

1 UNITED STATES OF AMERICA
2 BEFORE FEDERAL TRADE COMMISSION
3

4 _____)
5 In the Matter of)

6 RAMBUS INCORPORATED,)

7 a corporation.)
8 _____)

Docket No. 9302

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

11 I. INTRODUCTION

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

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

25 Under Rule 3.22(f), and as explained both in Part II.B, below, and in the
26

1 accompanying Declaration of John W. Calkins filed in support of this motion (“Calkins Decl.”),
2 MEUS states that its counsel has conferred with counsel for Rambus in an effort in good faith to
3 resolve by agreement the issues raised by this motion and has been unable to reach such an
4 agreement. *See* Calkins Decl. at ¶¶ 6-9, Ex. B. MEUS thus respectfully requests an order

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

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

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

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III. THE SUBPOENA SHOULD BE QUASHED FOR FAILURE TO PROVIDE PROPER SERVICE.

A subpoena served on a non-party through its agent for service is
properly quashed where the documents sought are not controlled by the agent. Partly
because the agent is located in a separate judicial district. See, e.g., *Ariel*, 2002 WL 597
F.2d 1111 (11th Cir. 1997); *United States v. LTV Aerospace Corp.*, 480 F.2d 620 (5th Cir. 1973); *In re
North American Acceptance Corp.*, 21 F.R.Serv. 2d 612 (N.D. Ga. 1975); *United States v. Hyatt
et al.*, *Federal Civil Procedure Before Trial* ¶ 11.384 (2002).⁴ In *Ariel*, for exam

³ In re

1 Eleventh Circuit Court of Appeal affirmed a district court’s order quashing a subpoena served on
2 the United States Olympic Committee, a non-party to the underlying litigation. Rather than
3 serving the Olympic Committee at its headquarters in Colorado, the defendant in the underlying
4 litigation instead served it on C.T. Corporation, the Olympic Committee’s agent for service of
5 process in Florida. *Ariel*, 693 F.2d at 1059, 1061. The district court quashed the subpoena,
6 holding that requiring a non-party based in Colorado to produce documents in Florida “would be
7 burdensome and unfair.” *Id.* at 1059. The Court of Appeal affirmed based on its finding that
8 “C.T. Corporation does not ‘control’ the documents sought by [the defendant]. The documents
9 are located at the Olympic Committee’s headquarters in Colorado Springs.” *Id.* at 1061; *see also*
10 *Cates*, 480 F.2d. at 623 (discovery rules cannot be used to require a non-party to produce
11 documents in the custody of the head of the organization located in another judicial district);
12 *North American Acceptance* 136.5070 TD -0.0614 3aff35te

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1 rather than on MEUS in California. Accordingly, this dispute aligns squarely with that decided
2 in *Ariel*, and the outcome should be the same: the Rambus subpoena should be quashed in its
3 entirety.

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

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

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

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

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

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

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

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

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

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

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

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

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

7 MEUS respectfully moves to limit this overly broad subpoena as unduly
8 burdensome and oppressive based on the sweeping scope of the categories of requested
9 documents and their marginal relevance to the underlying proceeding. 16 C.F.R. § 3.31(c)(1)(iii)

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

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

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

15 Rambus seeks documents from MEUS that disclose agreements with its
16 customers and licensors, pricing and cost data, order quantities and patterns, technology
17 licensing terms, and other commercially sensitive details. This information is confidential and
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respect to [each of nine DRAM-related] technolog[ies] or feature[s]

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

- “Documents sufficient to identify: (a) the criteria used to determine the scope of

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

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

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

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C. MEUS Is Entitled To Reimbursement For Costs Incurred Responding To The Rambus Subpoena And Filing This Motion.

The Federal Rules of Civil Procedure require courts to “assure that the person to whom the subpoena is addressed will be reasonably compensated” for the burden of disclosure.

1 V. CONCLUSION

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

9

10 DATED: October 29, 2002

11

12 By: _____

13 David T. Burse
14 John W. Calkins
15 Bingham McCutchen LLP
16 1900 University Avenue
17 East Palo Alto, CA 94303

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

23 Attorneys for Non-Party
24 Mitsubishi Electric & Electronics USA, Inc.
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1 **DECLARATION OF JOHN W. CALKINS IN SUPPORT OF THE MOTION OF**
2 **NON-PARTY MITSUBISHI ELECTRIC & ELECTRONICS USA, INC. TO QUASH**
3 **SUBPOENA OR IN THE ALTERNATIVE FOR PROTECTIVE ORDER**

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

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

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

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

19 4.

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

8 7. On October 21, 2002, counsel for Rambus (Sean P. Gates) and MEUS

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1 subpoena. Unable to resolve certain disputes, however, counsel instead agreed that MEUS
2 would file this motion on October 29, 2002 and that the parties would continue to work in good
3 faith to resolve by agreement issues related to the subpoena.

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

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

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

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

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

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

10 IT IS HEREBY ORDERED:

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

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

15 IT IS SO ORDERED.

16 DATED: _____, 2002

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 Administrative Law Judge

1 **CERTIFICATE OF SERVICE**

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

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

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

20 Richard Dagen, Esq.
21 Assistant Director
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Geoffery Oliver, Esq

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