

**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

**Before Charles E. Bullock
Administrative Law Judge**

In the Matter of

**CERTAIN BASEBAND PROCESSOR
CHIPS AND CHIPSETS,
TRANSMITTER AND RECEIVER
(RADIO) CHIPS, POWER CONTROL
CHIPS, AND PRODUCTS CONTAINING
SAME, INCLUDING CELLULAR
TELEPHONE HANDSETS**

Investigation No. 337-TA-543
Enforcement Proceeding

**COMMISSION INVESTIGATIVE STAFF'S RESPONSE TO BROADCOM
CORPORATION'S MOTION TO STRIKE AND PRECLUDE TESTIMONY
AND EVIDENCE AND REQUEST FOR SHORTENED RESPONSE
TIME AND EXPEDITED CONSIDERATION**

The Commission Investigative Staff respectfully responds to Broadcom Corporation's Motion to Strike Portions of Qualcomm's Expert Disclosure and to Preclude Related Testimony and Evidence and Request for Shortened Response Time and Expedited Consideration (Motion Docket No. 134, filed March 3, 2008) ("Motion to Strike"). As detailed below, the Staff believes the Motion to Strike should be granted.

I. BACKGROUND AND PROCEDURAL HISTORY

Broadcom Corporation ("Broadcomm") moves to preclude the testimony of certain expert witnesses identified by Qualcomm, Inc. ("Qualcomm") and any evidence regarding the following issues: (1) the validity and/or unenforceability of U.S. Patent No. 6,714,983 ("the '983 patent"); (2) Qualcomm's application to the U.S. Department of Commerce, Foreign Trade Zones Board,

seeking designation of certain of its United States facilities as Foreign Trade Zones; and (3) the “public interest” in the event Qualcomm’s workaround is found to infringe the ‘983 patent. For the reasons detailed below, the Staff asserts that Qualcomm is precluded from raising validity and enforceability arguments, and may not offer evidence relating to public interest at this stage of the enforcement proceeding. With respect to the matter of Foreign Trade Zones, the parties now appear to be in agreement that the matter is no longer at issue.

II. DISCUSSION

A. **Qualcomm Is Prevented From Raising Issues of Validity and Unenforceability.**

Broadcom argues that the law of the case doctrine precludes Qualcomm from raising issues of validity and enforceability regarding the ‘983 patent.¹ In its Motion to Strike, Broadcom notes that Qualcomm asserted over 200 alleged prior art references and presented expert testimony in an attempt to invalidate the ‘983 patent. Motion to Strike at 5-7. In spite of this, this Administrative Law Judge and the Commission upheld the validity of the patent. *Id.* at 5. Broadcom further asserts that Qualcomm raised claims of unenforceability, but abandoned those claims without explanation during the underlying investigation. *Id.* at 6. Thus, Broadcom contends that Qualcomm is now precluded from raising issues regarding validity and

¹ The doctrine of law of the case “. . . posits that when a court decides upon a rule of law, that decision should continue to govern the same issues in subsequent stages in the same case. This rule of practice promotes the finality and efficiency of the judicial process by protecting against the agitation of settled issues.” *Christianson v. Colt Indus. Operating Corp*, 486 U.S. 800, 816 (1988) (internal citation omitted).

enforceability of the '983 patent under the law of the case doctrine. The Staff agrees that Qualcomm may not contest the validity or enforceability of the '983 patent.

1. The Commission's Orders Preclude Validity and Enforceability Challenges.

Here there is no dispute that the same parties, Qualcomm and Broadcom, and the same patent are at issue as in the underlying investigation. Additionally, there is no doubt that the issue of validity was fully litigated. In fact, the Administrative Law Judge's Initial Determination on violation devoted over 30 pages to addressing various arguments raised by Qualcomm regarding the validity of the '983 patent. Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bonding at 174-204. The issue of enforceability of the '983 was also raised, but voluntarily abandoned by Qualcomm.

The only issue implicated in this enforcement proceeding is whether Qualcomm engaged in particular activities prohibited by the Commission's cease and desist order relating to certain baseband processor chips and chipsets covered by claims 1, 4, 8, 9, and 11 of the '983 patent. The Commission's December 20, 2007 order instituting this enforcement proceeding circumscribed the scope of these proceedings, thus prohibiting the relitigation of validity and enforceability issues. *See* Commission Order ¶ 4, p. 3 ("All defenses not barred by claim preclusion may be raised in this proceeding."). As the Judge has noted in denying Qualcomm's motion for a protective order: "The underlying issue will be whether Qualcomm has violated the Commission's Cease and Desist Order under the claim construction as set forth by the undersigned, as modified by the Commission." Order No. 59: Denying Qualcomm's Motion for a Protective Order at 2-3 (Feb. 11, 2008). More specifically, the relevant issue is whether

Qualcomm's purported design-around infringes claims 1, 4, 8, 9, and 11 of the '983 patent as construed by the Judge and modified by the Commission.

The Staff is also unaware of any authority that allows a respondent in an enforcement proceeding to relitigate issues regarding the validity and enforceability of the same patent-at-issue in the underlying proceeding.² A ruling allowing invalidity and unenforceability defenses to be raised by former respondents in an enforcement proceeding would run counter to the purpose and the expedited nature of enforcement proceedings, blurring any meaningful distinction between the initial investigation and the subsequent enforcement proceeding. Policy concerns, including conservation of resources and repose, counsel strongly against allowing the losing party another opportunity to litigate these issues. In short, because Qualcomm had every opportunity to avail itself of defenses regarding the validity and enforceability of the '983 patent, those defenses are simply not at issue in this proceeding.

2. The Federal Circuit's *Foster* Decision Does Not Permit New Arguments.

Qualcomm invokes the Federal Circuit's decision in *Foster v. Hallco Mfg. Co, Inc.*, 947 F.2d 469, 479-80 (Fed. Cir. 1991), to support its contention that the doctrine of claim preclusion does not prevent it from raising issues of invalidity. Qualcomm's Opposition to Motion for Shortened Response Time and Expedited Consideration and Interim Response to Broadcom's Motion to Strike ("Interim Opposition") at 2, n.1. Qualcomm asserts that *Foster* provides, "that an invalidity challenge may be raised where, as here, the device involved is new and materially different from the device in the original suit." *Id.*

² A situation could arise where an intervening act or event may permit revisiting issues during an enforcement proceeding, but such circumstances would be exceptional, and, in any case, are not implicated in the instant proceeding.

The *Foster* decision requires a trial court to conduct a comparison between devices found to infringe in an earlier lawsuit with devices now at issue in a subsequent lawsuit to determine whether the products are “materially different” for claim preclusion purposes. 947 F.2d at 480. If the “new devices” at issue in the second lawsuit are “materially different” than those at issue in the first lawsuit then a different legal claim (or cause of action) is involved, and there is no claim preclusion. *Id.* *Foster*, however, is inapposite.

First, under any reading of *Foster*, the Respondents are precluded by the doctrine of *issue preclusion* from raising invalidity arguments as these issues were litigated to their conclusion at the Commission and are now on appeal at the Federal Circuit. *Cf. Foster*, 947 F.2d at 480 (consent judgment entered before trial prevented the application of issue preclusion in subsequent litigation because “no issue may be said to have been fully, fairly or actually litigated”); *see also Roche Palo Alto LLC v. Apotex*, 526 F. Supp. 2d 985, 994 (N.D. Cal. 2007) (issue preclusion prevented defendants from raising new grounds for invalidity after fully litigating the validity of the same patent in prior related litigation.). More importantly, nothing in the Commission’s cease and desist order or in the order instituting the current enforcement proceeding permits Qualcomm to again raise issues of validity regarding the ‘983 patent. The Commission’s orders have confined the scope of this proceeding to the issue of whether Qualcomm violated the cease and desist order. As such, Qualcomm is precluded from again raising validity and enforceability issues.

C. Foreign Trade Zones Are Not at Issue.

Broadcom also seeks to preclude any testimony or evidence regarding Qulacomm's attempt to achieve a designation of special purpose, foreign trade zone status for its facilities with the U.S. Department of Commerce. Motion to Strike at 7. Broadcom argues that Qualcomm waived any such arguments, and, in any event, the issue is irrelevant "because Qualcomm's facilities are not now in foreign trade zones and there is no evidence to suggest they ever will be so designated" *Id.*

The parties appear to have already resolved this issue. In its interim response, Qualcomm has indicated that it is withdrawing its expert regarding Foreign Trade Zones (and presumably related evidence) based on Broadcom's representation in its Motion to Strike that it does not intend to pursue the issue at trial. Interim Opposition at 2, n.2.

D. Issues of Public Interest Are Not Before the Judge.

Finally, Broadcom seeks to exclude testimony and evidence related to the "public interest," arguing that "such issues are not germane to the ALJ's Enforcement Initial Determination." Motion to Strike at 7. The issue of a Judge's power to consider the "public interest" in a regular Section 337 case is set forth in 19 C.F.R. § 210.50(b)(1), which provides in pertinent part: "Unless the Commission orders otherwise, . . . an administrative law judge shall not address the issue of public interest for purposes of initial determination on violation of section 337" The Commission does not have detailed procedural rules governing enforcement proceedings, but generally follows the part 210 rules. Here, the Commission's December 20, 2007 order does not explicitly provide the Judge any authority to consider issues of "public

interest.” And since the Commission typically precludes the Judges from considering public interest issues, the Motion to Strike should be granted on this issue as well, and Qualcomm should be precluded from offering any “public interest” testimony or other evidence at this stage of the proceeding.

III. CONCLUSION

For the reasons detailed above, the Staff supports Broadcom’s Motion to Strike.

Respectfully submitted,

/s/ Stephen R. Smith

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March 13, 2008

**Certain Baseband Processor Chips and Chipsets,
Transmitter and Receiver (Radio) Chips, etc.**

**Inv. No. 337-TA-543
Enforcement Proceeding**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on March 13, 2008, he caused the foregoing COMMISSION INVESTIGATIVE STAFF'S RESPONSE TO BROADCOM CORPORATION'S MOTION TO STRIKE AND PRECLUDE TESTIMONY AND EVIDENCE AND REQUEST FOR SHORTENED RESPONSE TIME AND EXPEDITED CONSIDERATION to be electronically filed with the Secretary, served upon Hon. Charles E. Bullock (2 copies), and served on the following as indicated:

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