

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

\_\_\_\_\_  
In the Matter of )  
 )

RAMBUS INCORPORATED, )  
a corporation. )  
\_\_\_\_\_ )

Docket No. 9302

**DECLARATION OF EDWARD H. LARSEN**

## DECLARATION OF EDWARD H. LARSEN

I, Edward H. Larsen, declare as follows:

1. I am currently a Senior Vice President at Rambus Inc. (“Rambus”), where I have worked since 1996.

2. The following statements are made based on my own personal knowledge and knowledge I obtained from discussion with Rambus’s directors, executives and employees.

3. For the purpose of this declaration, I have been told that the Protective Order in this action protects documents or information not generally known and which Rambus would not normally reveal to others, or that Rambus would normally require third parties to maintain in confidence. I have been told that this includes non-public commercial information, the disclosure of which would cause substantial commercial harm or personal embarrassment to Rambus or its employees. I have been given the following as a list of examples that are often treated as confidential material: (a) strategic plans that have not been fully implemented or revealed to the public such as those involving pricing, marketing, R&D, product roadmaps, corporate alliances, or mergers or acquisitions; (b) personnel files and evaluations; (c) information subject to agreements governing their confidentiality or non-disclosure; (d) proprietary technical or engineering information; (e) proprietary financial data or projections; and (f) proprietary consumer, customer or market research or analyses applicable to current or future market conditions such that its disclosure could reveal confidential material.

4. Pursuant to the Protective Order, it is my opinion that a number of documents attached to Complaint Counsel’s Motion for Default Judgment (“Motion”) are confidential, for at least the reasons I set forth below.

5. Legal Analysis, Legal Advice, Patent Strategy, Licensing Strategy, Trade Secrets:  
As an intellectual property company, Rambus seeks to invent and license innovations and know-how to a wide variety of manufacturers of computer and semiconductor parts. As such,

Rambus's intellectual property and strategies for protecting, licensing, and encouraging market adoption of these innovations are all valuable and closely guarded information that makes the company competitive in a field of other such fiercely competitive companies. For example, where Rambus has had just over 200 patents issue in its 12 years, some of its partners and licensees have many more issue every year. In my experience, Rambus shares information about its innovations, the value of its intellectual property and its trade secrets only with those with whom it has confidentiality or non-disclosure agreements, and only as necessary in order to further its business interests.

6. To the extent that Rambus shares information relating to legal analysis and advice, patent and licensing strategy and trade secrets, it does not intentionally share it with the general public, or with those who could use it to Rambus's competitive disadvantage. Such information exists in documents under the following Tabs in Complaint Counsel's Motion: 5 (discussed more fully in paragraph 8, below), 38, 42, 45 (confidential discussion between business partners regarding furthering of common interests; timing and market penetration discussions that contain information still relevant in today's market), 48 (notes regarding discussion with business partner about means for furthering common interests, including contract terms; this business relationship is on-going though it evolves in part as a result of efforts of other companies who could use this information to Rambus's disadvantage), 53 (discussion of legal liabilities from other companies, some of which exist today), 54, 58-60 (confidential licensing terms and strategic discussion regarding acceptability of various licensing terms that remain valid concerns of the company), 79, 108 (costs and price premium information for possible products, strategies for using Rambus technology in markets untapped then and now).

7. I believe that disclosure of this type of information could permit Rambus licensees, potential licensees, or others seeking to avoid licensing their use of Rambus's innovations, to patent ahead of Rambus's innovations (which could reduce the value of

Rambus's innovations) or to strategically effect the contractual terms or timing of license negotiations with Rambus in the future. Moreover, some of these documents disclose the thoughts of various Rambus employees or attorneys as to the nature or strength of Rambus's patent claims, as well as areas where the company can better protect its prior innovations by drafting new claims in currently pending applications that date back in some cases to a 1990 public disclosure of these innovations. Documents found at Tabs 38 (discussion of the likelihood of obtaining patent protection for certain Rambus innovations as well as methods for obtaining it that could still be used today), 53 (discussion of the nature of certain Rambus innovations), 54 (strategic discussion about whether to seek patent protection for certain Rambus innovations, the implementation of which is presently on-going), 79 (discussion of value and breadth of the company's patent rights that still haven't been fully protected today) contain this type of information, which I believe are confidential.

8. The document at Tab 5 contains a portion of Rambus's Responses to Complaint Counsel's First Set of Interrogatories, which is marked RESTRICTED CONFIDENTIAL – OUTSIDE COUNSEL ONLY. While not true for all of the information in the portion of this document attached at Tab 5, the Response to Interrogatory No. 8 contains confidential information. The products and technologies Rambus has and has not evaluated, when it evaluated them, and more importantly what it chooses to evaluate to create its legal, licensing and business strategies is information that Rambus's potential licensees and partners could use strategically to Rambus's business disadvantage. Additionally, Response No. 8 describes certain patent prosecution activities, the extent of which is a closely guarded trade secret of the company, which Rambus has never voluntarily disclosed.

9. Proprietary Financial Data and Projections, Pricing and Royalty Terms: Rambus maintains the terms of its licenses in confidence, as well as information relating to its willingness to accept certain financial terms in these licenses and projections based on such licensing terms.

If this information were publicly disclosed, current and potential licensees could use this information to negotiate or renegotiate licenses on different terms or terms less favorable to Rambus. Such information is found in documents under the following Tabs in Complaint Counsel's Motion: 11, 58-60, 65 (draft of potential licensing program showing suggested ranges for royalty rates and phase-out cliffs), 104 (strategic discussion of alternative licensing terms acceptable to company, which reveal underlying corporate research and forecasting), 108. A portion of the documents found at Tab 109 contains confidential information regarding a solicitation for business from a risk-assessment firm, and include quantitative and qualitative assessments of risks facing Rambus at that time. Such information is, and is based on data proprietary and confidential to Rambus.

10. Proprietary Technical or Engineering Information: Rambus has spent hundreds of millions of dollars studying, designing and developing cutting edge chip-to-chip technologies and then helping its customers implement those technologies in their products. Over the past twelve (12) years, Rambus has amassed a considerable body of technological skill and know-how concerning how technologies work in particular designs or systems and for particular uses, how much these technologies will cost, what yields they will produce, as well as the value of these technologies to others. This information is valuable, is a commodity desired by Rambus's customers, and is not generally shared with the public – as this would reduce its value to the company. Such information is found in documents under the following Tabs in Complaint Counsel's Motion: Tab 47 (contains proprietary technical information about likely capabilities and limitations of competing products still used today), 105 (customer valuation of technology).

11. Personnel Files and Evaluations: Every company, including Rambus, possesses personnel related information regarding its employees. Sometimes this information is collected to satisfy state and federal regulations. Other times, this information is collected to make hiring, promotion, and terminating decisions. Some of this information is personal and would be

embarrassing to the employee, or former employee, were it to be generally revealed to the public or to the employee. If this information was publicly revealed – especially absent a compelling need to do so – it would affect Rambus’s ability to collect reliable information or to hire quality employees as well as needlessly cause embarrassment to a Rambus employee. I believe such information is found in a document under Tab 61 of Complaint Counsel’s Motion.

12. I believe that each of the documents described in this Declaration – except the document corresponding to Tab 61 – contains information that continues to be valuable today, either in respect to (a) its applicability to the same set of licensees and business partners, (b) its evaluation of market conditions and manufacturing capabilities, and (c) its materiality to the company’s patent rights, which permits it to draft new claims to further protect and derive value from the set of innovations it publicly disclosed in 1990.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 28, 2003 at Los Altos, California.

---

Edward H. Larsen,  
Senior Vice President, Administration

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

\_\_\_\_\_  
In the Matter of )  
  ) )  
  ) )

RAMBUS INCORPORATED, )  
    a corporation.       ) )  
\_\_\_\_\_) )

Docket No. 9302

**CERTIFICATE OF SERVICE**

I, Jacqueline M. Haberer, hereby certify that on January 31, 2003, I caused a true and correct copy of the *Declaration of Edward H. Larsen* to be served on the following persons by hand delivery:

Hon. James P. Timony  
Administrative Law Judge  
Federal Trade Commission  
Room H-112  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

M. Sean Royall  
Deputy Director, Bureau of Competition  
Federal Trade Commission  
Room H-378  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Donald S. Clark, Secretary  
Federal Trade Commission  
Room H-159  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Malcolm L. Catt  
Attorney  
Federal Trade Commission  
Room 3035  
601 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Richard B. Dagen  
Assistant Director  
Bureau of Competition  
Federal Trade Commission  
601 Pennsylvania Avenue, N.W.  
Room 6223  
Washington, D.C. 20580

\_\_\_\_\_  
Jacqueline M. Haberer