

The case presents no novel or unresolved question of exhaustion; it calls for the application of hornbook patent law, dating back to the nineteenth century. Tessera entered into contractual arrangements with its licensees to sell the patented products and services at issue; their sale, in turn, exhausted the patent. *See, e.g., Adams*, 84 U.S. at 457 (when patented item is "once lawfully made and sold, there is no restriction on [its] use to be implied for the

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under section 210.42(h)(2), and "may be appealed to the Federal Circuit in accordance with 19 U.S.C. § 1337(c)." *Gen. Elec. Co. v. ITC*, 670 F.3d 1206, 1219 (Fed. Cir. 2012).

benefit of the patentee"); *Keeler v. Standard Folding-Bed Co.*, 157 U.S. 659, 666 (1895) ("the purchase of the article from one authorized by the patentee to sell it [] emancipates such article from any further subjection to the patent throughout the entire life of the patent"); *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425, 432 (1894) ("When the patented machine rightfully passes to the hands of the purchaser from the patentee, *or from any other person authorized to convey it*, the machine is no longer within the limits of the [patent] monopoly.") (internal quotation marks omitted) (emphasis added); *United States v. Univis Lens Co.,* 316 U.S. 241, 252 (1942) ("The first vending of any article manufactured under a patent puts the article beyond the reach of the monopoly which that patent confers."); *see generally Principles of Patent Law* ch. 9.D, at 1080 ("Acts cannot infringe unless they are carried out 'without authority.'… *The clearest grant of authority is an express grant from the patentee in a contract in the form of a license*.") (emphasis added).

Tessera has never suggested that its licensee violated its license agreement by selling the patented item in question; it concedes that the licensee was *permitted* to do so. *See* Pet. App. 21a-22a.[14] This

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[14] Because it is undisputed that the TCC License permitted the sale of products and services practicing Tessera's patent, any alleged breach of the promise to pay sounds in contract, not patent law. *See Quanta*, 553 U.S. at 637, n.7 ("not[ing] that the authorized nature of the sale to Quanta does not necessarily limit LGE's other contract rights"); *see also Keeler*, 157 U.S. at 666. Indeed, on-contract remedies are precisely what Tessera has already sought and obtained. *See* Pet. App. 212a ("In arbitration, Tessera was able to do precisely

central fact distinguishes the case from the Court's precedent concerning restricted licenses. Tessera's reliance on those cases (at Pet. 13-17) is thus unavailing. In *General Talking Pictures Corp. v. Western Electric Co.*, for instance, the licensee received a license "limited to the manufacture and sale of [] amplifiers for private use," but knowingly sold amplifiers for commercial use. 304 U.S. 175, 179-80 (1938). Because "[t]he sales made … were outside the scope of [the license]," and "[b]oth parties knew that fact at the time of the transactions," the sale did not exhaust the patent. *Id.* at 180; s*ee also, e.g., Mitchell v. Hawley*, 83 U.S. 544, 550 (1873) (licensee could not authorize unrestricted use of the patent where the license itself contained a time restriction). Critically, in each of those cases, the sale was unauthorized—*i.e.*, it exceeded the scope of the license—*at the time it was made*. Here, by contrast, it is undisputed that the license agreements authorized Tessera Licensees to sell the patented items and services at the time of sale.[15] Long after the first authorized sale, Tessera seeks to restrict the use of the patented

what it now says it cannot: vigorously dispute license claims regarding third parties and determine royalty amounts due with relative precision, including interest.").

[15] Tessera's reliance on this Court's precedent holding that a patentee may retroactively license the sale of an infringing product is similarly misplaced. *See* Pet. 25 (citing *Union Tool Co. v. Wilson*, 259 U.S. 107 (1922)). That precedent permits a patent holder to legitimize, through retroactive license, conduct that was unlawful (*i.e.*, infringing) at the time it occurred. In stark contrast, Tessera seeks to retroactively *delicense* a sale that was lawful (*i.e.*, noninfringing) at the time it was made.

product by its licensee's downstream purchasers. But that is precisely what patent exhaustion was designed to prevent. *See, e.g., Bloomer,* 55 U.S. at 549; *Univis Lens,* 316 U.S. at 251-52.[16]

The case is thus squarely controlled by *Adams v. Burke*, 84 U.S. (17 Wall.) 453 (1873), and its long-running progeny. The contrast with *Quanta*, the Court's most recent consideration of patent exhaustion, in this sense is illustrative: In *Quanta*, the Court considered "whether patent exhaustion applies to the sale of components of a patented system that must be combined with additional components in order to practice the patented methods." 553 U.S. at 621. Here, by contrast, the Tessera Licensee was licensed to sell the accused service and product in its entirety. Tessera now seeks to enforce the *same* patent against the *identical* product downstream. Of course, as the court of appeals and the ITC recognized, there are factual similarities with *Quanta* in that both concern downstream users that purchased the products at issue from the licensee of the patent holder, where the governing licensing agreement provided an unconditional authority to make the sale. As the Commission explained: [redacted]

[16] Tessera (at Pet. 14, 25) disclaims any interest in imposing post-sale restrictions on downstream users. But the argument is belied by Tessera's complaint in this action, which sought, pursuant to the patent law, to exclude from entry into the United States respondents' (the downstream users') products. *See* Pet. App. 233a.

[redacted] App. 14a; *see also* Pet. App. 21a. But, unlike in *Quanta*, there is no novel question of patent law implicated by the petition.

To the extent Tessera contends (at Pet. 18-19) that exhaustion requires a *completed* payment, the argument is without merit.[17] The "reward" to which a patentee is entitled is the consideration for which he chooses to first part with his title. Patent law does not artificially constrain the forms of acceptable consideration, instead leaving it to the patent holder to determine the terms of his just reward.

In contemporary licensing practice, that "reward" may take various forms and combinations, including lump-sum payments, presale royalty payments, permission to use other technologies protected by intellectual property law, or a promise to pay running royalties on sales made (in other words, to purchase "on credit" (Pet. App. 22a)). *See, e.g., Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1326 (Fed. Cir. 2009) (comparing risks inherent in a lump-sum royalty scheme, with those in a running-royalty structure, and noting that "[a] running royalty structure shifts many risks to the licensor because he does not receive a guaranteed payment"); *see generally* R. Milgrim and E. Benson, 3 *Milgrim on Licensing* § 18.00 (rev. ed. 2012) (describing mone-

[17] To the extent that Tessera argues (at Pet. 20-23) that patent law *permits* receipt of royalty payments as a condition to the license to sell, that assertion is undisputed. As both the court of appeals and the ITC found, however, that is simply not the contractual arrangement that Tessera itself drafted. *See* Pet. App. 22a; App. 17a.

tary and nonmonetary forms of consideration). The Court has applied the first-sale rule to a variety of licensing arrangements including, as Tessera itself concedes (at Pet. 20), to the running royalties structure. In *Univis Lens*, the Court found exhaustion as to downstream customers *irrespective of the licensee's obligation for running royalties*. 316 U.S. at 249-50. The Court held that the "[s]ale of [the product embodying the patent] by the patentee or by his licensee is … *in itself* [] a complete transfer of ownership of the [product], which is within the protection of the patent law." *Id.* at 249; *see also id.* at 250.

By focusing, for well over a century, on the first authorized sale, exhaustion doctrine has facilitated evolution and creativity in licensing practice, while maintaining stability and predictability in patent law. This case is readily resolved by the well-entrenched rule of first sale. Notwithstanding Tessera's protestations regarding the effects of various aspects of its license agreements, it has never disputed the one fact that resolves this case: that its licensees were permitted—*i.e., authorized*—to sell the products at issue at the moment of sale.

III. THE CASE DOES NOT PRESENT THE QUESTION PETITIONER POSES.

Petitioner identifies the following question presented: whether a patent holder *may* make the subsequent payment of royalties a condition of the authority to sell infringing products. But the court below concluded (correctly) that the agreements here at issue *do not contain any such condition.* The thrust of petitioner's argument is that the court of appeals—indeed, every authority to review the question—has misconstrued petitioner's licensing agreements. That highly factbound question, which is governed by state contract law, *see*, *e.g.*, *Lear, Inc. v. Adkins,* 395 U.S. 653, 661-62 (1969); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979), does not warrant this Court's review.

As detailed above, the Commission found that Tessera authorized its licensees to sell the products in question without condition.[18] Examining the terms of the license agreements in detail, the Commission determined that "[e]ven if a post-sale condition … could [bind] a third party purchaser," the license agreements in question did not create such a "condition" under California contract law. *See* Pet. App. 209a-212a. The Federal Circuit affirmed; the court concluded that "[n]othing in the TCC Licenses limited the licensee's ability to sell the accused products." *Id.* at 21a.

Tessera's argument (at Pet. 23-28) that the court of appeals was insufficiently attentive to specific provisions in the license agreements or related evidence before the Commission only underscores the fact-dependent nature of the question presented, and further highlights that the case is a poor candidate for certiorari. In any event, as the Federal Circuit correctly concluded, it is Tessera itself that "overlooks important aspects of the structure of its TCC Licenses." Pet. App. 22a. As the court of appeals

[18] Because the Commission declined to review, and thereby adopted, the ALJ's findings, those findings are treated as the findings of the Commission.

found, "[e]ach of the TCC License agreements contains an *unconditional grant* of a license 'to sell … and/or offer for sale' the accused products." *Id*. at 21a-22a (emphasis added). Accordingly, the question whether a patent holder *may* make the post-sale payment of royalties a condition of the authority to sell is simply not presented by this case. Irrespective of whether a patent holder *may* so condition the authority to sell, the court below (and every other authority to consider the question) correctly concluded that the agreements in question *did not* include any such condition.

The crux of this case is a factbound dispute between private parties over the terms of a contract governed by California law. That dispute presents neither an issue of public importance, nor a substantial federal question. Indeed, the contractual provisions at the heart of the controversy are not even public; they consist of confidential information subject to a protective order.

The petition does not suitably present the question petitioner poses for another reason as well. Tessera concedes that its licensees have paid in full any relevant royalties. *See* Pet. 6, n.3. Accordingly, Tessera's patent has been exhausted with respect to the only sales here at issue. Indeed, pursuant to Tessera's own pleading, those sales have already fallen out of the case. *See* App. 28a ("To the extent that any Accused Product is found to be properly licensed … under Tessera's patents, Tessera does not intend to bring—nor should Tessera be construed to have brought—any such Accused Products within the scope of the present Investigation."). Resolution of the question presented, therefore, would have no practical effect.

IV. THE QUESTION PETITIONER POSES IS TRIVIAL.

The question petitioner would have this Court decide—whether a patent holder *may* condition its licensee's authority to sell, for purposes of patent exhaustion, on royalty payments that will come due long after the sale is completed—even if squarely presented (which, as detailed above, it is not), is insubstantial. The question, as to licensees, requires one to suspend disbelief. A "license" has long been synonymous with the *authority* to sell. *See, e.g., De Forest Radio Tel. & Tel. Co. v. United States*, 273 U.S. 236, 242 (1927) ("If a licensee be sued, he can escape liability to the patentee for the use of his invention by showing that the use is within his license."); *see generally Principles of Patent Law* ch. 9.D, at 1080 ("Acts cannot infringe unless they are carried out 'without authority.'… The clearest grant of authority is an express grant from the patentee in a contract in the form of a license."). The question thus turns licensing parlance and practice on its head.

Even apart from the question whether such a contract would constitute a "license" for sale, the question whether a patent holder may condition authority to sell on post-sale financial obligations seems, at best, academic. *See Rice v. Sioux City Mem'l Park Cemetery*, 349 U.S. 70, 74 (1955) ("'Special and important reasons' [warranting certiorari] imply a reach to a problem beyond the academic or the episodic."). It is difficult to imagine a discerning buyer who would knowingly purchase a patented product from one not yet authorized to make the sale.

Tessera wants it both ways: it wishes to sell licensing rights for its patent, while preserving the right to sue, under patent law, the licensee's customers (like respondents) for the identical patented product. But Tessera's position, which would upend contemporary licensing practice, is squarely foreclosed by the longstanding doctrine of first sale. Thus, while Tessera dramatically contends (at Pet. 28, 31) that the Federal Circuit's decision will "force inefficient changes in licensing practices" with "destructive economic consequences," it is Tessera's own unsupported—and, to respondents' knowledge, unprecedented—construction of its license agreements that would create market inefficiencies and destabilize settled principles of patent law.

Pursuant to longstanding industry practice—facilitated by the creation of the patent exhaustion doctrine—a third party can protect itself against an infringement challenge by purchasing a patented product from the patent holder's licensee. *See, e.g.,* R. Milgrim & E. Benson, 1 *Milgrim on Licensing* § 2.31 (rev. ed. 2012) ("But for the doctrine of exhaustion, each buyer of a patented article would require a license to use or resell the patented article."); *Principles of Patent Law* ch. 9.D, at 1080 (under the legal doctrine of first sale, the first sale of the patented article includes an implied term authorizing buyers to use or sell the article). Under Tessera's construction of its TCC Licenses, however, Tessera's own licensees are not authorized to sell the patented product at the time of sale. The TCC License, according to Tessera, means only that the sale *might* be authorized, long after its completion. At the time of the sale, however, no entity, including Tessera itself, can confirm its validity. Indeed, under Tessera's approach, running royalties that accrue post-sale effectively create an "end-run around exhaustion," *Quanta*, 553 U.S. at 630, because the sale is *never* authorized at the time it is made.

Running royalties are a mainstay of licensing practice, but they are not an escape valve. *See Univis Lens*, 316 U.S. at 249-51 (finding exhaustion by the first authorized sale, irrespective of running royalties). For well over a century, the doctrine of first sale has "'promot[ed] the progress of science and useful arts,'" *Quanta*, 553 U.S. at 626 (quoting *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 511 (1917)), by ensuring that an article's first vending extinguishes patent rights as to that product.

Tessera's approach, by contrast, "would cast a cloud of uncertainty over every sale, and every product in the possession of a customer of the licensee," Pet. App. 23a; it "would be wholly inconsistent with the fundamental purpose of patent exhaustion—to prohibit postsale restrictions on the use of a patented article." *Id.* at 23a (citing *Bloomer,* 55 U.S. at 549). Indeed, Tessera's approach would foster the very double recovery that the patent exhaustion doctrine was designed to prevent. *See Univis Lens*, 316 U.S. at 251. This is because a third-party purchaser would effectively need to obtain its own license to extinguish the patent. The third-party purchaser, then, must pay double: the royalty price embedded in the purchase price marketed by Tessera's licensee; and the royalty price paid directly to Tessera to guard against the possibility of a future "de-authorization" of the long-ago sale. *See* Pet. App. 214a.

Accordingly, Tessera's approach finds no support in practice or precedent. If adopted, it would cut against over a century of this Court's decisions, which preserve licensing flexibility and innovation, without compromising that on which they depend: patent law stability and predictability. For the reasons discussed above, however, it is difficult to conceive of any licensee ever agreeing to a license that conditions the authority to sell on post-sale payments. In any event, as every authority to review the question has found, those simply are not the terms of the licensing agreements at issue in this case.

CONCLUSION

The Court should deny the petition for certiorari.

Respectfully submitted,

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April 23, 2012

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of	Investigation No. 337-TA-630
CERTAIN SEMICONDUCTOR CHIPS WITH MINIMIZED CHIP PACKAGE SIZE AND PRODUCTS CONTAINING SAME (III)	

NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL INITIAL DETERMINATION FINDING NO VIOLATION OF SECTION 337; SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW AND ON REMEDY, THE PUBLIC INTEREST AND BONDING

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part the final initial determination ("ID") issued by the presiding administrative law judge ("ALJ") on August 28, 2009, finding no violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, in this investigation.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Esq., Office of the General

Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3042. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server *(http://www.usitc.gov)*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: This investigation was instituted on January 14, 2008, based on a complaint filed by Tessera, Inc. of San Jose, California ("Tessera") on December 21, 2007, and supplemented on December 28, 2007. 73 *Fed. Reg.* 2276 (Jan. 14, 2008). The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain semiconductor chips with minimized chip package size or products containing same by reason of infringement of various claims of United States Patent Nos. 5,663,106 ("the '106 patent"); 5,679,977 ("the '977 patent"); 6,133,627 ("the '627 patent"); and 6,458,681 ("the '681 patent"). The complaint names eighteen respondents. Several respondents were terminated from the investigation based on settlement agreements and consent orders. Two respondents defaulted. The following respondents remain in the investigation: Acer Inc. of Taipei, Taiwan; Acer America Corp. of San Jose, CA; Centon Electronics, Inc. of Aliso Viejo, CA; Elpida Memory, Inc. of Tokyo, Japan and Elpida Memory (USA), Inc. of Sunnyvale, CA (collectively, "Elpida"); Kingston Technology Co., Inc. of Fountain Valley, CA; Nanya Technology Corporation of Taoyuan, Taiwan; Nanya Technology Corp. USA; Powerchip Semiconductor Corporation of Hsinchu, Taiwan; ProMOS Technologies, Inc. of Hsinchu, Taiwan; Ramaxel Technology Ltd. of Hong Kong, China; and SMART Modular Technologies, Inc. of Fremont, CA. The '681 patent was terminated from the investigation prior to the hearing.

On August 28, 2009, the ALJ issued his final ID, finding no violation of Section 337 by Respondents with respect to any of the asserted claims of the asserted patents. Specifically, the ALJ found that the accused products do not infringe the asserted claims of the '106 patent. The ALJ also found that none of the cited references anticipate the asserted claims and that none of the cited references render the asserted claims obvious. The ALJ further found that the asserted claims of the '106 patent satisfy the requirement of 35 U.S.C. § 112, first, second and fourth paragraphs. Likewise, the ALJ found that the accused products do not infringe the asserted claims of the '977 and '627 patents and that none of the cited references anticipate the asserted claims of the patents. The ALJ further found that the asserted claims of the ’977 and ’627 patents satisfy the definiteness requirement of 35 U.S.C. § 112, second paragraph, and that Respondents waived their argument with respect to obviousness. The ALJ also found that all chips Respondents purchased from Tessera licensees were authorized to be sold by Tessera and, thus, Tessera’s rights in those chips became subject to exhaustion, but that Respondents, except Elpida, did not purchase all their chips from Tessera licensees.

On September 17, 2009, Tessera and the Commission investigative attorney filed petitions for review of the ID. That same day, Respondents filed contingent petitions for review of the ID. On October 1, 2009, the parties filed responses to the various petitions and contingent petitions for review.

Having examined the record of this investigation, including the ALJ’s final ID, the petitions for review, and the responses thereto, the Commission has determined to review the final ID in part. Specifically, the Commission has determined to review (1) the finding that the claim term “top layer” recited in claim 1 of the ’106 patent means “an outer layer of the chip assembly upon which the terminals are fixed,” the requirement that “the ‘top layer’ is a single layer,” and the effect of the findings on the infringement analysis, invalidity analysis and domestic industry analysis; (2) the finding that the claim term “thereon” recited in claim 1 of the ’106 patent requires “disposing the terminals on the top surface of the top layer,” and its effect on the infringement analysis, invalidity analysis and domestic industry analysis; (3) the finding that the

Direct Loading testing methodology employed by Tessera's expert to prove infringement is unreliable; and (4) the finding that the 1989 Motorola OMPAC 68-pin chip package fails to anticipate claims 17 and 18 of the '977 patent. The Commission has determined not to review the remaining issues raised by the petitions for review.

The parties are requested to brief their positions on the issues under review with reference to the applicable law and the evidentiary record. In connection with its review, the Commission is particularly interested in responses to the following questions:

1. Would the accused products infringe the asserted claims of the '106 patent if construction of the claim term "top layer" does not encompass only a single layer? Please cite record evidence and/or relevant legal precedent to support your position.

2. Did the patentees of the '106 patent expressly disclaim the embodiment described in Figure 7 of United States Patent No. 5,148, 265 ("the '265 patent")? How would that affect the infringement analysis of the asserted claims of the '106 patent? *See* '106 Patent Prosecution History (JX-167) June 24, 1996, Office Action and December 24, 1996, Amendment; '265 patent (JX-2) at column 14, lines 19-34; FIG. 7. Please cite record evidence and relevant legal authority to support your position.

3. Does Dr. Qu state anywhere in the record that he relied on his direct loading testing methodology to independently prove infringement of the asserted claims of the ’977 and ’627 patents by the accused packages? Please cite only record evidence.

4. Was Dr. Qu’s demonstrated stress relief in the solder balls of the accused packages due to terminal-to-chip displacement caused by the applied external load? Please cite only record evidence.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, *see In the Matter of Certain Devices for Connecting Computers via Telephone Lines,* Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers.

The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainants and the IA are also requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the dates that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on Friday, November 13, 2009. Reply submissions must be filed no later than the close of business on Friday, November 20, 2009. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document and 12 true copies thereof on or before the deadlines stated above with the Office of the Secretary. Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-

46 and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

Issued: **October 30, 2009**

CERTAIN SEMICONDUCTOR CHIPS WITH MINIMIZED CHIP PACKAGE SIZE AND PRODUCTS CONTAINING SAME (III) **337-TA-630**

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL INITIAL DETERMINATION FINDING NO VIOLATION OF SECTION 337; SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW AND ON REMEDY, THE PUBLIC INTEREST AND BONDING** has been served by hand upon the Commission Investigative Attorney, Kecia J. Reynolds, Esq., and the following parties as indicated, on October 30. 2009.

/s/ Marilyn R. Abbott

Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

* * * *

CONTAINS CONFIDENTIAL BUSINESS INFORMATION

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

IN THE MATTER OF

CERTAIN SEMICONDUCTOR CHIPS WITH MINIMIZED CHIP PACKAGE SIZE AND PRODUCTS CONTAINING SAME (III)	INVESTIGATION NO. 337-TA-630

INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND

Administrative Law Judge Theodore R. Essex

(August 28, 2009)

* * * *

[REDACTED]

IN THE MATTER OF CERTAIN SEMICONDUCTOR CHIPS WITH MINIMIZED CHIP PACKAGE SIZE AND PRODUCTS CONTAINING SAME (III) **337-TA-630**

CONFIDENTIAL CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND** has been served by hand upon, the Commission Investigative Attorney, **Kecia J. Reynolds, Esq.**, and the following parties as indicated, on August 31, **2009**.

/s/ Marilyn R. Abbott
Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, S.W., Room 112A
Washington, DC 20436

* * * *

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

IN THE MATTER OF

CERTAIN SEMICONDUCTOR CHIPS WITH MINIMIZED CHIP PACKAGE SIZE AND PRODUCTS CONTAINING SAME (III)	INVESTIGATION NO. 337-TA-______

COMPLAINT UNDER SECTION 337 OF THE TARIFF ACT OF 1930, AS AMENDED

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* * * *

* * * *

9. The semiconductor fabrication, semiconductor packaging, and memory module industries are complex, and in many cases structured in ways that make it difficult to determine which entities in the supply chain are responsible for particular components or manufacturing steps. The industries involve myriad entities, and DRAM semiconductor chips (or the products containing such chips) are not always clearly labeled in a manner that allows easy determination of which entity packaged the semiconductor chips into chip assemblies. Therefore, it is not possible, without further discovery, for Tessera to ascertain the identities of all entities involved with packaging the semiconductor packaged chips that are at issue, or may become at issue, in this Investigation. Furthermore, Tessera's intellectual property applies to many different types of package configurations. In the 1990s, for example, certain companies executed limited license agreements with Tessera (the "Limited Tape Licenses"), relating generally to certain tape-substrate or "tape based" products. To the extent that any Accused Product is found to be properly licensed (through the Limited Tape Licenses or otherwise) under Tessera's patents, Tessera does not intend to bring—nor should Tessera be construed to have brought—any such Accused Product(s) within the scope of the present Investigation.

* * * *