

Keywords: Standard setting body, JEDEC, patent disclosure policy, duty of disclosure, fraud

General: Under the patent disclosure policy of JEDEC, a participant in standards development had a duty to disclose patents or patent applications containing claims that would require a license to practice a particular standard. No duty of disclosure exists prior to the beginning of development of a specific standard.

Rambus Inc. v. Infineon Technologies AG
65 U.S.P.Q.2d 1705 (Fed. Cir. 2003)
Decided January 29, 2003

I. Facts

Rambus is a patent licensing company that owns patents covering a high-speed memory technology known, coincidentally, as Rambus DRAM or RDRAM. They do not produce memory devices. Rambus has participated in the development of memory standards through the standard setting body JEDEC. During the development of certain memory standards by JEDEC, Rambus failed to disclose that it had patents and patent applications that could be relevant to the memory standards in which they were participating. Indeed, Rambus actively amended pending applications based on technical discussions at JEDEC.

Subsequently, Rambus sued Infineon for infringement of four patents that were alleged to cover Infineon's SDRAM memory. A Virginia jury found that Rambus had committed fraud by virtue of its failure to comply with JEDEC's patent disclosure rules during the standard development process. Accordingly, Rambus was held to be estopped from asserting the patents in suit. This appeal followed.

II. Issues

- A. Did the district court err in sustaining the jury's finding that Rambus breached its duty to disclose patent applications by failing to disclose all existing patents and patent applications even though the patents that were disclosed by Rambus were from the same family (divisionals) of the patent in suit?
- B. Can a duty of patent disclosure in a standard setting body apply to the development of standards after a participant has left the standard setting body?

III. Discussion

A. Yes. The case actually involves two instances of potential fraud, one each for two separate standards development efforts: SDRAM and DDR-SDRAM. Rambus was a member of JEDEC for a time during the development of the SDRAM standard, but had left JEDEC prior to the subsequent development of the DDR-SDRAM standard. On appeal, Rambus argued that it did not violate the JEDEC patent disclosure policy with respect to the SDRAM standard because it did not have patents that "related to" the SDRAM standard during the time it was a member of JEDEC.

The Federal Circuit interpreted the JEDEC patent policy as creating a duty to disclose patents and applications that "relate to" a proposed standard. Based on the testimony, the court further concluded that this inquiry is claim-specific and standard-specific. In other words, the court found no duty to disclose patents having claims that are not infringed by a particular standard. Finally,

the court concluded that, in order to prove its fraud allegation, Infineon had to prove that it would reasonably require a license to the claims of patents and applications that Rambus failed to disclose during its participation in the development of the SDRAM standard at JEDEC.

The court analyzed each claim of each of Rambus' asserted patents in view of the SDRAM standard and concluded that no license would be required for any of Rambus' patents. Accordingly, the court concluded that Rambus did not commit fraud by failing to disclose its patents and applications during development of the SDRAM standard. The court rejected Infineon's contention that fraud could be based on Rambus' subjective belief that its patents covered the SDRAM standard.

B. No. Rambus argued that it had not violated the JEDEC patent disclosure policy with respect to the development of the DDR-SDRAM standard because it had not been a member of JEDEC during the development of that standard. The court accepted this argument stating that, under the JEDEC patent disclosure policy, no duty to disclose could exist prior to the beginning of development of a specific standard. Accordingly, the Federal Circuit upheld the trial court's grant of JMOL on Rambus' motion that it did not commit fraud during the development of the DDR SDRAM standard.

IV. Conclusion

In a rambling dissent, Judge Prost argues that Rambus owed Infineon (a competitor!) a fiduciary duty apart from the contractual duty to disclose related patents and applications. The majority dismisses this rather off the wall idea in footnote 7 of the opinion. The dissent seems obsessed with Rambus' aggressive "bad actor" conduct during standards development.

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