THE RAMBUS SHELL GAME:
A LACK OF INTEGRITY IN THE STANDARDS SETTING PROCESS

DAVID ADAM DORTH

ABSTRACT

Standards setting organizations are formed to promulgate industry standards and in turn manage the course of technology that falls within their particular niche. Industry standards are the cornerstone of the technological compatibility that we enjoy as an advanced society. As we delve into the 21st century and beyond, the role of integrity in the standards setting process as a whole must be recognized by standards groups, end-users and importantly by the courts. This comment seeks to draw these entities into focusing on integrity and understand its importance in standards setting. Finally, this article strives to present a good starting point for the court, that is, a recent decision in Rambus Inc. v. Infineon Tech where the U.S. Court of Appeals for the Federal Circuit failed to fully understand the role of integrity in the standards setting process.
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DAVID ADAM DORTH*

INTRODUCTION

Industry standards are promulgated to promote technological advancement and user convenience, but can they give potential patentees an inside track to fortune? The U.S. Court of Appeals for the Federal Circuit in Rambus Inc. v. Infineon Tech. moved toward that end by allowing an ex-member of a standards setting organization to gain inside information and subsequently patent technology encompassed in a forthcoming standard. Future decisions relying upon this authority may undermine the policy behind setting standards by discouraging industry leaders from participating in standards committees entirely.

Industry standards play a decisive role in advancing technology and providing end user convenience: they are the cornerstone of the plug-n-play interchangeability of the products enjoyed by a technological society. Standards are formed under two methods, de facto and de jure. De facto standards are created through the

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* Juris Doctor Candidate, January 2005, The John Marshall Law School. Bachelor of Science – Environmental Sciences, DePaul University, Chicago Illinois, 1996. The author would like to dedicate this writing to his grandfather Adam Dorth, who unknowingly taught him the most important lesson: A risk combined with fervent dedication yields success. The author would also like to thank his wife Kari for her unwavering support during this law school experiment.

1 Rambus Inc. v. Infineon Tech., 318 F.3d 1081 (Fed. Cir. 2003). On January 29th the Appellate Court for the Federal Circuit overturned the district court ruling which appeared on its face to be an easy decision; the Appellate Division has created a visible wave in the intellectual property world, as this paper will strive to illustrate — this wave has the potential to change the course of technology. See also Richard A. Posner, “The Law & Economics of Intellectual Property,” at http://www.DAEDALUS.amacad.org/issues/spring2002/posner.pdf (last visited March 5, 2003) (“Legal disputes over intellectual property have exploded in recent years. No field of law is in greater ferment. And in no field of law have judges and scholars experienced more difficulty recently in getting their bearings. The increase in intellectual property litigation was made inevitable by the rise of the information economy, an economy built on intellectual property which is now, incidentally, America’s largest export.”). Id.

2 See Plug and Play On the Web High-Speed Internet Access Via Electrical Outlets Is On the Horizon, CHI. TRIB., Feb. 19, 2003, at 48, available at 2003 WL 13239226 (providing an interesting discussion on the next step to internet access in a plug and play world: access through the ubiquitous electrical outlet.) Id. Driven by a plug and play goal, this new method of receiving high speed internet access through an ultracconvenient, low profile method has the blessings of federal regulators and may pose the next step in internet evolution, potentially showing broadband, which is the current high speed access leader, the road to extinction. See also Howard Elmer, What’s New in Minivans, SUV’s and Trucks, THE TORONTO STAR, Feb. 19, 2003, available at 2003 WL 12873959 at *4 (indicating that the trend in new cars and trucks is compatibility of after-market, plug-n-play components which snap on to rail systems and other areas of automobiles giving the vehicle a unique feature system custom to the end user’s needs).

3 Janice M. Mueller, Patent Misuse Through the Capture of Industry Standards, 17 BERKELEY TECH. L.J. 623, 633 (2002) (detailing the capture of industry standards, including discussion on the rise of standards and their effect on intellectual property rights as well as a brief discussion on the Rambus district court decision). Patents are indeed compatible with industry standards, but that

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momentum of an emerging market. For instance, the software juggernaut Microsoft Corporation and their flagship product Windows was not intentionally set as the computing platform standard by a Standards Setting Organization (SSO). Rather, as the software and computing industry developed, various manufacturers who strove to enhance the marketability of their products chose the industry leading Microsoft Windows platform. As a result, Windows has evolved into the de facto industry standard for the computer applications market and is used by virtually all computer manufacturers.

De jure standards are crafted through the efforts of SSOs. SSOs are specialized organizations with open memberships comprised of industry professionals (often business competitors), scholars and engineers who strive to manage the course of development through effective planning. These groups set standards according to future market trends generally to “enhance the global competitiveness of U.S. business and the American quality of life by promoting and facilitating voluntary consensus standards and ensuring their integrity.” A recently established SSO is the Homeland Securities Standards Panel the sole focus of which is the development of security standards for both public and private sectors to increase the United States' preparedness to combat terrorism within its borders.

This commentary specifically focuses on de jure standards in the computer processor manufacturing industry—a juncture of intellectual property law and SSO’s. Part I provides general information regarding SSO patent disclosure requirements. It

SSO participants must be held to a high standard regarding the disclosure of pending patents and patents which may be encompassed in forthcoming standards. Further, in the case of intentional misuse of SSO participation, the courts should refuse to enforce the patent altogether. Mueller concludes that “the key inquiry should be whether the patentee disclosed the existence of its patent or patent application to the standards setting body while that body had an opportunity to select an alternative, nonproprietary standard.” This contention is very much like that of JEDEC member Gordon Kelley, detailed in note 55 infra.

Id. at 631 (describing the ideal setting for de facto standards as a market which is characterized by externalities; in these markets the value that the consumer places on a good increases as more consumers use that good. Accordingly, firms strive to position their technology as the technological standard in that market).

5 Id. (pointing to a well-known de jure standard as the American National Standard Code for Information Interchange (ASCII), which is the basic code used universally in computer software allowing software and hardware to communicate).

6 Id.

7 See The American National Standards Institute, About, at http://www.ansi.org/about_ansi/overview/overview.aspx?menuid=1 (last visited June 14, 2003). ANSI itself does not develop standards, it provides all interested U.S. parties with a neutral venue to come together and work towards common agreements. Further, the group is a private, non-profit organization that administers and coordinates the U.S. voluntary standardization and conformity assessment system.

8 Overview of the American National Standards Institute, at http://www.ansi.org/standards_activities/standards_boards_panels/hssp/overview.aspx?menuid=9 (last visited June 14, 2003). Established by ANSI in February 2003, the proposed mission of the Homeland Security Panel (HSSP) is to catalog, promote, accelerate and coordinate the timely development of consensus standards within the national and international voluntary standards system intended to meet identified Homeland Security needs, and communicate the existence of such standards appropriately to governmental units and the private sector.

Id.
discusses cases that illustrate the severity of violating such requirements as well as the need for concise policies courts can accurately interpret. Part II analyzes the decision and repercussions of *Rambus Inc. v. Infineon Tech.*, a highly debated case in which the court recently gave an advantage to a party ostensibly in violation of a patent disclosure policy. Finally, Part III sets forth numerous considerations which will aid in sculpting the solutions to the problematic issues that will arise in the wake of the *Rambus* case; primarily the implementation of stringent intellectual property policies for SSO’s and strict enforcement through contract and tort law principles.

I. BACKGROUND

This section provides an overview of the Joint Electron Device Engineering Council, Solid State Technology Association (JEDEC) as well as Infineon Technologies, a current JEDEC member and Rambus Incorporated, a former JEDEC member. Further, it will provide information surrounding the developments which fueled a lawsuit between these parties and the subsequent decision by the Federal Circuit which was set forth on January 29, 2003.

A. JEDEC Solid State Technology Association

JEDEC is an SSO that was established in 1960 and focuses primarily on setting standards in the electronics industry, most of its activity being in the computer hardware sector. The JEDEC subcommittee of interest is JC-42.3, which met to draft standards for random access memory (RAM). RAM is a data storage chip manufactured from semiconductor integrated circuits frequently used in computers.

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9 318 F.3d 1081 (Fed. Cir. 2003).
11 Id.
12 Id.
13 Rambus, 318 F.3d at 1085.
and other digital devices.\textsuperscript{14} The committee efforts at issue are JC-42.3's efforts to incorporate new technologies into its Synchronous Dynamic Random Access Memory (SDRAM) standard, and its predecessor standard discussed in section II.\textsuperscript{15} SDRAM is a specialized form of RAM, a type of semiconductor which stores data during computing processes.\textsuperscript{16} The SDRAM standard adopted in early 1993 is a commonly used chip technology because of its high density and low price.\textsuperscript{17}

\subsection*{B. Rambus Incorporated}

Rambus Incorporated provides chip-to-chip interface products, its primary function is the development and licensing of technologies to memory chip manufacturers.\textsuperscript{18} Rambus' efforts focus mainly on producing intellectual property in the high bandwidth niche; these efforts have resulted in over 100 United States and foreign patents.\textsuperscript{19} Rambus has licensed technology to approximately thirty semiconductor manufacturers worldwide.\textsuperscript{20} Rambus joined JEDEC committee JC-42.3 in February of 1992.\textsuperscript{21} During tenure with the committee its primary function was to help develop the SDRAM standard.\textsuperscript{22} Rambus officially terminated membership with JEDEC in June of 1996.\textsuperscript{23} In December of that year, JEDEC committee JC-42.3 began officially working on a new project, the DDR-SDRAM standard.\textsuperscript{24} The DDR-SDRAM standard was to encompass

\textsuperscript{14} See Free On Line Dictionary Of Computing, at http://wombat.doc.ic.ac.uk/foldoc/ (last visited June 14, 2003)[hereinafter “FOLDOC”]. FOLDOC is a good online encyclopedia of computing and hardware needs in layman terms and further defines DRAM/SDRAM as the most common form of RAM in use today. RAM is built from semiconductor integrated circuits, which can be either static (SRAM) or dynamic (DRAM). \textit{Id.} As this comment indicates, the SDRAM and DRAM are the technologies that fueled the dispute between Rambus and Infineon.

\textsuperscript{15} See FOLDC, supra note 14, at http://wombat.doc.ic.ac.uk/foldoc/ (last visited Mar. 7, 2003) (SDRAM is called “static” because it will retain a value as long as power is supplied, unlike dynamic random access memory (DRAM) which must be regularly refreshed. \textit{Id.} It is, however, still volatile, i.e. it will lose its contents when the power is switched off, in contrast to ROM. \textit{Id.} SRAM is usually faster than DRAM but since each bit requires several transistors (about six) you can get less bits of SRAM in the same area. \textit{Id.} It usually costs more per bit than DRAM and so is used for the most speed-critical parts of a computer (e.g., cache memory or other circuit). \textit{Id.}

\textsuperscript{16} \textit{Id.}

\textsuperscript{17} See Rambus website, at http://www.rambus.com/about/ (last visited June 14, 2003). Rambus also provides services such as Infrastructure Development, Design and Support Services, and Market Development, “to help ensure the successful implementation of our solutions from chip design to system integration through volume production.” \textit{Id.}

\textsuperscript{18} Richard M. McDermott & Henery B. Ward, III, \textit{Selected Intellectual Property Law Developments}, ELEC. BANKING L. & COM. REP. 24, (May 2001), \textit{available at} 6 No. 1 GLEBLCR 24, (presenting an interesting perspective of the state of being in the industry just after the District Court held in favor of Infineon).

\textsuperscript{19} \textit{Id.}

\textsuperscript{20} \textit{Id.}

\textsuperscript{21} Rambus Inc. v. Infineon Tech., 318 F.3d 1081, 1085 (Fed. Cir. 2003).

\textsuperscript{22} \textit{Id.}

\textsuperscript{23} \textit{Id.}

\textsuperscript{24} \textit{Id. at} 1108.
four new technologies that had been discussed prior to Rambus leaving the SSO.\textsuperscript{25} Rambus continued to follow the developments of the JEDEC DDR-SDRAM standard through information sent via an inside informant known as "secret squirrel" from within the committee.\textsuperscript{26} As a result, Rambus was able to modify its patent applications to encompass the developing DDR-SDRAM standard.\textsuperscript{27} The DDR-SDRAM standard was adopted by JEDEC in 2000 and contained the technology that Rambus had patented.\textsuperscript{28}

\textbf{C. Infineon Incorporated}

Infineon Incorporated, a German based firm, is a former division of Siemens AG.\textsuperscript{29} One of Infineon's four business units specializes in manufacturing RAM chips.\textsuperscript{30} Pursuant to development of its DDR-SDRAM technology, Infineon designed memory in compliance with the JEDEC standard, the same standard which encompassed patented technology vis-à-vis Rambus.\textsuperscript{31} Infineon, along with industry leaders Hyundai and Micron, refused to pay royalties to Rambus, which was demanding a steep 3.5 percent rate.\textsuperscript{32}

\textsuperscript{25} Id. at 1085. The technologies to be included were CAS latency, programmable burst length, externally supplied reference voltage, and two-blank designs. Id.

\textsuperscript{26} Richard H. Stern, \textit{Rambus v. Infineon: The Superior Ape\textsuperscript{ts} Of Common-Law Remedies Than Antitrust For Standardization Skullduggery}, 23 EUR. INTELL. L. REV. 495, 497 (2001) Multiple emails between Rambus and informant "secret squirrel" were transmitted after Rambus left JEDEC. Id. However, since other evidence was so compelling, and despite the media publicity "secret squirrel" received, the court chose to rely on the evidence showing that Rambus began to change its claims to fit evolving SDRAM standards. Id. Stern describes Rambus' argument as "no more than semantic fancy footwork" that the court considered mere subterfuge. Id.

\textsuperscript{27} Id. at 498 (stating that the court found Rambus' failure to disclose its patents the most material element of its decision).

\textsuperscript{28} Rambus Inc. v. Infineon Tech., 318 F.3d 1081, 1085–86 (Fed. Cir. 2003). The inventions involved were U.S. Patent Application Serial No. 7,510,898 and U.S. Patents Nos. 5,953,263, 6,034,918 and 6,032,214. Id.


\textsuperscript{30} Infineon is a leading innovator in the international semiconductor industry. It designs, develops, manufactures and markets a broad range of semiconductors and complete system solutions targeted at selected industries. Products which serve applications in the wireless and wireline communications, automotive, industrial, computer, security and chip card markets. Its product portfolio consists of both memory and logic products and includes digital, mixed-signal and analogue integrated circuits, or IC's, as well as discrete semiconductor products and system solutions.

\textsuperscript{31} Id.

\textsuperscript{32} Id. It is this business unit that had licensing agreements with Rambus, licenses which were not honored by Infineon and fueled the court dispute.

In a 2002 study performed at the University of California, Berkeley, it was found that a majority of SSO’s have intellectual property rights policies. That research shows that sixty-seven percent of the study group have policies which require either an express or implied obligation requiring members to disclose any intellectual property rights they may hold pertinent to any forthcoming standard. The JEDEC Patent Policy states in part:

Committees should ensure that no program of standardization shall refer to a product on which there is a known patent unless all the relevant technical information covered by the patent is known.

The chairperson . . . must . . . call attention to the obligation of all participants to inform the meeting of any knowledge they may have of any patents, or pending patents, that might be involved in the work they are undertaking . . . patentees or applicants must agree to license others to use the patent . . . at reasonable terms.” (emphasis added)

JEDEC members are made aware of the policy through three means: first, the policy is discussed orally during each session, second, it is presented through viewgraphs at each meeting, and lastly, the session minutes contain an attachment including the JEDEC policy.

E. Rambus Inc. v. Infineon Tech.

Rambus Inc. v. Infineon Tech. illustrates the magnitude of SSO members’ responsibility regarding adherence to the patent disclosure policies of those

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33 Mark A. Lemley, Intellectual Property Rights and Standard-Setting Organizations, 90 CAL. L. REV. 1889, 1900–03 (2002). Lemley conducted a survey of the rules and bylaws of forty-three different SSO’s in the telecommunications and computer networking industries. Id. The study was based on three criteria: 1) a determination whether the SSO required disclosure, 2) the effect of the disclosure on the forthcoming standard and 3) whether the SSO imposed a licensing requirement on intellectual property owner-members. Id. Further, Lemley concludes that what is most striking about the resulting data is “the significant variation in policies among the different SSO’s.” Id. at 1904. Lemley found that of the forty-three groups surveyed, thirty-six had written policies governing the ownership of intellectual property rights, four had no policy at all, two had statements on the organization website about intellectual property rights but no official policy had been adopted, and one had no policy at all. Id. Finally, most of the SSO’s without any policy were small organizations, whereas the more developed organizations had better developed policies. Id.

34 Id. at 1903. The majority of SSO’s that had a policy (twenty-four of thirty-six) imposed either an express or implied obligation that members disclose intellectual property rights of which they are aware. Id. Those SSO’s that did not require disclosure generally imposed other conditions that obviated the need for disclosure. Id. For example, some SSO’s required royalty-free licensing of all member intellectual property rights that cover a group standard, whether or not they were disclosed to the SSO. Id.

35 Rambus, 318 F.3d at 1097.

36 Id. at 1098. With three regular means of conveyance, where all attending members were made aware of the intellectual property policy, it follows that a member cannot claim in good faith that they did not know of, or have access to the intellectual property policy of JEDEC.
organizations. Rambus sued Infineon for patent infringement. In its complaint, Rambus charged that Infineon had infringed two of its patents, specifically technology that was encompassed in the DDR-SDRAM standard. In response, Infineon counterclaimed alleging fraud by Rambus for using information obtained through its role in the JEDEC counsel (further described in section II).

After the presentation of Rambus’ case-in-chief, the court granted Infineon’s motion for a Judgment as a Matter of Law (JMOL). The trial proceeded on the counterclaim and the jury returned a verdict in favor of Infineon. The Court awarded Infineon over $7 million in attorney’s fees and expenses under 35 U.S.C.A. § 285 which states in part: “One purpose of allowing attorney fees to prevailing party, in a patent infringement case is to compensate the prevailing party because the losing party’s misconduct was so unfair and reckless as to make it unconscionable for prevailing party to sustain expense of counsel.” Further, in calculating damages, the court reasoned that Rambus’ bad faith did not lie in its attempt to file additional claims to cover competitor’s products, but rather in the manner which it accomplished this goal. Accordingly, the court reasoned that Rambus’ undoing was a result of its infiltration of JEDEC and the violation of the council’s patent disclosure policy.

The district court decision was overturned on appeal, which is the focus of the following section.

II. ANALYSIS

On January 29, 2003, in a two to one split decision, the United States Court of Appeals for the Federal Circuit overturned the jury verdict that found Rambus fraudulently concealed information from JEDEC members and in turn reversed the lower court’s decision that granted Infineon attorney’s fees. Additionally, the appellate division remanded the case with instructions that will potentially make it easier for Rambus to pursue royalty claims against Infineon and others.

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38 Id. at 671.
39 Id.
40 Id. (finding that the remaining patents, 5,953,263; 6,032,214 and 6,034,918 were not infringed). See also Communications Workers of America v. Ector County Hospital Dist., No. 2002 WL 31955935 (W.D. Tex. 2002) at *2. The issue in considering an initial motion for JMOL is whether a question of fact remains for the jury to determine: no such issue remains if the facts and inferences point so strongly and overwhelmingly in favor of one party that the district court believes that a reasonable person could not arrive at a contrary verdict. Id.
41 Rambus, 155 F. Supp. at 670.
42 Id. at 684.
43 Id. at 677.
44 Id.
45 Id. at 1106 (finding that the district court’s grant of a JMOL of non-infringement by Infineon was incorrect, the Appellate Division vacated the judgment and remanded the case with instructions to reconsider the infringement claim, under the CAFC’s interpretation which fits nicely with Rambus’ argument): see also, Ian Fried, Rambus Win May Mean $1 Billion In Revenue, CNET, at http://news.com.com/2100-1001-242320.html (last visited March 24, 2003) Rambus could net more than one billion dollars in 2003 as a result of the appellate court decision, and effectively, five years
section will explore three areas where the appellate court may have failed in its capacity: Section I addresses whether JEDEC members, like Rambus, have an affirmative duty to disclose information to the SSO, Section II discusses what information would fall under the duty to disclose, Section III focuses on the appellate court decision overturning the fraud verdict against Rambus and Section IV analyzes the public policy effects of the appellate court decision.

A. Did Rambus Have A Duty to Disclose?

On appeal, Rambus argued that it was under no affirmative duty to inform the JEDEC about pending patent applications and accordingly it was entitled to keep such information private as trade secrets. In its interpretation of the JEDEC Intellectual Property Rights Policy, the Court of Appeals for the Federal Circuit (CAFC) found that the language does not impose any direct duty on members. Further, “no language in the membership application or manual excerpts expressly require members to disclose information . . . [and there is] no indication that members ever legally agreed to disclose information.” However, since the testimony of JEDEC members indicated a common understanding that there is an affirmative duty to disclose, the court suspended its interpretation in favor of the JEDEC member testimony.

B. Did the Duty Apply to Pending Applications?

The CAFC based its decision regarding the duty to disclose solely on the testimony of the JEDEC members, but failed to fully consider that same source when determining what information members are required to disclose; specifically, whether Rambus needed to disclose pending patents it undoubtedly believed would be encompassed in the forthcoming standard. According to the appellate division, the

from now, Rambus could be collecting royalties from virtually every player in the entire memory market. Id. Further illustrating the Rambus windfall is the history of its stock value: shares of Rambus have surged – Rambus stock was trading at $113.75 at midday on the day of the court decision, up $16.63, or more than 17 percent. Id. The shares had traded below $38.00 prior to the reversal by the CAFC. Id. The decision will inevitably lead to a price increase of memory and in turn the customer will be forced absorb the effects, as the industry operates on low margins and the manufacturers will not be able to absorb the impact. Tom Mainelli, *Memory Malaise: Rambus Lawsuits Could Raise RAM Prices*, PC World, available at http://www.pcworld.com/news/article/0,aid,44747,00.asp (last visited June 14, 2003).

46 Rambus, 318 F.3d at 1100.
47 Id. at 1100.
48 Id. at 1097. The court interpreted the following excerpt from Appendix E: “Patented items or processes: avoid requirements in the standards that call for use of a patented item or process. No program standard shall refer to a patented item or process unless all of the technical information covered by the patent is known to the formulating committee or working group . . . .” Id.
49 Id. at 1099. There is no duty at law for members to disclose anything to the JEDEC committee – the court adopts the testimony of the members. This adoption of the member testimony becomes crucial to this analysis in section II when the court fails to fully consider the members' testimony.
final standard did not fully encompass the Rambus technology and therefore no duty to disclose existed.\footnote{Id. at 1117. The dissent points out that the district court in its opinion identifies six instances where Rambus had pending claims related to the SDRAM standard, what is illustrative of Rambus' belief that the standard did encompass its technology. Id.} In her dissenting opinion, Judge Prost points out that the court has gone so far as to apply the de novo standard in its decision.\footnote{Id. See also Gifis' Law Dictionary 137 (4th ed. 1996) (defining a de novo hearing as a hearing in which the appeals court suspends the trial court's judgment and decides the case as if no prior trial had been held).} In creating this rule, the appellate court used a reactive approach of hindsight rather than promoting good faith business practice as applied to SSO's. Ultimately, the majority holds that the ends do justify the means: "a member's subjective beliefs, hopes, and desires are irrelevant . . . hence, Rambus' mistaken belief that it had pending claims covering the standard does not substitute for proof required."\footnote{Id. at 1099. Testimony was given at trial by Gordon Kelley, IBM's JEDEC representative and committee chairman during some period of Rambus' tenure with the committee. Gordon also testified that "[i]f a JEDEC member exercised the design or production of the component that was being standardized [it] would require the use of that patent . . . in other words, in order to practice a standard, it would be necessary to use the feature that was patented." Id. Testimony of Reese Brown, a consultant to JEDEC charged with editing standards, stated that "[w]henever material comes up in the committee for discussion and for voting, any members who are aware of any patent position or potential patent positions on the material should and are obligated to reveal that to the committee at that time." Id. at 1113. John Kelly, general counsel to EIA/JEDEC, testified that policy requires "the early disclosure of patents and patent applications that are or may be required to comply with the standard." Id. at 1114. Furthermore, "[a]nother requirement was that they [patent holders] would agree that their licensing practice to all other member companies of JEDEC would be that all companies would be licensed, excepting none, and that the license would be either free or offered at reasonable rates, without exception." Id. at 1113.} In fact, it appears the majority failed to consider the JEDEC members' interpretation of its policy, that is, whether the policy contains a good faith requirement regarding disclosure of pending patents. While testifying at trial, the former chairman of JEDEC stated that if a member attended a meeting and then subsequently wrote claims based upon knowledge gleaned at the meeting, a "complete violation of JEDEC requirements of openness and fairness with regard to notification" would occur.\footnote{Maurits Dolmans, Standards For Standards, 26 FORDHAM INT'L L.J. 163, 184 (2002). If a firm conspires to conceal the existence of information from other members of a standards setting organization, it constitutes a per se violation of any group policy whose object is the restriction of competition within its ranks. Id. Dolmans discusses the intersection of intellectual property and standards setting organizations in the European markets, and concludes that virtually identical problems exist with patent disclosure policies. Id. at 189.} The fact that the parties found a need to hide information regarding a patent or patent application, suggests that disclosure would have influenced the direction of the standard development.\footnote{Id. at 1117. The dissent insinuates that the CAFC was not in a position to make this determination based on the evidence that the parties presented. Id.}
The Court of Appeals for the Federal Circuit also concludes that "[n]o reasonable jury could find otherwise ...". In drawing this conclusion, the court failed to fully consider the JEDEC policy and the trial court record which included member testimony. The lower court did not abuse its discretion when it denied Rambus' motion for a JMOL on the fraud count, nor when it allowed the jury verdict. In fact, the district court found the evidence so clear that it deemed extraordinary circumstances and awarded Infineon attorney's fees, an act that generally indicates a party has acted in bad faith, vexatiously and that "the very temple of justice has been defiled."57

C. Did Rambus Commit Fraud Against JEDEC Members?

Significant evidence was presented at trial which led the jury to find that Rambus intended to defraud JEDEC members. Evidence showed that Rambus was manipulating its patent applications to fit the forthcoming standards. Most convincing is Rambus' June 1992 business plan that detailed the intent to use pending patents against anyone using the SDRAM standard. Rambus believed they had destroyed all documentation evidencing their plan to patent the SDRAM

55 Rambus, 318 F.3d at 1105. The court reasoned that substantial evidence does not support the jury verdict that Rambus breached its duty and accordingly overturned the finding. Id.

56 Id. at 1118. Dissenting Judge Prost views the evidence before the jury to be "more than sufficient evidence upon which the jury could have concluded that Rambus had a duty to disclose pending and issued patents that might be involved in JEDEC's development of the SDRAM standard and that Rambus violated that duty." Further, Judge Prost recognizes the efforts of the majority to create a bright line rule as to what will constitute fraud in the context of a standards setting organization, but she contends that such a rule fails. Id. She predicts that as a result, an action for fraud will become a federal patent case, which should be handled under state law. Id.

57 Chambers v. NASCO, Inc., 501 U.S. 32, 45 (1991); Rambus, 318 F.3d at 23. Rambus was advised by its attorneys that it should stop attending JEDEC and that if Rambus continued to attend JEDEC meetings and remained silent, Rambus would risk making some patents unenforceable by allowing the standard to go forward and failing to disclose that they have patents. Rambus, 318 F.3d at 1108. A Rambus employee testified that "[Rambus] did not tell the people at JEDEC that what they were proposing for standardization infringed [its] patents," and "we [Rambus] may not want to make it easy for all to figure out what we have ..." Id. at 23. In response to direct questioning from JEDEC on Rambus' intellectual property position as it relates to the standard, Rambus replied "[a]t this time Rambus elects to not make a specific comment on our intellectual property position ..." Id. Finally, Rambus instituted a document "retention" policy for the purpose of "getting rid of any documents that might be harmful in litigation." Id. at 1108–09.

58 Id. at 1109. The elements required under Virginia law for the tort doctrine of fraud as: 1) a false representation of material fact, 2) made intentionally and knowingly, 3) with intent to mislead, 4) reliance by the party misled and 5) resulting in damage. Id.

59 Rambus, 318 F.3d at 1107. The Rambus June 18, 1992 business plan states that: We believe that Sync DRAMs infringe on some claims in our filed patents; and that there are additional claims we can file for our patents that cover features of Sync DRAMs. Then we will be in position to request patent licensing from any manufacturer. ... Our action plan is to determine the exact claim and file the additional claims by the end of Q3/92.

Id. This plan presents a clear intent, in writing, that Rambus had the mens rea (guilty mind) to commit fraud. Id.
standard and in turn proceeded to provide false and misleading testimony at trial.\(^6\) Subsequently, the court obtained many of the documents Rambus sought to conceal which led to Rambus admitting in open court that they had in fact participated in the prosecution of patent applications based on information learned at JEDEC meetings.\(^61\) Yet the Court of Appeals for the Federal Circuit claims insufficient evidence before it and relies on the virtual loophole that the SDRAM standard eventually failed to fully encompass patents held by Rambus.

Rambus' culpability is further illustrated by the subsequent Federal Trade Commission (FTC) complaint which is still pending.\(^62\) In the complaint, the FTC alleges that Rambus acted with anticompetitive intent for over a decade by illegally monopolizing and attempting to manipulate industry standards set by JEDEC, resulting in adverse effects on competition and consumers everywhere.\(^63\) The complaint focuses on Rambus' intentional destruction of documentation in order to conceal fraudulent acts and mitigate liability during impending litigation.\(^64\) The

\(^6\) Id. at 1109. Having believed that they had destroyed or disguised the documents evidencing their plan, Rambus' executives, committed perjury in court and during depositions. Id. Multiple executives of Rambus, including Chief Executive Officer, Geoff Tate, testified that there was no attempt to obtain patents covered by the standard. Rambus, 155 F.Supp at 683. Subsequently, when confronted with documentation in court, Tate recanted his testimony, claiming, as did another corporate executive, that he had a memory lapse during his first statement. Id.

\(^61\) Id. at 1107.

\(^62\) In re Rambus, Inc., at http://www.ftc.gov/os/2002/06/rambuscmp.htm (last visited March 26, 2003). The FTC has accused Rambus of three distinct violations of willfully engaging in a pattern of anticompetitive and exclusionary acts and practices. These include: 1) obtaining monopoly power in the SDRAM technology market and narrower markets - through acts which constitute unfair methods in violation of Section 5 of the FTC Act, 2) performing the mentioned violation with specific intent to monopolize, which has at minimum resulted in a dangerous probability of monopolization and 3) unreasonably restraining trade in the SDRAM market. Id., see also 15 U.S.C. § 45 (2003) (stating that “unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful”).

\(^63\) See Federal Trade Commission, at http://www.ftc.gov/os/2002/06/rambuscmp.htm (last visited June 14, 2003), concluding that:

the pattern of anticompetitive conduct by Rambus that is at issue in this action
has materially caused or threatened to cause substantial harm to competition,
and will in the future materially cause or threaten to cause further substantial
injury to the competition and to consumers, absent the issuance of appropriate
relief in the manner set forth . . . calling for Rambus to be enjoined from enforcing any
patent rights pursuant to the JEDEC standards, undertaking any new efforts
involving JEDEC standards, SDRAM, DDR-RAM and requiring that Rambus
employ a FTC officer responsible for communicating Rambus' patent rights
related to any future SSO activity.

Id. Further, the FTC claim indicates that Rambus has contacted chip manufacturers worldwide in order to collect licenses at an increased rate of 3.5 percent, which is at least one percent over Rambus' usual rate. Id. Also, Rambus has threatened that it will demand even higher royalties from any manufacturer that refuses to license the technology and instead chooses to litigate. Id.

\(^64\) Id. (charging Rambus with “engaging in a systematic effort - blessed if not orchestrated by its most senior executives - to destroy documents and other information . . . wholly or in substantial part with the purpose of avoiding or minimizing the adverse legal repercussions of the anticompetitive conduct set forth”). The claim also seeks to reverse the effects of the anticompetitive conduct which include: 1) increased prices associated with the manufacture, sale and use of SDRAM technology, 2) increase in the price and/or reductions in the use or output, of SDRAM chips and the products which use them, 3) decreased incentive on the part of manufacturers to produce products
Federal Circuit decision may have a stifling impact on the FTC claim as it gives Rambus a ledge to stand on in refuting the fraud allegations. Rambus' attorneys will likely rely on the majority opinion which exonerates the company of all charges against it in their defense against the FTC.

Also, in response to the ruling, the Boston based law firm of Lucash, Gesmer & Updegrove LLP filed an amicus brief on behalf of six major SSO's. The firm believes that the Federal Circuit erred to the extent that it provided representation for the SSO's on a pro bono basis. The law firm intended the brief to educate the U.S. District Court of Appeals on the potential influence this landmark case could have on the standards setting process. In the brief, the firm requested that the court grant a hearing en banc to permit the court to consider in full the negative ramifications of its decision. Among other consequences discussed, the brief stated that by failing to punish Rambus the court places the integrity of every SSO in doubt.

that include SDRAM technology, 4) decreased incentives on industry players to participate in JEDEC or other SSO activities, and 5) both within and outside the industry, a decreased reliance, or willingness to rely on standards established by SSO collaborations. Id.

Peter Kaplan, Court Throws Out Infineon Claim Against Rambus, CNET, News at http://news.cnet.com/investor/news/newsitem/0-9900-1028-20827672-0.html (last visited June 14, 2003) (agreeing that the appellate court decision provides authority that will help Rambus in all pending suits especially the FTC lawsuit); Federal Circuit Rules in Rambus v. Infineon, at http://www.techlawjournal.com/topstories/2003/20030129.asp (last visited June 14, 2003) (providing an opposing view, asserting that the decision will have little effect on the FTC claim against Rambus even though it stems from the same set of facts because the CAFC's decision was based upon the Virginia law of fraud, which requires the clear and convincing evidence standard, whereas the FTC allegations of violations of federal antitrust law require it to meet the preponderance of the evidence standard).

Boston law firm and technology groups team up to fight landmark decision that could undermine hundreds of tech standards, at http://www.consortiuminfo.org/pressrelease/rambus.shtml (last visited June 14, 2003) (boasting that the organizations behind the brief, six participating SDOs including IMS Global Learning Consortium, Incorporated, OpenGIS Consortium, PCI Industrial Computer Manufacturers Group, and The Open Group are comprised of more than 850 members, including the vast majority of the most prominent technology companies around the globe); NPRA to File Amicus Brief in California Waiver Case, at http://www.npradc.org/news/releases/detail.cfm?docid=56&archive=1 (last visited June 14, 2003) (defining an amicus brief as an instrument "filed by a nonparty to a suit who may be allowed to introduce argument or evidence in case in support of its interests or to further the cause of justice"); see also Lucash, Gesmer & Undergrove, at http://www.lgu.com/mainpage.htm (last visited June 14, 2003) (describing Lucash, Gesmer & Undergrove as a Boston-based law firm that specializes in representing technology clients. Its clients are individual entrepreneurs, private and public companies, venture capitalists and major educational non-profit institutions).

Boston law firm, supra note 66, (stating that the issue is so paramount that the firm was able to assemble the group in less than a week). "We thought that the issues at hand were important enough that we decided to do this work on a pro bono basis. This made it much easier to pull such a comprehensive group together in a short time frame." Id.

Due to the many standard setting clients which we represent, we thought that it was important for the Court to better understand the consequences of its decision. Moreover, the narrow analysis that the court applied in reviewing the infringement claims leads some to fear that participating in standard setting will now be more uncertain and difficult.

Id.

See Gifis' Law Dictionary 167 (4th ed. 1996) (defining 'en Banc' as a decision "by the full court" in appellate court jurisdictions where there is more than one judge panel).
by making participation more laborious, less effective, and less attractive.\textsuperscript{70} Further, the brief concluded that the court “should not permit the standards setting process to be undermined by creating judicial rules that allow participants in voluntary standard settings to avoid compliance with the intellectual property policies of the bodies they have chosen to join.”\textsuperscript{71} Unfortunately, the brief was less than persuasive to the members of the court who denied the motion for a hearing \textit{en banc}, on April 4, 2003.\textsuperscript{72} However, the brief may serve another important purpose, that is to place the United States Supreme Court on notice as to the far-reaching effects of the case.

\textbf{D. Did the Court Ignore Public Policy?}

During its deliberations the court failed to consider important public policy ramifications. These policy considerations formed the basis of a frequently relied upon case, \textit{In The Matter Of Dell Computer}, where the Federal Trade Commission (FTC) filed a complaint against computer manufacturer Dell Corporation.\textsuperscript{73} Dell shares several important similarities with Rambus, in that it is a major player in the computing industry and the FTC complaint centers on its actions while a member of an SSO, the Video Electronics Standards Association (VESA).\textsuperscript{74} During its tenure, Dell aided in the development of a VL-bus standard formulated to meet the needs of new video intensive software.\textsuperscript{75} Like Rambus, a Dell representative certified in writing that the proposed standard did not infringe upon any pending patents or patents that Dell possessed.\textsuperscript{76} Subsequent to the standard publication, Dell sought license fees from several members of VESA who had adopted the standard, claiming patent infringement.\textsuperscript{77} Dell was enjoined from collecting further license fees on its patent for misleading other members of the SSO through less than good faith efforts and violation of VESA’s patent policy.\textsuperscript{78}

\textsuperscript{70} \textit{Boston law firm}, supra note 66. That the court’s decision will: undermine members confidence that the voluntary standards setting process will lead to open standards that are not subject to oppressive intellectual property restrictions, unnecessarily stress the entire standards setting process, tilt the scales sharply in the favor of patent holders against the rights of the SSO to adopt the policy of its choosing and suggest that even deliberate and egregious violations of an understood intellectual property policy may not be remedied by the courts. \textit{Id.}

\textsuperscript{71} \textit{Id.}

\textsuperscript{72} Rambus Inc. v. Infineon Tech., 318 F.3d 1081, 1081 (Fed. Cir. 2003).

\textsuperscript{73} \textit{In re Dell Computer Corp.,} 121 F.T.C. 616 (1996), WL 121 F.T.C. 616.


\textsuperscript{75} \textit{In re Dell}, 121 F.T.C. at 617 (explaining that the VL-bus is responsible for carrying information between a computer’s central processing unit and its peripheral devices such as the hard disc, monitor and modem).

\textsuperscript{76} \textit{Id.} (certifying his understanding that any party who engages in intentional misleading conduct in the standards process may be estopped from asserting a patent, and that to the best of his knowledge the proposed standard did not infringe upon any trademarks, copyrights, or patents that Dell Corporation possessed).

\textsuperscript{77} \textit{Id.}

\textsuperscript{78} \textit{Id.} at 620.
In *Dell*, the FTC describes several negative effects that it was trying to correct based on public policy considerations, effects that are certain to follow the *Rambus* decision. First, the FTC stated that systems using the VL-bus standard will be avoided due to concerns that the patent issues will affect the standard’s success. While it may be too soon to determine the direct effect from *Rambus*, the result is highly probable and has been predicted by industry analysts. As previously noted, many industry players have already refused to pay the substantial license fees that Rambus is seeking and some or all of these companies will be reluctant to use the JEDEC standards in question. The decision will potentially have a nullifying effect on future use of these standards by new market entrants as they may be reluctant to navigate the beehive that the court has created.

Second, the *Dell* complaint states that as a result of the lack of good faith by Dell, willingness to participate in industry standard-setting efforts had been chilled. Like *Dell*, the *Rambus* decision cuts to the heart of the ideology behind SSO’s like VESA and JEDEC: “competitors who normally do not communicate get to talk about important industry trends . . . and thereby save money.” This will not occur if participation results in a shell-game ending in costly litigation. In an interview with Forbes, semiconductor industry analyst Matthew Godfrey was quoted stating that the Rambus appellate decision will effect the entire memory industry — it will effect them all.

Finally, *Dell* states that such activities, which constitute unfair competition, are to the prejudice and injury of the public. The Court of Appeals for the Federal Circuit has focused on a virtual loophole rather than the reasoning set forth by the trial court and has failed to consider the policy effects and subsequent injury to the

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70 Id. (stating that through its lack of good faith efforts by engaging in the acts which restrained competition Dell has injured the public in general, and that these acts constitute unfair methods of competition in or affecting commerce in violation of FTC regulations).

71 Id.

72 Fried, supra note 45, at 2. (stating that the industry has been affected at every juncture).

73 Id. (providing that industry leaders such as Toshiba, Hyundai, Micron and Hitachi have previously refused to pay Rambus license fees, but have now started discussions in light of the Appellate Decision).

74 See supra note 7.

75 In re Dell, 121 F.T.C. at 618.

76 See Joint Electronic Device Engineering Council, at http://www.jedec.org/join_jedec/who.cfm (last visited June 14, 2003). Both large and small companies in these areas as well as users bring a mix of views representing a wide facet of this industry. The reason to become a member is to find out what the trends in a particular product area are and to find out the views of other companies as well as to mold and shape the final standards that JEDEC publishes. Id.

77 See supra note 7.

78 Arik Hesseldahl, *Rambus Revived*, Forbes Online at http://www.forbes.com/2003/01/29/ cx_ads_0129mbsh.html (last visited June 14, 2003) (describing the reversal by the CAFC as “the last thing anyone expected” to happen and jesting that Rambus has even tried to change its image and logo since the district court decision in an attempt to “change their message”). Id.

79 In re Dell, 121 F.T.C. at 626. By not adhering to the VESA affirmative disclosure policy towards intellectual property rights, which requires that members will act in good faith to identify and disclose conflicting intellectual property rights, Dell, has “inhibited the important role of standard setting in the technological innovation that will drive much of this nation’s competitive vigor in the 21st century.” Id.
public which will harm the technological plug-'n-play society we live in on a grand scale.\textsuperscript{88}

III. PROPOSAL

The aftermath of the appellate decision in \textit{Rambus} will create a vortex at the intersection of intellectual property and technology that could potentially swallow standards setting, removing the backbone of our plug-'n-play society.\textsuperscript{89} In consideration of the effects subsequent to Dell Corporation’s nondisclosure in \textit{Dell} and the predictions of industry analysts as to the momentum of \textit{Rambus}, this comment proposes two proactive responses and one reactive measure in order to alleviate the negative effects caused by the decision of the Court of Appeals for the Federal Circuit.\textsuperscript{90}

\paragraph*{A. The United States Supreme Court Should Grant Certiorari}

The Court of Appeals for the Federal Circuit denied the motion for a rehearing en banc which was sought in the amicus brief prepared by the firm Lucash, Gesmer & Updegrove.\textsuperscript{91} However, the amicus brief should serve to place the United States Supreme Court on notice as to the possible far reaching detrimental effects that the reversal by the Federal Circuit may have.\textsuperscript{92} In the Court’s determination of whether to grant certiorari, the Court should consider the scope of the amici that initiated the motion. The striking number of companies represented through the brief and the untold number of markets involved defines the magnitude of the case, which goes beyond the Rambus – Infineon feud. The Supreme Court should view the circumstances with a broad focus and should not apply the narrow rule which the Court of Appeals for the Federal Circuit promulgated.\textsuperscript{93} Also, the Court should have vision beyond the factors that the lower court considered, specifically, that the JEDEC Intellectual Property Rights Policy did not set forth a legal obligation for its

\begin{footnotesize}
\begin{enumerate}
\item Mainelli, \textit{supra} note 45, at 2 (suggesting that since Rambus has won on appeal and will likely seek licenses on much of the $29 billion RAM market, the result will be an increase in RAM chip prices to be absorbed by the end user).
\item If the standards setting process is extinguished from technological advancement, the rapid progression that we currently enjoy will clearly be removed.
\item \textit{In re Dell}, 121 F.T.C. at 626; see also Hesseldahl, \textit{supra} note 86 (describing the far reaching effects of the appellate court reversal as causing night sweats and unrest to every executive in the memory chip manufacturing business).
\item Rambus Inc. v. Infineon Tech., 318 F.3d 1081, 1118 (Fed. Cir. 2003).
\item \textit{In re Dell}, 121 F.T.C. at 616. The effects that occurred as a result of the lack of good faith effort by Dell Corporation by not disclosing a patent are: 1) industry acceptance of standards set by the SSO’s will be hindered primarily because computer manufacturers will be forced to delay their use of the standard until the issues are resolved, 2) systems using the standards will be avoided due to concerns that acceptance of the standard will be prevented, 3) this uncertainty will drive the price of implementation up as well as the costs of developing competing designs and, 4) willingness to participate in standards setting efforts will be chilled. \textit{Id}.
\item \textit{Rambus}, 318 F.3d at 1105 (describing the reactive approach that the CAFC took when it used the fact that all of Rambus’ patents did not fall under the umbrella of the standards as the fulcrum of its decision).
\end{enumerate}
\end{footnotesize}
members to disclose pending patents and the hindsight rule that Rambus patent applications failed to fully mature into patents covered under the standards.\textsuperscript{94}

The Court should consider the similarities between \textit{Rambus} and \textit{Dell}, particularly the policy considerations that were the basis of the FTC complaint in \textit{Dell}. These effects cannot be ignored: if the appellate court’s decision to reverse is left untouched, like \textit{Dell}, it follows that manufacturers in every industry will hesitate if not cease to participate in standard setting efforts.\textsuperscript{95} As previously noted, this ripple effect is already present and the full impact follows.\textsuperscript{96} Further, this result will stifle technological compatibility and advancement – potentially on a global scale. Accordingly, the United States Supreme Court should grant certiorari and reinstate the district court decision or choose to apply a remedy of its election.\textsuperscript{97}

\textbf{B. Rambus Incorporated Should Provide Royalty Free Licenses on The Technology Covered By JEDEC Standards}

In a similar situation that Rambus should consider, IBM agreed to offer licenses on a royalty free basis for a late disclosed patent on the Electronic Business XML web standard.\textsuperscript{98} IBM’s decision was calculated to serve as a good faith measure and to strengthen its reputation of integrity in the market place.\textsuperscript{99} While this move would effectively cancel millions of dollars spent on attorneys’ fees and nullify the court decision, it may prove beneficial to all parties involved. This act could serve to strengthen Rambus’ position that it did not defraud the JEDEC members.\textsuperscript{100} Having the court decision on its side, Rambus now has proof which exonerates it from legal

\textsuperscript{91} \textit{Id.} at 1112.
\textsuperscript{95} \textit{In re Dell}, 121 F.T.C. at 616.
\textsuperscript{96} Fried, \textit{supra} note 45.
\textsuperscript{97} See Mueller, \textit{supra} note 3 at 655-62. Mueller analyzes other remedies available to the court when a patent holder misuses the standards setting process. Remedies such as equitable estoppel/implied license, which operates to “prohibit a patent owner from recovering for infringement if the owner fails to disclose the existence of its proprietary rights to a standards-setting organization.” \textit{Id.} Also available, but generally used in cases involving public health or military need, is the doctrine of eminent domain. \textit{Id.} at 658. Eminent domain is defined as: the power of a governmental entity (federal or other agencies) to take private property for public use, with or without the permission of the owner. \textit{Gisfis’ Law Dictionary} 166 (4th ed. 1996). According to Mueller, eminent domain is reserved for extreme circumstances, where public health or safety may be compromised (see Smith Kline Beecham Consumer Healthcare, L.P. v. Watson Pharm., Inc. 211 F.3d 21, 661 (2d Cir. 2000)). Mueller, \textit{supra} note 3 at 661. The court should consider application of eminent domain to the Rambus patents, finding the possible effects to technology similar to public health policy. \textit{Id.} See Wang Labs., Inc. v. Mitsubishi Elecs. Am., Inc., 103 F.3d 1571 (Fed. Cir. 1997).

\textsuperscript{98} Dolsman, \textit{supra} note 54, at 186. IBM understands the policy behind SSO’s, and the ramifications to profitability for unethical business practice. \textit{Id.} “[N]o liability can exist if a firm acted in good faith and, upon late disclosure, decided to take the high road and license the patent royalty free.” \textit{Id.}

\textsuperscript{99} Karl F. Best, \textit{IP Statement from IBM}, \textit{at} http://lists.oasis-open.org/archives/ebxml-cppa/200205/msg00047.html (last visited April 15, 2003) (explaining that “[g]iven IBM’s clear statements about the importance of OASIS in the global standardization process, IBM wanted to remove any potential confusion regarding implementation of the specification . . . . IBM wanted to provide the assurance that our [patent] portfolio would not impede adoption of the specifications.”). \textit{Id.}

\textsuperscript{100} \textit{Rambus}, 318 F.3d at 1090.
claims. In furtherance of Rambus' mission statement to "do the right thing and conduct business ethically and with integrity," they should assert that they have done no wrong legally, but admit to a lack of ethics and integrity. In furtherance of this good faith effort, licenses should be granted on a royalty free basis or at least at a discounted rate.

C. Standards Setting Organizations Must Adopt Clear Intellectual Property Rights Policies

The trial testimony which was ignored by the Federal Circuit in Rambus, presented key JEDEC members statements that interpreted its intellectual property rights policy as creating an affirmative duty in members to disclose pending patent applications. The conflict in views between how JEDEC members interpret the policy versus how one member, Rambus Inc. and the Court of Appeals for the Federal Circuit interpret the policy, illustrates the need for clear policy language. As indicated earlier, 67 percent of a random sample group of SSO's have disclosure policies. While this majority showing is encouraging, the first step to creating any new SSO, and an interim step by any current SSO prior to promulgating new standards is to adopt intellectual property policies which have concise language clearly understandable by all, with affirmative language creating a duty to disclose.

D. Standard Setting Organizations Should Merge Efforts With Larger Organizations

Industry members are best suited to formulate standards that effect trends in their perspective arenas, however, the administrative efforts behind SSO's should be left to parent organizations. Groups such as The American National Standards Institute (ANSI), which has a multi-tiered organizational hierarchy are structured to help manage the administrative needs for members, thus leaving only the standards setting process to the SSO's. ANSI has among other subcommittees, a separate general policy committee, patent group, and conformity assessment policy committee. Each of these divisions are comprised of volunteer corporate representatives from the various SSO's as well as full time staff administrators to help promote neutrality and fairness to its members. Most of these organizations

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101 See Rambus website, at http://www.rambus.com/about/mission.cfm (last visited June 14, 2003) (stating that its core value is to "take risks and learn from mistakes" as well as to act with integrity and make commitments to drive results and honor them.

102 Lemley, supra note 33.

103 See American National Standards Institute, Standards Activity Overview, at http://www.ansi.org/standards_activities/overview/overview.aspx?menuid=3 (last visited June 14, 2003) (explaining that ANSI strives to protect participants through "[t]he ANSI process serves all standardization efforts in the United States by providing and promoting a process that withstands scrutiny, while protecting the rights and interests of every participant.").


105 Id. While JEDEC clearly had neutrality and fairness as one of its priorities, it leaves the compliance to this priority to the several subcommittees, whereas ANSI is structured to provide a checks and balance system in furtherance of the priority.
are comprised of SSO’s from within the same industry, further adding to the cohesiveness of industry competitors in this neutral environment. The benefits of belonging to such organizations are clear and groups such as JEDEC should consider membership as a next step in preventing another Rambus disaster.\textsuperscript{106}

IV. CONCLUSION

Failing to disclose a patent or patent application held by a member of a standard setting organization that will or may be encompassed in a forthcoming standard is nothing short of fraud. Intent to commit fraud combined with a violation of an SSO’s intellectual property rights policy which creates an affirmative duty in members to disclose such a patent or application is a violation of public policy and business ethics that should not be condoned at any level of adjudication.\textsuperscript{107} Further, in a perverse instance when an SSO member uses inside information to manipulate patent applications during an ongoing process, the sanction should be equated to include the maximum punitive measures permitted by law, including an award of attorney’s fees. Failure to recognize such considerations would have a cause and effect in the standards setting community stifling these efforts in whole.

By violating these rules, Rambus has clearly taken advantage of the JEDEC standards committee, its members and end users world-wide through its actions during and after its tenure with committee JC-42.3.\textsuperscript{108} The Court of Appeals for the Federal Circuit failed in not affirming the district court decision, and as a result, the court has been victimized by the Rambus shell game.

SSO’s must consider Rambus’ acts when adopting patent disclosure policies to ensure that the language selected clearly sets forth a duty to disclose. Finally, the United States Supreme Court must reinstate the decision of the district court and hold Rambus liable for its actions.

\textsuperscript{106} Joe Brockmier, Why Rambus Should Lose, at http://www.osopinion.com/perl/story/21033.html (last visited, June 14, 2003) (explaining “if Rambus wins the final round, you can be sure other companies will be in for nasty surprises.”).

\textsuperscript{107} Mark R. Patterson, Inventions, Industry Standards, and Intellectual Property, 17 BERKELEY TECH. L.J. 1043, 1082 (2002) (stating that by [the court] taking the power of the standards setting organizations to negotiate and interpret on behalf of its members, removes the equilibrium between the patent system and SSO’s).

\textsuperscript{108} Id. at 1052.