

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

PUBLIC

**In the Matter of
RAMBUS INC.,
a corporation.**

Docket No. 9302

**REQUEST FOR RECONSIDERATION AND/OR CLARIFICATION OF THE
MAY 13, 2003 ORDER REGARDING RAMBUS'S PRIVILEGED
DOCUMENTS**

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I. INTRODUCTION

In its May 13, 2003 Order, the Court ruled that Rambus, by producing previously privileged documents whose confidentiality had already been irrevocably lost, waived its right to continue to assert privilege for other, *undisclosed* attorney-client communications from June 1996 through the present. Because the May 13 Order extends the waiver doctrine far beyond its proper and commonly understood scope, Rambus seeks reconsideration and/or clarification of the May 13 Order.¹

Four critical and essentially undisputed facts define the issues before the Court.

First, Rambus has produced to Complaint Counsel all of the privileged documents that Judge Payne required it to produce to Infineon, that Judge McKelvie ordered it to produce to Micron, and that it produced to Hynix (the “Compelled Documents”). In this respect, Complaint Counsel are in the same position as each of the other litigants that have asserted JEDEC-related claims or defenses against Rambus.

Second, production to Infineon and to Micron was indisputably compelled by court order. In *Micron*, Judge McKelvie explained that such production should be compelled precisely because Judge Payne had already compelled it in *Infineon*:

“I look at Judge Payne’s decision as similar to a discovery order, and once he has ordered documents produced in that case that were

¹ Reconsideration is justified here to correct clear errors of fact and law and to prevent manifest injustice. *See, e.g.*, March 26, 2003 Order at 8. The discussion in this memorandum is focused on the clear errors of law and fact underlying the May 13 Order and on the manifest injustice that will result from its temporal expansion of Judge Payne’s Orders from June 1996 to the present. Because the May 13 Order will “irrevocably ... ‘break the seal of a highly protected privilege’” based on these clear errors of law and fact, it will work a manifest injustice. *Id.* at 13 (quoting *Haines v. Liggett Group Inc.*, 975 F.2d 81, 96 (3rd Cir. 1992)).

otherwise protected from disclosure by the privilege, then the privilege is lost and, to the extent that they're sought in this case, then they're producible.”

Transcript of Telephone Conference, November 7, 2001, *Micron Technology, Inc. v. Rambus Inc.*, at 43, attached at Tab A.² These compelled productions were limited to documents dated or created during the time period December 1991 through June 1996, with one limited exception for the September 2000 presentation.

Third, Rambus has not sought, and does not seek, to use the Compelled Documents as a litigation sword. It has not chosen to produce some privileged materials and withhold others in order to gain an advantage in litigation. Rather, it has produced only those privileged documents that it was compelled to produce. The determination of what privileged documents would be produced was not made by Rambus for its strategic advantage; that determination was made by Judge Payne 6 0 Tc 0.000014 Tr

against JEDEC-compliant DRAM³ was filed against Hitachi on January 18, 2000.

The filing of that lawsuit followed a demand letter that Rambus sent to Hitachi on or about October 22, 1999. Thus, Rambus surely is entitled to assert the work product privilege with respect to actual or specifically contemplated litigation involving JEDEC-compliant DRAM from at least mid-1999.

Based on these four facts – which do not appear to have been fully considered in the May 13 Order, perhaps because they may not have been clearly enough explained in Rambus’s earlier briefs – Rambus asks the Court to reconsider and/or clarify that Order in the following respects:

- *First*, whether or not Rambus can be said to have “waived” the privilege as to the Compelled Documents themselves, the Court cannot fairly or lawfully order production of an *additional seven years* of documents (from mid-1996 to the present) beyond those that Judges Payne and McKelvie ordered produced. Among other considerations, Rambus has never sought to use the privilege as both “sword” and “shield,” which alone could justify this dramatic “subject matter” expansion of any original waiver. *See In re Sealed Case*, 676 F.2d 793, 809 n.54, 818 (D.C. Cir. 1982). To the contrary, Rambus has produced the Compelled Documents to its adversaries in all relevant proceedings, and it has never sought to make use

³ The phrase “JEDEC-compliant DRAM” is used to refer to DRAM that is manufactured in accordance with JEDEC specifications. Not all of Rambus’s patents are “essential.” In some instances Rambus patents may be infringed by features or structure that the manufacturer chose to include, but that were not required by the JEDEC specifications.

be asserted with respect to any materials coming into existence prior to January 1, 2000, because that date overlooks, among other things, the Hitachi litigation and the October 1999 demand letter discussed above.

- *Third*, if the Court does require production of privileged materials other than the Compelled Documents, Rambus requests that the Court clarify in certain specific respects, as set forth below, what additional privileged documents must be produced.

as opposed to making some use of it.” *Sealed Case*, 676 F.2d at 809 n.54; *see also In re United Mine Workers of Am. Employee Benefit Plans Litig.*, 159 F.R.D. 307, 308 (D.D.C. 1994) (noting that under D.C. Circuit case law, factual circumstances of disclosure should be examined “to prevent the scope of the subject-matter waiver from being unduly broad”). Indeed, *Weil v. Investment/Indicators, Research & Mgmt., Inc.*, 647 F.2d 18, 25 (9th Cir. 1981), on which the May 13 Order bases its determination of the scope of the waiver (May 13 Order at 5-6), specifically held that where opposing counsel was not prejudiced by the initial disclosure, extension of the waiver was inappropriate.⁶

The pertinent and critical question, then, is whether Rambus’s production of the Compelled Documents in *Hynix* was made in order to gain an advantage in the litigation here. If it was not – and simply posing the question reveals that it was not – then the implied subject matter waiver rule is not applicable.

It is undisputed that Rambus did not produce the documents at issue to Hynix as a “sword” against the FTC (or, indeed, as a “sword” against Hynix). Rambus clearly would have preferred to preserve the confidentiality of the documents, but that confidentiality was lost when production of the documents was compelled in the *Infineon* and *Micron* litigations. Rambus obtained no tactical advantage through the

⁶ *See also, e.g., United States v. South Chicago Bank*, 1998 WL 774001 (N.D. Ill. 1998) (no subject matter waiver even where bank selectively disclosed privileged communications to third parties but “did not gain a strategic advantage against the government”); *In re Commercial Fin. Servs., Inc.*, 247 B.R. 828, 847-49 (Bankr. N.D. Okla. 2000) (“Subject matter waiver applies only where partial waiver confers a tactical advantage. . . . The doctrine of subject matter waiver is narrowly construed and should only be employed when unfairness (i.e., tactical or strategic advantage) is implicated—otherwise, the doctrine of subject matter waiver serves no useful purpose.”) (emphasis added).

production of those documents; if anything, it was disadvantaged, since it is Complaint Counsel, rather than Rambus, who seek to use the Compelled Documents. Accordingly, Complaint Counsel will incur no prejudice or disadvantage that necessitates the sweeping disclosure of privileged materials sought here.

The May 13 Order seems to recognize the fairness concerns that underlie the implied subject-matter waiver doctrine, but erroneously assumes such concerns to be implicated by Rambus's conduct in this proceeding. Thus, the Order states that "as a matter of fairness and consistency, Respondent cannot be permitted to gain an advantage by voluntarily disclosing materials to one adversary (Hynix) while protecting the same materials from another adversary" (presumably Complaint Counsel). As a matter of undisputed fact, no such inequity or inconsistency has occurred. Complaint Counsel were provided with all of the documents, and all of the discovery, produced to Hynix. There has been no unequal treatment.⁷

The May 13 Order speculates (without any basis) that Rambus may have derived some benefit from producing the Compelled Documents in *Hynix*, specifically, that it may have avoided the burden of litigating the privilege issue and the risk of a more adverse result. Even if this were true, and it is not⁸, it is irrelevant

⁷ Indeed, in the context of the discussion of work product waiver, the Court seems to have reached this same conclusion: "Nor has the Respondent appeared to have made its voluntary disclosures of attorney work product materials in *Hynix* selectively in an attempt to achieve a strategic or tactical advantage, which could result in a broadening of the scope of its waiver." May 13 Order at 10 (citation omitted). The contrary conclusion reached in the discussion of attorney-client privilege is difficult to reconcile with the quoted holding in the work product section of the May 13 Order.

⁸ *Hynix*, for instance, may still seek production of additional privileged documents from Rambus; production of the Compelled Documents was not part of a negotiated compromise. Indeed, the fact that its attorneys have been present in the courtroom during every day of this proceeding suggests that

to the concern underlying subject matter waiver: ensuring that a party may not “selectively disclos[e] privileged communications to an adversary, revealing those that support the cause while claiming the shelter of the privilege to avoid disclosing those that are less favorable.” *Tennenbaum v. Deloitte & Touche*, 77 F.3d at 340-41.

It is undisputed that Rambus did not selectively reveal favorable confidential documents while shielding less helpful ones behind the privilege

2. Even If The Court Reaches To Apply Subject-Matter Waiver Doctrine Here, The May 13 Order Construes The “Subject Matter” Of The Waiver Far Too Broadly.

Even if the Court should somehow find that Rambus used the Compelled Documents as a “sword” when it produced them to Hynix, and thus were to conclude that the subject-matter waiver doctrine should apply, the Court still should limit the scope of any implied subject-matter waiver as narrowly as possible, consistent with the underlying fairness principle. The May 13 Order, by construing the “subject matter” of an implied waiver more broadly than the subject matter of the original compelled disclosure, thus failed to comport with the controlling legal principles.

Courts considering the scope of a subject-matter waiver “attempt to construe the subject matter as narrowly as possible.” Paul R. Rice, *Attorney-Client Privilege in the United States* § 9.85 (1999).⁹ Moreover, “the scope of any waiver by virtue of disclosure [i]s to be defined by the so-called ‘fairness doctrine’, which aim[s] to prevent prejudice to a party and distortion of the judicial process that may be caused by the privilege-holder’s selective disclosure during litigation of otherwise privileged information.” *In re Kidder Peabody Sec. Litig.*, 168 F.R.D. 459, 469 (S.D.N.Y. 1996) (citations and quotation marks omitted).

⁹ See, e.g., *In re Commercial Fin. Servs., Inc.*, 247 B.R. at 848 (“Subject matter waiver is narrowly construed [and] applies only where partial waiver confers a tactical advantage.”); *Aclara Biosciences, Inc. v. Caliper Technologies Corp.*, 2001 WL 777083 (N.D. Cal. 2000) (scope of subject matter of waiver of privilege should be construed narrowly); *In re Subpoena Duces Tecum Served on Willkie Farr & Gallagher*, 1997 WL 118369 at * 3-4 (S.D.N.Y. Mar. 14, 1997) (“a complete subject matter waiver applies when a party seeks to use the privilege selectively, as both a sword and shield in litigation, . . . [and] requires that the remedy be narrowly tailored to address the potential prejudice”); *United States v. Skeddle*, 989 F.Supp. 905, 909 n.2 (N.D. Ohio 1997) (“Realizing that fairness is at the heart of the waiver issue, courts have generally held that the ‘same subject matter’ is to be viewed narrowly.”).

for such a finding. Complaint Counsel tried to do so, but were unsuccessful. May 13 Order at 11-12.

In disregarding the temporal limitation imposed first by Judge Payne, and then by Judge McKelvie (May 13 Order, at 6 n.9), this Court clearly erred. The scope of a privilege waiver based upon a supposed “voluntary” production of documents necessarily turns upon the issues

Accordingly, the May 13 Order, in failing to hew closely to the temporal limitations defined by Judge Payne, clearly fell short of the legal standard. It failed to limit the scope of the waiver to the temporal subject matter of the original compelled disclosure, which was restricted to the December 1991 to June 1996 time period.

Furthermore, as a matter of general policy, the May 13 Order has broad implications for Commission practice, for it renders meaningless Complaint Counsel's assurances (in this and other cases) that, in light of the "discussions and negotiations that preceded [Rambus's] production [of the Compelled Documents], they are "not arguing that the production to Complaint Counsel independently waived Rambus's privilege." Complaint Counsel's Memorandum of January 7, 2003, at 2 n.2, attached at Tab B. Unless ac 0 T0ed [Rame

*issue.*¹² As a consequence, the Court was left to form conclusions based on an incomplete record and, in doing so, made an erroneous finding at odds with an earlier determination by Judge Timony. The Court also unfairly accused Rambus of asserting inconsistent positions. These points are discussed more fully below.

Rambus submits that the Court sho

period of time before the demand letter was sent.

As the Court has recognized, there does exist a tension between Judge Timony's conclusion that Rambus "knew or reasonably could anticipate RAM-related litigation" by mid-1998 when it chose to commence its document retention program (February 26, 2003 Order on Complaint Counsel's Motions for Default Judgment and for Oral Argument at 6) and the conclusion in the May 13 Order that Rambus "has no basis for asserting the attorney work product privilege for any materials coming into existence prior to January 1, 2000" (May 13 Order at 9-10). Further, the Court noted in its May 13 Order that Rambus "broadly asserts that any materials prepared by or at the direction of its attorneys post-June 1996 are subject to the attorney work product privilege." Rambus's counsel have been unable to locate such a statement in their prior briefs, but to the extent such a statement was made, it was incorrect. Rambus has consistently contended (or at least has intended to contend) that it was not contemplating any specific litigation regarding JEDEC-compliant DRAM at the time it implemented its document retention policy, in mid-1998. Whatever finding of fact is made with respect to when Rambus first contemplated specific litigation regarding JEDEC-compliant DRAM should be consistent with any findings that are made with respect to whether Rambus, when it was implementing its document retention program, contemplated specific litigation regarding JEDEC-compliant parts.

With this caveat, Rambus asserts that it should be entitled to assert the work product protection with respect to contemplated litigation involving JEDEC-compliant DRAM beginning in mid-1999.

Orders or this Court's May 13 Order.

Third, as Judge Payne's Orders were applied at the time, topic (3) was limited to efforts to broaden patent claims in applications deriving from the original '898 application. It did not apply to other U.S. patents or patent applications and did not apply to any foreign patents. These limitations were consistent with the issues being litigated before Judge Payne and with the clear import of the evidence that JEDEC members were not expected or encouraged to disclose foreign patents or foreign patent applications.¹³ Since the subject matter was so defined in connection with Judge Payne's Orders, it should similarly be so defined here.

III. CONCLUSION

For the reasons set forth above, Rambus respectfully requests that the Court reconsider its determination that production of the Compelled Documents to Hynix effected a subject matter waiver. Rambus further requests that the Court limit the temporal scope of its May 13 Order to the time period established by Judges Payne and McKelvie, consistent with the temporal parameters of the Compelled Documents themselves: December 1991 through June 1996 and (for a single presentation) September 2000. If the Court declines to do so, then Rambus requests that the Court reconsider its determination of the earliest date after which Rambus may assert the

¹³ See, e.g., Ken McGhee's December 19, 2000 Deposition Transcript at 213:19-214:2 (attached at Tab E); Willi Meyer's May 7, 2001 Trial Testimony at 119:1-14, 120:10-23 (attached at Tab F).

work product protection for JEDEC-related issues, and that its clarify its May 13
Order in various respects as set forth above.

DATED: May 19, 2003

Respectfully submitted,

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CERTIFICATION

I, James M. Berry, hereby certify that the electronic copy of the *Request for Reconsideration And/Or Clarification of the May 13, 2003 Order Regarding Rambus's Privileged Documents* accompanying this certification is a true and correct copy of the paper version that is being filed with the Secretary of the Commission on May 19, 2003 by other means.

James M. Berry
May 19, 2003