NON-CONFIDENTIAL

Nos. 2010-1557, 2010-1556

UNITED STATES COURT OF APPEALS

FOR THE FEDERAL CIRCUIT

NVIDIA CORPORATION, ASUSTEK COMPUTER INC., ASUS COMPUTER INTERNATIONAL, INC., BFG TECHNOLOGIES, INC., BIOSTAR MICROTECH (U.S.A.) CORP., BIOSTAR MICROTECH INTERNATIONAL CORP., DIABLOTEK, INC., EVGA CORP., G.B.T., INC., GIGA-BYTE TECHNOLOGY CO., LTD., HEWLETT-PACKARD COMPANY, MSI COMPUTER CORP., MICRO-STAR INTERNATIONAL COMPANY, LTD., GRACOM TECHNOLOGIES LLC (FORMERLY KNOWN AS PALIT MULTIMEDIA, INC.), PALIT MICROSYSTEMS LTD., PINE TECHNOLOGY (MACAO COMMERCIAL OFFSHORE) LTD., AND SPARKLE COMPUTER COMPANY, LTD.

Appellants,

— v. —

INTERNATIONAL TRADE COMMISSION,

Appellee,

and

RAMBUS, INC.,

Intervenor.

ON APPEAL FROM THE UNITED STATES INTERNATIONAL TRADE COMMISSION IN INVESTIGATION NO. 337-TA-661

NON-CONFIDENTIAL BRIEF OF APPELLANTS NVIDIA CORPORATION ET AL.

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CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4 counsel of record for Appellant NVIDIA Corporation certifies the following:

1. The full name of the party represented by counsel of record is NVIDIA Corporation, a corporation formed under the laws of California.

2. The above identified entity is the real party in interest.

3. No parent corporation or any publicly held company owns 10 percent or more of the stock of NVIDIA.

4. The names of all law firms and the partners and associates that have appeared for NVIDIA Corporation in the proceeding before the United States International Trade Commission or who are expected to appear for the party in this Court are:

Orrick, Herrington & Sutcliffe LLP: I. Neel Chatterjee, Kenneth J. Halpern, Mark S. Davies, E. Joshua Rosenkranz, Karen G. Johnson-McKewan, Fabio Marino, Deborah E. Fishman, William H. Wright, Mark Wine, Lauren J. Parker;

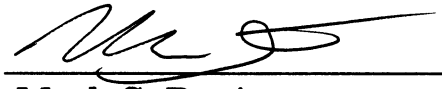
Fish & Richardson P.C.: Ruffin B. Cordell, Andrew R. Kopsidas, Kori Anne Bagrowski (no longer with F&R), Peter J. Sawert,

Anita E. Kadala, John P. Brinkmann, John Lahad (no longer with F&R), Barbara A. Benoit (no longer with F&R), Jeffrey R. Whieldon, Wasif Qureshi, Michael Chibib (no longer with F&R), John F. Horvath (no longer with F&R), David M. Hoffman (no longer with F&R), Josh Tucker (no longer with F&R), Timothy J. Devlin, Joshua M. Masur (no longer with F&R), Leeron G. Kalay, Kimberley Kennedy (no longer with F&R).

Dated: December 13, 2010

Respectfully submitted,

ORRICK, HERRINGTON & SUTCLIFFE, LLP

By 

Mark S. Davies
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NVIDIA Corporation

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4 counsel of record for the customer Appellants certifies the following:

1. The full names of the parties we represent in this case are:

ASUSTEK Computer, Inc. and ASUS Computer International

BFG Technologies, Inc.

Biostar Microtech (U.S.A.) Corporation

Biostar Microtech International Corporation

Diablotek Inc.

EVGA Corporation

G.B.T. Inc.

Giga-Byte Technology Co., Limited

Hewlett-Packard Company

MSI Computer Corporation

Micro-Star International Company, Limited

GRACOM Technologies LLC

Palit Microsystems Limited

Pine Technology (Macao Commercial Offshore) Limited

Sparkle Computer Company, Ltd.

2. All the real parties in interest represented by us are named in the caption.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties or amicus curiae represented by us are:

ASUS Computer International, Inc. is a wholly-owned subsidiary of ASUSTEK Computer, Inc.

Biostar Microtech (U.S.A.) Corporation is a subsidiary of Biostar Microtech International Corporation.

G.B.T. Inc. is a subsidiary of Giga-Byte Technology Co., Limited.

MSI Computer Corporation is a subsidiary of Micro-Star International Company, Limited.

GRACOM Technologies LLC is a subsidiary of Palit Microsystems Limited.

Pine Technology (Macao Commercial Offshore) Limited is a subsidiary of Pan Eagle Limited, which is a subsidiary of Pine

Technology (BVI) Limited which is a subsidiary of PINE Technology Holdings Limited.

4. The names of all law firms and the partners or associates that appeared for the parties now represented by us in the agency or are expected to appear in this Court, are:

Fish & Richardson P.C.: Ruffin B. Cordell, Andrew R. Kopsidas, Kori Anne Bagrowski (no longer with F&R), Peter J. Sawert, Anita E. Kadala, John P. Brinkmann, John Lahad (no longer with F&R), Barbara A. Benoit (no longer with F&R), Jeffrey R. Whieldon, Wasif Qureshi, Michael Chibib (no longer with F&R), John F. Horvath (no longer with F&R), David M. Hoffman (no longer with F&R), Josh Tucker (no longer with F&R), Timothy J. Devlin, Joshua M. Masur (no longer with F&R), Leeron G. Kalay, Kimberley Kennedy (no longer with F&R).

Dated: December 13, 2010 Respectfully submitted,

FISH & RICHARDSON P.C.

By Ruffin B. Cordell /EG

Ruffin B. Cordell
Attorney For Customer Appellants

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STATEMENT OF RELATED CASES

The Court has already considered a number of patent disputes involving Rambus, Inc. ("Rambus"). Other related district court litigation is ongoing.

Micron and Hynix. On October 6, 2010, this Court heard re-argument in two coordinated appeals involving Rambus, No. 2009-1263 (reviewing *Micron Technology, Inc. v. Rambus, Inc.*, 255 F.R.D. 135 (D. Del. 2009)) and No. 2009-1299 (reviewing *Hynix Semiconductor Inc. v. Rambus Inc.*, 591 F. Supp. 2d 1038 (N.D. Cal. 2006)). The *Micron* and *Hynix* matters address Rambus's document destruction practices prior to commencing the litigation. The *Hynix* matter also involves issues concerning the validity and enforceability of certain patents asserted by Rambus. Should the Court affirm in *Micron*, this petition for review should be summarily granted and the matter remanded for immediate dismissal under the doctrine of collateral estoppel.

Infineon. In *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081 (Fed. Cir. 2003), the Court (1) reversed the district court's claim construction; (2) reversed, by a divided vote, the jury fraud verdict

against Rambus; and (3) vacated the award of attorneys fees owed to Infineon.

Samsung. In *Samsung Electronics Co. v. Rambus Inc.*, 523 F.3d 1374 (Fed. Cir. 2008), the Court ruled that the district court lacked jurisdiction to consider an attorneys fees request and therefore vacated the comprehensive spoliation ruling adverse to Rambus, *see Samsung Elecs. Co. v. Rambus, Inc.*, 439 F. Supp. 2d 524 (E.D. Va. 2006).

The same parties and the same patents that are involved in this appeal are also the subject of an ongoing district court proceeding. *See Rambus Inc. v. NVIDIA Corp.*, No. 08-03343 (N.D. Cal. filed July 10, 2008). Rambus has also filed a new action against the same parties in the district court and the International Trade Commission ("ITC") involving a new set of patents. *See Rambus Inc. v. NVIDIA Corp.*, No. 10-5448 (N.D. Cal. filed Dec. 1, 2010); *In the matter of Certain Semiconductor Chips and Products Containing Same*, Inv. No. 337-TA-2771 (USITC filed Dec. 2, 2010).

The "Barth I" patents that serve as the subject of this appeal are also asserted against other companies in recently filed district court and International Trade Commission ("ITC") actions. *See Rambus Inc. v.*

Broadcom Corp., No. 10-5437 (N.D. Cal. filed Dec. 1, 2010); *Rambus Inc. v. Freescale Semiconductor, Inc.*, No. 10-5445 (N.D. Cal. filed Dec. 1, 2010); *Rambus Inc. v. LSI Corp.*, No. 10-5446 (N.D. Cal. filed Dec. 1, 2010); *Rambus Inc. v. Mediatek Inc.*, No. 10-5447 (N.D. Cal. filed Dec. 1, 2010); *Rambus Inc. v. STMicroelectronics N.V.*, No. 10-5449 (N.D. Cal. filed Dec. 1, 2010); *In the matter of Certain Semiconductor Chips and Products Containing Same*, Inv. No. 337-TA-2771 (USITC filed Dec. 2, 2010).

INTRODUCTION

This case is the latest chapter in Rambus's ongoing effort to break the Constitutionally mandated bargain of disclosure in exchange for a fair economic reward. Despite teaching the public nothing of relevance with respect to industry-standard technology that frames data transfer between a computer's "brain" and its memory, Rambus obtained an exclusion order from the ITC that bars importation of NVIDIA's and its customers' standard-compliant products. As discussed below, the exclusion order is the product of Rambus's cynical gaming of the patent system. The order must be vacated.

Rambus began its strategic patent plan in 1990 with the filing of a patent application that has resulted in much litigation and controversy. Then, in 1995, Rambus laid the groundwork for its second attack by filing a patent application purporting to claim the flexible method of computer memory data transfer adopted by an industry standard setting organization to which Rambus belonged. When the industry later altered the standard to a prior art fixed method of data transfer, Rambus secretly altered its pending claims to try to cover this newly adopted approach. Then, right before engaging in a massive litigation

attack against computer memory and controller manufacturers based on patents descending from the two applications, Rambus destroyed millions of pages of relevant documents to cover its tracks.

Rambus added NVIDIA and its customers as defendants in federal district court. When Rambus realized that its district court actions were taking longer to resolve than anticipated, it moved its theatre of operations from federal district court to the ITC and brought this action. The ITC's analysis in this case began with the erroneous finding of a domestic industry even though Rambus did not clearly link the Barth I patents it asserted to any industry. The ITC then adopted an erroneous claim construction that ignores the repeated description in the Barth I patent that the "present invention" is a **flexible** data transfer method, and found the use of a **fixed** data transfer method to infringe. The ITC then employed an altogether different claim construction to find the Barth I patents valid despite the settled doctrines of obviousness, double patenting, and anticipation.

The Barth I patents should have been found unenforceable under the doctrine of unclean hands. As such, the ITC erroneously sanctioned Rambus's patent trap tactics. As part of the patent trap, the ALJ found

proof "of Rambus' intention to destroy evidence for purposes of preparing the company for litigation overwhelming and that the destruction was intentional and in bad faith." Nevertheless, the ITC endorsed a requirement that NVIDIA and its customers make an impossible showing of prejudice in light of Rambus's unprecedented litigation-inspired document destruction. The law must not permit a party to profit from these sorts of bad faith patent practices.

JURISDICTIONAL STATEMENT

Rambus invoked the ITC's authority under Section 337 of the Tariff Act of 1930, as amended. A1183. *See* 19 U.S.C. § 1337(b)(1).[1] The ITC's final determination issued on July 26, 2010.[2] Ad199. The Court has jurisdiction to review adverse ITC final determinations after the 60 day presidential review period elapses. *See* 19 U.S.C. § 1337(j); 19 U.S.C. § 1337(c); 28 U.S.C. § 1295(a)(6). The presidential review

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1 The Joint Appendix is cited as "A__." Joint Appendix documents reproduced in the Addendum to this brief are cited as "Ad__."

2 A public version of the ITC's final determination was entered on August 10, 2010. Ad199.

period elapsed on September 27, 2010, and the petition for review was timely filed with this Court that day.

ISSUES PRESENTED

1. Whether failure to clearly link licensing to the patents asserted in an ITC action fails to establish the domestic industry requirement for an ITC action.

2. Whether NVIDIA and its customers were incorrectly found to infringe because the flexible method of data transfer disclosed as the "present invention" limits the Barth I claims.

3. Whether the Barth I patent claims, as construed, are invalid for "judicial obviousness double patenting" or anticipation in light of an earlier Rambus patent that teaches a claimed method of data transfer.

4. Whether the Rambus's "patent trap," coupled with its document destruction, renders the Barth I patents unenforceable.

5. Whether the Court should modify the exclusion order because the license (valued at $900 million) from Samsung for worldwide rights "exhausted" Rambus's rights to compensation for methods that put Samsung SDRAM to their intended and sole use.

STATEMENT OF THE CASE

Rambus filed a complaint with the ITC alleging that NVIDIA and other parties were violating Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) by the sale and importation of "certain semiconductor chips having synchronous dynamic random access memory controllers" and products containing such chips. The Commission instituted an investigation. The ALJ issued an Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond. Finding a violation with respect to three patents-in-suit, the ITC issued a limited exclusion order against certain NVIDIA products and the products of its customers.

NVIDIA and its customers filed petitions for review. This consolidated brief addresses rulings of the ALJ and ITC adverse to NVIDIA and its customers. Rambus has petitioned for review of other issues where NVIDIA prevailed (No. 10-1483).

STATEMENT OF THE FACTS

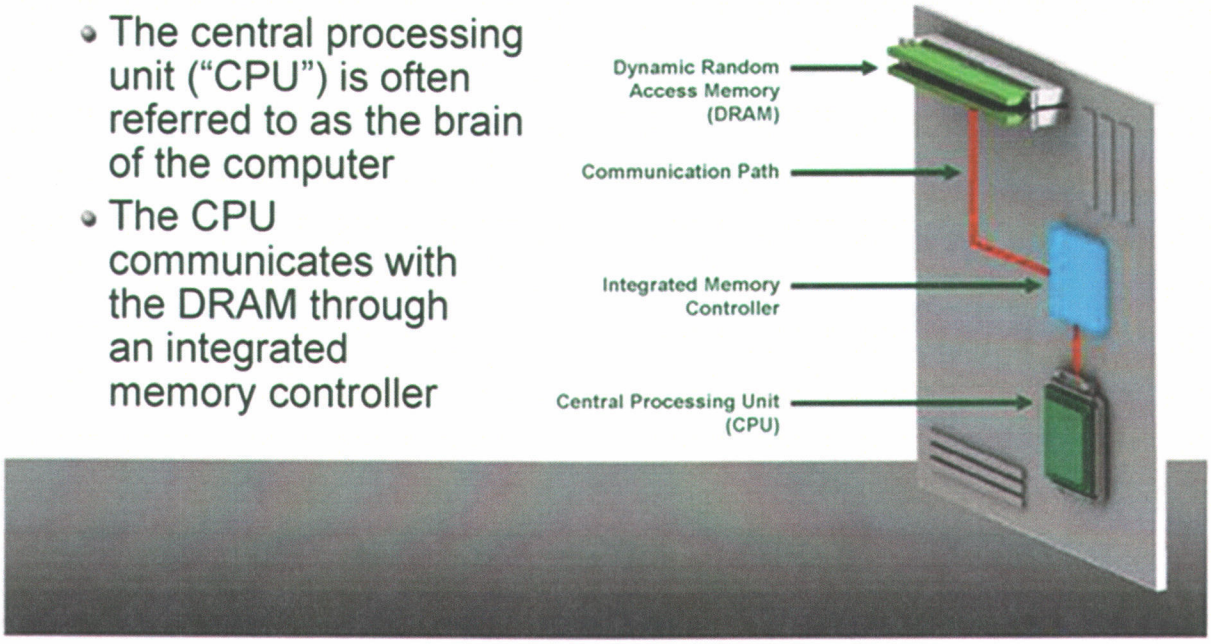
A. Industry Standard SDRAM

This is a case about computer memory and the way computer memory sends and receives information to processing units. At the

most fundamental level, computers write and read "1s" and "0s." The 1s and 0s are combined into sequences called "binary code" to give information meaning. For example, the sequence 01000001 means the letter "A" in binary code. The faster a computer can read and write the sequences of 1s and 0s, the faster the computer performs the task.

As part of the process, computers temporarily store the relevant 1s and 0s in memory "cells." A set of cells on a single piece of silicon is often called a DRAM. DRAM cells are essentially tiny boxes that store small electrical charges, with a "1" represented by a positive charge and a "0" represented by no charge.

At issue in this case is the technology for transferring the 1s and 0s (*i.e.*, the data) stored in a DRAM to the computer's "brain" or Central Processing Unit ("CPU"). The key parts are shown below:



As the picture shows, the DRAM communicates with a memory controller that, in turn, communicates with the CPU. Today, the memory controller is physically part of the same chip as the CPU. A Graphical Processing Unit ("GPU") is a special computer brain for complex graphics, such as those used in video games, and operates in essentially the same way. *See generally* A2889-3207.

The "communication path" depicted above in red is a collection of wires that runs between the DRAM and the memory controller. A subset of those wires is referred to as a "bus." A bus is a set of lines that carries a particular type of information. The data bus carries the

1s and 0s between the memory device and the memory controller. In a typical DRAM system, data transfers are of a preset size.

In the late 1980s, computer experts widely recognized a problem referred to as the "memory bottleneck." The basic problem was that speed of information transfer on a silicon chip was faster than transfer on a wire between chips. As a result, although CPU operating speeds continually increased dramatically, the technology for transferring data between a CPU and a DRAM had not kept pace.

In the early 1990s, a faster version of DRAM called Synchronous DRAM or SDRAM was developed to speed data transfer between CPUs and SDRAM. SDRAM includes a clock signal line as part of the interface. Much like a metronome keeps the beat at piano practice, the clock provides a steady electronic pulse (from high voltage to low voltage) that allows coordination of high speed transmissions along the other lines in the communication path.

In 1991, members of the computer industry standard setting organization, Joint Electronic Device Engineering Council ("JEDEC"), started developing standards for the memory communication technology between SDRAM and processing units. By 1993, JEDEC included in its

standard a higher speed method of transferring data that included a data transfer or "burst" start signal and a burst terminate signal. A30922-36. In this technique, a first signal indicates when to start the data transfer and a second signal indicates when to stop the data transfer. Essentially, this technique would send one electronic pulse on the control wire instructing that data transfer was starting and then a second electronic pulse instructing that the data transfer was ending. The view was that this transfer optimized system usage because it would only utilize wire transfer space when necessary.

By August 1999, however, JEDEC considered changing from a flexible length to fixed length approach. *See* A31358. After 2003, the JEDEC SDRAM transmission standard specified that data be transferred in fixed bursts and eliminated the need for a signal to stop the data transfer. A10414 (Rambus's expert) ("In the accused devices, is there a signal that stops the sampling? A. No.").

Today, JEDEC-compliant SDRAM and subsequent versions of SDRAM are included in virtually every computer. Modern versions of SDRAM include DDR, DDR2, DDR3, GDDR2, GDDR3, LPDDR and LPDDR2. All of these systems follow the 2003 approach.

B. Rambus Alters Pending Claims To Reach Industry Standard SDRAM

In 1990, Michael Farmwald and Mark Horowitz filed a lengthy patent application (U.S. Patent Application No. 07/510,898) concerning a particular solution for the memory transmission problem. As the summary of the invention explained, the high performance of the new system derived from a new "multiplex bus." Shortly after filing the application, Farmwald and Horowitz founded Rambus and assigned to it the '898 application.[3] *See generally* A1186-88.

In 1990, Richard Barth joined Farmwald and Horowitz as Rambus's third employee. A11251. At Rambus, Barth was charged with managerial responsibilities to develop Rambus's intellectual property. A11252.

Around the same time, Rambus joined JEDEC and learned about JEDEC's data transmission approach with respect to SDRAMs. Rambus thereafter altered its pending '898 claims to try to cover JEDEC compliant SDRAM through continuation patent application

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[3] The history of the '898 application is discussed at length in the related cases listed at xvi-xviii, *supra*.

practice. *See, e.g.*, A19269-70, A19277-83, A23150, A23150; *Rambus Inc. v. Infineon Techs. AG,* 318 F.3d 1081, 1086, 1096 (Fed. Cir. 2003) ("Rambus thought it could cover the SDRAM standard and tried to do so while a member of an open standards-setting committee."). Ultimately, Rambus deployed numerous procedural tactics, including 10 divisional filings and 37 continuation filings, to convert the single '898 application into at least 47 issued patents in furtherance of its objective.

Rambus used the same approach with regard to a second patent application filed by Barth several years later to lodge a further attack on the more expensive JEDEC compliant memory controllers. In 1994, David Mooring, a Rambus vice-president, wrote to senior executives, including Geoff Tate, the Rambus CEO, that [redacted] A23533. [redacted] Mooring wrote, [redacted] *Id.* Rambus had [redacted] and that included [redacted] information regarding [redacted] and other technology. *Id.* He wrote: [redacted]

[redacted] *Id.* This was part of Rambus's [redacted]

[redacted] *Id.*

In 1995, consistent with Mooring's strategy and **after** JEDEC had included in the SDRAM standard a start and terminate signal data transfer method, Barth filed a patent application (08/545,292) entitled *Protocol For Communication With Dynamic Memory*. A30117-21. The Field of the Invention [redacted] A30122 (emphasis added). The application had virtually no disclosure regarding how a memory controller was designed. The Barth application was assigned to Rambus. A30092.

On its face, the Barth application was directed to a flexible data transfer method accomplished by sending "start" and "terminate" signals. The Barth application states, the [redacted] is a method where the [redacted]

[redacted] A30128-29 (emphasis added).

In contrast to the flexible data length of the described invention, the application distinguishes prior art that includes transmission technologies where the transfer amount is fixed, *i.e.*, where the [redacted] A30124. The application also criticizes systems where the size of the data transfer is predetermined and fixed [redacted] are [redacted]. A30125.

The application also includes three drawings that illustrate the flexible data transfer method of the new invention. [redacted] A30130. Under this protocol, the controller transmits data on the bus and then transmits a terminate signal. A30130, A30227. So too, figures 12 and 13 describe a method of data transfer that includes a terminate signal. A30131, A30235, A30237.

Similarly, the Detailed Description of the application has a section entitled Deferred Transfer Size Determination. The section explains that in a typical (*i.e.*, prior art) SDRAM arrangement, [redacted] A30556. Here, the [redacted] A30140.

The patent teaches only one embodiment that has a signal used to initiate data transfer, and that embodiment also has a terminate signal. [redacted] A30140. [redacted]

[4] Although the specification refers to [redacted] no disclosed embodiment contains a start signal without a terminate signal.

[redacted]

A30140 (emphasis added).

As part of the Detailed Description, the application claims its flexible data transfer approach is superior to the prior art because [redacted] A30141. In prior art SDRAM and request-oriented systems, [redacted] A30556. Because the [redacted] A30139. Consequently, transfers of large amounts of data require [redacted] A30139. Instead of being fixed length transmissions, the patented invention measured [redacted] by [redacted] A30140.

JEDEC required its members to disclose pending patent applications that were reasonably necessary to practice the industry

standard.[5] Although both the '898 application and the Barth application were filed while Rambus was a member of JEDEC, Rambus did not disclose the applications. Rambus knew its concealment was a violation of the JEDEC rules. Joel Karp (who was during the relevant time Rambus's Vice President of Intellectual Property), had earlier observed, while a vice president at Samsung:

[redacted]

A30616.

Rambus did not disclose the applications because its plan was to set "a big intellectual property trap." A9024. *See, e.g.*, A23169 [redacted], A23339 [redacted]

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[5] *See, e.g., Rambus Inc. AG,* 318 F.3d at 1096 ("At least by 1993, the EIA/JEDEC patent policy required members to disclose patents and patent applications 'related to' the standardization work of the committees.").

[redacted], A19012-13, A30619 ([redacted]).

In 1996, after Rambus's attorneys warned that its concealment of patent activity from JEDEC might render its patents unenforceable (*see, e.g.*, A30809), Rambus resigned from JEDEC. Even after resigning, however, Rambus continued to pursue its scheme to patent the evolving SDRAM standard by receiving reports from undisclosed attendees at JEDEC meetings named "Deep Throat" and "Secret Squirrel." *See* A23152.

In particular, after JEDEC discussed transferring data in **fixed** lengths, Rambus altered its pending Barth I claims in continuation patent applications to try to reach memory transfers of fixed length, even though it had disclaimed fixed length transfers as prior art and had embraced flexible data transfers as its invention. In January 2000 Rambus for the first time filed a continuation application (04/480,767) descending from the Barth I application with independent claims that have no reference to either a start or terminate signal. A29337. In May 2000, Rambus filed another continuation application (09/561,868) that

had no terminate signal expressly recited in any independent claim. A28847-52.

The only known reason for this attempted change in the nature of the invention claimed was the discussion about the adoption of the fixed length data transmission industry standard.

C. Rambus Destroys Documents In Advance Of Planned Litigation Against NVIDIA And SDRAM Manufacturers

After withdrawing from JEDEC, Rambus's CEO, Tate, instructed Karp to prepare a licensing framework and litigation strategy for presentation at Rambus's March 1998 Board of Directors meeting. A30784-94, A18904-05, A18932. Pursuant to Tate's instructions, Karp updated the Directors on [redacted] A30793. The strategy had been developed in consultation with outside litigation counsel. A30783, A23202, A18914-17. The strategy called for demanding a [redacted] A18922, royalty rate which Rambus recognized would [redacted] A18919, and provided that [redacted] A18962-63.

Thereafter, Rambus executed an internal document policy, which facilitated destruction of the evidence of its plan to draft patent claims to cover the current and emerging JEDEC standards, and to get rid of documents that might be harmful in litigation. *See* A30797-807, A18988-90. The stated purpose of the document retention policy was to make Rambus "battle ready." A18925-26, A30797-807. Rambus employees were generally advised to discard discoverable evidence while at the same time retain evidence that might be useful. A18988-90, A18992-93, A18983, A19003. Following those orders, Rambus employees destroyed hundreds of boxes of documents on "Shred Days" held in September 1998, August 1999, and December 2000. A19003-04, A23342-95, A23333-35, A15155-57, A23407-08. In July 1998, Rambus also degaussed (scrambled) 1,269 computer back-up tapes, destroying electronic copies of emails and other company documents. A18977-79. Between 1998 and 2000, Rambus destroyed approximately 3 million pages of documents. A13209, A23335, A23342-95.

Consistent with this policy and practice, the contents of Barth's filing cabinet were destroyed. Barth [redacted] A11411. The files were kept in a

cabinet outside his office, and included patent-prosecution-related documents such as patent applications, office actions, drafts of amendments, prior art searches, and communications with attorneys. A11411-12. These files were destroyed.

Rambus's destruction efforts did not end with the internal company staff. Rambus also instructed its external patent prosecution counsel, Lester Vincent, to destroy materials in his files related to the patents. A13241-42, A23399, A23403, A31174-79. These files included the prosecution files for the Barth I patents. Rambus has never offered an explanation as to why it would ask an external vendor to implement Rambus's document destruction policy.

D. Prior Proceedings

NVIDIA is the world-leader in visual computer technologies. NVIDIA invented, among other things, the GPU, a high performance device which generates interactive graphics on personal computers, game consoles, and mobile devices. NVIDIA's GPUs have many complex features to create high end graphics for computers and gaming devices. The GPUs also have integrated memory controllers for communication with JEDEC compliant SDRAM. NVIDIA does not

make SDRAM. Instead, NVIDIA typically sells its GPUs to the customer respondents and the customers purchase SDRAM from Samsung Electronics Co., Ltd. ("Samsung"), Hynix Semiconductor Inc. ("Hynix"), Micron Technology Inc. ("Micron"), and others. A25236-37. NVIDIA's principal place of business is in Santa Clara, California. *See* A13065-66.

"Rambus had decided that it would go into litigation against manufacturers of SDRAM and control makers no later than July of 1998, when Joel Karp formulated the document retention policy." Ad175. In June 1998, Karp had already identified NVIDIA along with Hyundai (the predecessor to Hynix) and other companies as licensing/litigation targets. A23291. Tate repeatedly urged Karp to develop a [redacted] for obtaining claims that [redacted] A23406, A18972-74. *See* A23149 [redacted] By July 2000, Rambus had developed a detailed timeline for suing NVIDIA at the ITC. A23627-29.

Ultimately, Rambus elected to start its litigation campaign against SDRAM manufacturers rather than companies designing memory controllers. A 1999 Rambus document explains why: [redacted] A23422.

As the *Statement of Related Cases* details, Rambus's litigation against the DRAM manufacturers has taken many years and is ongoing.

Rambus filed a complaint with the ITC alleging that NVIDIA and its customers were violating section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) by the sale and importation within the United States of "certain semiconductor chips having synchronous dynamic random access memory controllers" and products containing such chips. The ITC complaint was filed in November 2008, approximately four months after Rambus initiated a complaint in the Northern District of California. In its ITC complaint, Rambus stated that it "accuses products incorporating NVIDIA memory controllers designed to

interface with memory devices compliant with one or more of the DDR, DDR2, DDR3, GDDR2, GDDR3, LPDDR and LPDDR2 industry standards of infringing the Barth I patents." Ad79. The Commission instituted an investigation (No. 337-TA-661). A28666-70.

All the patent claims Rambus asserted as a basis for its ITC complaint were first submitted in continuation applications filed **after** JEDEC discussed standardizing technology that uses fixed (rather than flexible) length data transfers. At issue in this appeal are claims in three patents–collectively, the "Barth I" patents (U.S. Patents Nos. 6,591,353, 6,470,405 and 7,287,109)[6]–descending from the '292 application. The '353 issued in 2003 from a continuation filed in 2000, the '405 issued in 2002 from a continuation filed in 2001, and the '109 issued in 2007 from a continuation filed in 2004.

The ALJ ruled that Rambus's complaint met the "domestic industry" prerequisite for ITC action (19 U.S.C. § 1337(a)(2)) based on certain license agreements. Ad60. Those license agreements, however,

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[6] Citations to the Barth I patent(s) are to Patent No. 6,591,353, unless otherwise indicated.

make no mention of the Barth I patents and only provide a license with respect to products that practice Rambus's patents. Ad56-57, A4316. The ITC declined to review this decision. A113.

NVIDIA also argued that the Barth I claims ought to be limited to the flexible data transfer method repeatedly identified as the "present invention" and distinguished from fixed length data transfer methods. The ALJ refused to limit Rambus's claims, reasoning that the terminate signal "does not rise to being so 'fundamental' to the invention as to require it to be construed as a limitation." Ad17.

Moreover, NVIDIA pointed out that a construction eliminating the need for a terminate signal would render the patents invalid under the related doctrines of double patenting and anticipation. Rambus had already patented a method of data transfer in U.S. Patent No. 6,584,037 (the "'037 patent"), a patent descending from Farmwald's '898 application that does not use a terminate signal. The ALJ disagreed, and adopted a different meaning of certain claim limitations to preserve the validity of the asserted patents.

Next, the ALJ summarily rejected NVIDIA's equitable argument that Rambus's tailoring of patent claims to reach industry standards

precluded enforcement. Ad184. Turning to the document destruction allegations, the ALJ found that Rambus had an obligation to preserve documents "no later than July of 1998," Ad175, and that "**the evidence of Rambus' intention to destroy evidence for purposes of preparing the company for litigation overwhelming and that the destruction was intentional and in bad faith.**" Ad180 (emphasis added). In a single cursory paragraph, however, the ALJ found that "the evidentiary burden is on respondents to prove their defenses were prejudiced by Rambus's misconduct, and they have not carried that burden." Ad182.[7]

At the same time, the ALJ recognized that its view of the law of document preservation was untenable. The ALJ wrote: "In a case such as this, [NVIDIA and its customers are] placed in a very difficult position. Rambus pursued its destruction while making no records of

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[7] The ALJ also wrote: "Throughout this case, Rambus and its counsel have made a number of both misleading and irrelevant claims" that were "attempts to divert attention away from the issues of this case and take the finder of fact on a journey away from the evidence." Ad172, Ad169.

what it destroyed, kept conversations about destruction between the employees outside the record, and acted when no one else was alerted there shall be litigation." Ad182. But the ALJ (mistakenly) thought the law placed on NVIDIA and its customers the burden of establishing prejudice from the document destruction, despite recognizing that Rambus's behavior reflected "the bad intentions of a party." Ad182.

The ALJ recommended that the ITC issue a limited exclusion order. Ad194.

The ITC reviewed only several discrete portions of the ALJ's ruling. As relevant here, the ITC affirmed the double patenting ruling, finding that the Farmwald specification and claims did not disclose "the 'strobe signal'/'signal' limitations of the asserted Barth I claims." Ad280. The ITC also affirmed the ALJ's anticipation ruling, and adopted the balance of the ALJ's opinion. *See* 19 C.F.R. § 210.42(h)(2) (an initial determination "shall become the determination of the Commission 60 days after the date of service of the initial determination," unless the Commission orders review).

In January 2010, shortly **after** the ALJ's decision, Rambus announced a broad "worldwide" patent license with Samsung in return

for a settlement valued at $900 million.[8] In light of the license to Samsung for broad reaching worldwide patent rights, NVIDIA and its customers argued to the ITC that Rambus had exhausted any patent rights with respect to the NVIDIA GPUs which contain controllers that put Samsung SDRAMs to their sole intended use. The ITC disagreed, emphasizing that the Samsung products appeared to be purchased abroad.

SUMMARY OF ARGUMENT

1. Rambus failed to establish the domestic industry requirement for invoking the ITC's authority. To assure that the ITC retains its proper and limited place in the U.S. patent system, Congress requires that an ITC complainant clearly link the asserted patent to exploitation of the patent. Rambus failed to show any licensing is clearly linked to the Barth I patents. Rambus's licensees are authorized generically to practice whatever Rambus patent claims are necessary to make the licensee's products. The license agreements do not specify particular

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[8] *See* http://www.tomshardware.com/news/rambus-samsung-memory-patent-license,9504.html.

Rambus patents-in-suit.

2. This Court has consistently warned the ITC and lower courts not to read claims in a manner that grants the patentee protection beyond what the patentee invented. Here, the Barth I application's abstract, prior art discussion, embodiments, and detailed description all confirm that the flexible data transfer method disclosed by Rambus included a "terminate signal." The ITC erred in construing Rambus's claims to reach the industry standard fixed data transfer methods that do not use a terminate signal.

3. Under the ALJ's construction, the Barth I patents would be invalid for the distinct reason that Rambus already has claims covering a data transfer method of this type. The double patenting doctrine prohibits Rambus from effectively extending its Farmwald '037 patent by gaining a second patent that covers the same invention.

4. Rambus has unclean hands and thus cannot enforce the Barth I patents. Rambus set a patent trap by tailoring its patent claims in continuation patent application practice based on what the industry decided and then waiting for the industry to invest in the standardized technology. Meanwhile, as the ALJ found, Rambus intentionally

destroyed millions of pages of relevant documents after deciding to sue NVIDIA and other manufacturers. Where, as here, a patent owner in bad faith sets a patent trap, equity bars suit.

5. Samsung has already compensated Rambus handsomely for the data transfer method used by Samsung's JEDEC-compliant SDRAMs. At a minimum, therefore, the ITC's exclusion order must be modified to exempt products that use Samsung SDRAMs.

STANDARD OF REVIEW

The Court reviews legal determinations in Section 337 investigations without deference. *Alloc, Inc. v. ITC*, 342 F.3d 1361, 1367 (Fed. Cir. 2003). Here, NVIDIA and its customers raise legal errors in the context of the ITC's domestic industry, claim construction, double patenting, unclean hands, and patent exhaustion rulings.

ARGUMENT

I. THE EXCLUSION ORDER SHOULD BE VACATED BECAUSE RAMBUS DID NOT DEMONSTRATE A SUBSTANTIAL INVESTMENT IN THE EXPLOITATION OF THE BARTH I PATENTS

The ITC incorrectly found that Rambus established a domestic industry. Without evidence of a substantial investment in licensing

specifically related to the Barth I patents, the exclusion order should never have issued and should now be vacated.

The requirement that a complainant clearly link licensing to the asserted patent is fundamental to the Section 337 scheme. The ITC recently held a "complainant must clearly link each activity to licensing efforts concerning the asserted patent." *Certain Coaxial Cable Connectors and Components Thereof and Products Containing Same,* Inv. No. 337-TA-650, Comm'n Op. at 51 (USITC April 14, 2010). Despite the ITC's holding in *Certain Coaxial Cable Connectors*, the ITC applied a different standard to this case and incorrectly found such a link was unnecessary.

The ITC is a tribunal of carefully limited authority. Congress did not intend the ITC to function as a patent court. *See* S. Rep. No. 100-71, at 130 (1987). To accomplish its goals, Congress legislated that parties may proceed in the ITC "only if an industry in the United States, **relating to the articles protected by the patent** ... exists or is in the process of being established." 19 U.S.C. § 1337(a)(2) (emphasis added). The statute further provides:

> (3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the

> United States, with **respect to the articles protected by the patent**, copyright, trademark, mask work, or design concerned—
>
> (A) significant investment in plant and equipment;
>
> (B) significant employment of labor or capital; or
>
> (C) **substantial investment in its exploitation, including** engineering, research and development, or **licensing**.

19 U.S.C. § 1337(a)(2) (emphasis added).

To establish "substantial investment" in "exploitation" of a "patent" by reference to "licensing," the ITC complainant must show that the licensing clearly pertains to the **particular patent** asserted in the ITC action. Here, however, the ITC erroneously adopted the ALJ's decision that effectively excused Rambus from clearly linking licensing to the Barth I patents. Ad60. *See* A113-14.

A. Rambus Failed To Clearly Link The Barth I Patents To Any Licensing

The ITC erred by finding a domestic industry related to the Barth I patents because Rambus never clearly linked licensing to the Barth I patents. Indeed, before the ALJ, Rambus did not dispute that it was required to "show a connection or 'nexus' between the asserted patent or patents and the alleged domestic licensing industry." *See* A4333. But

Rambus then proceeded to trivialize the nexus requirement by stating that general licensing activity is sufficient.

Contrary to Rambus's suggestion, general licensing activity does not satisfy the domestic industry inquiry. Rambus was required to tie its licensing activity to the Barth I patents. Rambus asserts that from 2006 to 2008 it [redacted] that in 2008 it [redacted] in its [redacted] and that between 2000 and 2009 it [redacted] from its [redacted] A4334-35, A4339 (emphasis added). None of this "overall" general licensing activity is clearly linked to the Barth I patents at issue. This issue is no surprise because much of Rambus's litigation activity has involved other patents in their portfolio.

Rambus's license agreements alone are not sufficient to clearly link licensing to the Barth I patents. As the ALJ observed, the [redacted]

[redacted] Ad56-57. Rambus's licenses are structured [redacted] *See* A4317 (emphasis added).[9] Accordingly, if a licensee decides only to make products that do not include the Barth I technology, then the license agreement would, by its express terms, not implicate the Barth I patents. In those instances, the Barth I patents are **not applicable** and thus outside the scope of the licenses. The text of the licenses alone cannot establish licensing that is clearly linked to the Barth I patents.

Nor was it enough for Rambus to claim that all the licensed products comply with the JEDEC standard and thus the Barth I patents are necessarily applicable under the licenses. As this Court recently held, "in many instances, an industry standard does not provide the level of specificity required to establish that practicing [a] standard would always result in infringement." *Fujitsu Ltd. v. Netgear*

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[9] For example, a license between Rambus and [redacted] A18840.

Inc., 620 F.3d 1321, 1327 (Fed. Cir. 2010). The ALJ asked Rambus whether "[a]nything that meets [the industry] standard violates your patent," and when Rambus replied "[n]ot necessarily," the ALJ stated "[t]hen you haven't done enough. You haven't done enough." A2171. *Accord, e.g.*, A31033, A31055 (AMD license does not license AMD to practice versions of JEDEC SDRAM).

Rambus's open-ended licensing structure reflects a strategic decision to avoid linking its licensing to specific patents. The Samsung license is illustrative. The Samsung license is indistinguishable in relevant respects from the licenses Rambus offered to establish a domestic industry before the ITC.[10] Although Rambus had successfully used the licenses to establish domestic industry, in a subsequent effort to have its Samsung cake and eat it too Rambus argued (*see* below Part V) that for **purposes of patent exhaustion** the Samsung payment

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[10] For example, as with the licenses before the ALJ, the Samsung agreement does not list the specific patent numbers that are subject to the license agreement, but instead is structured in a manner that allows the licensee [redacted] A25208, A25196-222.

does not constitute domestic licensing revenue related to the Barth I patents.

Without evidence of a substantial investment in licensing related to the Barth I patents, the ITC action should have stopped. The exclusion order should be vacated.

II. THE EXCLUSION ORDER SHOULD BE VACATED BECAUSE THE BARTH I CLAIMS SHOULD BE CONSTRUED TO REQUIRE A TERMINATE SIGNAL

In *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*), this Court explained that the fundamental purpose of claim construction is to "accurately" "capture the scope of the actual invention." *Id.* at 1324. In construing the Barth I patents to claim a fixed method of data transfer, the ALJ did not accurately capture the scope of the invention disclosed in the Barth I patents. As explained next, review of the disclosure establishes that the actual invention is a method of transferring data of flexible lengths and thus a method that necessarily includes a terminate transfer signal.

A. A Patentee's Actual Invention Is Determined By Reference To Statements About The Invention, Advantages Of The Invention, Disadvantages Of The Prior Art, And Drawings

In *Alloc,* 342 F.3d 1361, the ITC's chief administrative law judge properly applied this Court's claim construction methodology to determine that "the invention as a whole" was narrower than the issued claims. *Id.* at 1369. The intervenors in *Alloc* imported flooring products that did not include any "play" or space between panels that locked together. The complainant alleged infringement based on patents claiming systems and methods of joining floor panels. Even though the patent claims did not expressly refer to "play," the ALJ construed the claims to require play based on the description of the invention in the specification. This Court affirmed.

In so doing, this Court pointed to four aspects of the flooring patents' specification.

First, the "specification describes 'the invention'" as providing a panel locking system "where a play exists between" the locking panels. *Id.* (quotation and emphasis omitted).

Second, the specification explains the advantages of "play." According to the description, the "small play" "considerably facilitates

the laying and enables joining together the short sides by snap action." *Id.* The snap action permits installation of the flooring. Also, the specification explains that play in the joints permits easier disassembly and reassembly. *Id.*

Third, the specification "criticizes prior art floor systems without play." *Id.* The specification noted that tightly organized panels are hard to install and hard to disassemble and reassemble. *Id.* at 1369-70.

Fourth, "all the figures and embodiments disclosed in the asserted patents imply play" or "expressly disclose play." *Id.* at 1370. "Indeed, the patents do not show or suggest any systems without play." *Id.*

In short, as the Court summarized, "where the specification makes clear at various points that the claimed invention is narrower than the claim language might imply, it is entirely permissible and proper to limit the claims." *Id.*

Numerous other cases from this Court likewise narrow claims based on statements regarding "the invention," the advantages of the invention, the prior art discussion, and the embodiments. In *Honeywell International, Inc. v. ITT Industries, Inc.*, 452 F.3d 1312, 1318 (Fed. Cir. 2006), for example, the Court construed the claim term "fuel injection

system component" to mean a "fuel filter" because the description of the "present invention" four times referred to a fuel filter. The Court stated: "[T]he public is entitled to take the patentee at his word and the word was that the invention is a fuel filter." *Id.* *Accord C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d 858, 864 (Fed. Cir. 2004) (holding "statements that describe the invention as a whole ... are more likely to support a limiting definition of a claim term"); *Microsoft Corp. v. Multi-Tech. Sys.*, Inc., 357 F.3d 1340, 1347-48 (Fed. Cir. 2004) (finding claims limited where specification "repeatedly and consistently describes ... the claimed inventions" as possessing the feature); *Research Corp. Techs., Inc. v. Microsoft Corp.*, No. 2010-1037, 2010 WL 4971008, at *10 (Fed. Cir. Dec. 8, 2010) ("references to 'the present invention' strongly suggest that the claimed invention is limited"); *Verizon Servs. Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1308 (2007) ("When a patent thus describes the features of the 'present invention' as a whole, this description limits the scope of the invention.").

B. Barth's Actual Invention Is A Flexible Data Transfer Method That Necessarily Includes A Terminate Signal

In this case, Rambus's "actual invention" is a method of flexible length data transfer that includes a start signal and a terminate signal.

As in *Alloc* and other cases, statements in the specification regarding "the invention," the advantages of the invention, the disadvantages of the prior art discussion, and the embodiments all indicate that the Court must narrow the claims to require a terminate signal.

First, just as the *Alloc* patent described "the invention" as including play between the locking panels, in the Summary and Objects of the Invention section, the Barth I patent describes "the present invention" as "a method [where] ... the controller transmits over the bus a **terminate** indication at a time that is based on the desired amount of data and a beginning time of the data transfer operation." Ad340 (emphasis added). So too, the patent's Abstract notes the controller will "defer the determination of how much data will be transferred in the operation by initiating the **termination** of a data transfer with a **termination** signal." Ad340 (emphasis added).

Second, just as the *Alloc* patent touted the advantages of play between the locking panels, the Barth I patent describes the advantages of transmission of flexible data lengths. For example, the "bandwidth required to indicate the start and end of a data transfer operation with single bit strobe and **terminate** signals is minimal." Ad368, col.9 l. 41-

43 (emphasis added). The patent claims its flexible data transfer approach is superior because "large transfers do not have to be broken into multiple requests for small amounts of data." Ad368, col.9 l. 18-19.

Third, just as the *Alloc* patent argued the lack of play in the prior art panels hampered installation and disassembly, the Barth I patent criticizes the prior art for being unable to transfer flexible lengths of data. The patent claims its approach is superior to the prior art because "large transfers do not have to be broken into multiple requests for small amounts of data." *Id.* Instead of being fixed length transmissions, the patented invention measured "the size of the data transfer" by "[t]he number of clock cycles that elapse between the transmission of the strobe signal and the **terminate signal**." Ad367, col.8 l. 65-67 (emphasis added).

Fourth, just as *Alloc* included only figures and embodiments that included or implied play in the locking panels, all the drawings include terminate signals. Figures 8, 12, and 13 are the only figures that illustrate the operation of the timing signals. Figure 8 has a box stating "transmit **terminate** signal on the bus control line." Figures 12 and 13 each have five arrows indicating a "**terminate**" signal.

So too, just as in *Alloc* there was no suggestion of any system that lacked play between the panels, here there is no description of how to determine the size of the data transfer data by using a start signal but not using a terminate signal.

In addition to the remarkable similarity to *Alloc*, the Barth patents presented an additional reason to restrict the claim: Barth disclaimed the prior art SDRAM and similar systems where (as in the post-2003 JEDEC standard) "only a finite number of data transfer sizes are supported." Ad367, col.8 l. 12-13. Likewise, in other prior art systems transfers of large amounts of data required "numerous requests for smaller data transfer operations." *Id.*, col.8 l. 37-40. Barth's specific disclaimer of prior art that transferred fixed amounts of data precludes construing the Barth I claims to reach a fixed data transfer method. *See Inpro II Licensing, S.A.R.L. v. T-Mobile USA, Inc.*, 450 F.3d 1350, 1353-55 (Fed. Cir. 2006) (affirming claim construction limited to parallel bus interface where specification "emphasize[d] the importance of a parallel connection in solving the problems of the previously used serial connection"); *SciMed Life Sys., Inc. v. Advanced Cardiovascular*

Sys., Inc., 242 F.3d 1337, 1343 (Fed. Cir. 2001) ("claims should not be read so broadly as to encompass the distinguished prior art structure").

The ALJ erred in construing the Barth I claims to reach devices that use the expressly disclaimed fixed data transfer length on the basis that the claims do not expressly refer to a terminate signal. The very point of the claim construction process described by *Phillips*, *Alloc, Honeywell*, *Inpro II* and other cases is to determine whether the claim as issued extends beyond what the patentee actually invented in light of the specification. The ALJ erred in finding it dispositive that the claims do not expressly refer to a terminate signal.

The ALJ relied on one passage and the doctrine of claim differentiation to support its view. First, the ALJ quoted the specification discussing the benefits of "reducing the latency between the transfer request and the beginning of the data transfer" and noted "there is no mention of a 'terminate signal' in describing this aspect of the invention." Ad21. The quoted material simply describes the benefits of flexible size data transfers (that it allows "a transfer operation for any amount of data" so "large transfers do not have be broken up into multiple requests"). *Id.*, Ad368, col.9 l. 17-19. It offers

nothing in terms of the actual implementation. In fact, in the sentence after the quoted passage the patent notes the advantages of a method using the terminate signal: "The bandwidth required to indicate the start and end of a data transfer operation with single bit strobe and terminate signals is minimal." Ad368, col.9 l. 41-43. *Cf. C.R. Bard*, 388 F.3d at 865-66 ("[B]ecause the patent globally defined the plug as having a pleated surface, the term 'pleated' need not be repeated each time a term describing some other aspect of the plug is used.").

The ALJ also mistakenly relied on the doctrine of claim differentiation. *See* Ad17-18. Although there is a "presumption that an independent claim should not be construed as requiring a limitation added by a dependent claim," *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*, 438 F.3d 1374, 1380 (Fed. Cir. 2006), the claim differentiation principle is not applicable where, as here, the dependent claim "embraces additional limitations not encompassed" within the independent claim, *Telemac Cellular Corp. v. Topp Telecom, Inc.*, 247 F.3d 1316, 1326 (Fed. Cir. 2001). *See* '353 Patent, claims 14, 17, *quoted in* Ad18 (limitations of "issuing additional portions of the data to the memory device" and "during a plurality of clock cycles of an external

clock signal that elapse between issuance of the strobe signal and issuance of the terminate signal"). Furthermore, the doctrine of claim differentiation "cannot broaden claims beyond their correct scope, determined in light of the specification and the prosecution history and any relevant extrinsic evidence." *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1480 (Fed. Cir. 1998).

* * *

The Barth I specification teaches that Rambus's actual invention is a flexible method of data transfer that necessarily includes a terminate signal. The specification "makes clear at various points that the claimed invention is narrower than the claim language might imply" and thus "it is entirely permissible and proper to limit the claims." *Alloc*, 342 F.3d at 1370. To paraphrase this Court's decision in *Honeywell*, the public is entitled to take the patentee at his word and Barth's word was that the invention is a flexible data transfer method that includes a terminate signal.

III. THE EXCLUSION ORDER SHOULD BE VACATED BECAUSE THE BARTH I PATENTS ARE INVALID UNDER THE JUDICIAL OBVIOUSNESS-TYPE DOUBLE PATENTING DOCTRINE

If Rambus's claim construction prevails, the Barth I patents are invalid because Rambus already has a patent on a method of fixed length data transfer that uses a clock signal to start the transfer of data.

To avoid applicants extending patents by drafting claims that vary only slightly from earlier patents, the Court has fashioned a doctrine of "nonstatutory double patenting" also known as "obviousness-type" double patenting. *See Geneva Pharm., Inc., v. GlaxoSmithKline PLC,* 349 F.3d at 1373, 1377-78 (Fed. Cir. 2003) (quotation omitted) (discussing *In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985)). As the Court has explained:

> [A]n obviousness-type double patenting analysis entails two steps. First, as a matter of law, a court construes the claim in the earlier patent and the claim in the later patent and determines the differences. Second, the court determines whether the differences in subject matter between the two claims render the claims patentably distinct.

In re Metroprolol Succinate Patent Litig., 494 F.3d 1011, 1016 (Fed. Cir. 2007) (quotation omitted).

The Court's "case law firmly establishes that a later genus claim limitation is anticipated by, and therefore not patentably distinct from, an earlier species claim." *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 971 (Fed. Cir. 2001); *see also Perricone v. Medicis Pharm. Corp.*, 432 F.3d 1368, 1374 (Fed. Cir. 2005) (affirming district court determination that "earlier species renders the later genus claims invalid"). That is the case here.

If the Barth I patents' claims do not require a terminate signal, as Rambus contends (*see* above Part II), then the Barth I patents simply claim a broader version of the method claimed in the Farmwald patent. The Farmwald patent claims a particular method of data transfer that uses the edges of an external clock signal to start the transfer of data. In this Court's terminology, the Barth I patent is a genus claim and "is anticipated by, and therefore not patentably distinct from," the earlier Farmwald species claim.

Despite agreeing to review the ALJ's "obviousness-type double patenting" ruling, the ITC summarily concluded without explanation

that the "asserted Barth I claims' inclusion of the 'strobe signal'/'signal' limitations renders them patentably distinct from the claims of Farmwald '037." Ad280. That conclusion was legal error. For similar reasons, the ITC erred in concluding that Farmwald U.S. Patent No. 5,319,755 did not render the Barth I patents invalid as anticipated under 35 U.S.C. § 102(b).

A. The Farmwald '037 Patent And The Barth I Patents Differ At Most In One Insubstantial Respect

The invention defined in claim 8 of the Farmwald '037 patent is almost identical to that defined in the Barth I claims. Claim 11 of the Barth '353 patent is representative. The claims are so close that the parties differed on only one issue: Whether the clock signal claim in the Farmwald '037 patent could be the "Strobe signal" in the Barth I '353 patent. Rambus has not suggested any other differences between the Farmwald and Rambus patents. *See* A21909-31 (Rambus's expert). Ad115-16 ("main point of contention between the parties is whether Farmwald discloses a 'strobe signal'").

The '037 patent is one of the patents descending from the Farmwald and Horowitz '898 application filed in 1990. A23116. The patent is titled "Memory Device Which Samples Data After An Amount

Of Time Transpires." A23116. The Farmwald patent claims a specific method of initiating data transfer based on the "external clock signal." A23116. The method transfers a "first portion of the data synchronously with respect to a rising edge transition of the external clock signal" and a "second portion of the data synchronously with respect to a falling edge transition of the external clock signal." A23147, col.25 l. 40-47 (A clock signal has two "edges," the rising edge as it transitions from the low state (logical "0") to the high state (logical "1"), and a falling edge as it transitions from the high state to the low state.) The Farmwald patent uses both edges of the clock signal to initiate the data transfer.

Consistent with this plain reading, Rambus persuaded a district court that the Farmwald invention relies on the edges of the external clock signal to initiate data transfer. In *Rambus Inc. v. Hynix Semiconductor Inc.* ("*Hynix II*"), 569 F. Supp. 2d 946 (N.D. Cal. 2008), the court adopted Rambus's proposed definition of "synchronous memory device" as "[a] memory device that receives ***an external clock signal which governs the timing of the response to a transaction request***." *Id.* at 986-87 (emphasis added).

> The preferred embodiment ... harnesses half of the input samplers to one clock signal and has them sample the bus on the clock signal's falling edge, while the other half of the input samplers sample the bus on the complement's falling edge. In such a fashion, the device successfully samples the bus for data at the midpoint of the two external clock signals' rising and falling edges.

Id. at 961 (citation omitted).

The Barth '353 patent is titled "Protocol For Communication With Dynamic Memory." Claim 11 provides:

> 11. A method of controlling a memory device, the memory device being configured to defer sampling data that corresponds to the first write command until a strobe signal is detected;
>
> delaying for a first time period after issuing the write command; and
>
> after delaying for the first time period, issuing the strobe signal to the memory device to initiate sampling of a first portion of the data by the memory device.

Ad384, col.41 l. 29-41.

Although using slightly different words, both the Farmwald and Barth patents claim a method of controlling a memory device that satisfies four limitations:

(1) **includes a plurality of memory cells** ("[a] method of operation of a synchronous memory device, wherein the memory device includes an array of dynamic random access memory cells" (Farmwald

A30613, col.25 l. 2-4); "[a] method of controlling a memory device that includes a plurality of memory cells," (Barth Ad384, col.41 l. 29-30)),

(2) **issues a transfer data command to the memory device** ("the first operation code specifies a write operation" (Farmwald A30613, col.25 l. 8-9); "issuing the write command" (Barth Ad384, col.41 l. 36-37)),

(3) **delays transferring the data for a first time period after issuing the transfer command** ("sampling data after a number of clock cycles of the external clock signal transpire, wherein the data is sampled in response to the first operation code" (Farmwald A30613, col.25 l. 10-12); "delaying for a first time period after issuing the write command" (Barth Ad384, col.41 l. 36-37)), and

(4) **starts transferring data in response to either an "external clock signal" or a "strobe signal"** ("sampling a first portion of the data synchronously with respect to a rising edge transition of the external clock signal; and sampling a second portion of the data synchronously with respect to a falling edge transition of the external clock signal" (Farmwald A30613 col.25 l. 42-47); "issuing the

strobe signal to the memory device to initiate sampling of a first portion of the data by the memory device." (Barth Ad384, col.41 l. 39-41)).

B. The Barth I Patent Is Not Patentably Distinct From The Farmwald Patent

The ITC summarily concluded without explanation that the "asserted Barth I claims' inclusion of the 'strobe signal'/'signal' limitations renders them patentably distinct from the claims of Farmwald '037." Ad280. But the strobe signal term is broad enough to include the external clock signal as it is used in the Farmwald claims.

At Rambus's request, the ALJ defined the "strobe signal ... to initiate sampling of a first portion of the data by the memory device" as "a timing signal to initiate sampling of a first portion of the data by the memory device."[11] Ad14. As shown just above, the Farmwald external clock signal "governs the timing of the response to a transaction request" by initiating sampling on its rising and falling edges. In short,

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[11] For the term "signal" in the '109 patent, the ALJ likewise adopted Rambus's definition of "a signal that indicates when to begin sampling write data in the memory device" or similar constructions. Ad14.

the Farmwald external clock signal is a "timing signal to initiate sampling."

Moreover, the ALJ specifically rejected Rambus's suggestion that a "clock signal" "should be excluded from the definition of a strobe signal." Ad15. The ALJ wrote: "Rambus provides no basis or reason for purposefully excluding a 'clock signal' from the proposed construction for 'strobe signal.'" Ad16.

In nonetheless finding the Barth I patent patentably distinct, the ALJ effectively altered the construction of strobe signal that it had adopted for purposes of the infringement analysis. The ALJ noted that the Farmwald "clock edge signal does not contain any 'data transfer start information'" but instead "the sampling is initiated based on a specified offset relative to the request packet as a whole." Ad119. In contrast, the ALJ emphasized, the Farmwald method uses information not in the clock signal—*i.e.*, the "specified offset relative to the request packet"[12]—to set the timing of the data transfer. It was improper for

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[12] The "request packet" is "a sequence of bytes comprising address and control information." A30603-04, col.6 l. 67 – col.7 l. 1.

the ALJ to apply one construction for purposes of infringement and a narrower construction to determine validity. *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003) ("It is axiomatic that claims are construed the same way for both invalidity and infringement.").

Once the ALJ excluded the terminate limitation from the Barth I claims, the Barth I claims include the Farmwald method. Even though the Farmwald method starts data transfer based on information derived from both the external clock signal and the request packet, it still uses an "external clock signal" as a "timing signal to initiate sampling."

The very purpose of the judicial obviousness-type double patenting doctrine is to prevent a patentee from effectively extending its patent beyond the statutory term. Claim 1 of the '037 patent expired in April 2010 but Claim 8 of the Barth I patents will not expire until October 2015. *See* A23116, A1006, & 35 U.S.C. § 154(a)(2), (c)(1). Thus, if Rambus were to gain the protection of the Barth I claims it would effectively extend its protection from the Farmwald patent **five years** beyond the date of the Farmwald patent's expiration. This is an

archetypical instance of double patenting that warrants invalidating the second patent.

C. Farmwald '755 Anticipates The Barth I Patents

For similar reasons, all of the asserted claims in the Barth I patents are invalid because they are anticipated by Farmwald '755. Under 35 U.S.C. § 102(b), a patent is invalid if "the invention was patented or described in a printed publication" "more than one year prior to the date of application for a patent in the United States." The '755 patent, which includes the same disclosure as the '037 patent, claims the system described in the Barth I patents and issued in 1994, eight years prior to the issuance of the earliest Barth I patent (2002). A30994-31017. The parties agreed the '755 taught all of the elements of the claimed invention except whether the '755 patent included a strobe signal. Although the '755 patent does not refer to a "strobe signal," as explained above, the Farmwald external clock signal is in substance a strobe signal, *i.e.*, a signal that starts the data transmission.

D. The ITC Misapplied The Presumption Of Patent Validity

On November 29, 2010, the Supreme Court agreed to consider whether the invalidity defense provided for in the Patent Act, 35 U.S.C.

§ 282, must be proved by clear and convincing evidence. *Microsoft Corp. v. i4i Ltd. P'ship*, No. 10-290, 2010 WL 3392402 (U.S. Nov. 29, 2010).

Here, in rejecting NVIDIA's and its customers' double patenting and anticipation invalidity arguments, the ITC and the ALJ both invoked the "clear and convincing" standard for establishing patent invalidity. Ad279-80, Ad111, Ad145, Ad147-50.

If the Supreme Court eliminates or revises the clear and convincing standard for patent invalidity, **all** of the ALJ's and ITC's invalidity rulings will have to be reconsidered under the correct standard. *See* A27514-23.

IV. THE EXCLUSION ORDER SHOULD BE VACATED BECAUSE RAMBUS HAS UNCLEAN HANDS

The Court should vacate the exclusion order because Rambus has unclean hands. Rambus abused the patent system by tailoring its pending claims to decisions made at JEDEC. And, in bad faith, Rambus destroyed relevant documents in advance of bringing suit against those who comply with the JEDEC standard and their suppliers, including NVIDIA and its customers. Rambus's conduct warrants precluding enforcement of the improperly obtained and litigated Barth I patents.

A. Rambus Tailored Its Application And Revised Claims Based On JEDEC Standards

The Supreme Court has applied equity broadly and flexibly to stop efforts to tailor claims to reach the inventions of others. In *Miller v. Brass Co.*, 104 U.S. 350 (1881), for example, the Court declared a reissue patent void where the patent owner had "wait[ed] until other inventors have produced new forms of improvement, and then, with the new light thus acquired, under pretence of inadvertence and mistake, apply for such an enlargement of his claim as to make it embrace these new forms." *Id.* at 355. Expanding patents "years after their first issue," the Court explained, thwarted the reasonable reliance of "hundreds and thousands of mechanics and manufactures" who justly assumed "that the field of action was open," forcing them either "to discontinue their employments, or to pay an enormous tax for continuing them." *Id.*; *see also Woodbridge v. United States*, 263 U.S. 50, 53, 56-63 (1923) (finding inventor forfeited right to patent where inventor delayed requesting issuance until other inventors "had made advances in the art" and the inventor subsequently tried to broaden his original claims to cover those advances); *Webster Elec. Co. v. Splitdorf Elec. Co.*, 264 U.S. 463, 471 (1924) (concluding analysis from *Miller* and

its progeny is applicable to "cases involving laches, equitable estoppel or intervening private or public rights").

Recently discussing this line of Supreme Court cases, this Court explained that equity protects "others working in the same field" as the patent applicant. *Cancer Research Tech. Ltd. v. Barr Labs., Inc.,* No. 2010-1204, 2010 WL 4455839, at *5 (Fed. Cir. Nov. 9, 2010). Thus, the Court held that to establish the equitable defense of prosecution laches, the defendant "must show evidence of intervening rights, *i.e.*, that either the accused infringer or others invested in, worked on, or used the claimed technology during the period of delay." *Id.* at *4.

Just as in *Miller*, *Woodbridge, Webster,* and as the Court foresaw in *Cancer Research*, Rambus's conduct, if permitted, would result in an unwarranted award to the patentee that is derived from the efforts of others in the same industry. Rambus filed the Barth patent application in 1995. Although then a member of JEDEC, Rambus did not disclose the pending application. If the Court concludes that the Barth I claims can be construed to reach industry standard memory interface products, then Rambus was required to disclose the supporting application to JEDEC (or not enforce claims based on it) and those employing the

JEDEC standard should be protected under the rules of equity. *Cf. Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1019 (Fed. Cir. 2008) ("[We] are unable to reconcile [the patent owner's] ex post argument that the asserted patents do not meet the 'reasonably might be necessary' standard [for disclosure] with its ex ante arguments regarding infringement").

Still more fundamentally, Rambus's tailoring of patent claims is a modern-day version of the patent traps disapproved of in *Miller* and *Woodbridge*. Just as the *Miller* patentee sought to revise claims to embrace "new forms of improvement" produced by "other inventors," 104 U.S. at 355, and the *Woodbridge* patentee sought to revise claims to cover the advances of "unconscious competitors," 263 U.S. at 57, Rambus concededly revised its claims based on JEDEC's work. Rambus crafted its 1995 Barth application to capture the decision of JEDEC to include a flexible data transfer method. Then, when JEDEC decided to use a fixed method, Rambus tailored the Barth I patent claims to reach the fixed method. Through this strategic timing of filing and revising claims, Rambus set its patent trap. *Miller* and its progeny require this Court to invalidate the exclusion order because it is based on claims

that Rambus specifically tailored to meet the JEDEC standard without advising the members of the committee that it was doing so.

The ALJ refused to invoke equitable principles because there was no "communication by Rambus to Respondents." Ad184. The ALJ's constricted understanding of the reach of equity is directly contrary to the *Miller* line of cases that do not involve any direct communication between the patent owner and the industry. NVIDIA and its customers plainly relied on the activities of JEDEC by designing and manufacturing memory controllers that interface with the memory products that comply with JEDEC standards.

In short, as *Cancer Research* warns, others in the industry were harmed by the method by which Rambus obtained the Barth I patents. Equity requires vacating the exclusion order.

B. Rambus Destroyed Relevant Documents It Was Under A Duty To Preserve

1. The ALJ's Decision Is Arbitrary and Capricious

After twenty pages of detailed factual findings adverse to Rambus, the ALJ declined to reach the only possible legal conclusion based on those same facts: Rambus must be barred from enforcing its patents against the semiconductor industry. The ALJ found "the evidence of

Rambus's intention to destroy evidence for purposes of preparing the company for litigation overwhelming and the destruction was intentional and in bad faith." Ad180. But, according to the ALJ, "the evidentiary burden is on [NVIDIA] to prove that their defenses were prejudiced by Rambus's misconduct, and they have not carried that burden." Ad182. This is both legally wrong and an untenable view of the undisputed record.

The ALJ mistakenly thought the law placed the burden of establishing prejudice from the document destruction on NVIDIA, despite recognizing that Rambus's behavior reflected "the bad intentions of a party." Ad182. This is not the law.

If a plaintiff destroys relevant documents after planning litigation, the burden is on the plaintiff to establish that the destruction did not prejudice the outcome of the lawsuit. Courts must assure that spoliation is deterred to the fullest extent practicable because spoliation "strikes at the very foundations of the adversary system and the judicial process." *In re Sealed Case*, 754 F.2d 395, 401 (D.C. Cir. 1985); *see also Anderson v. Cryovac*, Inc., 862 F.2d 910, 925 (1st Cir. 1988) (presumption of prejudice in favor of the aggrieved party can be refuted

only "by clear and convincing evidence demonstrating that the withheld material was in fact inconsequential"). Any other rule would permit plaintiffs to destroy documents with little fear and in furtherance, as here, of a strategy of patent holdup. It is difficult to show how destroyed documents might have helped a defense because it is often impossible to know with any precision what was destroyed. *Accord, e.g., Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1573 (Fed. Cir. 1996) (holding that where a party "had the clear duty of keeping and preserving records ... it is appropriate that doubt be resolved against" the party). The burden must therefore be on the spoliator to prove "that the consequences of [the wrongdoing] have been dissipated or 'purged.'" *Republic Molding Corp. v. B.W. Photo Utils.*, 319 F.2d 347, 350 (9th Cir. 1963) (patent misuse case).

Furthermore, even if the burden of establishing prejudice remained on NVIDIA and its customers, NVIDIA and its customers were at a minimum entitled to an adverse inference in light of the relevance of the improperly destroyed documents. *Chrysler Corp. v. United States,* 592 F.3d 1330, 1338 (Fed. Cir. 2010) (holding that the "culpable destruction of relevant documents" may give "rise to an

inference that the information contained in the destroyed documents would have been unfavorable to the party responsible for their destruction"); *Residential Funding Corp. v. DeGeorge Fin. Corp.*, 306 F.3d 99, 107 (2d Cir. 2002); *In re Oracle Corp. Sec. Litig.*, No. 09-16502, 2010 WL 4608794, at *5 (9th Cir. Nov. 16, 2010). The ALJ not only failed to adopt an adverse inference, the ALJ placed an improper affirmative burden on NVIDIA and its customers to show prejudice.

Rambus cannot possibly carry its burden of showing it caused no prejudice from its destruction of millions of pages of documents. As detailed below, this destruction included unique documents that Barth created and maintained. This Court should order the ALJ to uphold the defense of unclean hands because there is no other appropriate outcome on this record. At a minimum, a remand to the ALJ is required for an application of the correct legal standard to the undisputed facts regarding Rambus's document destruction campaign.

Indeed, there is overwhelming evidence that Rambus's document destruction prejudiced NVIDIA and its customers.

Apparently feeling unable to rule that the Rambus patents cannot be enforced despite twenty pages of fact findings that permit no other

possible conclusion as a matter of law, the ALJ resorted to a cursory *ipse dixit*. The ALJ summarily stated that it "found no evidence in the record that the evidence destroyed would support [NVIDIA's] claim or defense." Ad182. The ALJ's discussion of the prejudice question is a single cursory paragraph without discussion of any particular document or citation to any part of the record. Ad182. But basic agency action principles **require** the ALJ to give a **reason** for its decision. *See, e.g.*, *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). When an agency fails to provide an explanation for its ruling, reversal is warranted for that reason alone. *See Timken U.S. Corp. v. United States*, 421 F.3d 1350, 1355 (Fed. Cir. 2005) ("[I]t is well settled that an agency must explain its action with sufficient clarity to permit effective judicial review. Failure to provide the necessary clarity for judicial review requires the agency action be vacated.") (internal citations and quotation omitted).

Moreover, the ALJ's ruling is not a tenable reading of the record. NVIDIA and its customers provided concrete descriptions of evidence that would have helped defense of Rambus's suit had Rambus not improperly destroyed the evidence.

For example, the destruction of Barth's patent files hampered NVIDIA's and its customers' defense. The destroyed contents of Barth's filing cabinet would have shed a great deal of light on the connection between the Farmwald and Barth I patents. The filing cabinet contained a [redacted] describing [redacted] A11410. The tree contrasted the concepts with the Rambus [redacted] A11411. As Barth explained, the [redacted] A11421. Barth testified that the tree listed the Barth I patents. A11421.

Barth's views could have helped demonstrate that the Barth I patent was a more general version of the claims in the Farmwald patent or obvious in light of the Farmwald disclosures. The contents of Barth's cabinet would also show what Barth believed his patents covered and did not cover for infringement purposes. Such information could be used as a party admission as well as on its own merits.

Other examples of destroyed documents that would have been useful to NVIDIA and its customers abound. For example, in April 1999, Mr. Karp instructed Rambus's outside patent counsel, Mr. Lester Vincent of the Blakely Sokoloff firm, [redacted] A23399 (Mr. Vincent's notes from an April 5, 1999 meeting with Mr. Karp stating [redacted]). The "Patent File Clean-Up" document prepared by outside counsel [redacted] A23611-20, A11605, A11410. The documents destroyed included drafts of applications, amendments and patent claims, attorney notes, correspondence with Rambus, electronic mail, and other original and unique documents that did not exist in any other form. A31177-79.

Under the circumstances, the ALJ could not lawfully conclude that the document destruction did not prejudice respondents. Reversal is required.

2. If This Court Affirms *Micron*, Principles of Collateral Estoppel Mandate Reversal Here

If the Court affirms the *Micron* ruling, reversal of the ITC's decision in this case necessarily follows. In *Micron Technology, Inc. v. Rambus, Inc.*, 255 F.R.D. 135 (D. Del. 2009), the Delaware District Court ruled that twelve patents descending from the Farmwald application are unenforceable due to Rambus's bad-faith destruction of relevant documents. *Id.* at 151. This Court heard re-argument in *Micron v. Rambus,* No. 2009-1263, on October 6, 2010.[13]

As this Court has explained, under *Blonder-Tongue Labs., Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), a defendant can use collateral estoppel "when the accused infringer shows (1) that a patent was found invalid in a prior case that had proceeded through final judgment and in which all procedural opportunities were available to the patentee; (2) that the issues litigated were identical; and (3) that the party against whom estoppel is applied had a full and fair

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[13] On the same day, the Court also heard re-argument in *Hynix Semiconductor Inc. v. Rambus Inc.*, Nos. 2009-1299 & -1347, a case involving Rambus's document destruction, patent trap tactics, and other issues.

opportunity to litigate." *Abbott Labs. v. Andrx Pharm., Inc.*, 473 F.3d 1196, 1203 (Fed. Cir. 2007); *Pharmacia & Upjohn Co. v. Mylan Pharm., Inc.*, 170 F.3d 1373, 1379-80 (Fed. Cir. 1999) (discussing *Blonder-Tongue* and noting that collateral estoppel applies to both patent invalidity and unenforceability).

The ALJ found that "[w]hile the patent families in Micron ... were different than those in this case, JEDEC standards and the patents in both families deal with the broad topic of dynamic memory, and the chips (DRAM) used in data transfer." Ad161. *See also* Ad161 n.18 ("the history of Rambus's involvement with JEDEC is the same"). As the ALJ explained:

> [t]here was no evidence that Rambus separated the background paperwork for each family of patents, and there is no evidence that Rambus inventoried what was destroyed.... Thus, the evidence that was destroyed by Rambus is as likely to have applied to any or all of its patents as it relates to a specific family or relates back to a particular application.

Ad169. Indeed, "[t]he plan was for litigation, and the destruction was to disadvantage whomever Rambus decided to sue." Ad180. "It did not matter whether they had NVIDIA, Micron or Hynix in mind. The

evidence they destroyed applied to Rambus's patents and would be the same regardless of the name they wrote on the complaint." Ad180.

Should the Court affirm in *Micron*, under *Blonder-Tongue* and traditional principles of estoppel, the Court should find that Rambus's bad-faith spoliation also precludes Rambus from enforcing the Barth I patents against NVIDIA and its customers.

V. THE EXCLUSION ORDER MUST BE MODIFIED TO ELIMINATE PRODUCTS WITH SAMSUNG SDRAM

At a minimum, assuming, as Rambus argues, that its licensing agreements covering industry standard memory controllers establish a domestic industry protected by the Barth I patents, the ITC's decision to bar importation of products that include NVIDIA products communicating with Samsung SDRAM is untenable. Rambus sold Samsung a "worldwide license" to practice its patents. Now, it is blocking the importation of NVIDIA products solely because those products include Samsung SDRAM. Rambus has secured double compensation for a single use of the Barth I method. That is not permissible. *See United States v. Univis Lens Co.*, 316 U.S. 241, 251 (1942).

A. The Samsung Rambus Agreement Exhausts All Of Rambus's Patent Rights In Products Containing Samsung SDRAM

"The longstanding doctrine of patent exhaustion provides 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). "[T]he authorized sale of an article which is capable of use only in practicing the patent is a relinquishment of the patent monopoly with respect to the article sold." *Id.* at 631 (quotation omitted). Where the licensed product "embodies essential features of the patented invention," the patent is deemed exhausted. *Id.* 627-28 (quotation omitted). The Supreme Court's rationale for the exhaustion doctrine is that "there has been such a disposition of the article that it may fairly be said that the patentee has received his reward for the use of the article." *United States v. Masonite Corp.*, 316 U.S. 265, 278 (1942).

The Semiconductor Patent License Agreement provides Rambus with massive payment for worldwide rights to its data transfer method. The agreement provides Samsung with a [redacted] that includes a [redacted]

[redacted] A25207-08. The license defines [redacted] and other forms of DRAM that [redacted] A25203. [redacted] A25203-04. The agreement also states that [redacted] A25209.

The Samsung worldwide license is reported to be a $900 million windfall for Rambus. *See* note 8. This worldwide license exhausts Rambus's patent rights in Samsung SDRAM. "[I]t may fairly be said that the patentee has received his reward for the use of the article."

B. *Fujifilm* Is Not Implicated

In finding that Rambus could still insist on payment from NVIDIA and its customers for products containing Samsung SDRAM, the ITC

cited *Fujifilm Corp. v. Benun*, 605 F.3d 1366 (Fed. Cir. 2010). Ad288-289. The ITC misread *Fujifilm*. There, this Court held that Fujifilm's domestic patent rights were not exhausted by its manufacture and original sale of the articles at issue outside the country. The Court relied on what it called "the territoriality requirement for patent exhaustion announced in *Jazz Photo Corp. v. ITC*, 264 F.3d 1094 (Fed. Cir. 2001)," and rejected the argument that the Supreme Court had eliminated this requirement in *Quanta*. *Fujifilm,* 605 F.3d at 1370-71.

The ITC overlooked that the Samsung License provides "worldwide" rights to make, use, sell and import under all of Rambus's patents. Samsung bargained for worldwide rights; the massive amount it paid to Rambus necessarily included a reward for the use of the Barth I patents in the United States. By expressly authorizing importation and sale "worldwide" under Rambus's U.S. patents, the Samsung license meets *Jazz Photo*'s standard that "the authorized first sale must have occurred under the United States patent." *Jazz Photo,* 264 F.3d at 1105. Neither *Jazz Photo* nor *Fujifilm* involved an express transfer of "worldwide" rights under U.S. patents.

So long as the Court agrees the worldwide license exhausts Rambus's patent rights, there is no need to revisit *Fujifilm* here. In *Costco Wholesale Corp. v. Omega, S.A.*, 130 S. Ct. 2089 (2010) (No. 08-1423), the Supreme Court is considering the exhaustion doctrine in the copyright law regime. At least one amicus brief filed in *Costco* urges the Court to hold that *Fujifilm* is wrongly decided. *See* Brief for Intel Corp. as Amicus Curiae Supporting Petitioner at 18-22, *Costco,* 130 S. Ct. 2089 (No. 08-1423).[14] As that brief explains, *Quanta* involved a significant amount of foreign sales, yet the Court in *Quanta* did not limit its holding to domestic sales. *Id.* at 18-19.

CONCLUSION

The ITC's exclusion order should be vacated or modified and the matter remanded to the ITC for proceedings consistent with the foregoing.

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[14] The Intel brief is *available at* http://www.abanet.org/publiced/preview/briefs/pdfs/09-10/08-1423_PetitionerAmCuIntelCorp.pdf.

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