

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of

**CERTAIN SEMICONDUCTOR CHIPS
HAVING SYNCHRONOUS DYNAMIC
RANDOM ACCESS MEMORY
CONTROLLERS AND PRODUCTS
CONTAINING SAME**

Investigation No. 337-TA-661

COMMISSION OPINION

Background

This opinion is issued on review of the final initial determination (“ID”) of the presiding administrative law judge (“ALJ”) (Judge Essex) in this investigation, which issued on January 22, 2010, finding that a violation of section 337 of the Tariff Act of 1930, as amended, has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain semiconductor chips having synchronous dynamic random access memory controllers and products containing same by reason of infringement of one or more of claims 11-13, 15, and 18 of U.S. Patent No. 6,470,405 (“the ‘405 patent”), claims 11-13 of U.S. Patent No. 6,591,353 (“the ‘353 patent”), and claims 1, 2, 4, 5, 12, 13, 20, 21, and 24 of U.S. Patent No. 7,287,109 (“the ‘109 patent”).¹ The ALJ further found that no violation of section 337 has occurred with respect to asserted claims 7, 13, 21, and 22 of U.S. Patent No. 7,177,998 (“the ‘998 patent”) and claims 7, 13, 21, and 22 of U.S. Patent No. 7,210,016 (“the

¹ These three patents, because they share a common inventor, are referred to collectively as the “Barth I patents.”

'016 patent").² The ALJ's ID included a recommended determination ("RD") on remedy and bonding, in which he recommended that a limited exclusion order be issued for the accused products that violate section 337, that the Commission issue a cease and desist order against eleven respondents, and further recommended that the Commission set a bond "at a reasonable royalty rate" during the Presidential review period.

The Commission determined to review issues of anticipation and obviousness with respect to the asserted claims of the Ware patents and issues of obviousness-type double patenting and obviousness of the asserted claims of the Barth I patents, and accepted briefing on the issues under review, as well as on the issues of remedy, the public interest, and bonding.³ *See 75 Fed. Reg. 15607-09.* The remainder of the ID was thereby adopted, and is incorporated by reference here. Accordingly, we do not repeat the ID's description of, *inter alia*, the procedural history, accused products, or technological background. On May 26, 2010, the Commission requested further briefing on the issue of patent exhaustion in light of a license between complainant Rambus, Inc. ("Rambus") and non-party Samsung Electronics Corp. entered into shortly before issuance of the ID (hereinafter referred to as the "Samsung License"). After receiving that briefing, the Commission, on June 22, 2010, requested limited briefing addressing a recent case discussing patent exhaustion that was not addressed in any party's briefing, *Fujifilm Corp. v. Benun*, 605 F.3d 1366 (Fed. Cir. 2010).

² These two patents, because they share a common inventor, are referred to collectively as the "Ware patents."

³ This opinion will use shorthand for the briefing submitted on review of the ID; the parties' briefs will be referred to as Rambus Review Brief, Respondents Review Brief, IA Review Brief and the responses as Rambus Review Response, Respondents Review Response, and IA Review Response, respectively.

Analysis

A. The Ware Patents

While the ALJ found that the asserted claims of the Ware patents were infringed by the accused products, the ALJ found no violation with respect to the Ware patents because he found that Respondents⁴ demonstrated, by clear and convincing evidence, that the asserted claims of the Ware patents are anticipated and rendered obvious by U.S. Patent No. 6,292,903 (“Coteus” or “the Coteus patent”). The Commission affirms the ALJ’s anticipation analysis, but provides further analysis of obviousness in which it is assumed that certain limitations of asserted claims of the Ware patents are not disclosed by the Coteus patent. Based on this analysis, the Commission affirms the ALJ’s conclusion regarding obviousness.

1. The Differences Between the Scope and Content of the Coteus Patent and the Asserted Claims

Under the alternative scenario, the differences between the Coteus patent and asserted claims of the Ware patents urged by Rambus are assumed to exist.

2. The Appropriate Skill Level of One of Ordinary Skill in the Art

Because both opposing experts testified that their invalidity opinions were unchanged even under the opposing expert’s definition as to the level of ordinary skill in the art, the anticipation or obviousness findings as to Coteus do not depend on the particular level of

⁴ The full names of all the respondents (referred to collectively herein as “Respondents”) are: NVIDIA Corporation of Santa Clara, California (“NVIDIA”); Asustek Computer, Inc. of Taipei, Taiwan; ASUS Computer International, Inc. of Fremont, California; BFG Technologies, Inc. of Lake Forest, Illinois; Biostar Microtech (USA) Corp. of City of Industry, California; Biostar Microtech International Corp. of Hsin Ten, Taiwan; Diablotek Inc. of Alhambra, California; EVGA Corp. of Brea, California; G.B.T. Inc. of City of Industry, California; Giga-byte Technology Co., Ltd. of Taipei, Taiwan; Hewlett-Packard Co. of Palo Alto, California; MSI Computer Corp. of City of Industry, California; Micro-star International Co., Ltd. of Taipei, Taiwan; Palit Multimedia Inc. of San Jose, California; Palit Microsystems Ltd. of Taipei, Taiwan; Pine Technology Holdings, Ltd. of Hong Kong and Sparkle Computer Co. of Taipei, Taiwan.

ordinary skill in the art. *See* IA Review Br. at 32-33. Even though it is not outcome-determinative, we set forth the level of skill of one of ordinary skill in the relevant art. We find that one having ordinary skill in the art possesses at least a bachelor's degree in electrical engineering or a related field with approximately three to five years post-baccalaureate experience working with memory systems, memory controllers, and/or memory devices.

3. Obviousness of the Asserted Ware Claims

Under an alternative scenario in which Coteus does not explicitly disclose the disputed limitations of the asserted Ware claims, we agree with Respondents that it would have been obvious to one of ordinary skill in the art to implement the system and method of the asserted Ware claims. *See* Respondents Review Br. at 26. We agree that one of ordinary skill in the art would have understood the need to compensate for device-to-device propagation delays on fly-by paths as depicted in Coteus's Figure 2, and agree that one of ordinary skill in the art would have understood that Coteus discloses a method to compensate for such delays. *See id.* We therefore find that, even if Coteus does not explicitly disclose the disputed limitations of the asserted Ware claims, its disclosure would render those limitations obvious to one of ordinary skill in the art.

4. Secondary Considerations of Non-Obviousness

We agree with the ALJ that Rambus failed to meet its burden of establishing secondary considerations and failed to establish a nexus between the evidence and the merits of the claimed invention, and therefore find no secondary considerations of non-obviousness.

B. The Barth I Patents

The ALJ found a violation with respect to all the asserted claims of the Barth I patents, finding, *inter alia*, that Respondents failed to prove that the asserted claims of the Barth I patents

were invalid for anticipation or that those claims would have been obvious to one of ordinary skill in the art. The Commission did not review, and thereby adopted, the ALJ's conclusion that the Respondents failed to prove that the asserted claims of the Barth I patents were anticipated because Respondents failed to prove that the prior art they relied on in their anticipation arguments disclosed the "strobe signal" or "signal" limitations. The Commission reviewed the ID, however, to more fully analyze the obviousness of the asserted Barth I claims in light of the differences between the asserted prior art and those claims. Specifically, because the ALJ's analysis focused largely on Respondents' anticipation arguments and because the ALJ made obviousness and obviousness-type double-patenting conclusions without making the requisite factual findings required under *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Commission reviewed to make the appropriate findings and draw the appropriate legal conclusions regarding obviousness and obviousness-type double patenting of the Barth I patents.

Obviousness

1. Differences Between the Scope and Content of the Asserted Prior Art and the Asserted Claims

Rambus argues that the U.S. Patent No. 5,319,755 ("Farmwald '755" or "the Farmwald '755 patent") does not teach or suggest the "strobe signal" or "signal" limitations of the asserted Barth I claims. Rambus argues further that the TrncvrRW signal of the Farmwald '755 is not equivalent to the "strobe signal"/"signal" limitations, and that Farmwald '755 does not disclose or suggest modifying its disclosure to use the TrncvrRW signal in the way that Respondents proposed. Rambus focuses its argument on the TrncvrRW signal, noting that it is not provided to initiate sampling, but rather is only provided to a transceiver device to allow it to make "forwarding decisions." Rambus Review Br. at 83. Rambus notes that the Commission investigative attorney ("IA") agrees with its position regarding the TrncvrRW signal, as does the

United States Patent & Trademark Office, which considered the signal during prosecution of the Barth I patents. *Id.*

Rambus similarly argues that the U.S. Patent No. 6,748,507 (“Kawasaki”) does not teach or suggest the “strobe signal” or “signal” limitations of the asserted Barth I claims. Rambus notes that Respondents’ post-hearing brief provided virtually no discussion of Kawasaki, and provides detailed argument as to why the reference does not disclose the “strobe signal”/“signal” limitations. Specifically, Rambus argues that Kawasaki does not disclose other features of certain Barth I claims, such as delay before issuance of the signal that Respondents allege meets the “strobe signal”/“signal” limitations. *See id.* at 89-91. Rambus contends that the secondary references cited by Respondents also fail to disclose the limitations missing from Farmwald ‘755 or Kawasaki and that, even if they did, Respondents failed to show why one of ordinary skill in the art would have combined the references.

The IA states that “there is at least one significant difference between the scope and content of the asserted prior art and the asserted Barth I claims” and that the difference is that “strobe signal”/“signal” limitations “were not taught or suggested by *any* of the prior art references relied on by Respondents” IA Review Br. at 44.

Respondents, in addition to rearguing anticipation of the asserted Barth I claims by the Farmwald ‘755 patent, argue that the “strobe signal”/“signal” limitations would have been obvious to one of ordinary skill in the art in light of Farmwald ‘755’s disclosure of the aforementioned TrncvrRW signal. *See id.* at 41-43.⁵ Regarding the “strobe signal”/“signal” limitations, Respondents contend that the limitations would have been obvious to one of ordinary skill in the art in light of the TrncvrRW signal “as detailed above,” which quoted phrase appears

⁵ Respondents also argue that Farmwald ‘755 discloses limitations of the Barth I claims not in dispute, which will not be summarized herein.

to refer to the argument at pages 41-43 of their review brief. *See e.g.*, Respondents Review Br. at 46-47, 53, 59.

Regarding the Kawasaki reference, Respondents contend that the “strobe signal”/“signal” limitations are disclosed by the reference, effectively rearguing the ALJ’s substantive conclusion that Kawasaki does not anticipate because it fails to disclose the “strobe signal” limitation. Respondents Review Br. at 80-84; *see also* ID at 57. Indeed, despite the fact that the issue is not on review, Respondents conclude their argument with respect to claim 11 of the ‘353 patent by stating that the claim is “invalid as anticipated by Kawasaki.” Respondents Review Br. at 86. Respondents do not argue that the “strobe signal”/“signal” limitations are present in any other reference, such as those that they attempt to combine with Kawasaki, but rather point to the discussion of Kawasaki in their argument that it anticipates claim 11 of the ‘353 patent. *See e.g.*, *id.*, 100-101.

Under the facts as found by the ALJ and adopted by the Commission, *no asserted prior art reference* discloses the “strobe signal”/“signal” limitations of the asserted Barth I claims. We therefore find that the difference between the asserted prior art and the asserted Barth I claims is that no asserted prior art reference discloses the “strobe signal”/“signal” limitations.

2. The Level of Ordinary Skill in the Art

The parties largely repeat their arguments made with respect to the Ware patents as to the appropriate skill level of one of ordinary skill in the art with respect to the Barth I patents. We agree that the record indicates that the level of ordinary skill in the art should be the same for the two sets of patents. We therefore find that, as with the Ware patents, the appropriate skill level of one of ordinary skill in the art would possess at least a bachelor’s degree in electrical

engineering or a related field with approximately three to five years post-baccalaureate experience working with memory systems, memory controllers, and/or memory devices.

3. Obviousness of the Asserted Barth I Claims

In light of the fact that no asserted prior art explicitly discloses “strobe signal”/“signal” limitations of the asserted Barth I claims, the remaining question is whether Respondents have demonstrated by clear and convincing evidence that the asserted prior art references, alone or in combination, would have rendered the claimed invention obvious to one of ordinary skill in the art. We find that Respondents have failed to meet their burden on this question.

Specifically, Respondents fail to demonstrate that it would have been obvious to one of ordinary skill in the art to modify the Farmwald ‘755 disclosure to use the TrncvrRW signal to initiate sampling of the memory device. We agree with Rambus and the IA that so modifying the device is not suggested by Farmwald ‘755, and that one of ordinary skill in the art would not find the asserted Barth I claims obvious in light of the differences between them and Farmwald ‘755’s disclosure.

Similarly, we agree with Rambus and the IA that Kawasaki, either alone or in combination with other references, does not render the asserted claims obvious because Respondents have failed to show that it would have been obvious to one of ordinary skill in the art to modify the Kawasaki reference to add the claimed “strobe signal”/“signal” limitations of the asserted Barth I claims. As pointed out by Rambus and the IA, the signal in Kawasaki that Respondents allege explicitly meets these limitations, the BS signal, is not provided to the memory devices, and Respondents have failed to demonstrate that it would have been obvious to one of ordinary skill in the art to modify the signal. *See e.g.*, IA Review Resp. at 38-39. Respondents do not contend that any secondary references supply the missing “strobe

signal”/“signal” limitations of the asserted Barth I claims, instead repeatedly relying on Kawasaki’s alleged disclosure of the limitations.

We therefore find that Respondents have failed to prove that the asserted Barth I claims would have been obvious to one of ordinary skill in the art at the time of invention.

4. Secondary Considerations of Non-Obviousness

We agree with the ALJ that Rambus failed to meet its burden of establishing secondary considerations and failed to establish a nexus between the evidence and the merits of the claimed invention.

Obviousness-Type Double-Patenting

Because the Farmwald ‘037 patent and the Farmwald ‘755 patent share an identical disclosure, for the reasons detailed above, the Farmwald ‘037 patent specification fails to disclose the “strobe signal”/“signal” limitations of the asserted Barth I claims. Similarly, the claims of the Farmwald ‘037 patent fail to disclose these limitations. Accordingly, the inquiry into obviousness-type double patenting is similar to the question posed in the obviousness analysis above. *See In re Metoprolol Succinate Patent Litigation*, 494 F.3d 1011, 1016 (Fed. Cir. 2007) (quoting *Eli Lilly & Co. v. Barr Labs, Inc.*, 251 F.3d 955, 968 (Fed. Cir. 2001)) (a later patent claim that is not patentably distinct from an earlier claim in a commonly owned patent is invalid for obviousness-type double patenting). For the reasons discussed above in the obviousness analysis, i.e., that no reference discloses the “strobe signal”/“signal” limitations, we agree with Rambus and the IA that Respondents have failed to meet their burden of proving that the asserted Barth I claims are not patentably distinct from the claims of the Farmwald ‘037 patent. In other words, the asserted Barth I claims’ inclusion of the “strobe signal”/“signal” limitations renders them patentably distinct from the claims of Farmwald ‘037.

C. Remedy, The Public Interest, and Bonding

1. Remedy; Type of Exclusion Order

Rambus argues that a General Exclusion Order (“GEO”) is necessary to prevent widespread infringement. Rambus bases its argument on the notion that third parties can easily purchase graphics cards containing Respondents’ infringing controllers overseas, then list them for sale online. Rambus Review Resp. at 79. Additionally, Rambus argues that it is difficult to identify the source of infringing goods, as “policing the vast network of [Respondents’] distributors and customers is all but impossible.” *Id.* at 80. Rambus alleges that Respondents could easily circumvent a Limited Exclusion Order (“LEO”) that bars NVIDIA controllers by having other entities not named in this investigation import the same. Rambus argues that circumvention is likely in this instance because the products containing NVIDIA controllers are “widely available,” not only from Respondents, but also from various third party entities via the internet. *Id.* at 82. Alternatively, Rambus requests that any LEO not be limited to named Respondents, but rather to “all of the products that incorporate NVIDIA’s infringing memory controllers.” Rambus Review Br. at 119.

Respondents argue that there is no basis for a GEO because Rambus offers only a hypothetical scenario for circumvention via the internet. Respondents contend that an LEO offers Rambus sufficient protection as it is directed toward specific NVIDIA products, regardless of how the products are ordered. Respondents Review Resp. at 48. Respondents also argue that the number of respondents in an investigation does not automatically indicate a widespread pattern of violation. *Id.* at 49. Respondents assert that because NVIDIA is the only manufacturer of the accused products, any potential violation stems from NVIDIA products. *Id.* Respondents argue that identification of the accused products at issue is straightforward because

NVIDIA is the only manufacturer and Rambus selected sixteen of NVIDIA's customers to name in this investigation. *Id.* at 50; Respondents Review Br. at 150.

Respondents also argue that a GEO is not justified because NVIDIA has and will continue to comply with Commission directives. Respondents assert that a GEO is warranted when based on a "substantial volume of evidence of deceptive activity by the respondents." Respondents Review Resp. at 52. Because Rambus fails to provide evidence of nefarious conduct or a willingness to engage in illegal behavior, Respondents argue that a GEO is inappropriate. *Id.* at 51. On the contrary, Respondents argue for a provision within any exclusion order that certifies that their products do not contain products that have been found to infringe. *Id.* at 54.

The IA argues that an LEO is appropriate and should encompass the downstream products of the named Respondents. IA Review Resp. at 39-40. The IA argues that section 337(d)(2)(A) requires proof, not mere possibilities, that "general exclusion from entry of articles is *necessary to prevent circumvention* of an exclusion order limited to products of named persons." *Id.* at 41 (citing 35 U.S.C. § 1337(d)(2)(A)) (emphasis added). The IA argues that because Rambus has only offered possibilities of third party internet sales, a GEO is inappropriate. *Id.* at 42-43.

Analysis

The Commission has determined that an LEO is the appropriate type of exclusion order to remedy the violation found. Under section 337, there are only two exceptional circumstances where the Commission will issue a GEO: (1) when "necessary to prevent circumvention of an exclusion order limited to products of named persons" or (2) where "there is a pattern of violation of this section and it is difficult to identify the source of the infringing products." *See*

35 U.S.C. § 1337(d)(2)(A) & (B). Here, we find no evidence that Respondents have circumvented, or aim to circumvent, an LEO.

Regarding Rambus's argument that it is difficult to identify the source of infringing products, Rambus has named NVIDIA, along with sixteen downstream purchasers, as the only named respondents and sources of infringing goods in this case. Therefore, identifying the source of infringing goods in this case appears straightforward. Additionally, Rambus has not demonstrated that the five websites identified in its response as international third party distributors/resellers do in fact sell products to U.S. customers via the internet. *See* Rambus Review Resp. at 82.

In our view, therefore, Rambus has failed to demonstrate that a GEO is necessary or appropriate in this case. Accordingly, we determine to issue an LEO against the goods of those respondents found to infringe the Barth I patents. We decline Rambus's request to direct the LEO to all products incorporating NVIDIA controllers, even products of non-respondents, because such relief is precluded by *Kyocera Wireless Corp. v. ITC*, 545 F.3d 1340 (Fed. Cir. 2008).

Cease and Desist Orders

Rambus argues that the Commission should issue cease and desist orders against certain named Respondents, citing evidence demonstrating that a commercially significant inventory of products containing NVIDIA controllers exists. Rambus Review Br. at 126-28. Respondents argue that Rambus has made no distinction between accused and non-accused products in inventory, and has offered no evidence of commercially significant inventory. Respondents Review Br. at 154. The IA argues that cease and desist orders are appropriate against certain

named Respondents that maintain commercially significant inventories of accused products in the United States. IA Review Resp. at 45-46.

We determine to issue cease and desist orders against those respondents found by the ALJ to maintain a commercially significant inventory of infringing products in the United States, the sale of which could undermine an exclusion order. *See Certain Abrasive Products Made Using a Process for Powder Preforms, and Products Containing Same*, Inv. No. 337-TA-449, Comm'n Op. at 7 (Aug. 2002). The ALJ found that the following respondents maintain commercially significant inventories: NVIDIA, Hewlett-Packard, ASUS Computer International, Palit Multimedia, Palit Microsystems, MSI Computer Corp., Micro-Star International, EVGA Corp., DiabloTek, Inc., Biostar Microtech, and BFG Technologies. In his ID, the ALJ relied on testimony from numerous witnesses as to accused product inventories of Respondents. ID at 129-30. Respondents have offered no evidence to rebut the ALJ's findings.

2. Public Interest

Respondents argue that, because Rambus does not manufacture any memory products, there is no "production of like or directly competitive articles in the United States" to be protected. Respondents Review Br. at 155. Respondents argue that SDRAM memory controllers (or at least the licensing thereof) is the relevant industry in this investigation and one that this Commission's actions would seek to protect. *Id.* at 155-56. Respondents argue that issuing remedial orders would harm "competitive conditions in the United States economy" and United States consumers because, Respondents argue, Rambus has not demonstrated that its licensees compete in the same markets as NVIDIA and its customers. Moreover, in response to Rambus's arguments, which are summarized below, Respondents argue that any harm that Rambus's licensees suffer is a private, not public, interest. Respondents Review Resp. at 55.

Rambus argues that the statutory factors enumerated in section 337(d)(1) do not preclude issuance of the contemplated orders. Rambus argues there can be no dispute that there are multiple, licensed sources for memory controllers as Rambus licenses memory controllers to ATI, a direct competitor to NVIDIA. *Id.* Rambus asserts that many of the Respondents, like Hewlett-Packard, use memory controllers from both NVIDIA and ATI in their products. *Id.*

Rambus also argues that Respondents have not provided any evidence that Rambus's licensees would be unable to adequately supply the United States market if Respondents' products were excluded. Rambus Review Br. at 129. Rambus asserts that one of NVIDIA's witnesses acknowledged that "a large fraction of PCs that are sold use non-NVIDIA chipsets or have the memory controller on the CPU." RX-1171C, Q&A 12. Additionally, Rambus argues that ATI, one of Rambus's licensees, sells licensed graphics cards and motherboards that can utilize licensed AMD and Intel chipsets. Rambus Review Br. at 129.

The IA argues that there are no public interest concerns that would preclude issuance of an LEO and cease and desist orders in this investigation. IA Review Response at 46. The IA argues that a complainant need not be in the same domestic industry as the infringing products nor manufacture competing products in that industry for the Commission to issue an exclusion order or a cease and desist order. *Id.* The IA argues that evidence points to Rambus receiving significant revenues from its licenses, suggesting that Rambus's licensees actually manufacture or sell licensed products. *Id.* at 47.

We find that this case does not present the rare instance where the statutory public interest factors preclude issuance of remedial orders. We disagree with Respondents that issuance of remedial orders would cause significant harm to "competitive conditions in the United States economy" or to United States consumers. Indeed, it appears that, as the IA points

out, Rambus's licensees sell licensed products that compete with the accused products, which would prevent any harm to U.S. consumers. Moreover, in our view, enforcement of valid United State intellectual property rights advances, rather than harms, competitive conditions in the United States economy.

3. Bonding

Rambus argues that a bond based on a "reasonable royalty," as recommended by the ALJ, is not adequate to compensate Rambus. Rambus Review Resp. at 85. Rambus argues that its Memory Controller License is based on the licensee paying set rates on all *world-wide* sales of the covered products. *Id.* (emphasis in original). Rambus argues that because NVIDIA ships less than ten percent of the accused products into the United States, a higher bond rate is warranted to protect Rambus's world-wide sales. *Id.* at 86. Rambus asserts that a 100-percent bond rate is therefore appropriate. *Id.*

Respondents argue that a 100-percent bond rate is not an automatic default when no meaningful price differential exists between a complainant's and respondent's products. Respondents Review Resp. at 55. Respondents argue that the Commission must still look for evidence of a reasonable royalty to determine the bond amount. *See* Respondents Review Br. at 161 (citing, *inter alia*, *Certain Two-Handle Centerset Faucets and Escutcheons, and Components Thereof*, Inv. No. 337-TA-422, Comm'n Op. at 9-10 (July 2002)).

Respondents argue that because there is reliable evidence that Rambus charges all of its memory controller licensees a flat rate of two percent, the Commission should set a bond no higher than two percent. *See* Respondents Review Br. at 161-62. Respondents argue that any higher bond rate violates section 337(e)(1) by serving as a deterrent. 19 U.S.C. § 1337(e)(1) (bond should be set at an amount "sufficient to protect the complainant from any injury").

The IA argues that the Commission should set a bond rate of 2.65 percent of entered value on all covered products if the Commission issues an exclusion or cease and desist order. IA Review Resp. at 49. The IA argues that Rambus cites no precedent justifying a 100-percent bond rate during the Presidential review period despite the known royalty rates in its existing licensing agreements. *Id.* The IA asserts that Rambus likewise fails to cite precedent justifying a 100-percent bond to deter the stockpiling of products that fall within the scope of an issued exclusion order. *Id.* The IA argues that a royalty rate of 2.65 percent is consistent with license agreements for products sold through March 31, 2010. *Id.* at 50.

We find that a bond of 2.65 percent of the entered value of accused products is appropriate. Section 337 provides that the bond must be “in an amount determined by the Commission to be sufficient to protect the complainant from any injury.” 19 U.S.C. § 1337(e)(1). As the complainant, Rambus bears the burden of establishing the need for a bond amount. *Certain Rubber Antidegradants, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-533, Comm’n Op. at 39-40 (July 21, 2006). We conclude that the 2.65-percent bond is consistent with Rambus’s past licensing practice regarding the asserted patents, that the evidence of record supports this royalty rate, [], and that Rambus has not demonstrated that a higher bond rate is necessary to protect Rambus from injury.

4. Samsung License/Exhaustion

Respondents argue that any exclusion order that issues should exempt products “using licensed memory” sold by non-respondent Samsung. Respondents Review Br. at 150. Specifically, Respondents note that Rambus and Samsung entered into a license on January 19, 2010, three days before the ALJ issued his ID. *Id.* at 151 n.10. Respondents argue that, under this license, all Samsung memory is now licensed, which provides a defense to any exclusion

order that Rambus has exhausted its patent rights in products containing Samsung memory. *Id.* at 152. Respondents argue that any exclusion order should specifically exempt downstream products if those products use licensed Samsung memory devices. Respondents Review Resp. at 53.

As detailed above, the Commission twice requested supplemental briefing to consider this late-arising argument. Having considered that briefing, we find that Respondents have failed to demonstrate that Rambus has exhausted its patent rights with respect to accused products that incorporate Samsung memory. Specifically, Respondents have failed to demonstrate that the relevant sales of Samsung memory take place in the United States. To the contrary, the record evidence demonstrates that the sales take place outside the United States. Rambus cites record evidence that supports the conclusion that the sales take place abroad, while Respondents point to no evidence, nor do they even allege, that the sales take place in the United States. *See, e.g.*, JX-108C at 64-66, 168-69 (Young Dep.). We also agree with Rambus that the fact that the investigation concerns imported goods constitutes circumstantial evidence that Respondents' purchases of the Samsung memory take place abroad. Respondents have not made any demonstration that the sales take place in the United States, even though they would be expected to have such knowledge.

In our view, such a showing is necessary to demonstrate patent exhaustion, and we reject Respondents' arguments to the contrary. In short, we disagree with Respondents that this case is indistinguishable from *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008) and we instead find that this case presents the exact distinction drawn by the Federal Circuit in *Fujifilm Corp. v. Benun*, 605 F.3d 1366 (Fed. Cir. 2010) – *Quanta* “did not involve foreign sales.” *Fujifilm*, 605 F.3d at 1371. *Fujifilm* indicates that the territoriality requirement applies to

all exhaustion cases by referring to the requirement as “the exhaustion doctrine’s territoriality requirement.” *Id.* Because Respondents have not demonstrated, or even alleged, that Samsung’s relevant memory sales take place in the United States, we conclude that Respondents have failed to demonstrate that the territoriality requirement has been met.⁶

Respondents’ Request To Stay any Remedial Orders

Respondents argue that, due to the atypical nature of the facts in this case, the Commission should deny or stay any remedial order issued in this investigation because Respondents, “with almost complete certainty[,]” foresee “changes to, or outright cancellation, of [the] asserted Barth I and Ware claims” after an ongoing reexamination proceeding regarding the Barth I claims by the United States Patent & Trademark Office (“PTO”). Respondents Review Br. at 158. Respondents offer “as an example” that all of the claims of the ‘109 patent — including the asserted claims — have been rejected. *Id.* at 158 (Ex. H.). Respondents also argue that claim 11 of the ‘353 patent has been rejected. *Id.* (Ex. I.). Respondents contend that a stay will conserve judicial resources until reexaminations are complete, by eliminating the need for Respondents to request and the Commission to conduct proceedings to modify the exclusion and cease and desist orders soon after they issue. *Id.*

Rambus argues that Respondents lack any basis for requesting a stay in this investigation. Rambus Review Resp. at 91. Rambus argues that Respondents have mischaracterized the reexamination proceedings, and point to the fact that the Examiner confirmed the patentability of ‘353 patent claims 12 and 13, and all of the asserted ‘405 patent claims. *See id.*; SRN, Exhibit 1 at 2, Exhibit 2 at 2. Rambus acknowledges that the Examiner’s decision is subject to appeal, but

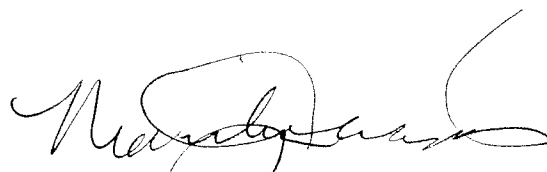
⁶ Having found that one element of a finding of patent exhaustion has not been established, we do not decide whether other elements have been shown, such as that the licensed product substantially embodies the asserted patent claims.

argues that it is far from certain that the asserted claims will be amended or canceled as Respondents contend. *Id.* at 92.

The IA agrees with Rambus, and argues that the Commission should not stay its orders. The IA argues that the pending reexamination proceedings involving the asserted '405 patent claims and claims 12 and 13 of the '353 patent resulted in those patents being confirmed as patentable. IA Review Resp. at 48-49. The IA argues that the asserted '405 patent claims and claims 12 and 13 of the '353 patent collectively cover each and every one of the accused products. *Id.* Because it is unlikely that the reexamination proceedings will materially impact the near term scope of the Commission's exclusion and cease and desist orders regardless of whether the claims are eventually cancelled or amended to overcome the prior art, the IA argues that a stay should not issue. *Id.* at 49.

We find that Respondents have failed to demonstrate that staying its remedial orders is appropriate. First, the PTO's reexamination proceedings are not yet final. Furthermore, as the IA points out, the ongoing reexamination proceedings have not resulted in a preliminary rejection by the examiner of all of the asserted Barth I claims, only of some of them. In other words, the Commission's conclusions regarding validity of the Barth I claims are consistent with the PTO's preliminary conclusions as to at least some of the asserted Barth I claims. This agreement between the Commission and PTO seems to be a compelling reason *not* to issue a stay of any order with respect to those claims. Moreover, as noted by the IA, staying the exclusion order with respect to those claims that the PTO has preliminarily determined are invalid would still result in exclusion of an identical set of accused products, because all accused products were found to infringe all the asserted Barth I claims. We therefore conclude that there is no reason to stay the remedial orders that we have determined to issue in this investigation.

By Order of the Commission.



Marilyn R. Abbott
Secretary

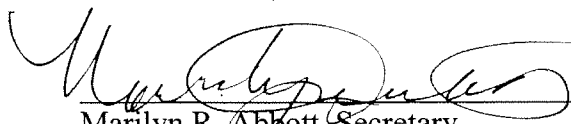
Issued: August 10, 2010

**CERTAIN SEMICONDUCTOR CHIPS HAVING SYNCH-
RONOUS DYNAMIC RANDOM ACCESS MEMORY
CONTROLLERS AND PRODUCTS CONTAINING SAME,
INCLUDING GRAPHICS CARDS AND MOTHERBOARDS**

337-TA-661

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Commission Investigative Attorney, Daniel L. Girdwood, Esq., and the following parties as indicated, on August 10, 2010.


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International Corporation; DiabloTek Inc.; EVGA
Corporation, G.B.T. Inc.; Giga-Byte Technology Co.,
Ltd.; Hewlett-Packard Co.; MSI Computer Co.; Micro-
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