Nos. 01-1449, 01-1583, 01-1604, 01-1641, 02-1174, 02-1192

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

RAMBUS INC.,
Plaintiff-Appellant,

v.

INFINEON TECHNOLOGIES AG;
INFINEON TECHNOLOGIES NORTH AMERICA CORP.;
INFINEON TECHNOLOGIES HOLDING NORTH AMERICA INC.,
Defendants-Cross-Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(No. 00-CV-524, Judge Robert E. Payne)

AMICUS BRIEF OF GLOBALPLATFORM, INC., IMS GLOBAL LEARNING CONSORTIUM, INC., OPENGIS CONSORTIUM, INC., PCI INDUSTRIAL COMPUTER MANUFACTURERS GROUP, INC., THE OPEN GROUP, VIDEO ELECTRONICS STANDARDS ORGANIZATION and VISA INTERNATIONAL, IN SUPPORT OF COMBINED PETITION FOR PANEL REHEARING, AND REHEARING EN BANC BY DEFENDANTS-CROSS-APPELLANTS

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March 4, 2003

CERTIFICATE OF INTEREST

Counsel for Amicus Curiae GlobalPlatform, Inc., IMS Global Learning Consortium, Inc. OpenGIS Consortium, Inc., PCI Industrial Computer Manufacturers Group, Inc. The Open Group, Video Electronics Standards Organization and VISA International certifies the following:

1. The full names of every party represented by me are:

GlobalPlatform, Inc.
IMS Global Learning Consortium, Inc.
OpenGIS Consortium, Inc.
PCI Industrial Computer Manufacturers Group, Inc.
The Open Group
Video Electronics Standards Organization
VISA International

2. The parties named in the caption are the real parties in interest represented by me.

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

None

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

Lucash, Gesmer & Updegrove, LLC
Andrew Updegrove

_____
Andrew Updegrove

March 4, 2003

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IDENTITY AND INTEREST OF AMICI CURIAE

Amici curiae are GlobalPlatform, Inc., IMS Global Learning Consortium, Inc., OpenGIS Consortium, Inc., PCI Industrial Computer Manufacturers Group, Inc., The Open Group, Video Electronics Standards Organization and VISA International. Each amicus is a Standards Development Organization ("SDOs") except VISA International, which is an active member of many SDOs.

Each *amicus* is a participant in the global process of standard setting, a time-honored process of great benefit to society. There are hundreds of SDOs creating and maintaining many thousands of technical, safety and other standards. The results of the standard setting process include the rapid introduction of new products and services to the marketplace, lower costs to consumers and safer choices for business. Absent standards, such crucial infrastructures as telecommunications and the Internet literally could not exist.

The members of the *amici* organizations, and others like them, participate voluntarily and at significant cost in terms of dollars and human resources. At the heart of the decision to join a standard setting body is the expectation by its members that the gains that they will reap from participation will exceed the costs. Any factors which make participation seem more burdensome and uncertain will tend to discourage participation, with attendant damage to the best interests of consumers and national competitiveness in the global marketplace. The *amici*

organizations are concerned that the impact of the panel majority's decision will, for the reasons described below, have just such a discouraging effect.

It is a fundamental goal of each *amicus* to develop "open" standards, *i.e.*, standards that are available to all industry participants and that are not subject to excessive or otherwise unreasonable licensing terms. In pursuit of that goal, each amicus has adopted an intellectual property rights ("IPR") policy that addresses the timely disclosure of relevant member-owned intellectual property. Absent such a policy, and in the worst case, a member owner of undisclosed IPR might refuse to grant a license to anyone to implement an adopted standard, thus requiring the entire process to begin anew. While such conduct may seem illogical, it is often the case that a company will join an SDO for the specific purpose of blocking the adoption of a standard that might deprive it of an existing proprietary advantage.

While *amici*'s individual IPR policies differ in their particulars, *amici* all have a strong interest in the development of sound law concerning the interpretation and enforcement of intellectual property policies. It is of critical importance to *amici*, consumers, and industry participants that SDOs be free to adopt the IPR policies that they believe are appropriate to their circumstances, that those policies receive due respect in the courts, and that they are interpreted as intended by the bodies that adopted them. *Amici* are concerned that the *Rambus* decision impairs their freedom to adopt appropriate intellectual property policies,

and that current and potential members of organizations like *amici* will see insufficient value in participation in the standard setting process to continue to cooperate in that practice if the Court's decision stands.

ARGUMENT

I. Intellectual Property Policies Are Necessary for the Success of Pro-Consumer Voluntary Standard Setting

It is well recognized that "standardization has significant consumer benefits in many markets." Mark A. Lemley, *Intellectual Property Rights and Standard-Setting Organizations*, 90 Cal. L. Rev. 1889, 1896 (2002). Standard setting serves to "increase price competition," "increase compatibility and interoperability, allowing new suppliers to compete," and "increase the use of a particular technology, giving the installed base enhanced economic and functional value." David A. Balto, *Standard Setting in the 21st Century Network Economy*, 18 No. 6 Computer and Internet Lawyer 5, 6-7 (2001). Indeed, in the absence of a standard in a patent-rich environment, only a single vendor and such licensees as it chose to favor could offer a new technology, resulting either in the failure of the technology to become adopted at all, or in the development of a monopoly in the IPR owner for the life of the involved patents.

For standard setting to be successful, participants need to adopt standardization policies that will minimize the likelihood that they will inadvertently commit themselves to using standardized technologies subject to

intellectual property claims of others. Moreover, lest they fall into a trap of their own devising, each participant needs to have faith that their partners in the process are acting in good faith towards that same, common goal. Where, as here, a lower court has held a participant to have purposefully amended pending patent applications to ensure a lock on the final standards, and deliberately concealed its IPR until after the industry had committed to using the standards in question, the fundamental goals of an IPR policy are manifestly defeated.

Accordingly, *amici* and other SDOs have adopted IPR policies that are intended to avoid just such a result. These policies vary greatly in their specifics. *See* Lemley, *Intellectual Property Rights*, 90 Cal. L. Rev. at 1904-06, 1973-75 (summarizing the results of a survey of the intellectual property policies of 43 standard-setting organizations), and Consortium and Standards List, *ConsortiumInfo.org*, <http://www.consortiuminfo.org/ssl/links.php?cat=1> (a webpage from which may be accessed the intellectual property policies of scores of SDOs). This variation reflects the diverse needs and circumstances of different industries, distinct policy judgments about the appropriate role of intellectual property in standardized technologies, and a healthy degree of experimentation. But virtually all such IPR policies either (i) require disclosure of intellectual property rights during the standardization process, or (ii) impose other

requirements that make disclosure unnecessary (such as royalty-free licensing of intellectual property required to implement a standard). Lemley, *supra* at 1904.

II. The Decision Casts Unnecessary Doubt on Policies Already Adopted

The Court's narrow interpretation of JEDEC's intellectual property policy will place great stress on the existing SDO IPR policies. In the first instance, members of *amici* and other SDOs will be in doubt whether standards already adopted may be undermined by new assertions of infringement and whether changes to existing IPR policies to conform to the *Rambus* decision will make their activities more laborious, less effective, and less acceptable to their members. Since single companies often own large patent portfolios which pervasively cover a given technology niche, the withdrawal from a given SDO of even one company due to new, more burdensome rules may have severe adverse effects.

1. While *amici* do not suggest that the documentation and presentation of the JEDEC IPR policy is an example of industry "best practices" today, at the times relevant to the current action its form and substance were not atypical of then-prevailing practice. Whereas today SDO IPR policies are apt to receive close legal scrutiny at the time of creation, this was much less often the case a decade ago, when such a policy might have been drafted by non-lawyers. Following several well-publicized legal actions beginning with the Federal Trade Commission consent order accepted by Dell Computer (*Dell Computers, Inc.*, Dkt.

C-3658 (Consent Order, May 20, 1996), standard setting organizations began to greatly increase the specificity of their IPR policies, as well as their implementational processes. A*mici* believe that it is inappropriate to apply the stricter standards of today to the facts of a far different time.

2. The integrity and success of voluntary SDOs require that their IPR policies be interpreted consistently with the policies' goals and the reasonable expectations of the organizations' members. If courts adopt their own, more narrow interpretations of these policies, it creates needless uncertainty about members' obligations under these policies. Further, it undermines members' confidence that the voluntary standard setting process will lead to open standards that are not subject to oppressive intellectual property restrictions. At worst, such uncertainty may make members question whether participation is worthwhile at all.

3. The Court's narrow, claim-specific and standard-specific interpretation of patent disclosure obligations would adversely and unnecessarily restrict the processes of SDOs. SDOs constantly struggle to balance the need for timely disclosure with the need of patent owners to know what they may be committing to license. Early disclosure allows an SDO committee to "design around" the patent rights of others, allowing the process to proceed more smoothly and quickly. Yet until a specification is in final form, a conclusive claim by claim analysis would be impossible. If disclosure is only compelled (or even possible) at

the end of the process, then constant restarts must needs become the norm. With time to market of critical concern, slowing the process and increasing the burdens of participation could dramatically alter the calculus of many companies in deciding whether or not to participate in a given standards activity at all.

The broad JEDEC patent disclosure policy was an effective tool for avoiding this result. While, indeed, there are SDOs that deliberately adopt a policy which requires disclosure of patent claims that would "necessarily be infringed" by any implementation of an adopted standard, there are many others which, for reasons such as those recited above, choose a broader approach. Hence, the path taken by JEDEC in crafting its policy is not an example of imprecision, but of a conscious choice between two established alternatives.

The claim-specific and standard-specific approach adopted by the Court would also require expensive restaffing by SDO members. For sound reasons, the participants in standards development typically are engineers and other technical personnel, not patent attorneys. To require these participants to conduct a claim-by-claim comparison of patent claims in every standards process would make it far more difficult for them to understand and comply with their disclosure obligations, increasing the likelihood that errors would be made. Given that the largest technology companies may belong to hundreds of different SDOs, and even much smaller companies often belong to multiple standard setting organizations, it would

be economically unfeasible for many companies of any size to meet the requirements of such a policy. Given that some of the most essential classes of participants (such as independent software vendors) often have the lowest expected benefit from SDO standards, the effect of such withdrawals can have profound consequences.

Amici also fear that the Court's claims-specific and standard-specific approach leaves the standard setting industry uncertain as to what would constitute an appropriate trigger for disclosure obligations. The decision discounts as irrelevant Rambus' belief that it had invented the technologies under consideration for standardization and had patent claims that covered them. While the decision states that a full infringement analysis is not necessarily required, Judge Prost's dissent points out that the panel majority's opinion "arguably requires a *Markman* claim construction, application of the doctrine of equivalents, a *Festo* analysis, and perhaps even a *Johnson & Johnston* analysis." The panel majority's decision offers no guidance on how an SDO could develop an IPR policy that would be less burdensome in its application. To impose uncertainty on this central point until another dispute reaches this Court will bring significant stress to the standard setting process.

4. The Court's restrictive approach to the interpretation of JEDEC's broad IPR policy appears to tilt the scales sharply in favor of patent holders such as

Rambus and against the right of SDOs to adopt IPR policies of their choosing. In fact, circumstances vary widely in standard setting, and a "one size fits all" approach would place unnecessary burdens in situations where a more streamlined approach would suffice. Indeed, one of the major limitations on the efficacy of standards in the fast-moving technology marketplace is the time it takes to develop them.

As the diversity of IPR policies adopted by different SDOs demonstrates, there is no consensus on an optimal IPR policy for use even in a single industry, much less across all industries in which standardization plays an important role, despite years of evolution and constant negotiation. SDOs need latitude to develop, implement, and enforce intellectual property policies of their own design, suited to particular circumstances. Some will adopt narrower disclosure policies that may echo the Court's decision, while others will feel the need to adopt broader disclosure policies described in general terms, as JEDEC and its members understood the JEDEC policy to require.

5. Finally, the Court's opinion may send the wrong message to participants in voluntary standard-setting bodies. It suggests that even deliberate and egregious violations of an understood IPR policy may not be remedied by the courts, and that companies such as Rambus will be permitted to profit from violating or skirting such a policy at the expense of other members and consumers.

By failing to sanction such misconduct, the opinion throws the integrity of the entire voluntary standards development process into doubt. Without an honest process, participants will conclude that they have more to lose than to gain by participation. The Court should not permit the standard setting process to be undermined by creating judicial rules that allow participants in voluntary standard setting to avoid compliance with the intellectual property policies of the bodies they have chosen to join.

CONCLUSION

Because the Court's decision represents binding authority regarding the validity and enforceability of IPR policies across the vital area of standard setting, *amici* respectfully request the Court to grant the petition for rehearing *en banc* to permit the entire Court to consider the unintended results of the panel majority's decision.

Respectfully submitted,

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