

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN SEMICONDUCTOR
PRODUCTS MADE BY ADVANCED
LITHOGRAPHY TECHNIQUES AND
PRODUCTS CONTAINING SAME**

Inv. No. 337-TA-729

**ORDER NO. 11: INITIAL DETERMINATION GRANTING JOINT MOTION TO
TERMINATE THE INVESTIGATION AS TO RESPONDENT
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY,
LTD. BASED ON A SETTLEMENT AGREEMENT**

(December 6, 2010)

On November 15, 2010, complainant STC.UNM (“STC”) and respondent Taiwan Semiconductor Manufacturing Company, Ltd. (“TSMC”) (collectively the “Moving Parties”) filed a joint motion to terminate the investigation as to TSMC on the basis of a settlement agreement. (Motion Docket No. 729-007.) On November 24, 2010, the Commission Investigative Staff (“Staff”) filed a response supporting the motion. No other responses were filed.

The Commission’s Rules provide that “[a]ny party may move at any time to terminate an investigation in whole or in part as to any or all respondents on the basis of a settlement, a licensing, or other agreement...” 19 CFR § 210.21(a)(2). In the instant investigation, the motion to terminate is based on a settlement agreement between STC and TSMC. The moving papers state, in compliance with 19 CFR § 210.21(b)(1), that “[t]here are no other agreements, written

or oral, express or implied, between [STC and TSMC] concerning the subject matter of this investigation.” (Mem. at 4.)

The motion also contains, as attachments, copies of the public and confidential versions of the settlement agreement as required by 19 CFR § 210.21(b)(1). The public settlement agreement is attached hereto as Exhibit A.

In the license agreement, STC granted TSMC a perpetual, non-exclusive, worldwide and irrevocable license to an identified list of U.S., Taiwanese, and Japanese patents. (Settlement & License Agreement at ¶¶ 1, 3.) The Moving Parties agreed to joint releases. (*Id.* at ¶ 8.) The Moving Parties agreed that the license agreement shall be construed and enforced in accordance with the laws of the State of New Mexico. (*Id.* at ¶ 10.) The license agreement is not transferrable except with notice to STC and in connection with the sale and transfer of the entire line of business to which the licensed patents are applicable. (*Id.* at ¶ 11.)

19 CFR § 210.50(b)(2) provides that in the case of a proposed termination by settlement agreement, the parties may file statements regarding the impact of the proposed termination on the public interest, and the administrative law judge may hear argument, although no discovery may be compelled, with respect to issues relating solely to the public interest. In any initial determination terminating an investigation by settlement agreement or consent order, the administrative law judge is directed to consider and make appropriate findings regarding the effect of the proposed settlement on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers. 19 CFR § 210.50(b)(2).

The moving papers state that “Commission policy and the public interest generally favor settlements.” (Mem at 3.) Staff supports the motion to terminate, stating that it is not aware of

any evidence that termination of this investigation as to TSMC on the basis of a settlement agreement would be contrary to the public interest. (Staff Resp. at 3-4.) I find that termination of this investigation does not impose any undue burdens on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers.

The Moving Parties state that they have not provided a full version of the settlement agreement to respondent Samsung Electronics Co., Ltd. (“Samsung”).¹ Instead, they provided Samsung with a redacted copy of the settlement agreement that removed financial terms from the agreement. The Moving Parties state that it is STC’s policy to keep confidential the monetary amounts paid for licenses, and that TSMC agrees that this information should be withheld from Samsung.

Because Samsung has also entered into a settlement agreement with STC, I find that the amount paid by TSMC under the license agreement is not relevant to Samsung, or reasonably calculated to lead to the discovery of admissible evidence. Samsung does not oppose the Moving Parties’ request to withhold production of the full license agreement. Therefore, Samsung will not be served with the full confidential license agreement.

ORDER

Accordingly, the motion complies with all requirements of 19 CFR § 210.21(b) and it is my Initial Determination that the joint motion to terminate this investigation as to TSMC based upon a settlement agreement is GRANTED. This Initial Determination, along with supporting documentation, is hereby certified to the Commission. Because TSMC was the last remaining

¹ In Order No. 10, I terminated the investigation as to Samsung. That Initial Determination is currently pending before the Commission.

respondent in this investigation, this Initial Determination terminates Investigation No. 337-TA-729.

Pursuant to 19 CFR § 210.42(h), this Initial Determination shall become the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to 19 CFR § 210.43(a), or the Commission, pursuant to 19 CFR § 210.44, orders, on its own motion, a review of the Initial Determination or certain issues herein.

SO ORDERED.



Robert K. Rogers, Jr.
Administrative Law Judge

Exhibit A

SETTLEMENT AND LICENSE AGREEMENT

This Agreement is entered into as of November 10, 2010 between the STC.UNM, a New Mexico nonprofit corporation (hereinafter "STC"), with principal offices located at 801 University Blvd. SE, Suite 101, Albuquerque, NM 87106 and Taiwan Semiconductor Manufacturing Company, Ltd., with principal offices located at No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsinchu, Taiwan, Republic of China (hereinafter referred to as "TSMC" or "Licensee"), and is made in furtherance of the Memorandum of Understanding entitled License Agreement Between TSMC and STC (October 21, 2010), which is superseded in its entirety by this Agreement.

In consideration of the mutual covenants, agreements and understandings contained here, the parties agree as follows:

1. *The Patents.* STC has, by assignment from the Regents of the University of New Mexico ("University"), been designated to administer all matters pertaining to protection, utilization and commercialization of the intellectual property developed at University and STC represents that it is the owner of the right to license and/or sublicense all rights under United States Patent Nos. 6,042,998; 6,233,044; 5,705,321; 5,759,744; 5,415,835; RE 36,112; US Pub. 2008-0057445; Taiwan Patent 134222; and the Japanese application claiming the benefit of PCT-US98-00992 including any reexaminations, reissues, divisions, continuations, and continuations-in-part, and foreign counterparts that have issued or may issue claiming the benefit of any application in the chain of priority of any of the above patents (herein collectively referred to as "SUBJECT PATENTS").

3. *License.* With respect to the SUBJECT PATENTS and subject to the payments required under this Agreement, STC hereby grants TSMC and its Affiliates (hereinafter defined) a retroactive, perpetual, non-exclusive, worldwide and irrevocable (except for breach of paragraph 4) license under the SUBJECT PATENTS to use, make (or have made), sell, offer to sell and import products and manufacturing services for the life of all the SUBJECT PATENTS. "Affiliate" is any entity that is directly or indirectly controlled by Licensee, and control shall mean the direct or indirect ownership of greater than 50% of the shares of an entity. The license grant extends to, and includes, the latest expiration date of any of the SUBJECT PATENTS.

6. Payments.

Payments shall be made in United States currency and without deductions or withholdings of any kind. The parties expressly acknowledge that the compensation paid herein is not refundable including in the event that any or all, or any part thereof, of the SUBJECT PATENTS are held not infringed, invalid or

unenforceable, but any and all obligations to make any future Payments will cease if United States Patent Nos. 6,042,998 is found by the Federal Circuit Court of Appeals to be invalid or unenforceable, and the Supreme Court of the United States denies a petition for writ of certiorari, should STC seek review of the Federal Circuit's mandate, or the time to file such petition expires. All payments shall be made by wire transfer to:

7. *Most Favored Nation for Competitor Foundries.* STC agrees that, should it enter into any license agreement pertaining to one or more of the SUBJECT PATENTS with any one or more of United Microelectronics Company, Global Foundries (including Global Foundries' subsidiary, Chartered Semiconductor), and Semiconductor Manufacturing International Corporation, on financial terms more favorable than those contained in this Agreement based on the proportionate size of the respective companies' semiconductor sales, STC will adjust any future

Payments so that TSMC's total payments over the term of this Agreement will be the same or proportional to the more favorable financial terms.

8. *Release.* Each of STC and TSMC, on behalf of itself and its predecessors, successors, and permitted assigns, hereby fully and forever irrevocably and unconditionally releases and discharges the other Party and their respective predecessors, successors, and assigns, and each of their past and present employees, officers, directors, and agents from all claims, suits, demands, causes of action, judgments, losses, and liabilities of any nature, known or unknown, anywhere in the world, arising out of or related to all claims and counterclaims arising out of or related to

the SUBJECT PATENTS or SUBJECT PRODUCTS that have been or could have been brought prior to the date of this Agreement.

9. *Section 1542 Waiver.* Each Party acknowledges that it has consulted with legal counsel regarding the import of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Each Party, for itself and for its legal successors and assigns, hereby expressly, knowingly, and intentionally waives any benefit or rights it may have under Section 1542 of the California Civil Code, as well as under any other statute or common law principles of similar effect. Each Party acknowledges that it has received independent legal advice from its attorneys with respect to the waiver of the provisions of Section 1542 of the California Civil Code, and any other statute or common law principles of similar effect, and each Party acknowledges that its waiver is a material inducement and consideration for the other Party's execution of this Agreement.

10. *Applicable Law.* This Agreement shall be construed and enforced in accordance with the laws of the State of New Mexico.

11. *Binding Nature.* This Agreement shall bind the Parties hereto and their successors and assigns. However, the License is not transferable except with notice to STC and in connection with the sale and transfer of the entire line of business to which the SUBJECT PATENTS are applicable by the Licensee or its Affiliate to the transferee.

12. *Confidentiality.* The parties shall keep the monetary terms of this Agreement confidential except where disclosure is required by law or in accordance with a protective order entered in a judicial proceeding. Notwithstanding the foregoing, STC may disclose the financial terms of this

STC: 

Agreement to the University of New Mexico and to the inventors named in the SUBJECT PATENTS under a duty of confidentiality, and TSMC may disclose financial terms of this Agreement to its attorneys, accountants, auditors and other similar third parties so long as such third party has, or enters into, a confidential relationship with TSMC, as the case may be, which would create a legal or contractual obligation on the part of the third party to keep the financial terms of this Agreement confidential and to its Affiliates under a duty of confidentiality. Apart from the Parties' obligations to keep the financial terms of this Agreement confidential, there are no other limitations or restrictions on the Parties to keep any other terms and conditions of this Agreement confidential.

13. *Execution.* This Agreement shall be executed in counterparts and delivered by email and/or facsimile, and such signatures of the Parties shall be valid and binding, and the counterparts shall together constitute full execution hereof, provided that the parties each deliver and exchange hard copies of the signature pages bearing original signatures no later than 15 days after execution by email and/or facsimile.

14. *Certain Warranties.* STC does not warrant the validity of any SUBJECT PATENTS. STC does not warrant the content contained in the SUBJECT PATENTS or that they will be error free or that any defects will be corrected. STC makes no representation whatsoever with regard to the scope or commercial potential or profitability or income of or from the SUBJECT PATENTS or that such SUBJECT PATENTS may be exploited by Licensee or its Affiliates without infringing any rights of any other party. STC makes no covenant either to defend any infringement charge by a third party or to institute action against infringers of SUBJECT PATENTS. STC does not warrant that the SUBJECT PATENTS will meet Licensee's or any of Licensee's customer's specific requirements. ACCORDINGLY, THE SUBJECT PATENTS

STC:  TSMC

ARE PROVIDED "AS IS." STC MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO THE SUBJECT PATENTS AND EXPRESSLY DISCLAIMS ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER IMPLIED WARRANTIES WITH RESPECT TO THE CAPABILITIES, SAFETY, UTILITY, OR COMMERCIAL APPLICATION OF SUBJECT PATENTS, OTHER THAN THE REPRESENTATIONS SET FORTH IN PARAGRAPH 1, ABOVE.

14. By this Agreement, STC provides Licensee only a license under the Subject Patents. It does not and will not, without a separate written agreement, provide Licensee with any know-how, technical information, technical assistance, or anything other than a license under the Subject Patents.

15. *United States Government Interests.* It is understood that if the United States Government (through any of its agencies or otherwise) has funded research, during the course of or under which any of the inventions of the SUBJECT PATENTS were conceived or made, the United States Government is entitled, as a right, under the provisions of 35 U.S.C. §200-212 and applicable regulations of Chapter 37 of the Code of Federal regulations, to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the invention of such SUBJECT PATENTS for governmental purposes. Any license granted to Licensee in this Agreement shall be subject to such right.

16. *Termination of ITC Proceedings.* No later than 3 business days following the execution of this Agreement pursuant to paragraph 13, counsel for STC and Licensee shall file the Joint Motion to Terminate Based upon Settlement Agreement attached hereto as Exhibit A in the investigation styled as *Certain Semiconductor Products Made By Advanced Lithography*

Techniques And Products Containing Same, Inv. No. 337-TA-729, currently pending in the
United States International Trade Commission.

STC.UNM,
a New Mexico nonprofit corporation

By: *Elizabeth J. Kuuttila*

Elizabeth J. Kuuttila, President & CEO

Date: Nov. 10, 2010

TAIWAN SEMICODNUCTOR
MANUFACTURING COMPANY, LTD.

By: *Richard L. Thurston*

Printed Name: Dr. Richard L. Thurston

Sr. Vice President and General Counsel

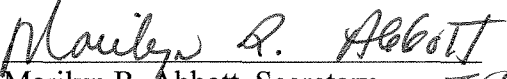
Date: November 11, 2010

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PRODUCTS MADE BY ADVANCED
LITHOGRAPHY TECHNIQUES AND
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Inv. No. 337-TA-729

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER** was served upon **Juan S. Cockburn, Esq.**, Commission Investigative Attorney, and the following parties via first class mail delivery on December 6, 2010


Marilyn R. Abbott, Secretary *ML*
U.S. International Trade Commission
500 E Street SW, Room 112A
Washington, D.C. 20436

FOR COMPLAINANT STC.UNM:

George C. Summerfield, Esq.
**THE LAW OFFICES OF
STADHEIM & GREAR LTD**
Wringley Building Tower
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Chicago, IL 60611-4102

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

FOR RESPONDENT SAMSUNG ELECTRONICS CO., LTD.:

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COVINGTON & BURLING LLP
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Washington, DC 20004-2401

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

FOR RESPONDENT TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED:

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 Other: _____

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PUBLIC CERTIFICATE OF SERVICE PAGE 2

PUBLIC MAILING LIST

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- Via Overnight Mail
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- Via Overnight Mail
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