

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

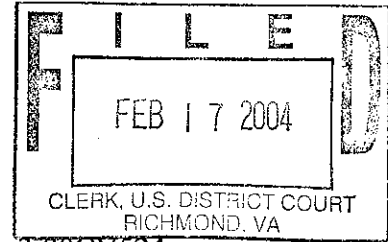
RAMBUS INC.,

Plaintiff-Counterclaim Defendant,

v.

INFINEON TECHNOLOGIES AG, et al.,

Defendants-Counterclaim Plaintiffs.



Civil Action No.: 3:00CV524

**MEMORANDUM IN SUPPORT OF RAMBUS INC.'S MOTION TO DISMISS
(RULE 12(b)(6)) OR, IN THE ALTERNATIVE, FOR PARTIAL SUMMARY
JUDGMENT (RULE 56(b)) CONCERNING INFINEON'S COUNTERCLAIM
COUNT 15, BASED ON CALIFORNIA BUS. & PROF. CODE § 17200**

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Rambus Inc. ("Rambus") moves to dismiss Count 15 in the Second Amended Answer and Counterclaim filed by Infineon Technologies AG, Infineon Technologies North America Corp. and Infineon Technologies Holding North America Inc. (collectively, "Infineon") under Rule 12(b)(6) of the Federal Rules of Civil Procedure or, in the alternative, for partial summary judgment under Rule 56(b) with respect to any award of monetary relief on this counterclaim asserted by Infineon under California's Business & Professions Code § 17200 ("§ 17200").

Rambus's motion to dismiss should be granted for two reasons. *First*, Infineon waived any counterclaim under California's § 17200 by failing to assert such a claim before the original trial and entry of judgment in this action. *See Omni Outdoor Advertising v. Columbia Outdoor Advertising*, 974 F.2d 502, 506 (4th Cir. 1992). Infineon has admitted that it *could* have pursued a counterclaim based on California's § 17200 on the precise unfair competition theories it now asserts *before* judgment was

entered in 2001.¹ Infineon, however, elected not to pursue such a counterclaim. By virtue of that election, Infineon waived any § 17200 counterclaim in this case. *Id.*

Second, Infineon's § 17200 claim is foreclosed by the Federal Circuit's mandate and limited remand in *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081 (Fed. Cir.), *cert. denied*, 124 S. Ct. 227 (2003), and therefore is barred as a matter of law under the time-honored "mandate rule." *United States v. Bell*, 5 F.3d 64, 66-67 (4th Cir. 1993); *Tronzo v. Biomet, Inc.*, 236 F.3d 1342, 1347-49 (Fed. Cir. 2001); *see Allard Enterprise v. Advanced Programming Resources*, 249 F.3d 564, 570-71 (6th Cir. 2001) (holding district court violated the "mandate rule" by permitting new counterclaim on remand). It is well established that issues, claims, and theories that have been waived in connection with an initial trial and appeal are barred by the mandate rule from being asserted on remand. *Bell*, 5 F.3d at 67 ("mandate rule" "forecloses litigation" of any "waived" claims and issues on remand); *Tronzo*, 236 F.3d at 1347-49; *see also, e.g., United States v. Husband*, 312 F.3d 247, 250-52 (7th Cir. 2002) (claims and issues that were "waived" in original proceedings are by definition "not within the scope of [the appellate court's] remand"); *United States v. Morris*, 259 F.3d 894, 898 (7th Cir. 2001) ("parties cannot use the accident of remand as an opportunity to reopen waived issues"). The Federal Circuit's remand here was on its face a *limited* one, which delineated those issues remanded for further proceedings in the case. Consequently, that limited remand could not possibly serve to resuscitate Infineon's waived right to assert any § 17200 counterclaim in this case. Infineon therefore is barred as a matter of law by the mandate rule from proceeding on the counterclaim under California's § 17200 that Infineon elected not to assert and pursue prior to the first judgment in this case. *Allard Enterprises*, 249 F.3d at 570-71. Infineon cannot show that any exception to the mandate rule applies in this case. Notwithstanding Infineon's repeated references to the

¹ *See* Tr. of Hr'g, Feb. 2, 2004, at 42, attached as Exhibit A to Rambus's accompanying Exhibits in Support of this Motion ("Rambus Exh.").

production of “new” documents following the remand, Infineon does not and cannot dispute that the allegations upon which its § 17200 counterclaim is based were known to Infineon *before* this Court entered its final judgment.

Although the entire § 17200 counterclaim should be dismissed as a matter of law, Rambus at a minimum is entitled to partial summary judgment under Rule 56(b) with respect to Infineon’s claim for *monetary* relief on its § 17200 counterclaim. As Infineon has recognized, the monetary remedies available under California’s § 17200 are strictly “limited.” *Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal. 4th 1134, 1150 (2003); *see* Cal. Bus. & Prof. Code § 17203. In fact, *no form* of compensatory “damages” are available under § 17200. *Korea Supply*, 29 Cal. 4th at 1144, 1148, 1150 (citing cases). Rather, equitable “restitution” is the *only* monetary relief authorized. *Id.* at 1146. And the specific form of restitution that § 17200 authorizes is itself strictly limited as well. The California Supreme Court has squarely held that the permissible “restitutionary” awards under § 17200 are limited to *only those moneys that the defendant in fact obtained from the plaintiff*. *Id.* at 1149. Infineon does not allege that it has paid *any* moneys to Rambus on account of the alleged conduct that is the basis for Infineon’s § 17200 counterclaim.² Under binding authority from the California Supreme Court, awarding Infineon the monetary relief it seeks would *not* constitute an allowable form of equitable “restitution” from Rambus under § 17200; rather, it would constitute an impermissible award of “damages.” Rambus therefore is entitled to partial summary judgment in its favor with respect to Infineon’s legally impermissible effort to recover compensatory damages on its § 17200 counterclaim.

² The *only* moneys Infineon contends it was compelled to pay as a result of Rambus’s conduct were moneys Infineon allegedly paid to a law firm in order to respond to Rambus’s notice of infringement. Infineon Second Am. Answer & Counterclaim (“Infineon Counterclaim”) ¶ 286; *see also* Rambus Exh. A, Tr. of Hr’g, Feb. 2, 2004, at 7-8.

II. PROCEDURAL HISTORY

The crux of Infineon's counterclaims asserted and litigated in the first trial and appeal was that Rambus allegedly committed fraud in connection with its participation in JEDEC meetings prior to 1996. *See* Infineon First Amended Answer and Counterclaims, filed Jan. 10, 2001, ¶¶ 74-194. Although Rambus is based in California, Infineon did not assert any statutory unfair competition claim under § 17200, based on Rambus's alleged JEDEC-related activities or based on any other alleged conduct of Rambus. Indeed, Infineon did not even try to assert any § 17200 counterclaim in the original trial proceedings in this case. Infineon made no mention of any § 17200 counterclaim at the pretrial conference, and this Court's pretrial order in the original proceedings references no such claim. *See* Rambus Exh. B, Final Pretrial Order, filed Apr. 11, 2001.

Both sides appealed different aspects of this Court's rulings to the Federal Circuit. At no time prior to the Federal Circuit's remand to this Court, in October 2003, did Infineon ask that Court to reopen the record, to return the case to this Court for that purpose, or for any other relief that would have permitted Infineon to rely on the § 17200 allegations concededly known to it throughout the time the case was on appeal. Instead, Infineon allowed the case to proceed to judgment in the Federal Circuit on the record and based on the claims presented to this Court before it entered judgment on August 15, 2001. The Federal Circuit's mandate – which issued following the Supreme Court's denial of Infineon's certiorari petition – (a) “vacates the grant of JMOL of noninfringement and remands for consideration under the revised claim construction”; (b) “reverses the denial of JMOL on the SDRAM fraud verdict”; (c) “affirms the grant of JMOL on the DDR-SDRAM fraud verdict”; and (d) “vacates and remands the attorney fees award under [35 U.S.C.] § 285 and reverses the fee award under Virginia common law.” *Rambus*, 318 F.3d at 1106-07.

On remand, Infineon has amended its counterclaim to assert a cause of action under § 17200. Count 15 in Infineon's Counterclaim purports to identify four categories

of alleged conduct by Rambus that Infineon now claims to violate § 17200: (1) alleged abuse of the standard-setting processes of JEDEC; (2) alleged improper litigation conduct, such as Rambus's preparation of discovery responses, production of documents, witness testimony, and the adequacy of Rambus's privilege log; (3) alleged spoliation of documents; and (4) alleged failure to disclose information to RDRAM licensees. Infineon Counterclaim ¶¶ 277-293.

While Infineon has attempted to make much of the fact that Rambus produced documents on remand that it had collected for the parallel *FTC*, *Micron* and *Hynix* actions (while at the same time minimizing the fact that Infineon, too, has produced many thousands of pages of documents that it did not produce before the first trial), Infineon does not and cannot contend that any of these "new" documents alerted Infineon for the first time to the factual allegations and related legal theories upon which it bases its § 17200 counterclaim. Rather, Infineon has contended only that these documents provide "further proof of Rambus' anticompetitive scheme to secretly obtain patents covering the JEDEC SDRAM and DDR SDRAM standards. . . , and provide evidence that Rambus' spoliation and subsequent litigation misconduct were an integral part of its anticompetitive scheme to dominate the DRAM and DRAM technology markets." Rambus Exh. C, Infineon's Mem. in Supp. of Mot. for Leave to Amend, filed Jan. 19, 2004, at 6 (emphasis added). The record leaves Infineon no choice in this regard; as described below, each and every category of conduct relied upon by Infineon in its § 17200 counterclaim was known to Infineon *before* this Court's judgment and *before* the Federal Circuit's mandate.

First, Infineon does not and cannot contend that it was unaware prior to the first judgment of Rambus's alleged "abuse" of the JEDEC standard-setting process. On the contrary, Rambus's alleged breach of a supposed "duty to disclose" its pending patent applications was the *centerpiece* of Infineon's fraud theory – a theory that the Federal Circuit squarely rejected on the ground that Infineon had not presented *any* evidence to

support its contention that Rambus had violated any JEDEC disclosure duty that might have existed. *Rambus*, 318 F.3d at 1104. Infineon never attempted to pursue a § 17200 counterclaim based upon this conduct.

Second, Infineon does not and cannot contend that it was unaware prior to the first judgment of Rambus's alleged "litigation" misconduct. On the contrary, Infineon relied *extensively* on the alleged litigation misconduct in seeking an award of attorneys' fees, which the Court granted in its August 9, 2001 Order. *Rambus, Inc. v. Infineon Technologies AG*, 155 F. Supp. 2d 668, 680-83 (E.D. Va. 2001). This Court entered its Judgment in a Civil Case on August 15, 2001, *after* Infineon made its presentation of alleged litigation misconduct. *See* Rambus Exh. D, Judgment in a Civil Case, Aug. 15, 2001. Infineon never attempted to pursue a § 17200 counterclaim based upon this conduct.

Third, Infineon does not and cannot contend that it was unaware prior to the first judgment of the facts supporting the document "destruction" component of its § 17200 counterclaim. On the contrary, Infineon explored those facts through discovery many months before the first trial in this case, *see, e.g.*, Rambus Exh. E, Joel A. Karp Dep. Tr., Jan. 8, 2001, at 63-64; Rambus Exh. F, Mark Horowitz Dep. Tr., Jan. 20, 2001, at 28-29, and relied on them as a basis for its motion for fees. *See Rambus*, 155 F. Supp. 2d at 682. Infineon never attempted to pursue a § 17200 counterclaim based upon this conduct.

Fourth, Infineon does not and cannot contend that it was unaware prior to the first judgment of Rambus's alleged non-disclosure of its patents to actual and prospective RDRAM licensees. On the contrary, Infineon expressly pleads that it was aware in 2001 of Rambus's alleged non-disclosure because Infineon *itself* was a prospective RDRAM licensee "[i]n the early 1990s." Infineon Counterclaim ¶ 278. Infineon never attempted to pursue a § 17200 counterclaim based upon this conduct.

In short, Infineon *never* attempted to pursue a § 17200 counterclaim based upon *any* of the challenged conduct at any point prior to the Federal Circuit's remand: not at

the final pretrial conference, not in the final pretrial order, not before resting on its case in chief, not before the jury returned its verdict, not before this Court entered its judgment, not in its briefs or oral argument to the Federal Circuit, not in its petition for rehearing at the Federal Circuit, not in its petition for certiorari to the Supreme Court, and not before the Federal Circuit issued its mandate.

III. STATEMENT OF UNDISPUTED FACTS

Rambus's alternative motion for partial summary judgment regarding Infineon's effort to obtain monetary relief on its § 17200 counterclaim is supported by the following undisputed facts, *see* Local Rule 56(B):

1. Infineon has asserted as Count 15 in its Second Amended Answer and Counterclaims to Rambus' First Amended Complaint, filed Feb. 2, 2004 ("Infineon Counterclaim"), a cause of action under California's Business & Professions Code § 17200, pursuant to which Infineon seeks certain injunctive and monetary relief. *See* Infineon Counterclaim, Prayer for Relief ¶ 18.

2. The only monetary relief that Infineon has stated it seeks on its § 17200 counterclaim concerns certain attorneys' fees allegedly incurred by Infineon for the services of the law firm of Slater & Matsil. *See* Infineon Counterclaim ¶ 286; Rambus Exh. A, Tr. of Hr'g, Feb. 2, 2004, at 7-8 (MR. DESMARAIS: "[W]e are only pursuing as a remedy for the unfair competition claim an injunction against Rambus, as outlined in the pleadings, *and restitution of the amounts we spent for the Slater & Matsil response to their [i.e., Rambus's] unfair competition as we did in the first trial*") (emphasis added).

3. The money Infineon seeks to recover on its § 17200 counterclaim with respect to attorneys' fees for the services of the law firm of Slater & Matsil was not money paid by Infineon to Rambus, but money paid by Infineon to Slater & Matsil. *See* Infineon Counterclaim ¶ 286; Rambus Exh. A, Tr. of Hr'g, Feb. 2, 2004, at 7-8.

IV. ARGUMENT

A. **Infineon's § 17200 Counterclaim Should Be Dismissed Because Infineon Waived Such A Claim By Failing To Assert It Before Proceeding To Judgment And Appeal On Its Chosen Claims And Theories**

As Infineon's counsel recently admitted, Infineon "could" have asserted a counterclaim under California's § 17200 before the original trial to judgment and subsequent appeal in this action. Rambus Exh. A, Tr. of Hr'g, Feb. 2, 2004, at 42 (MR. DESMARAIS: "[I]t is true that some form of unfair competition claim could have been brought before. I can't argue that it couldn't have been brought the first time."). Infineon *elected* not to bring such a claim, and it *elected* to proceed to trial and judgment on Infineon's chosen counterclaims and legal theories.³ As a result, Infineon made the binding strategic and tactical election to forego any counterclaim it might otherwise claim to have had under § 17200. Infineon's election had legal consequences: Infineon *waived* any § 17200 counterclaim that it otherwise could have pursued before it proceeded to trial and judgment on its chosen and preferred legal theories and asserted causes of action. *Omni Outdoor Advertising v. Columbia Outdoor Advertising*, 974 F.2d 502, 504-06 (4th Cir. 1992).

In *Omni Outdoor Advertising*, the plaintiff, Omni, asserted both antitrust conspiracy and monopolization (including attempted monopolization) claims in the District Court. The jury returned a verdict in Omni's favor on both counts, but the District Court granted JNOV to defendants on both claims. Omni appealed to the Fourth Circuit, but "disputed only the district court's interpretation of the law of antitrust conspiracy. No appeal was taken from the district court's failure to grant a new trial

³ Infineon made no mention of any § 17200 counterclaim in the final pretrial conference or final pretrial order. See Rambus Exh. B, Final Pretrial Order, filed Apr. 11, 2001. Even after trial and the entry of judgment in the initial trial, Infineon did not seek any new trial based on any § 17200 counterclaim, nor did it mention any desire to raise any new § 17200 counterclaim before the Federal Circuit.

based upon the [monopolization claim].” *Id.* at 504. Although the Fourth Circuit initially ruled for Omni, the Supreme Court reversed that ruling and remanded for the Fourth Circuit to determine whether Omni had “properly preserved” its claim based on alleged “private anticompetitive actions” by one of the defendants. *Id.* (quoting *City of Columbia v. Omni Outdoor Advertising*, 499 U.S. 365, 384 (1991)).

On remand, the Fourth Circuit refused to allow Omni to reinstate the monopolization claims that Omni could have raised – but failed to raise – during the first appeal. Writing for the court, Judge Wilkinson explained:

Omni has waived this argument. From the outset, the emphatic focus of this case has been on the alleged conspiracy between COA and the City. . . . Despite the . . . availability of arguments relating to monopolization or attempt to monopolize to support the verdict on this count, in its initial appeal to this court, Omni chose to focus exclusively on the conspiracy aspects of the case. *Now that Omni has lost on these grounds, it cannot turn back the clock and resuscitate the monopolization and attempt to monopolize theories that it earlier chose not to pursue.*

Id. at 505 (emphasis added). The Fourth Circuit emphasized that “[r]egarding this issue as having been waived furthers the judicial system’s interests in avoiding piecemeal litigation[.]” and that “it is not fair for an adversary to have to defend the same lawsuit on appeal over and over.” *Id.* See also *Northwestern Indiana Tel. Co. v. FCC*, 872 F.2d 465, 470 (D.C. Cir. 1989) (Starr, J.) (“It is elementary that where an argument could have been raised on an initial appeal, it is inappropriate to consider that argument on a second appeal following remand.”) (quoted in *Omni Outdoor Advertising*, 974 F.2d at 505).

The facts showing waiver of Infineon’s § 17200 counterclaim are even more compelling in this case than they were in *Omni Outdoor Advertising*. In that case, Omni was held to have waived its monopolization claim where it did not pursue the claim on appeal, even though Omni had pursued the claim (including to a jury verdict) in the District Court. In this case, Infineon *never pursued* its § 17200 counterclaim prior to this Court’s judgment and the Federal Circuit’s opinion, notwithstanding the fact that (as Infineon has conceded) its unfair competition claim “could have been brought before.”

Rambus Exh. A, Tr. of Hr'g, Feb. 2, 2004, at 42. Indeed, the defenses, counterclaims, and demands for attorneys' fees that Infineon pursued before the first judgment rested upon the very factual allegations that form the basis for Infineon's § 17200 counterclaim. *See supra*, at 5-7. In these circumstances, Infineon is not entitled to "turn back the clock and resuscitate the . . . theories that it earlier chose not to pursue." Infineon has waived its § 17200 counterclaim. *Omni Outdoor Advertising*, 974 F.2d at 505.

Infineon cannot dismiss *Omni Outdoor Advertising* as limited to the context of a party attempting to re-litigate before an appellate court issues that it did not raise during its first appeal. In the same opinion, the Fourth Circuit also rejected Omni's request for leave to amend its complaint to add new causes of action, including RICO and civil conspiracy under state law. As the Fourth Circuit held: "Both of these theories were available to Omni in 1982 when it first brought this lawsuit, and they remained available during the course of the sixteen-day jury trial in this case. . . . [N]othing in the federal rules encourages a plaintiff to delay bringing causes of action until the plaintiff's 'better' claim is resolved. . . . Trying cases one claim at a time is both unfair to the opposing party and inefficient for the judicial system." *Omni Outdoor Advertising*, 974 F.2d at 506.⁴

It is axiomatic that parties must choose the claims and theories they wish to assert before proceeding to judgment. Notwithstanding the fact that Infineon knew the bases for its § 17200 counterclaim before judgment and appeal, Infineon elected to assert different claims and theories based on those allegations. In these circumstances, Infineon

⁴ Indeed, Infineon waived its § 17200 counterclaim long before this Court entered judgment or the Federal Circuit issued its mandate. As noted above, Infineon did *not* include the § 17200 counterclaim in the pretrial conference or in the final pretrial order. *See* Rambus Exh. B, Final Pretrial Order, filed Apr. 11, 2001. "Failure to identify a legal issue worthy of trial in the pretrial conference or pretrial order waives the party's right to have that issue tried." *McLean Contracting Co. v. Waterman Steamship Corp.*, 277 F.3d 477, 480 (4th Cir. 2002).

has waived any counterclaim under California's § 17200. Accordingly, Rambus's motion to dismiss Infineon's waived § 17200 counterclaim should be granted.

B. Infineon's § 17200 Claim Should Also Be Dismissed Under The Mandate Rule, Because It Is Inconsistent With Both The Letter And The Spirit Of The Federal Circuit's Mandate And Limited Remand In This Action

Infineon's new counterclaim under California's § 17200 also should be dismissed under the mandate rule and law-of-the-case doctrine, because Infineon's assertion of this waived claim is contrary to both the letter and the spirit of the Federal Circuit's decision, mandate and limited remand.

The "mandate rule" is an important "corollary of the law of case doctrine." *Kapche v. City of San Antonio*, 304 F.3d 493, 496 (5th Cir. 2002); *see Tronzo v. Biomet, Inc.*, 236 F.3d 1342, 1348 & n.1 (Fed. Cir. 2001); *Ute Indian Tribe etc. v. Utah*, 114 F.3d 1513, 1520-21 (10th Cir. 1997); *United States v. Polland*, 56 F.3d 776, 779 (7th Cir. 1995). As the Fourth Circuit has recognized:

Few legal precepts are as firmly established as the doctrine that the mandate of a higher court is "controlling as to matters within its compass." Indeed, it is indisputable that a lower court is generally "bound to carry the mandate of the upper court into execution and may not consider the questions which the mandate laid at rest."

United States v. Bell, 5 F.3d 64, 66 (4th Cir. 1993) (quoting *Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161, 168 (1939) (internal brackets and citations omitted)).

Under the time-honored mandate rule, district courts are required to implement both the "letter" and the "spirit" of an appellate court's decision and mandate, taking into account the entire appellate decision as well as "the circumstances it embraces." *Bell*, 5 F.3d at 66; *see also Scott v. Mason Coal Co.*, 289 F.3d 263, 267 (4th Cir. 2002) ("A lower court must comply with the mandate of a higher court," and "must 'implement both the letter and the spirit [of that] mandate.'" (citation omitted); *Engel Industries, Inc. v. Lockformer Co.*, 166 F.3d 1379, 1383 (Fed. Cir. 1999) (both the "letter" and "spirit" of the appellate court's decision and mandate "must be considered"); *Laitram Corp. v. NEC*

Corp., 115 F.3d 947, 951 (Fed. Cir. 1997) (district court's actions on remand cannot be "inconsistent with either the letter or the spirit of the mandate"); *accord Allard Enterprises v. Advanced Programming Resources*, 249 F.3d 564, 570 (6th Cir. 2001) ("[t]he trial court must 'implement both the letter and the spirit of the mandate, taking into account the appellate court's opinion and the circumstances it embraces").

The mandate rule restricts the permissible proceedings on remand. Among other things, the mandate rule "compels compliance on remand with the dictates of a superior court and forecloses relitigation of issues expressly or impliedly decided by the appellate court." *Bell*, 5 F.3d at 66. It bars further litigation of not only those matters "expressly" determined by the appellate court, but also all issues that were determined "by necessary implication." *Laitram Corp.*, 115 F.3d at 953; *Exxon Chemical Patents v. Lubrizol Corp.*, 137 F.3d 1475, 1483 (Fed. Cir. 1998). Directly relevant to this motion, the mandate rule precludes further litigation on remand of issues "'foregone on appeal or otherwise waived . . .'" *South Atlantic Ltd. Partnership of Tennessee, LP v. Riese*, ___ F.3d ___, 2004 U.S. App. LEXIS 1434, at *19, *23 (4th Cir. Jan. 30, 2004) (quoting *Bell*, 5 F.3d at 66) (emphasis added).

As explained further below, the mandate rule bars Infineon's newly asserted counterclaim under California's § 17200 for three reasons. *First*, Infineon's assertion of that new counterclaim is contrary to both the letter and the spirit of the limited remand of the Federal Circuit. *Second*, the mandate rule precludes Infineon's effort to resuscitate its waived right to assert any § 17200 counterclaim in this case. *Third*, none of the narrow and extraordinary circumstances required to trigger the limited exceptions to the mandate rule apply here.

1. Infineon's Assertion Of Its New § 17200 Counterclaim Is Inconsistent With Both The Letter And The Spirit Of The Federal Circuit's Limited Remand In This Action

The mandate rule imposes a binding duty on the federal courts to adhere to the letter and the spirit of a mandate from a higher court. *See In re Roberts*, 846 F.2d 1360,

1363 (Fed. Cir. 1988) (“a district court is without choice in obeying the mandate of the appellate court,” given “the compulsory nature of the Mandate Rule”); *see also* 18B Wright, Miller & Miller, *Federal Practice & Procedure: Civil 2d* § 4478 (2002) (it is “the duty of a trial court to adhere to the mandate of an appellate court”). Because Infineon’s newly asserted § 17200 counterclaim is inconsistent with both the letter and the spirit of the mandate and limited remand of the Federal Circuit, it is barred as a matter of law under the mandate rule. *See Allard Enterprises v. Advanced Programming Resources*, 249 F.3d 564, 570-71 (6th Cir. 2001) (holding district court violated mandate rule by permitting defendant to assert new counterclaim on remand).

The Sixth Circuit’s decision in *Allard Enterprises* is particularly instructive here. In that case, plaintiff Allard Enterprises (“Allard”) sued defendant Advanced Programming Resources (“APR”) for trademark infringement, and APR asserted certain counterclaims against Allard. At the first trial, the district court ruled in favor of plaintiff Allard, holding that it established its first use of the trademark and thereafter issuing a nationwide injunction precluding defendant APR’s use of the mark. *Id.* at 567. In the original appeal, the Sixth Circuit affirmed the district court’s determination that Allard had prior use of the mark but remanded to the district court to make further findings related to the proper geographic scope of the injunction and to issue an appropriately limited injunction. *Id.* at 568-69.

On remand, however, the district court permitted defendant APR to assert a new counterclaim for cancellation of plaintiff Allard’s trademark registration, and also granted a new trial that permitted a new evidentiary hearing concerning the proper geographic scope of any injunction. *Id.* at 569. In the second appeal, the Sixth Circuit held, *inter alia*, that the district court violated the “mandate rule” when it permitted the defendant to assert its new counterclaim on remand. *Id.* at 569-71. The court held that permitting the defendant to assert its new counterclaim for cancellation of the plaintiff’s trademark was inconsistent with both the letter and the spirit of its initial and “limited mandate” in the

case, and contrary to its “explicit, limited instructions to the district court regarding the remand.” *Id.* at 570-71.

As the *Allard Enterprises* court observed, it is well settled that “[i]n evaluating whether the district court followed the letter and the spirit of the mandate,” it is “important” first to determine “whether the remand issued by th[e] court [of appeals] to the district court was of a general or a limited nature.” *Id.* at 570.

“[R]emands...can be either general or limited in scope. Limited remands explicitly outline the issues to be addressed by the District Court and create a narrow framework within which the District Court must operate.... General remands, in contrast, give the District Court authority to address all matters so long as remaining consistent with the remand.”

Id. (brackets and ellipses in original) (quoting *United States v. Campbell*, 168 F.3d 263, 265 (6th Cir. 1999)). The Court of Appeals explained that, in permitting assertion of the defendant’s new counterclaim on remand, the district court had erroneously concluded that the initial remand was “general,” and that it permitted the defendant to pursue a new counterclaim not originally asserted in the case. *Id.* at 570-71. As the Sixth Circuit held, its own initial opinion actually “suggests that the remand was in fact limited in scope” – given that “[t]his court reversed the district court only as to the scope of the injunction,” and given that “this court provided explicit, limited instructions to the district court regarding the remand.” *Id.* Consequently, the Sixth Circuit held “that the district court violated the mandate rule by permitting the counterclaim by amendment” on remand. *Id.* at 571.

This same reasoning and holding apply here. As in *Allard Enterprises*, nothing in the Federal Circuit’s opinion and mandate suggests that the Federal Circuit’s remand to this Court was “general.” See *Rambus*, 318 F.3d at 1106-07. In the first place, the Federal Circuit’s opinion does *not* state that the case is remanded for “proceedings consistent with this opinion” – which language, standing alone, courts have construed as reflecting an appellate court’s intent to provide a general and not a limited remand.

Compare Pittsburg County Rural Water Dist. No. 7 v. City of McAlester, ___ F.3d ___, 2004 U.S. App. LEXIS 1888, at *35 (10th Cir. Feb. 6, 2004) (“general” remand found where Court of Appeals in initial opinion stated “only” that “the remand was ‘for further proceedings consistent with this opinion’”), with *Allard Enterprises*, 249 F.3d at 570-71 (district court’s construction of statement that case was remanded “for further proceedings consistent with this opinion” as “general” remand was error, because Court of Appeals’ opinion included instructions explicitly limiting the mandate on remand), and *Mason v. Texaco, Inc.*, 948 F.2d 1546, 1552 (10th Cir. 1991) (“When the further proceedings are specified in the mandate the district court is limited to holdings such as are directed. When the remand is general, however, the district court is free to decide anything not foreclosed by the mandate.”).

The Federal Circuit instead was specific and limited in describing which matters it was remanding for further proceedings. The Federal Circuit expressly described only two sets of issues for further proceeding on remand: (1) Rambus’s patent infringement claims “under the revised claim construction,” and (2) with respect to the award of attorneys’ fees under 35 U.S.C. § 285, “whether Infineon remains a prevailing party, and if so, whether an award [of attorneys’ fees] is warranted.” *Rambus*, 318 F.3d at 1106-07. As in *Allard Enterprises*, the Court of Appeals has provided “explicit, limited instructions to the district court regarding the remand.” *Allard Enterprises*, 249 F.3d at 571. The mandate rule therefore bars Infineon’s § 17200 counterclaim.

2. Infineon’s Effort To Resuscitate Its Waived § 17200 Counterclaim Is Barred By The Mandate Rule

It is equally clear that the mandate rule “forecloses litigation” on remand of those claims and issues that were “waived” in the original proceedings, “for example because they were not raised in the district court.” *Bell*, 5 F.3d at 66; *see also Tronzo*, 236 F.3d at 1348-49. In fact, the Fourth Circuit has recently confirmed that “[t]he mandate rule does not simply preclude a district court from doing what an appellate court has expressly

forbidden it from doing.” *South Atlantic Ltd. Partnership of Tennessee, LP v. Riese*, ___ F.3d ___, 2004 U.S. App. LEXIS 1434, at *19 (4th Cir. Jan. 30, 2004). Rather, the mandate rule also “forecloses litigation” on remand of those matters that were “waived” in connection with the original trial court proceedings, or waived because they were not raised in the initial appeal. *Id.* (quoting *Bell*, 5 F.3d at 66); *see also id.* at *23 (“As we held in *Bell*, the mandate rule not only precludes a lower court from doing what the mandate expressly forbids, the rule also ‘forecloses litigation of issues decided by the district court but foregone on appeal or otherwise waived[.]’”) (quoting *Bell*, 5 F.3d at 66).

In other words, claims and issues that were “waived” in the original trial court proceedings before an initial appeal are *not* resurrected or resuscitated when an action is remanded. *Id.*; *Bell*, 5 F.3d at 66. Quite the opposite is true. As the Seventh Circuit has explained, claims and issues that were “waived” in the original trial proceedings are by definition “not within the scope of [the appellate court’s] remand.” *United States v. Husband*, 312 F.3d 247, 250-52 (7th Cir. 2002) (“this court does not remand issues to the district court when those issues have been waived or decided”). “[P]arties cannot use the accident of remand as an opportunity to reopen waived issues.” *United States v. Morris*, 259 F.3d 894, 898 (7th Cir. 2001).

Accordingly, Infineon’s effort to resuscitate its waived § 17200 counterclaim at this late date, based solely on the happenstance that the Federal Circuit remanded this case for consideration of limited and narrowly circumscribed issues, is precluded by the mandate rule. As the Federal Circuit has explained, it is “the scope of the judgment appealed from” that measures the scope of the issues presented on the first appeal, and “[a]n issue that falls within the scope of the judgment appealed from but is not raised” in the original appeal “is necessarily waived.” *Engel Industries*, 166 F.3d at 1382-83. The mandate rule bars consideration on remand of issues that a party “cho[se] not to present” in the original proceedings and that therefore fall “within the scope of the judgment

appealed from” in the original action. *Id.* at 1383. “To hold otherwise would allow appellants to present appeals in a piecemeal and repeated fashion[.]” *Id.* at 1382.⁵ Because Infineon waived any § 17200 counterclaim in connection with the original trial and appeal in this action, any “revisiting” of the issue by this Court on remand is “prohibited by the mandate rule.” *Tronzo*, 236 F.3d at 1347-48 (where party “waived” an issue in original proceedings, that party is “barred from raising it on remand”); *accord Bell*, 5 F.3d at 66-67; *Husband*, 312 F.3d at 250-52. Infineon “cannot use the accident of remand as an opportunity to reopen waived issues.” *Morris*, 259 F.3d at 898.

3. Infineon Cannot Demonstrate That Any Of The Three Narrow Exceptions To The Mandate Rule Apply Here

As the Fourth Circuit has recognized, the mandate rule “is not without exception when a lower court is faced with extraordinary circumstances.” *Bell*, 5 F.3d at 67. However, trial courts possess only “limited discretion” to reopen the proceedings “in very special situations” to permit the resurrection of claims and issues otherwise precluded by the mandate rule. *Id.* The limited and narrowly circumscribed exceptions to the mandate rule are: ““(1) a showing that controlling legal authority has changed dramatically; (2) that significant new evidence, not earlier obtainable in the exercise of due diligence, has come to light; or (3) that a blatant error in the prior decision will, if uncorrected, result in a serious injustice.”” *South Atlantic Ltd.*, ___ F.3d at ___, 2004 U.S. App. LEXIS

⁵ To be sure, the mandate rule would not foreclose litigation on remand of those claims and issues that were *actually asserted* in the initial trial court proceedings – and thus preserved and not waived – but which the district court failed to address because, for example, they were thought to be “mooted” by other trial court rulings in the initial action. *See, e.g., Laitram*, 115 F.3d at 951-53. Nor would the mandate rule preclude litigation on remand of alternative claims and legal theories *actually raised* in the trial court, but specifically left undetermined by the appellate court in its decision. *Exxon Chemical Patents*, 137 F.3d at 1478-79. Here, however, Infineon completely failed to assert any § 17200 counterclaim in the original proceedings in this Court (and in the Federal Circuit, for that matter). Consequently, the Federal Circuit’s reasoning in *Laitram* and *Exxon Chemical Patents* is inapposite here. *See also Tronzo v. Biomet, Inc.*, 236 F.3d 1342, 1347 (Fed. Cir. 2001) (“revisiting” on remand issues that were “necessarily waived” in original proceedings is “prohibited by the mandate rule”).

1434, at *18 (citation omitted); *see also Bell*, 5 F.3d at 67. Infineon cannot demonstrate that any of these three narrow exceptions to the mandate rule apply.

First, there is no “controlling legal authority” that has changed in any way between the time of the first trial and today. On the contrary, the only “new” controlling legal authority that is relevant to Infineon’s § 17200 counterclaim is the Federal Circuit’s binding holding that “[i]f evidence of Rambus violating its duty to disclose exists, Infineon did not place it in the record or provide it to this court.” *Rambus*, 318 F.3d at 1104.

Second, there is no “significant new evidence” that supports Infineon’s § 17200 counterclaim. *All* of the core allegations of “unfairness” and “illegality” that Infineon has placed in its counterclaim – the alleged “abuse” of JEDEC’s processes, the claim that Rambus deliberately engaged in litigation misconduct, that Rambus destroyed documents in anticipation of litigation, and that it behaved unfairly toward RDRAM licensees – were well known to Infineon and in fact were the linchpin of its claims for relief and attorney’s fees *before* this Court entered judgment. As Infineon itself has conceded, none of the alleged “new” evidence – the 31 boxes of new documents (not one of which Infineon has alleged is sufficient to change the Federal Circuit’s holding) and Rambus’s privilege log entries – creates a significantly different factual record for Infineon.

Third, Infineon has no basis upon which it could claim that the Federal Circuit made any type of “blatant error” that would justify Infineon’s ability to proceed with § 17200 counterclaim on remand. In sum, Infineon does not and cannot establish any exception to the mandate rule in this case.

C. In The Alternative, Infineon Has – As A Matter Of California Law – Pled No Basis For Any Entitlement To Monetary Relief On Its § 17200 Counterclaim And, Consequently, Rambus Is Entitled To Partial Summary Judgment

Although the entire § 17200 counterclaim should be dismissed as a matter of law, Rambus is entitled at a minimum to partial summary judgment under Rule 56(b) with respect to Infineon's claim for monetary relief on its § 17200 counterclaim.

Even Infineon acknowledges that its potential monetary recovery on its § 17200 counterclaim is circumscribed under California law. Infineon contends that the only monetary relief it is seeking on that counterclaim is "restitution" of the amount Infineon allegedly spent on attorneys' fees in response to Rambus's alleged actions.⁶ In this regard, Infineon alleges in paragraph 286 of its Counterclaim that:

In response to Rambus' SDRAM and DDR SDRAM assertions, Infineon retained outside patent counsel, Slater & Matsil, to provide counsel and advice relating to, among other things, the patents identified in [Rambus's June 23, 2000 notice of infringement]. Infineon thereby incurred legal fees that were billed to and paid by Infineon.

As a matter of California law, Infineon's monetary demand seeks non-recoverable "damages." Infineon does not seek an award of "restitution," as the California Supreme Court has defined that term in § 17200, and its monetary demand therefore fails.

California law is crystal clear that "damages" are not available remedies under § 17200 and its remedies provision, Cal. Bus. & Prof. Code § 17203. *See, e.g., Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal. 4th 1134, 1144, 1148 (2003); *Cortez v. Purolator Air Filtration Prods. Co.*, 23 Cal. 4th 163, 172-74 (2000); *Cel-Tech Communications, Inc. v. Los Angeles Cellular Telephone Co.*, 20 Cal. 4th 163, 179

⁶ *See* Rambus Exh. A, Tr. of Hr'g, Feb. 2, 2004, at 7-8 (MR. DESMARAIS: "[W]e are only pursuing as a remedy for the unfair competition claim an injunction against Rambus, as outlined in the pleadings, *and restitution of the amounts we spent for the Slater & Matsil response to their [i.e., Rambus's] unfair competition as we did in the first trial*") (emphasis added).

(1999); *Bank of the West v. Superior Court*, 2 Cal. 4th 1254, 1272 (1992); *Chern v. Bank of America*, 15 Cal. 3d 866, 875 (1976).⁷

In *Korea Supply*, the California Supreme Court reiterated that “restitution is the only monetary remedy expressly authorized by section 17203.” 29 Cal. 4th at 1146 (quoting *Kraus v. Trinity Management Servs.*, 23 Cal. 4th 116, 129 (2000)). The California Supreme Court has specifically defined “restitution” in the § 17200 context to mean compelling the § 17200 defendant “to return money obtained through an unfair business practice to those persons in interest from whom the property was taken, that is, to persons who had an ownership interest in the property or those claiming through that person.” *Kraus*, 23 Cal. 4th at 126-27 (emphasis added). *Korea Supply* further clarifies that permissible “restitutionary” awards authorized under § 17200 do not include disgorgement of profits or similar relief, but are limited to “replac[ing] any money or property that defendants took directly from plaintiff.” 29 Cal. 4th at 1149 (emphasis added).⁸ The California Supreme Court’s construction of “restitution” under § 17200 conforms to the traditional *equitable* form of restitutionary relief, pursuant to which a

⁷ In *Korea Supply Co.*, the California Supreme Court recently confirmed beyond doubt that the available “remedies” under § 17200 are “limited,” 29 Cal. 4th at 1144, 1150, and exclude any form of compensatory or punitive damages. *Id.* at 1144, 1148, 1150. This ruling reaffirmed the California Supreme Court’s prior holdings that “damages” are unavailable as a matter of law in § 17200 cases. See *Cel-Tech*, 20 Cal. 4th at 179 (plaintiffs “may not receive damages” or “attorneys’ fees” on § 17200 claims); *Bank of the West*, 2 Cal. 4th at 1272 (holding that “the Unfair Business Practices Act,” *i.e.*, § 17200, “does not authorize an award of damages”); *Chern*, 15 Cal. 3d at 875 (holding that the “applicable statutes” under § 17200 “do not authorize recovery of damages”).

⁸ *Korea Supply Co.*, the plaintiff in the case, had lost a large contract for military equipment with the Republic of Korea to Lockheed Martin, the defendant. Korea Supply alleged in its § 17200 claim that Lockheed Martin had secured the contract through unfair business practices (*e.g.*, providing bribes and sexual favors to Korean officials). Korea Supply claimed to be able to recover under § 17200 “disgorgement” of Lockheed Martin’s profits. The California Supreme Court held that no such monetary relief was available. The California Supreme Court further held that Korea Supply’s requested monetary relief did not involve “restitution” under § 17200, because Korea Supply had “not given any money to Lockheed Martin.” 29 Cal. 4th at 1149. Thus, such monetary relief was, like an award of damages, unavailable under § 17200. *Id.*

plaintiff may recover the very money taken from the plaintiff by the defendant (together with any traceable proceeds on that money). *See, e.g., Great-West Life & Annuity Ins. Co. v. Knudson*, 534 U.S. 204, 213 (2002) (discussing equitable remedy of constructive trust) (quoted in *Korea Supply*, 29 Cal. 4th at 1150).

Here, the attorneys' fees that Infineon seeks do not involve any legally cognizable award of "restitution" under California's § 17200. Infineon does not allege that Rambus obtained from it *any* of the moneys Infineon seeks to recover. Rather, the funds allegedly spent by Infineon in attorneys' fees were paid to Infineon's lawyers (Slater & Matsil), and *not* to Rambus. Hence, the fees sought by Infineon are really a type of compensatory damages that Infineon seeks on its § 17200 counterclaim – and such damages are not recoverable as a matter of law. *See Korea Supply*, 29 Cal. 4th at 1149; *see also Cel-Tech*, 20 Cal. 4th at 179.

Rambus is therefore entitled, at a minimum, to partial summary judgment with respect to any form of monetary relief sought by Infineon on its § 17200 counterclaim.

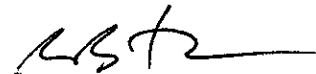
V. CONCLUSION

For the foregoing reasons, Rambus respectfully submits that its motion to dismiss under Rule 12(b)(6) should be granted, and the Court should dismiss Infineon's § 17200 counterclaim without leave to amend. Alternatively, Rambus's motion for partial summary judgment under Rule 56(b) should be granted on the ground that Infineon is entitled to no monetary award on its § 17200 counterclaim as a matter of law.

DATED: February 17, 2004

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

RAMBUS INC.,

Plaintiff-Counterclaim Defendant,

v.

INFINEON TECHNOLOGIES AG, et al.,

Defendants-Counterclaim Plaintiffs.

Civil Action No.: 3:00CV524

FILED UNDER SEAL

**EXHIBITS IN SUPPORT OF RAMBUS INC.'S MOTION TO DISMISS (RULE
12(b)(6)) OR, IN THE ALTERNATIVE, FOR PARTIAL SUMMARY JUDGMENT
(RULE 56(b)) CONCERNING INFINEON'S COUNTERCLAIM COUNT 15, BASED
ON CALIFORNIA BUS. & PROF. CODE § 17200**

- A. Excerpts from Feb. 2, 2004 Hearing Transcript
- B. Final Pretrial Order, Apr. 11, 2001
- C. Infineon Mem. in Supp. of Mot. for Leave to Amend, Jan. 19, 2004
- D. Judgment in a Civil Case, Aug. 21, 2001
- E. Excerpts from Jan. 8, 2001 Joel Karp Deposition Transcript
- F. Excerpts from Jan. 20, 2001 Mark Horowitz Deposition Transcript

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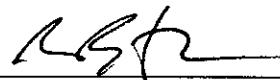
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