

ITC 337 QUARTERLY INSIDER Q2 2020

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Like so many other areas of the law and life, really, Q2 was all about coronavirus. The Commission is making great strides in remaining open for business during a global pandemic that has closed nearly everything else down. The benefits of not needing to sit a jury could make virtual hearings even more viable (and less prejudicial) at the Commission. We expect there will soon be the framework of both procedures and technology in place to make virtual hearings a reality. Additionally, there were some interesting opinions this month including ALJ Elliot's first detailed opinion in a trade secret misappropriation case.

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1 GOODWIN INSIGHTS

Q2 continued to be all about coronavirus. For the most part, depositions have been sorted out and parties are actively engaged in remote depositions. With that said, there is an open issue related to how witnesses in certain jurisdictions can be deposed. For example, China law prohibits testifying under oath in mainland China. Typically this is resolved by having witnesses go to Hong Kong or another location for depositions, but such travel is effectively impossible for the time being.

Likewise, the Commissioners and ALJs alike are tirelessly working on finding a solution to the various issues that accompany the need to travel to an ITC hearing. Recent statements indicate that the Commission is getting close when it comes to developing the necessary technology and protocols for holding hearings remotely. It has already been a steep learning curve and we expect that there will be growing pains once measures are implemented.

Aside from the pandemic, we continue to be interested in the developing law surrounding trade secret cases. There was an interesting opinion from Judge Elliot in the 1153 Investigation that touched upon the scope of the domestic industry requirement and relevant market. Additionally, an ID in the 1145 botox investigation is expected to issue in the first week of July.

2 MOST IMPACTFUL COMMISSION DECISIONS

COMMISSION ADOPTS CLAIM CONSTRUCTION NOT ADVANCED BY EITHER PARTY AND FINDS DIRECT INFRINGEMENT UNDER ITS CONSTRUCTION

In the Matter of Certain BLOOD CHOLESTEROL TESTING STRIPS AND ASSOCIATED SYSTEMS CONTAINING THE SAME, Inv. No. 337-TA-1116, Commission Opinion (May 1, 2020)

Before: Commission Opinion

Practice Tips and Insights:

Neither the ALJ nor the Commission is confined by the Parties' proposed construction of key

terms and may adopt its own construction in compliance with the APA where parties are on notice that construction of a term is at issue and have an opportunity to be heard. Accordingly, if construction is at issue, parties should be sure to brief all possible interpretations, rather than confine arguments to their own and those advanced by opponents. Additionally, if a party cannot establish that the inclusion of certain words or phrases in their proposed construction is necessary to the resolution of the underlying dispute, they are unlikely to succeed. Finally, even if the terms are relevant and necessary, without evidence of the terms in the record or widespread inclusion of the word in the term's definition, the party is unlikely to succeed.

Holding and Status:

The Commission found a violation of Section 337 as to the '397 Patent's and '721 Patent's direct infringement of the methods claims.

Case Background:

The Complainant, Polymer Technology Systems, Inc., filed a complaint against ACON Laboratories, Inc. and ACON Biotech (Hangzhou) Co., Ltd. Of Hangzhou, China, claiming ACON violated Section 337 by importing certain blood cholesterol testing strip products that allegedly infringed three Polymer patents. The ID found, *inter alia*, that Complainant failed to demonstrate infringement of the claims of the '818 patent but did establish a violation of section 337 with respect to the '397 and '721 patents. The Commission reviewed the ID's findings as to whether ACON Laboratories, Inc.'s use of the accused products in the United States constitutes a violation of 19 U.S.C. 1337(a)(1)(B)(i); the construction of "reacting HDL . . . without precipitating said one or more non-selected analytes" in the '721 patent, as well as related findings on infringement, the domestic industry, and invalidity; and the finding that all of the asserted claims of the '721 patent were not shown to be invalid for a lack of enablement. The Commission determined not to review any other issues, including that Complainant failed to show a violation with respect to the '818 patent. The Commission solicited briefing from the parties, interested government agencies, and members of the public on remedy, the public interest, and bonding.

Notable Disputed Issues and Related Points of Law:

Construction of "Precipitating": Complainant argued "precipitating" as used in the '721 patent should be construed to mean "forming and separating a solid from a bodily fluid by chemical reaction without further intervention." ACON argued it should be given its "plain and ordinary meaning, which is bringing a substance out of solution to form a solid and/or an oil, and/or a colloid thereof." The Final ID resolved the conflict by clarifying that "precipitating" does not include a reaction that results in the formation of a complex. The Commission determined to construe "precipitating" to mean "separating a solid substance of material

from a solution by chemical reaction.” Under this interpretation, Complainant established infringement and the domestic industry requirement as to the ‘721 patent. The Commission refused to adopt the claim term construction advocated by ACON, the inclusion of “oil and/or colloid,” as ACON had not shown it relevant to any aspect of the controversy. Moreover, the Court found that the record did not support ACON’s interpretation where: (1) the terms do not appear in the intrinsic record; and (2) expert testimony relied on was the product of results-oriented searches that returned insufficient results to support inclusion of “oil” and “colloid” in the definition. The Commission further determined the construction of “precipitating” *requires* the creation of a solid based on: (1) neither party disputing that the term covers the formation of a solid; (2) consistency with the specification’s teaching that “precipitates” clog filters; and (3) consistency with Federal Circuit precedent.

Proof Necessary to Show APA Violation: ACON asserted that the construction in the Commission’s notice of review was a violation of the APA because no party proposed that the term “precipitating” should be construed as not covering complexing, meaning ACON did not have notice or opportunity to respond to such a construction. The Commission rejected ACON’s position as there was “no dispute that the construction of ‘precipitating’ was an issue in controversy and that the parties each presented facts and arguments regarding the term’s proper construction.” Further, the Commission found that an ALJ is not required to adopt the construction proposed by either party and that in an adversarial action, an ALJ may arrive at its own claim construction in compliance with the APA. Moreover, the Commission gave ACON additional notice and an opportunity to respond, specifically to the proposed construction.

COMMISSION FINDS THAT FOR DIVIDED INFRINGEMENT, THE DIRECT INFRINGER NEED NOT BENEFIT FROM EACH AND EVERY CLAIM LIMITATION

In the Matter of CERTAIN DIGITAL VIDEO RECEIVERS AND RELATED HARDWARE AND SOFTWARE COMPONENTS, Inv. No. 337-TA-1103, Commission Opinion (May 13, 2020)

Before: Commission Opinion (ID issued by Judge McNamara)

Practice Tips and Insights:

To prove direct infringement in a potential “divided infringement” scenario as in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1022 (Fed. Cir. 2015), a **Complainant need not show that the infringer used or benefitted from each and every limitation of a claim. Nonetheless, it would be prudent to show each limitation is met as a matter of fact.** Further, the Commission’s decision emphasizes the need for a party to include discussion of each legal theory in post-hearing briefing, else the Commission find

an undisclosed theory waived.

Holding and Status:

The Commission found a violation of Section 337 as to claim 9 of U.S. Patent No. 7,779,011, and issued a limited exclusion order and cease and desist orders directed to infringing digital video receivers and related hardware and software.

Case Background:

The Commission instituted this investigation based on a supplemented complaint filed by Rovi Corporation against various Comcast Corporation entities, alleging they violated Section 337 by importing certain digital video receivers that infringe eight patents. Prior to the hearing, the Commission terminated the investigation as to all but claims 1 and 9 of the '011 patent and several claims of two of the other asserted patents, U.S. Patent Nos. 7,827,585 and 9,396,741. Judge McNamara found after the hearing that the asserted claims of the '585 patent were invalid in view of prior art, and that respondents did not infringe the '741 patent. The Commission thereby terminated the investigation as to the two patents and determined to review the final ID's findings of infringement of the asserted claims of the '011 patent by Comcast's accused *non-redesigned* systems. Two redesigns, which modified Comcast's servers to prevent the display of highlighted search results to users, were found not to infringe.

Notable Disputed Issues and Related Points of Law:

A key issue that the Commission sought to clarify through the parties' briefing was how the *Akamai* "single entity" test should be applied, and whether the final ID correctly applied that test to the '011 patent.

Rovi sought to assert that Comcast directly infringed because they "made" the infringing system. The Commission found, however, that theory of liability had been waived because in Rovi's post-hearing briefing, Rovi had only argued that Comcast "used," but did not "make," the allegedly infringing systems. In post-hearing briefing, Rovi also asserted for the first time that Comcast itself "used" the infringing systems when their employees tested them. That theory also was held to have been waived because it was brought up for the first time in post-hearing briefs.

That left Rovi with the theory that Comcast induced infringement by instructing its users in the infringing use of the imported set top boxes. Relying on *Centillion Data Sys., LLC v. Qwest Communications Int'l, Inc.*, 631 F.3d 1279 (Fed. Cir. 2011) and *Intellectual Ventures I LLC v. Motorola Mobility LLC*, 870 F.3d 1320 (Fed. Cir. 2107), Comcast argued that its users did not infringe because Comcast, not its users, benefitted from the "indexing" limitation of

the patent, but direct infringement required that a single entity, i.e., Comcast's users, "use" the infringing system, or "control or benefit from" the subject infringement.

The Commission rejected Comcast's reading of these cases, first finding that there is no requirement that the "use" or "benefit from" requirements be satisfied on a component-by-component basis, or that a user must benefit from each claim limitation. Regardless, the Commission agreed that Comcast's customers *in fact* benefitted from each and every element of of claim 9. Although Comcast argued that its users did not benefit from the "indexing" limitation, the Commission found that the indexing exists to serve user queries, and that there is no point in creating, maintaining or updating an index corresponding to user remote control searches if the index is never queried by the user. The Commission further found that the users have "the ability to place the system as a whole into service," thus satisfying the "direct or indirect control" requirement. *Intellectual Ventures*, 870 F.3d at 1329.

The Commission thus affirmed the ID and issued a limited exclusion order, and cease and desist orders.

Complainant Waived Certain Theories: The Commission precluded Rovi from pursuing several theories of direct infringement because they had not been raised in post-hearing briefs, but for the first time in briefing before the Commission.

INVENTORY OR DOMESTIC OPERATIONS NEED NOT BE "COMMERCIALY SIGNIFICANT" FOR ISSUANCE OF CEASE AND DESIST ORDER

In the Matter of CERTAIN ELECTRONIC NICOTINE DELIVERY SYSTEMS AND COMPONENTS THEREOF, Inv. No. 337-TA-1139, Commission Opinion (May 5, 2020)

Before: Commission Opinion (FID issued by Judge Shaw)

Practice Tips and Insights:

Where regulatory compliance is required for a DI product at issue, practitioners should make clear whether evidence submitted in the areas of FDA regulatory compliance activities can only be conducted in the United States. The same practice tip is applicable to warranty and customer support activities. Additionally, the presence of some infringing domestic inventory or domestic operations provides a basis to issue a CDO.

Holding and Status:

The Commission found no violation of section 337, adopted the findings in the FID that are not inconsistent with the Commission's opinion, and determined that the appropriate relief form of relief is issuance of a LEO and CDO.

Case Background:

The Commission reviewed *sua sponte* the FID in part and, on review, adopted certain of the FID's findings. The Commission found a violation of section 337 by reason of respondent Eonsmoke's importation of certain electronic nicotine delivery systems and components thereof that infringe one or more of the asserted Eonsmoke claims and that complainant Juul Labs, Inc. ("JLI") is entitled to relief against defaulted respondent XFire pursuant to 19 U.S.C. § 1337 (g)(1).

Notable Disputed Issues and Related Points of Law:

Supporting evidence of domestic industry should distinguish which activities can only be conducted in the United States. With respect to investments in FDA regulatory approval activities relating to the DI product, Commissioner Kearns observed that complainant's evidence of FDA regulatory compliance activities was unclear as to whether such activities can only be conducted in the United States. However, this issue did not require resolution based on the other sufficient evidence put forth by complainant to satisfy the DI requirement of section 337(a)(3)(A) and (B).

Commissioner does not adopt the view that the inventory or domestic operations needs to be "commercially significant" in order to issue a CDO. Commissioner Schmidlein reasoned that the presence of some infringing domestic inventory or domestic operations, regardless of its commercial significance, provides a basis to issue a CDO under section 337(f)(1).

COMMISSION FINDS EVIDENCE OF TECHNICAL PRONG INSUFFICIENT AND APPARATUS CLAIM ANTICIPATED

In the Matter of CERTAIN INFOTAINMENT SYSTEMS, COMPONENTS THEREOF, AND AUTOMOBILES CONTAINING THE SAME, Inv. No. 337-TA-1119, Commission Opinion (May 28, 2020)

Before: Commission Opinion

Practice Tips and Insights:

To prove the technical prong at the Commission, Complainant cannot rely on vague

testimony without evidence showing the actual practice of each limitation. Additionally, with respect to apparatus claims, the Commission will focus on what a device is, not what a device does. Accordingly, a claim may be anticipated where a prior patent describes a device that is capable of performing a certain function even where said function is not explicitly disclosed and the device must be “configured to” perform.

Holding and Status:

The Commission found no violation of Section 337 as to the Asserted Patents.

Case Background:

The Complainant, Broadcom Corporation, filed a complaint against 25 respondents, claiming respondents violated Section 337 by importing certain automobile information and entertainment systems and components thereof that allegedly infringed seven Broadcom patents. These patents fall broadly into three categories: (1) electronics architecture; (2) electronics for video processing; and (3) navigation satellite systems. After a tutorial, *Markman* hearing, and an evidentiary hearing, the ALJ issued a Final Initial Determination finding no violation of section 337 with respect to each of the Asserted Patents. Broadcom petitioned the Commission for review of certain of the ALJ’s findings related only to the ‘583 patent and the ‘752 patent. Respondents filed a contingent petition for review of issues related to all of the Asserted Patents except the ‘027 patent and the ‘104 patent. The Commission determined to review: (1) the FID’s construction of the term “at least one processor” in claims 25 and 26 of the ‘583 patent; (2) the FID’s infringement and technical prong findings regarding the ‘583 patent; (3) the FID’s infringement findings regarding the ‘752 patent, in particular, whether the accused Pioneer head units meet the limitations of claims 2 and 5; and (4) the FID’s findings regarding invalidity of the ‘752 patent. The Commission determined not to review the FID’s findings of no violation as to the ‘187 patent, the ‘104 patent, the ‘027 patent, and the ‘844 patent. The Commission also requested briefing on certain questions related to the issues under review, as well as remedy, bonding, and the public interest.

Notable Disputed Issues and Related Points of Law:

Proof Necessary to Satisfy Technical Prong Requirement: Broadcom argued that the development and testing of its “Broadcom DI system,” which allegedly included both hardware (physical SoC) and firmware (software that runs on SoC), meets the limitations of claim 25 of the asserted patent, which recites, in relevant part: “A system for distributing clock signals within an electronic device, the system comprising: ... at least one register that is controlled by a clock tree driver.” Broadcom argued that when the firmware is executed, the clock tree driver software that is initially stored on the external memory of its customer’s set-top box is brought into the SoC’s internal memory, that both are needed for the system to

be operations, and that once executed, the clock tree driver software meets the limitations of claim 25. The Commission disagreed, finding that Broadcom's DI product is only the SoC and does not include customer set-top boxes or a larger system, and this does not meet the relevant limitation.

In its attempt to satisfy the technical prong, Complainant relied on the testimony of its own engineer, an expert, and system block diagrams. The Commission found that this evidence was insufficient as it was only "vague testimony" without any explanation that "specifically show[ed] the practice of each limitation." Accordingly, the Commission found that Complainant failed to satisfy the technical prong.

Proof Necessary to Show Anticipation: The Commission affirmed the FID's findings that several claims of the '752 patent were anticipated and found an additional claim was also anticipated. The Commission found the claim was anticipated because a prior patent "has figures that exactly illustrate [the claim's] limitation" where there was "no dispute that [the patent's] figures are enabled and operable." The Commission explained that as an apparatus claim, the claim at issue is anticipated even if the prior patent's disclosure is only capable of performing in a specified manner because apparatus claims cover what a device *is* not what a device *does*.

COMMISSION FINDS THE DESIGN AROUND PRODUCT SUFFICIENTLY PRESENTED DURING THE INVESTIGATION TO WARRANT A FULL ADJUDICATION

In the Matter of CERTAIN HUMAN MILK OLIGOSACCHARIDES AND METHODS OF PRODUCING THE SAME, Inv. No. 337-TA-1120, Commission Opinion (June 8, 2020)

Before: Commission Opinion

Practice Tips and Insights:

Once a design-around is introduced into an investigation, Commission precedent and judicial economy dictates a full adjudication. The parties would do well to litigate such products as part of the investigation.

Holding and Status:

The Commission found a violation of Section 337 as to the asserted claims. But the Commission reversed the ALJ's refusal to adjudicate a design-around product introduced during discovery.

Case Background:

Glycosyn LLC filed a complaint against Jennewein of Germany, alleging violation of Section 337 by importing certain human milk oligosaccharides that infringe two US patents. Glycosyn eventually narrowed the case to only certain asserted claims of only one of the two patents.

During the investigation, Jennewein sought adjudication of infringement with respect to its TTFL12 bacterial strain, which Glycosyn had not accused in its complaint. But the ALJ decided not to adjudicate the question of infringement as to the TTFL12 strain.

After the evidentiary hearing, the ALJ determined that all but one of the asserted claims were infringed. The ALJ also found that the domestic industry requirement is satisfied.

The Commission determined to review the infringement findings with respect to Jennewein's bacterial strains adjudicated in this investigation, and the ALJ's decision not to adjudicate infringement as to the TTFL12 strain. The Commission determined not to review the remainder of the initial determination.

Notable Disputed Issues and Related Points of Law:

The sole patent at issue, the '018 patent, titled "Biosynthesis of Human Milk Oligosaccharides in Engineered Bacteria," relates to "compositions and methods for producing fucosylated oligosaccharides" which are "typically found in human milk" and which "serve critical roles in the establishment of a healthy gut microbiome, in the prevention of disease and in immune function." According to the specification, the alleged invention "makes use of an engineered bacterium *E. coli* or other bacteria engineered to produce" fucosylated oligosaccharides.

The ALJ concluded that the Accused Strains do not literally satisfy the claim term "an exogenous functional β -galactosidase gene," but that the term is satisfied under the doctrine of equivalents. Specifically, the ALJ found that Jennewein's Accused Strains include two distinct DNA sequences, namely, *lacZ α* and *lacZ Ω* , which, together, encode for the β -galactosidase enzyme. Although the accused strains do not literally infringe 'an exogenous functional β -galactosidase gene' because they lack a single sequence of DNA which functions to create a β -galactosidase gene, the ALJ nevertheless found infringement under the doctrine of equivalents finding "no difference between the combination of *lacZ α* and *lacZ Ω* genes on the one hand, and any particular individual 'functional β -galactosidase gene' on the other." The Commission agreed.

More notably, however, Jennewein had sought adjudication of infringement with respect to its TTFL12 bacterial strain, which Glycosyn did not accuse in its complaint. Jennewein had

identified the TTFL12 strain in its Ground Rule 7.2 disclosure and in its interrogatory responses. Jennewein further produced two documents, a draft article and a European Patent Application, to establish the relevant features of the TTFL12 strain.

The ALJ had declined Jennewein's request for adjudication, observing that Glycosyn has not accused the TTFL12 strain of infringement. As the ALJ noted, the Commission follows "a four-factor test as to whether a respondent has met its burden to show that infringement of a redesigned product should be adjudicated," namely, is the product: "(1) within the scope of the investigation, (2) imported, (3) sufficiently fixed in design, and (4) subject to extensive discovery." Analyzing those factors, the ALJ found that Jennewein had not met its burden as to the fourth factor.

The Commission began its analysis by reiterating its policy in favor of adjudicating redesigns to prevent subsequent and burdensome proceedings that could have been resolved in the first instance in the original investigation. The Commission further noted that redesigned products remain within the scope of remedial orders that are issued upon the termination of the investigation even if such products were not adjudicated for infringement in the original investigation. Indeed, after a respondent has been determined to be in violation of the Commission's remedial orders, such orders extend to all infringing products, including redesigned products, regardless of whether they were adjudicated in the original investigation.

Against that general policy and context, the Commission found that Jennewein presented sufficient evidence to put Glycosyn on notice of the relevant features of the TTFL12 strain. The Commission also found that Glycosyn failed to satisfy its burden of establishing infringement with respect to Jennewein's TTFL12 strain. So, the Commission reversed the ALJ's decision not to adjudicate infringement with respect to the TTFL12 strain and further found that the TTFL12 strain does not infringe the Asserted Claims.

REDESIGNED PRODUCTS ALLOWED ENTRY DESPITE ITC'S REFUSAL TO ADJUDICATE THEM AS NON-INFRINGEMENT IN THE INVESTIGATION

Wirtgen America, Inc. v. United States, United States Court of International Trade, (Order Granting Plaintiff's motion for partial summary judgment regarding Customs' exclusion of

Plaintiff's redesigned road-milling machines from entry into the United States, May 18, 2020)

Before: Judge Jennifer Choe-Groves

Practice Tips and Insights:

A common strategy in 337 investigations is to present the ALJ with a redesign to the accused products and get that redesigned product adjudicated as non-infringing by the Commission before issuance of any exclusion order. Where a respondent is not successful in getting that redesign into the investigation in a timely way, importers may be able to use the protest process at Customs and a subsequent action in the Court of International Trade to address redesigns and limit the impact of an exclusion order.

Holding and Status:

Customs is obligated by its regulations and directives to determine whether goods meet the parameters of the subject patent when enforcing a Section 337 exclusion order. If a protest of that decision by Customs is denied, the Court of International Trade has jurisdiction to review the protest, *de novo*.

Order Background:

Wirtgen is the exclusive U.S. importer of heavy machinery used primarily in road construction and maintenance. The ITC initiated a Section 337 investigation (337-TA-1088 or the “1088 Investigation”) upon a complaint filed by Caterpillar, Inc. and Caterpillar Paving Products, Inc. (collectively, “Caterpillar”) alleging infringement of US Patent No. 7,140,693 B2 (“693 Patent”). During the 1088 Investigation, Wirtgen redesigned the accused products to avoid infringement and presented the redesign as evidence during the hearing before the ALJ. The ALJ declined to consider the redesigned products, finding that the design had not been implemented in any imported articles, was outside the scope of the investigation and not ripe for a determination of infringement or noninfringement in the investigation. The ITC subsequently issued an LEO barring importation by Wirtgen of infringing products and issued a cease-and-desist order against Wirtgen.

Wirtgen later met with and presented written submissions to Customs attempting to demonstrate that the redesigned products do not infringe and should not be excluded under the LEO. Customs subsequently released certain redesign products but detained six other products that were not released. In response, Wirtgen filed protests on the decision to detain the six products which protests Customs denied.

Wirtgen then filed a Complaint with the Court of International Trade as well as a motion for summary judgment that the redesigned products do not fall within the scope of the LEO and that Customs was wrong to reject Wirtgen’s certification of non-infringement and deny its protests. Defendants argued that the Court of International Trade lacked subject matter jurisdiction to resolve the dispute, claiming that any challenge to the scope of the LEO is within the purview of the ITC rather than this Court. Customs claimed its exclusion decisions are not subject to protest or review by the U.S. Court of International Trade because the ITC is the only agency with authority to make infringement determinations in the context of

Section 337. Customs did not challenge the substantive arguments by Wirtgen that its redesign products did not infringe.

Notable Disputed Issues and Related Points of Law:

Jurisdiction: The Court rejected Defendants' claim that it lacked subject matter jurisdiction over the dispute, finding that Defendant's argument that the Complaint was a challenge to the scope of the ITC's LEO or an attempt to modify the LEO. Instead, the Court found that the complaint is a challenge of Customs' denials of Witgen's protests which were reviewable decisions subject to the Court's jurisdiction pursuant to 28 U.S.C. § 1581(a). The Court found that by failing to conduct a substantive analysis, Customs failed to follow its own regulations and directives and that Customs must determine whether goods meet the parameters of the subject patent when enforcing a Section 337 exclusion order. Because the LEO did not specify which road construction machines were infringing, Customs was required to conduct an examination according to its policies and procedures to determine whether the redesigned products were excludable under the LEO (i.e. whether they met the parameters of the asserted claim).

Summary Judgement on The Redesigned Products: The Court further ruled that Customs did not properly excluded the six redesigned products as infringing pursuant to the LEO. Finding that its review of Custom's protest decisions was *de novo*, and relying on the fact that the Defendants did not contest non-infringement, the court found that Defendants waived any argument of infringement to rebut Witgen's allegation of non-infringement.

COMMISSION FINDS VIOLATION BASED ON TRADE DRESS INFRINGEMENT

In the Matter of CERTAIN MOTORIZED VEHICLES AND COMPONENTS THEREOF, Inv. No. 337-TA-1132, Commission Opinion (June 18, 2020)

Before: Commission Opinion (ID issued by Judge Elliot)

Practice Tips and Insights:

This case is a reminder that the Commission adjudicates more than just patents. Additionally, respondents are reminded that it is best to introduce design arounds early in the investigation to get a ruling from the ALJ because a finding of violation can substantially injure a business if it is unclear whether future products can be imported.

Holding and Status:

The Commission found a violation of Section 337 based on respondents' infringement of the complainant's trade dress.

Case Background:

This litigation began back in September 2018. At that time a 100-day proceeding was instituted to determine whether complainant was contractually barred from making the claims in its complaint. As we previously reported, the claims were found to not be barred.

After full discovery and an evidentiary hearing, Judge Elliot issued a final initial determination that found a violation by way of respondent's alleged trade dress infringement. Conversely, Judge Elliot found no registered trademark infringement. The Judge also recommended an exclusion order. Both parties filed certain Petitions for Review and comments on the public interest were submitted.

Notable Disputed Issues and Related Points of Law:

Trademark and Trade Dress Infringement: The Commission's opinion provides a general framework and overview for how it is assessing trademark and trade dress infringement allegations. This framework includes the three part test set forth in *Converse v. ITC* related to trademarks: "(1) it has a valid and legally protectable mark; (2) it owns the mark; and (3) [Respondents'] use of the mark to identify goods or services causes a likelihood of confusion." Likewise, for trade dress, the following three criteria must be met "1) it must be distinctive; 2) it must be nonfunctional; and 3) there must be a likelihood that it will be confused with the accused product."

The opinion also steps through the critical areas of mark distinctiveness, secondary meaning, and functionality. Ultimately, the Commission agreed that complainant's trade dress was not generic and non-functional, plus it had acquired secondary meaning.

Survey Evidence: Both sides had submitted certain survey evidence during the underlying investigation. The ALJ assigned no weight to either survey, but the Commission disagreed. Particularly, the Commission found that complainant's survey evidence was credible and proper but maintained that respondents' survey should not be given weight. The Commission quoted a District Court case for the proposition that "In designing a survey-experiment, the expert should select a stimulus for the control group that shares as many characteristics with the experimental stimulus as possible, with the key exception for the characteristic whose influence is being assessed."

Likelihood of Confusion: There was substantial evidence of actual confusion, including customer comments and published articles. This led the Commission to concluding that there was a likelihood of confusion.

Importation and U.S. Assembly: There were arguments that the accused vehicles are not imported because assembly takes place in the United States. The respondents particularly argued that this case fell outside the spectrum of *Suprema* cases because there was no indirect infringement. The Commission, however, found this distinction to be immaterial because trade dress claims fall under Section 337(a)(1)(A) which requires a “nexus between the imported articles and the unfair methods of competition.”

Design Arounds: Respondent requested a carve out or a delay in exclusion that allowed for customs to determine whether new models are infringing the trade dress. The Commission disagreed because it was respondent’s obligation to get the ALJ to rule on the new models if it wanted any type of exemption. “The Commission has determined to require [respondent] to obtain a ruling (via an advisory opinion or a modification proceeding) from the Commission prior to the importation of any component for the infringing Roxor vehicle, including for any future redesign thereof (subject to the exemption for service and repair parts for vehicles already in the possession of consumers as discussed above).”

3 NOTABLE IDS AND SUBSTANTIVE ORDERS

CORRECTION OF INVENTORSHIP PRIOR TO SUIT SAVES PATENT FROM INVALIDATION BUT DOES NOT SAVE PATENT FROM BEING RULED UNENFORCEABLE DUE TO INEQUITABLE CONDUCT

In the Matter of CERTAIN CHILD CARRIERS AND COMPONENTS THEREOF, Inv. No. 337-TA-1154, Initial Determination (March 10, 2020)

Before. : ALJ Cheney

Practice Tips and Insights:

Where an incorrect inventor is listed during prosecution, subsequent correction of inventorship can save the patent from invalidity, but cannot save it from being found unenforceable if the *Therasense* standard for egregious misconduct is otherwise met. In addition, uncorroborated inventor testimony is insufficient to prove conception when attempting to establish an earlier priority date.

Holding and Status:

The single asserted claim was found to be not infringed and invalid as anticipated and, in the alternative, as obvious. The asserted patent was also found to be unenforceable because of inequitable conduct during prosecution. Respondents submitted a Contingent Petition for Commission Review. The Commission determined to review the final initial determination in part and took no position on any of the findings.

Case Background:

The 1154 Investigation was instituted with respect to numerous claims of two patents, but subsequent to institution, the investigation was terminated with respect to all but a single claim from one patent. Of the more than 20 Respondents named, all but three settled prior to issuance of the ID. The named Respondents asserted defenses including non-infringement, invalidity, and no domestic industry. In addition, Respondents alleged inequitable conduct during prosecution of the asserted patent.

Notable Disputed Issues and Related Points of Law:

Inequitable Conduct: Respondents alleged that the inventor's husband, who had nothing to do with the invention, had been improperly included as an inventor on the application. The ALJ found that the inventor and her husband had intentionally misled the patent office by each signing a declaration that each was an inventor of the disclosed invention. The inventor and her husband corrected inventorship prior to filing suit in this matter, removing the husband as an inventor. The ALJ found that the couple acted with intent to deceive the patent office because they admitted to submitting the false declaration because the inventor was a Norwegian citizen and they believed having a US citizen (the husband) listed as inventor would assist them in obtaining the patent. The ALJ found that their conduct met the "egregious misconduct" standard set forth in *Therasense* and, therefore, the patent was unenforceable. The ALJ recognized that the correction of inventorship saved the patent from a finding of invalidity, though it did not affect the unenforceability ruling.

Infringement: The ALJ found that the Respondents did not infringe the asserted claim in part because Complainant relied on an improper construction of "not support." The ALJ had initially construed "[does] not support" to have its plain and ordinary meaning, the parties disputed what the plain meaning was. The ALJ reviewed the parties' arguments and concluded that Complainant's proposed definition, which was based on the leg position of a child sitting in the carrier and allowed for some support, was unsupported by the patent. The ALJ held that the plain and ordinary meaning of the terms was "provides no support." The ALJ noted that Complainant's evidence was solely directed to the erroneous argument that the accused products met the "[does] not support" limitation if the child's legs are hanging. The ALJ further found that the accused products did provide support for the child's legs. Therefore, the accused products did not infringe the asserted claim.

Priority Date: Complainant attempted to prove an earlier priority date than what was disclosed on the face of the patent based on inventor testimony as to the date of conception. The ALJ rejected the evidence, explaining that uncorroborated inventor testimony is insufficient to establish an earlier priority date and the inventor's evidence (photographs and credit card statements) could not establish conception as they did not show any aspect of the invention.

Invalidity: The ALJ found that at least one prior art child carriers either anticipated or rendered obvious the asserted claim. Complainant presented evidence of secondary considerations, and the ALJ found Complainant was entitled a presumption of nexus because Complainant's domestic industry product practice the asserted claim. The ALJ found the evidence of commercial success, industry praise, and copying to be weak, and found no evidence of long felt but unmet need. The ALJ did find near-simultaneous invention, but noted that this is weak evidence of obviousness and, as a whole, the secondary evidence was too weak to tip the scale.

Title

In the Matter of Certain Ite- and 3g-compliant cellular communications devices, Inv. No. 337-TA-1138, Analysis and Findings (Apr. 16, 2020)

Before. : ALJ McNamara

Practice Tips and Insights:

Holding and Status:

After an initial determination finding no violation, ALJ McNamara provided recommendations and findings to the Commission on the public interest factors and remedies, should the Commission overturn the initial determination of no violation. The public interest factors were found to have been met and a limited exclusivity order with delayed implementation, and a cease and desist order were recommended.

Case Background:

The initial determination on violation found that Complainant INVT SPE LLC had not proven that Respondents Apple, Inc., HTC Corporation, HTC America, ZTE corporation and ZTE (USA), Inc. had violated Section 337 and that none of the three asserted patents had been infringed or were standard essential patents. The asserted patents were also found valid.

ALJ McNamara provided analysis and findings on the recommendation on public interest and remedies, should the Commission overturn the initial determination.

Notable Disputed Issues and Related Points of Law:

Public Interest: ALJ McNamara found that three of the four public interest factors would not preclude the issuance of an exclusion order or cease and desist order.

Public Health and Welfare. The judge held that while the affected devices, including Apple iOS-based technologies, were useful to the health sector, neither an LEO nor a CDO would have an adverse effect on public health or welfare itself.

Competitive Harm. Second, ALJ McNamara held that an exclusion order would have an adverse impact on competitive condition in the U.S. economy but not to the extent that would preclude its issuance. Specifically, the availability of substitutes for consumers supported the issuance of an exclusion order. When analyzing the availability of substitutes and switching costs, the judge discredited Apple's expert for failing to provide any basis for the manner in which he classified the market, and found that he had simply testified *ipse dixit*, which was insufficient. ALJ McNamara also noted that there had not been a case since the 1980s in which the Commission found a violation of Section 337 without issuing an exclusion order, highlighting the difficulty in demonstrating competitive harm when substitutes are available. The cases cited by Apple to support their position involved circumstances where no substitutions were available for the excluded products.

FRAND. ALJ McNamara dismissed Respondents' arguments that a violation of FRAND principles bar an exclusion order as attorney argument, unsupported by Commission precedent. Furthermore, the judge found that Respondents' arguments regarding FRAND were irrelevant to the public interest factors. The Commission has the authority to exclude certain products that infringe valid and enforceable patents regardless of whether they are standard essential patents or not.

Remedies: The judge found that a 24-month delayed limited exclusion order was appropriate should the Commission overturn the initial determination. The delay was put in place to provide the parties with time to negotiate a FRAND license and to fashion a design-around. The judge held that a cease and desist order would also be warranted should the Commission overturn the finding of no violation. A bond was not supported because INVT had not proven it would be damaged.

COVID-19 At the outset of the opinion, ALJ McNamara included a footnote to emphasize its Recommendation was based on the information that was given in evidence in September 2019, prior to the global COVID-19 pandemic. She noted that certain aspects of the public interest analysis, such as the effect on consumers and Apple employees, could render much of the judge's public interest analysis irrelevant given present times.

VIOLATION BASED ON ONE ASSERTED PATENT, BUT PARENT DOMESTIC RETAILER NOT INVOLVED IN IMPORTATION

In the Matter of CERTAIN UNMANNED AERIAL VEHICLES AND COMPONENTS THEREOF,
Inv. No. 337-TA-1133, Initial Determination (Mar. 2, 2020)

Before: Chief Administrative Law Judge Bullock

Practice Tips and Insights:

Although multiple Lowe's entities were named, the Lowe's subsidiary that imports/sells most accused products in the U.S. was not named. As a result, there was no violation even for products that are imported and were found to infringe valid and asserted patents.

Complainants should be cautious to name the right corporate entities in their complaints and to quickly amend their complaints if there appears to be a break in the importation chain.

Holding and Status:

The Chief ALJ determined there was a violation with respect to one of three asserted patents by way of importation of infringing products. Petitions for Review are pending before the Commission. The Commission extended the target date to August 10, 2020.

Case Background:

Complainant filed its complaint on August 30, 2018 alleging that the respondents were wrongfully importing certain unmanned aerial vehicles and components thereof that infringed three of complainant's patents.

Notable Disputed Issues and Related Points of Law:

Infringement and Prior Art Validity: The ID did not address many, if any, unique issues of infringement and validity. In that regard, the Chief ALJ outlined various claim construction results and showed how they apply to each of the asserted patents. Two of the three asserted patents was determined to have infringed claims, but of those two infringed patents, one was found to be invalid by way of obviousness.

***Alice*-based Invalidity under 35 USC § 101** The Chief ALJ found that certain claims were directed to the abstract idea of controlling the speed of an autonomous vehicle using sensor data and prioritized constraints. Likewise, the ID explained that "there is no inventive concept in the claim elements, whether considered individually or as an ordered combination and

that the claims do not add any meaningful limitations to the routine steps of data collection, analysis, and transmission using conventional computer components.”

Prosecution History Estoppel: . Certain doctrine of equivalents theories were rejected because of a dependent claim written into independent form related to the element the complainant was relying on for equivalency.

Economic Prong: Respondents concentrated on a declining work force to argue there was no domestic industry. However, the ID disagreed and found that complainant’s collective R&D and quality assurance employees were sufficient. The ID also emphasized that past expenditures can be pertinent when product development is declining.

Initial Determination of No Violation Where Complainant Characterized a Domestic Industry Entirely Insulated from Competition

In the Matter of CERTAIN BONE CEMENTS, COMPONENTS THEREOF, AND PRODUCTS CONTAINING THE SAME, Inv. No. 337-TA-1153, Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond

Before: ALJ Elliot

Practice Tips and Insights:

While not strictly necessary, companies should likely sign confidentiality agreements with each entity to which they must disclose their trade secrets. Furthermore, in bringing an action under Section 337, complainants must take care that their characterization of the domestic industry will allow them to show that the challenged trade practices have *injured* the relevant domestic industry.

Holding and Status:

The ALJ determined that Section 337 was not violated.

Order Background:

The instant order grants in part Complainants’ motion to strike certain portions of Respondents’ expert report.

Notable Disputed Issues and Related Points of Law:

Adequacy of Steps Taken to Protect Trade Secrets: That Complainant had a “long-standing” relationship with a third-party manufacturer to which Complainant had disclosed

aspects of their trade secrets was evidence that the trade secrets were adequately protected; Complainant “would not have had such a long-lasting and [REDACTED] relationship unless its trade secrets were adequately protected.” (Order at 22-23). Trade secrets disclosed to separate third-party were also adequately protected, where third-party was a licensee of another third-party which had signed non-disclosure agreement with Complainant. See *id.* at 23-24.

Value of Trade Secrets: Complainant adequately established that its trade secrets in cement copolymer ratios had value, where Complainant’s cement product was considered a “gold standard” in the industry, evidence showed that copolymer ratios could affect properties of cement product, and there was evidence that the properties of Complainant’s cement were important to them. (Order at 24-26).

Absence of Evidence of Development Efforts: Lack of evidence of investment in trade secret development was not fatal to misappropriation where Complainant offered “general information” regarding development of trade secrets, and development had occurred in 1950s, such that firsthand witness would therefore be well over 100 years old. The ALJ also observed that evidence of development efforts was but one of the factors used by the Commission as “instructive guidance” in determining whether protectable trade secrets exist. (Order at 26-27).

Ease of Duplication: Expert testimony that Complainant’s trade secret was easily discernable to a POSA was unpersuasive where (1) it was contradicted by Complainant’s expert; (2) Respondent’s expert admitted he had not actually conducted any of the testing he alleged would have allowed a POSA to determine the copolymer rangers which Complainant asserted as its trade secret; and (3) Respondent’s expert alleged only that amount of copolymer in particular batch of Complainant’s product could be determined, whereas Complainant’s trade secret was on the permissible *range* of copolymers that could be used.

Importance of Public Disclosure: Different set of trade secrets than those discussed above were not protectable where Complainant failed to adequately protect them and disclosed them under circumstances nullifying their trade secret status; such public disclosure was “the weightiest factor by far” in determining whether a protectable trade secret existed. (Order at 39).

Scope of Confidentiality Agreements: While a confidentiality agreement with a third-party may be attributable to the third-party’s employees, it will not necessarily be attributed to employees of a joint venture between one third-party that is under a confidentiality agreement with the trade secret owner and another third-party under no such confidentiality order. (Order at 42-43).

Domestic Industry – Training and Education: Complainant's. Initiative to reduce duplicative surgeries through roundtable discussions, annual industry surveys, and website with educational information on joint replacement was an educational/training investment tending to show the existence of a domestic industry (rather than marketing activity which would also be typical of a "mere importer"), notwithstanding that Complainant's website was developed by a marketing and advertising firm. In contrast, separate initiative by Complainant, which was aimed at non-customers and typically held at tourist spots (with Complainant paying travel and lodging costs for attendees), was mere marketing activity and did not tend to show existence of a domestic industry. (Order at 60-65).

Domestic Industry – Injury: . While profitability is not an element required to show the existence of a domestic industry, lack of profitability may preclude complainants from showing *injury* to a domestic industry, as required for relief: "an industry that consists entirely of expenditures on education, training, and research and development, with no concomitant revenues, is an industry that is wholly insulated from competition." (Order at 72-73).

SUMMARY DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BONDING

In the Matter of CERTAIN CHILD RESISTANT CLOSURES WITH SLIDER DEVICES HAVING A USER ACTUATED INSERTABLE TORPEDO FOR SELECTIVELY OPENING THE CLOSURES AND SLIDER DEVICES THEREFOR, Inv. No. 337-TA-1171, Order No. 12 Initial Determination Granting Summary Determination on Violation of Section 337 and Recommended Determination on Remedy and Bonding (April 21, 2020)

Before: ALJ Cheney

Practice Tips and Insights:

A general exclusion order is appropriate where the evidence indicates that a limited exclusion order would be insufficient to prevent ongoing infringing behaviors. Similarly, cease and desist orders may more appropriate than exclusion orders to prevent ongoing infringing behavior.

Holding and Status:

This matter was before ALJ Cheney for summary determination of domestic industry, violation, and remedy. ALJ Cheney determined that a violation of the Tariff Act occurred in importation into the United States and the sale for importation infringed claims in the '531, '628, and '058 patents. ALJ Cheney recommended a general exclusion order and a 100

percent bond for importation during the Presidential review period.

Order Background:

Complainant Presto sought a summary determination of a violation of the Tariff Act, a finding that it met the domestic industry requirement, entry of a limited exclusion order for defaulting respondents, imposition of a 100 percent bond, and a recommendation for a general exclusion order.

Notable Disputed Issues and Related Points of Law:

Domestic Industry (Economic Prong): ALJ Cheney found that the complainant had satisfied the economic prong of the domestic industry requirement because they had shown expenses and investments that are “significant and substantial in any context.” Specifically, complainant proffered substantial, reliable, and probative evidence that they invest in significant domestic facility spaces (including machinery), employ people in the U.S. to make authorized products, and spend money on engineering and research directly related to the product. Additionally, the evidence proffered shows that complainant is a domestic company with minimal operations abroad; all products are made domestically in the United States.

Exclusion Order: Complainant sought limited exclusion orders against some respondents and a general exclusion order to prevent circumvention of such orders. ALJ Cheney ultimately decided that a general exclusion order is necessary for several reasons. First, evidence shows that the named respondents would be likely to circumvent a limited exclusion order. The evidence supports that the respondents would circumvent the limited exclusion order through corporate alter egos, which is made easier through the low barriers to entry for the product at issue and the lack of identifying markings on these products. Second, evidence shows a pattern of violation and difficult identifying the source of infringing goods. There has been a widespread pattern of violation—numerous companies throughout China and elsewhere have been shown to produce the product protected by the patents-at-issue—and there has been difficult identifying the manufacturers creating these infringing goods (especially once incorporated into finished goods).

Cease and Desist Order: While cease and desist orders may be appropriate in addition to or instead of an exclusion order, ALJ Cheney rejected this option because complainant failed to address it in the motion for summary determination. This failure indicated that a cease and desist order was likely unnecessary to preserve an effective remedy. Additionally, evidence was not provided that showed that respondents had a domestic inventory of infringing goods that would undermine any exclusion orders.

Bond Amount:. Bond amounts for the Presidential review period may be set specifically

based on reliable price information. If reliable price information is not available, a 100 percent bond may be more appropriate. Here, ALJ Cheney agreed with complainant that there is a lack of reliable pricing data and therefore set the bond amount to 100 percent

VIOLATION BASED ON TWO OUT OF FOUR ASSERTED PATENTS

In the Matter of CERTAIN DENTAL AND ORTHODONTIC SCANNERS AND SOFTWARE, Inv. No. 337-TA-1144, Initial Determination (April 30, 2020)

Before. : ALJ McNamara

Practice Tips and Insights:

Many of the infringement and invalidity holdings were based upon the parties' failures to raise their arguments in their prehearing briefs and/or their failure to elicit detailed testimony and other evidence providing substantive support for their assertions. **Counsel are well-advised to ensure that their key arguments are well explained in a timely fashion and that substantive evidence is presented to support those arguments.**

Holding and Status:

ALJ McNamara found the asserted claims of two out of four asserted patents were found to be valid and infringed. Additionally, ALJ McNamara found that both the technical and economic prongs for all of the patents were satisfied. ALJ McNamara found that the asserted claims of the one of the asserted patents were not infringed and that asserted claims of the fourth patent were invalid. Respondents stipulated to importation of certain imported articles and failed to contest importation of additional arguments in its prehearing brief. Importation was therefore found to be satisfied for all those products. Additionally, ALJ McNamara found that the unsupported testimony of a witness that software is no longer pre-loaded was insufficient to disprove importation, particularly since there was evidence of earlier importation. Similarly, she found that two corporate witnesses' inability to give definitive answers regarding importation of other software also warranted a finding of importation of that product. ALJ McNamara further recommended the issuance of both a limited exclusion order and a cease and desist order.

Case Background:

The 1144 Investigation is based on alleged patent infringement. The named respondents asserted standard defenses of non-infringement, invalidity, and no domestic industry.

Notable Disputed Issues and Related Points of Law:

Infringement: The most notable aspect of ALJ McNamara's infringement analysis was her finding that declarations which were not drafted by the declarants, but which were reviewed and checked for accuracy were sufficient evidence of infringement in the absence of contradictory evidence. One notable aspect of her noninfringement analysis was her finding that the accused products did not infringe because they combined the imaging means and optical scanner that were separate elements of the claims. ALJ McNamara further found that there could be no infringement under the doctrine of equivalents, because the patentee had emphasized the separateness of these two elements during prosecution.

Obviousness: ALJ McNamara precluded respondents from arguing several combinations of prior art based upon the failure to raise those arguments in their prehearing brief. Additionally, the ALJ found that the properly identified prior art disclosed only the comparison of sets of teeth rather than the claimed comparison on a tooth-by-tooth basis. Further, ALJ McNamara found that conclusory expert testimony that one would be motivated to combine the prior art and would have a reasonable expectation of success was insufficient because there was a failure to explain the basis of those conclusions. For the second patent, ALJ McNamara again found that respondents had not shown all of the elements in the prior art or that one of ordinary skill would be motivated to alter those elements with a reasonable expectation of success. The ALJ similarly found that respondents had failed to show that the prior art disclosed all of the elements of the third patent and rejected their attempt to raise new arguments regarding how the prior art purportedly could have been altered. ALJ McNamara also scolded respondents for relying on too many prior art combinations that were no longer viable after the claim construction rulings were issued. For the fourth patent, ALJ McNamara noted that complainant had failed to elicit trial testimony relating to the validity of the patent and relied instead upon attorney argument. The ALJ found that due to this, complainant had failed to rebut respondents' prima facie showing of obviousness.

NO VIOLATION FOUND BASED IN PART ON LACK OF ENABLEMENT DUE TO UNDUE EXPERIMENTATION

In the Matter of CERTAIN INTEGRATED CIRCUITS AND PRODUCTS CONTAINING THE SAME, Inv. No. 337-TA-1148, Initial Determination (May 22, 2020)

Before. : ALJ Elliot

Practice Tips and Insights:

Before asserting patent infringement as a basis for a Section 337 violation, a complainant should thoroughly vet the asserted patents, including under 35 U.S.C. § 112, and be prepared also to prove up Section 337's domestic industry requirement. If accused products are too numerous to litigate on an individual basis, complainants should also take care to

provide adequate evidence that a representative accused product is truly representative of other products accused of infringement.

Holding and Status:

Complainant asserted five patents, three of which were eliminated upon Complainant's own motion after the conclusion of the hearing. As to the remaining patents, no violation was found. In particular, all of the asserted claims of one of the patents were found invalid for lack of enablement under 35 U.S.C. §. The judge also found that Complainant failed to satisfy the domestic industry requirement because none of the asserted domestic products were found to practice the remaining patents. Though infringement was mooted by the invalidity finding, the judge also found that Complainant failed to prove that an accused product was in fact representative of other accused products.

Case Background:

The 1148 Investigation was brought by Complainant Tela Innovations, Inc. regarding five patents directed to semiconductor chips with gate structures and other feature layers arranged in a grid. The named respondents included Acer, Inc., Asustek Computer Inc., Asus Computer International, Intel Corporation, Lenovo Group Ltd., Micro-Star International Co., Ltd. and MSI Computer Corp. The named respondents asserted standard defenses of non-infringement, invalidity, and no domestic industry. Following the hearing, Complainant moved to terminate the investigation as to certain patents, leaving only U.S. patent no. 10,141,334 (the '334 patent) and no. 10,186,523 (the '523 patent) at issue.

The domestic industry products at issue were integrated circuits; more specifically, 14nm Exynos computer processors made for mobile devices in the U.S. at the Samsung Austin Semiconductor fab in Texas. The accused products were integrated circuits fabricated on Intel's 14nm and 10nm manufacturing processes, and found in respondents' various imported computer products.

After construing the claims of the remaining asserted patents, the judge in a detailed opinion spanning 204 pages found no violation of section 337.

Notable Disputed Issues and Related Points of Law:

Enablement Under 35 U.S.C. §112: One basis for finding no violation was the judge's finding that the asserted claims of the '334 patent did not meet enablement requirements under § 112. As to those claims, the judge first observed that enablement "cannot be properly analyzed without ascertaining the 'full scope' of the claimed ranges." Opn. at 111. Although the written description was found to support the width and pitch ranges of the claims with no lower bounds, the judge found after considering the factors enumerated in *In re Wand*, 858

F.2d 731, 737 (Fed. Cir. 1988), that the full scope of the claims could not be practiced “even today without undue experimentation.” *Id.* at 112. The judge found persuasive testimony showing that “it takes a full-time effort of at least 1,000 engineers, 95% of whom have doctorates, and ‘billions’ of dollars in research and development expenses, to reduce the scale of integrated circuit chips by a single process node.” *Id.* at 112-13. According to Judge Elliot, “[t]his would indeed seem to be ‘the very definition of ‘undue experimentation’.” *Id.* Though such labors are commonplace in the semiconductor industry, they were not “routine” within the meaning of *Wands*. *Id.* at 113.

Domestic Industry: The judge also examined whether the products asserted by Complainant to meet the domestic industry requirement in fact did so. After conducting an element-by-element analysis, the judge found that the purported domestic industry products failed to practice the asserted claims.

Representative Accused Products: Interestingly, the judge further found that certain products did not infringe because complainant failed to conduct a proper “representativeness” analysis. Citing *Certain LED Lighting Devices*, No. 337-TA-1081 (Comm’n Op., at 10 (July 23, 2019), the judge held that the complainant must show that “the evidence that the products its expert analyzed are indeed representative of unanalyzed products.” Opn. at 85. Finding that the collected evidence was “of mixed nature and circumstantial at best,” the judge concluded that complainant had not met its burden. *Id.*

[ORDERS]

PORTIONS OF EXPERT REPORTS STRICKEN BECAUSE RESPONDENTS INCLUDED NEW INVALIDITY GROUNDS NOT PREVIOUSLY DISCLOSED IN INVALIDITY CONTENTIONS

In the Matter of CERTAIN TOUCH-CONTROLLED MOBILE DEVICES, COMPUTERS, AND COMPONENTS THEREOF, Inv. No. 337-TA-1162, Order No. 24, Granting-In-Part and Denying-in-Part Complainant Neodron’s Motion to Strike Portions of [Certain] Invalidity Expert Reports (January 31, 2020)

Before. : ALJ Elliot

Practice Tips and Insights:

Parties should take care to assert each and every invalidity position or combination upon which they may later wish to rely in their responses to contention interrogatories because

ALJs may refuse to allow a party to rely on demonstrably new invalidity positions. This is especially important where prior art references are large; to constitute fair disclosure, specific references should be listed and discussed in detail. Under such circumstances, boilerplate language such as “alone or in combination with the references listed above” is unlikely sufficient to preserve the right to assert a particular combination of prior art references for invalidity.

Holding and Status:

The Complainant, Neodron Ltd., sought to strike portions of three of Respondents’ experts’ reports on the ground that certain invalidity combinations or references had not been disclosed during fact discovery. Citing *In the Matter of CERTAIN CARBURETORS AND PRODUCTS CONTAINING SUCH CARBURETORS*, Inv. No. 337-TA-1123, Order No. 69 (July 18, 2019), the Commission struck portions of one of the expert’s reports but not the two others.

Order Background:

The order granted-in-part and denied-in-part Complainant’s motion to strike certain portions of one of the Respondents’ expert reports regarding invalidity.

Notable Disputed Issues and Related Points of Law:

As to one of the expert reports, the Complainant argued that a new obviousness combination was not previously charted in Respondents’ invalidity contentions, and thus should be stricken. Noting that while one of the prior art references was mentioned, its combination with the second was only identified as “alone or in combination with the references listed above.” The judge found that because the “number of combination possibilities is too large, and the details of such combinations too attenuated, to constitute adequate disclosure,” the judge granted the motion to strike as to such combination, citing *In the Matter of Certain Carburetors*. The judge made similar findings as to a second combination, and struck that previously undisclosed combination also.

As for the other experts’ reports, The judge found specific mentions of the allegedly undisclosed invalidity combinations and theories in prior papers filed by Respondents, concluded they were not new disclosures, and denied the motion to strike as to them.

PORTIONS OF EXPERT REPORT STRUCK BECAUSE GENERAL ECONOMIST HAD NO BASIS TO OPINE ON CHARACTERISTICS OF PARTICULAR INDUSTRY

Before: ALJ Lee

Practice Tips and Insights:

Parties should likely avoid offering “expert” testimony about a particular industry from a general economist with no background in the particular industry. To the extent parties do so, they should ensure the witness’s expert report indicates that the witness relied on “a reliable treatise or government report... to provide evidence of typical industry practice.”

Holding and Status:

The Respondents’ expert was not qualified to offer opinions on what types of activities were characteristic of a “mere importer” in the food service equipment industry.

Order Background:

The instant order grants in part Complainants’ motion to strike certain portions of Respondents’ expert report.

Notable Disputed Issues and Related Points of Law:

Expertise of General Economists: “[A] general economist [is not qualified] to provide an expert opinion on the question of whether Complainants’ activities are typical of importers [as opposed to those typical of participants in a bona fide domestic industry] in the commercial food service equipment industry.”

“Somewhat Attenuated” Evidentiary Rules in Administrative Proceedings Do Not Justify Admission of Misleading Expert Testimony: The court acknowledged that ALJs are typically capable of discounting evidence from an unqualified “expert” without excluding the testimony outright, but held that where the expert’s testimony is not helpful to the factfinder and “misleading,” the better course is to exclude the testimony. Here, Respondents’ expert was both unqualified (see above) and mischaracterized the law. “It is better to eliminate misunderstandings of the law in advance of hearing than to permit Respondents to present...objectionable [expert] testimony and make arguments based on [the expert’s] erroneous legal opinions.”

Expert May Refer to Law in Expressing Opinion: While an expert may not offer his opinion on ultimate legal questions, “an expert may refer to the law in expressing his opinion.” Accordingly, the ALJ declined to strike a statement from the expert’s report which explained

how the expert's (correct) understanding of a point of law affected the expert's analysis.

CONSTRUCTION OF CERTAIN TERMS OF THE ASSERTED CLAIMS OF THE PATENT AT ISSUE

In the Matter of CERTAIN ROTATING 3-D LIDAR DEVICES, COMPONENTS THEREOF, AND SENSING SYSTEMS CONTAINING THE SAME, Inv. No. 337-TA-1173, Order No. 25
Construing Certain Terms of the Asserted Claims of the Patent At Issue (*Markman* Claim Construction) (April 30, 2020)

Before: ALJ McNamara

Practice Tips and Insights:

Parties should be aware of proposing claim constructions that are not supported by intrinsic evidence from the specifications and prosecution history, and in particular about proposing constructions that contort the prosecution history or prior PTAB findings.

Holding and Status:

ALJ McNamara adopted several agreed-upon claim constructions, and analyzed disputed claim terms related to the '558 patent.

Order Background:

The instant order adopts the parties' agreed-upon claim constructions and construes the disputed terms at issue.

Notable Disputed Issues and Related Points of Law:

Terms That Require Extrinsic Evidence: During claim construction, terms that can only be construed with technical, extrinsic evidence may be best left for evidentiary hearings. Some terms—here, “avalanche photodiode detectors”—are not amenable to construction solely based on claim construction briefing. Terms such as these should instead be construed after an evidentiary hearing. At an evidentiary hearing, persons of ordinary skill in the art are able to identify and analyze disputes with live testimony, and credibility can be assessed. This is particularly appropriate where one proposed construction requires a close reading of extrinsic evidence. Here, Respondent's proposed reading relied heavily on extrinsic evidence, alongside clues from intrinsic evidence, by a POSA, and therefore was more appropriately construed at an evidentiary hearing.

Indefiniteness of Claim Terms: A claim term cannot be indefinite if it provides a measurable meaning, or something that informs a person of skill in the art with a near absolute certainty. Here, the term “at least 200 RPM” indicates a measurable rotation rate, using rotations per minute. Because this goes beyond “reasonable certainty” to “near absolute certainty,” there is no support for Respondent’s indefiniteness argument. In fact, Respondent’s indefiniteness argument in response to this claim term is actually an enablement argument in disguise (and in this case, whether the specification provides an enabling disclosure is not an appropriate inquiry for this stage of the case).

Deviating from Plain and Ordinary Meaning: The standard for deviating from plain and ordinary meaning of a term is more flexible than the test originally laid out in *Thorner v. Sony Computer Entm’t Am. LLC*, 669 F.3d 1362 (Fed. Cir. 2012). As post-*Thorner* case law from the Federal Circuit indicates, claim terms may be clearly redefined without an explicit statement of redefinition. A specification may define claim terms by implication, such that the meaning may be found in or ascertained by a reading of the patent documents. In construing “lidar-based”/“providing a lidar system having,” the PTAB previously sided with Velodyne and found that the specification defined lidar by implication. Respondent did not provide sufficient justification for deviating from the PTAB’s finding, as the specifications may appropriately define claim terms by implication. Per the Federal Circuit, a specification is considered the single best guide to the meaning of disputed terms.

PARTIES PRECLUDED FROM RENEWING INDEFINITENESS ARGUMENT THAT WAS ABANDONED DURING *MARKMAN* PROCESS

In the Matter of CERTAIN LITHIUM-ION BATTERY CELLS, BATTERY MODULES, BATTERY PACKS, COMPONENTS THEREOF, AND PRODUCTS CONTAINING SAME, Inv. No. 337-TA-1181, Order No. 10 Granting-In-Part and Denying-In-Part Complainants’ Motion to Preclude Respondents from Presenting Certain Indefiniteness Arguments (May 5, 2020)

Before: ALJ Lord

Practice Tips and Insights:

Parties are bound by the positions they take in certified submissions, such as *Markman* briefs. Therefore, while parties are not precluded from raising new claim construction issues later in the proceedings, parties desiring to change their position as to a claim term previously raised must show good cause in a motion for leave to amend their position.

Holding and Status:

Respondents’ were not precluded from raising new claim construction disputes outside of

the *Markman* process, but could not renew an indefiniteness argument previously raised and then abandoned during the *Markman* process.

Order Background:

The instant order grants Complainant's motion to strike Respondents' indefiniteness argument as to one term previously raised, and then abandoned, during the *Markman* process. The order denies Complainant's motion as to all other terms which were not previously at issue during the *Markman* process.

Notable Disputed Issues and Related Points of Law:

Claim Construction Issues Not Raised Prior to Pre-Hearing Brief: Respondents raised a number of indefiniteness arguments that were not identified during the *Markman* process. ALJ Lord held that the parties are not required to identify all potential claim construction issues during the *Markman* process. ALJ Lord further noted that the Ground Rules expressly contemplated that not all claim construction issues would be raised and/or resolved during the *Markman* process.

Previously Raised Claim Construction Disputes: During the *Markman* process, Respondents had initially identified the term "size" as a term in dispute, contending that the term was indefinite. Respondents subsequently abandoned the term and did not include briefing on it, noting that they were adopting Complainants' construction for the term. Respondents later served an interrogatory response contending that the term was indefinite. Respondents further included this indefiniteness argument in their pre-hearing brief. ALJ Lord held that Respondents were precluded from renewing the argument by simply serving an interrogatory response contradicting their own *Markman* brief and that they were bound by the position taken in that brief. ALJ Lord noted that the proper mechanism by which the Respondents should have proceeded was to file a motion for leave to change their position with respect to this term, which would need to identify good cause for the change.

Title

In the Matter of CERTAIN FOODSERVICE EQUIPMENT AND COMPONENTS THEREOF, Inv. No. 337-TA-1166, Order 44, Denying Complainants' Motion for Reconsideration of Order No. 37

Before: ALJ Dee Lord

Practice Tips and Insights:

Despite the COVID-19 pandemic, it is still business as usual at the ITC. While some hearings have been delayed, the ITC is still looking to reschedule hearings in the near future and invoking any procedures available to ensure an expeditious resolution.

Holding and Status:

Complainants moved to have an order rescheduling a hearing due to COVID-19 reconsidered, and the motion was denied.

Case Background:

An order (Order No. 37) was granted rescheduling a hearing, which was originally set to take place on March 9-13, 2020, to July 20-24, 2020 due the COVID-19 pandemic, and permitting the use of video testimony or deposition transcripts admissible in lieu of live testimony due to the unavailability of Complainants' witnesses because of travel restrictions. Complainants moved for reconsideration of that order, which ALJ Lord denied.

Notable Disputed Issues and Related Points of Law:

While ALJ Lord noted that the COVID-19 pandemic had disrupted the regular operation of the Commission as well as many Section 337 hearings which have been postponed, ALJ Lord held that the hearing could not be indefinitely delayed due to the unavailability of Complainants' witnesses in light of the available procedures which can ensure expeditious resolution of the dispute.

Right to Cross-Examine

Complainants argued that due the unavailability of their witnesses, who were based in China, both for live and video testimony, reliance on deposition transcripts would undermine their right to cross-examine witnesses. Complainants sought adverse direct testimony from these witnesses, some of which were Complainants' current employees. ALJ Lord found that adverse direct testimony does not implicate the right to cross-examine, and that if these witnesses are unavailable, they will not appear to testify on behalf of Respondents. Complainants have no right to cross-examine non-testifying witnesses.

Deposition Transcript

Order No. 37 permitted the use of deposition transcripts under Commission Rule 210.28(h) which allows the use of deposition transcripts as testimony against any party who was present or represented at the taking of the deposition or who had reasonable notice thereof. The rule therefore permits the admission of deposition transcripts in the present investigation for witnesses who cannot travel to the hearing from China. Complainants

argued that deposition testimony would not allow the administrative law judge to evaluate the credibility of the witnesses, but deposition transcripts are routinely used in hearings to assess credibility. Complainants also attempted to argue that these depositions were taken without an expectation that the transcripts would be admissible, but again, ALJ Lord found that this contention was not credible. All parties were aware of the rules allowing for the admission of deposition transcripts in Section 337 hearings.

Interlocutory Review

Complainants also sought interlocutory review of Order No. 37 which ALJ Lord denied. Complainants had not identified any legal issue that warrants interlocutory review and Judge Lord held that there was no manifest injustice in requiring Complainants to proceed to hearing in a case they instigated.

4 LATE DISCLOSURE OF FACT WITNESS RESULTS IN ALJ ORDERING SUPPLEMENTAL DEPOSITION

In the Matter of CERTAIN TOUCH-CONTROLLED MOBILE DEVICES, COMPUTERS, AND COMPONENTS THEREOF, Inv. No. 337-TA-1162, Order No. 47 Granting in part Neodron's motion in limine no. 5 to preclude respondent HP's fact witness Marty Chen from testifying about HP's use of Raydium components (May 28, 2020)

Before: ALJ Elliot

Practice Tips and Insights:

A late disclosure of a fact witness with material testimony about the third party components of the accused products may result in an order requiring a supplemental deposition of the fact witness, and potentially require the parties to seek to supplement their respective infringement positions.

Holding and Status:

ALJ Elliot granted in part Neodron's motion and ordered that HP make available its fact witness for supplemental deposition and deferred ruling on the remainder of the motion thereafter.

Order Background:

The instant order grants in part Neodron's motion in limine to the extent HP's fact witness must be made available for a supplemental deposition limited to whether Raydium touch controllers are used in any accused HP products.

Notable Disputed Issues and Related Points of Law:

Untimely disclosure of fact witness's hearing testimony: HP waited until its prehearing brief to identify its fact witness to testify about whether HP used Raydium chips in HP's accused products. Because of HP's late disclosure, the ALJ ordered a supplemental deposition of HP's fact witness and, depending on the substance of the fact witness's testimony, the testimony may be precluded or require the parties to seek to supplement their respective infringement positions.

5 LATE DISCLOSURE OF NEW INFRINGEMENT THEORY RESULTS IN EXPERT WITNESS BEING PRECLUDED FROM OFFERING TESTIMONY IN SUPPORT OF NEW THEORY

In the Matter of CERTAIN TOUCH-CONTROLLED MOBILE DEVICES, COMPUTERS, AND COMPONENTS THEREOF, Inv. No. 337-TA-1162, Order No. 50 Granting respondents' motion in limine no. 7 to preclude Neodron's new infringement theory relating to the '910 accused products and claim 31 (June 2, 2020)

Before: ALJ Elliot

Practice Tips and Insights:

Practitioners should avoid disclosing new theories initially in its pre-hearing briefs. Such late disclosure, and if coupled with no supporting evidence, may result in preclusion of those newly raised theories.

Holding and Status:

ALJ Elliot granted respondents' motion to preclude complainant's expert witness from offering testimony or other evidence in support of the assertion that the '910 accused products meet claim 31.

Order Background:

The instant order grants respondents' motion to preclude complainant's expert witness from testifying in support of an argument raised for the first time in a single footnote of complainant's pre-trial brief.

Notable Disputed Issues and Related Points of Law:

Late disclosure of infringement theory: Complainant disclosed a new infringement theory for the first time in its pre-trial brief and failed to identify any language in the expert's report or deposition to support this new assertion. Because of its late disclosure and lack of supporting evidence, complainant's expert witness was precluding from offering testimony or other evidence in support of the new infringement theory.

ORDER MAINTAINING CONFIDENTIALITY OF CERTAIN MATERIALS GATHERED BY A PRIVATE INVESTIGATOR

In the Matter of CERTAIN FOODSERVICE EQUIPMENT AND COMPONENTS THEREOF, Inv. No. 337-TA-1166, Order No. 45 Granting-in-Part and Denying-in-Part Respondents' Motion to Declassify and Reclassify Complainant Walbro, LLC's Confidential Motion to Strike Certain Portions of Amazon.com Inc.'s Opening Expert Report of James H. Lee Regarding Invalidity (July 24, 2019)

Before: ALJ Lord

Practice Tips and Insights:

Rule 210.20(a) is an available procedural vehicle to get information designated as outside counsel only to the public if there is a good faith belief that the designated information does not meet the Commission's test related to confidential business information. However, the commission take a liberal view on what qualifies as CBI, especially with respect to third parties.

Holding and Status:

Certain evidence gathered by a private investigator was confidential as to the third party investigator and therefore protected as CBI.

Order Background:

Respondents filed a motion seeking to declassify certain information related to a private investigator.

Notable Disputed Issues and Related Points of Law:

The dispute related to declassification here was rarely straightforward—respondents sought to declassify information regarding the identity of a private investigator and the materials gathered by the private investigator. Judge Lord emphasized that “the rule on confidential business information (‘CBI’) has been applied liberally” and that “information from third parties not involved in the 337 investigation regularly is protected as CBI.” As a result, the details related to the investigator and the information collected by the private investigator was not de-designated. Judge Lord explained that “information collected by the private investigator will continue to be classified as CBI, but it is the private investigator’s CBI, not Complainants’.” Judge Lord also explained that through their motion “Respondents seem to conflate Fourth Amendment privacy concerns with the Protective Order, which on its face is not intended to and does not protect privacy interests.”

6 BY THE NUMBERS

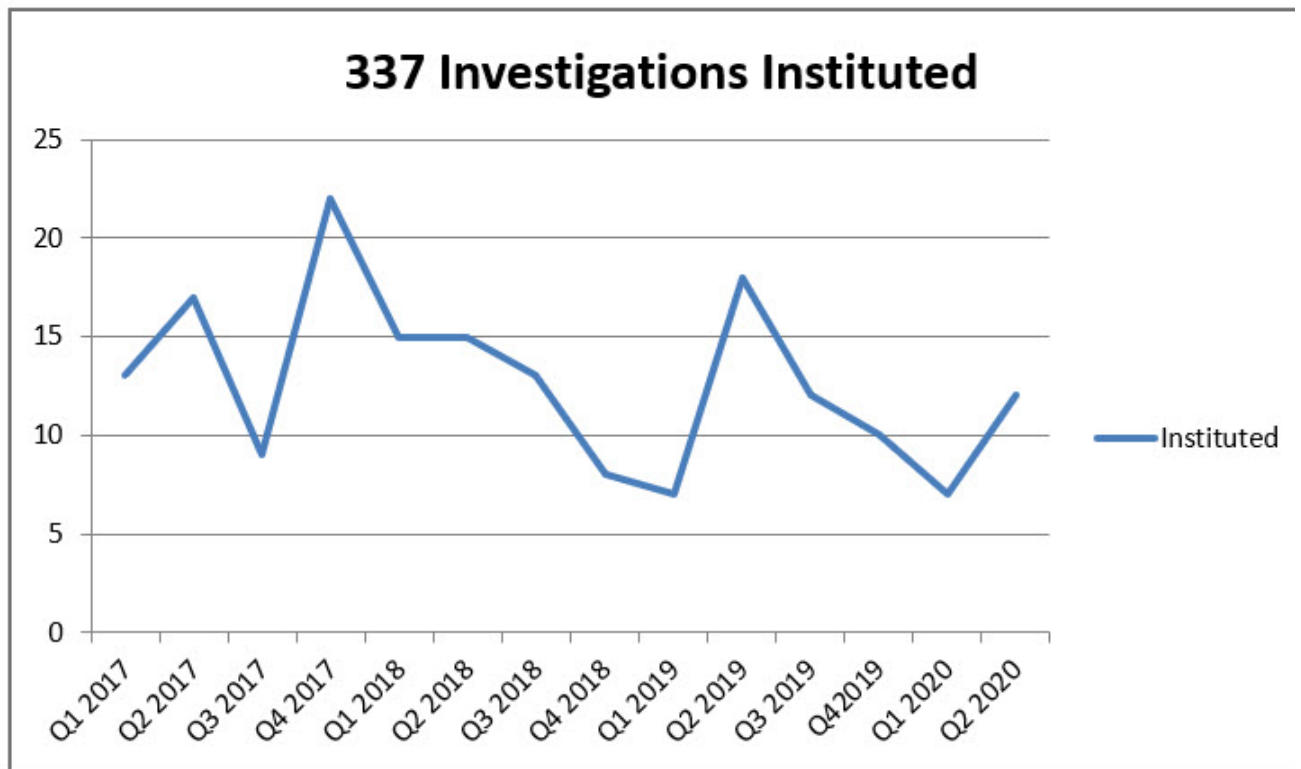
THE QUARTERLY NUMBERS

Event	Amount
New Institutions	12 (1196-1207)
Judge Initial Determinations	8 (1103, 1144, 1153, 1148, 1168, 1145, 1174, 1158)
Holdings of No Violation in ID	3 (1153, 1148, 1168)
Holdings of Violation in ID	3 (1142, 1161, 1133) 5 (1144, 1445, 1174, 1158, 1103)
Commission Opinions (reviewing IDs)	12 (1116, 1120, 1132, 1103, 1140, 1089, 1131, 1119, 1118, 1154, 1138, 1131)
Holdings of No Remedy by Commission	8 (1140, 1089, 1131, 1119, 1118, 1154, 1138, 1151)

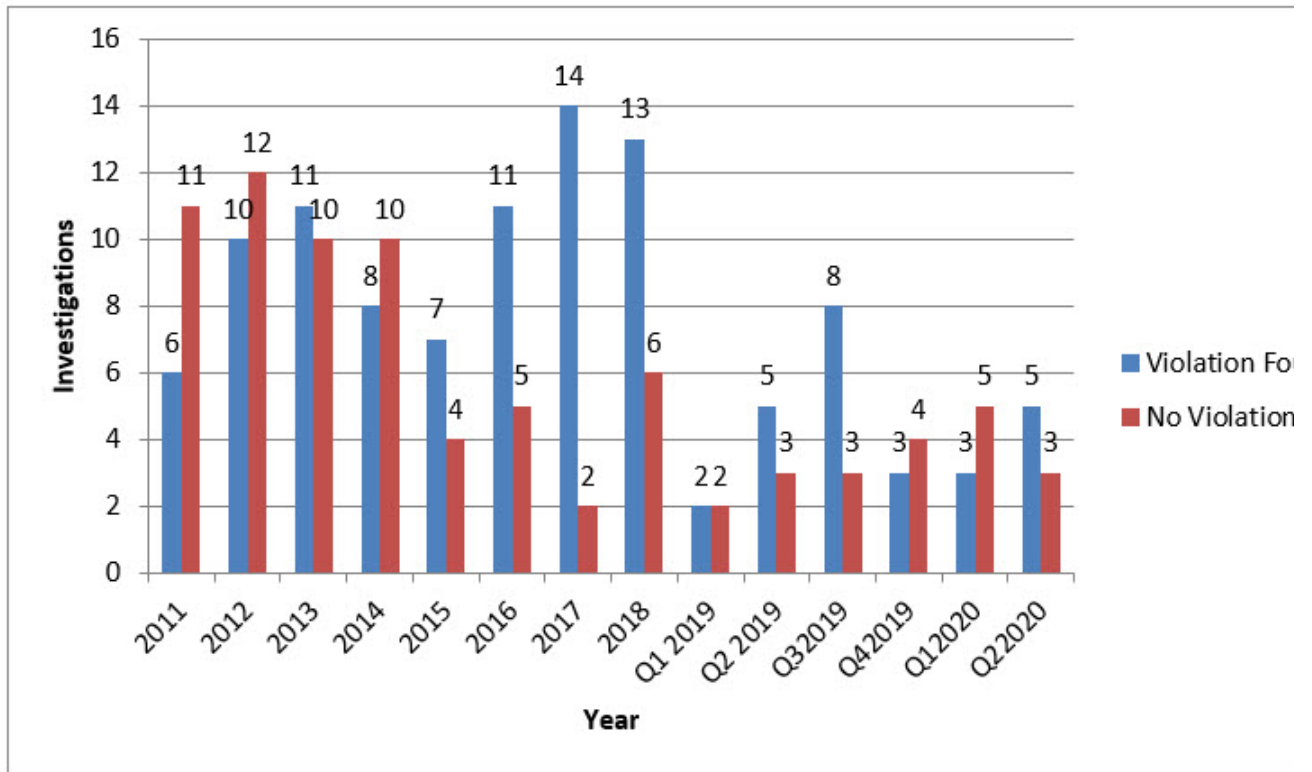
Holdings of Remedy by Commission	4 (1116, 1120, 1132, 1103)
Exclusion Orders	6 (1141, 1116, 1139, 1103, 1120, 1132)

7 THE TRENDS

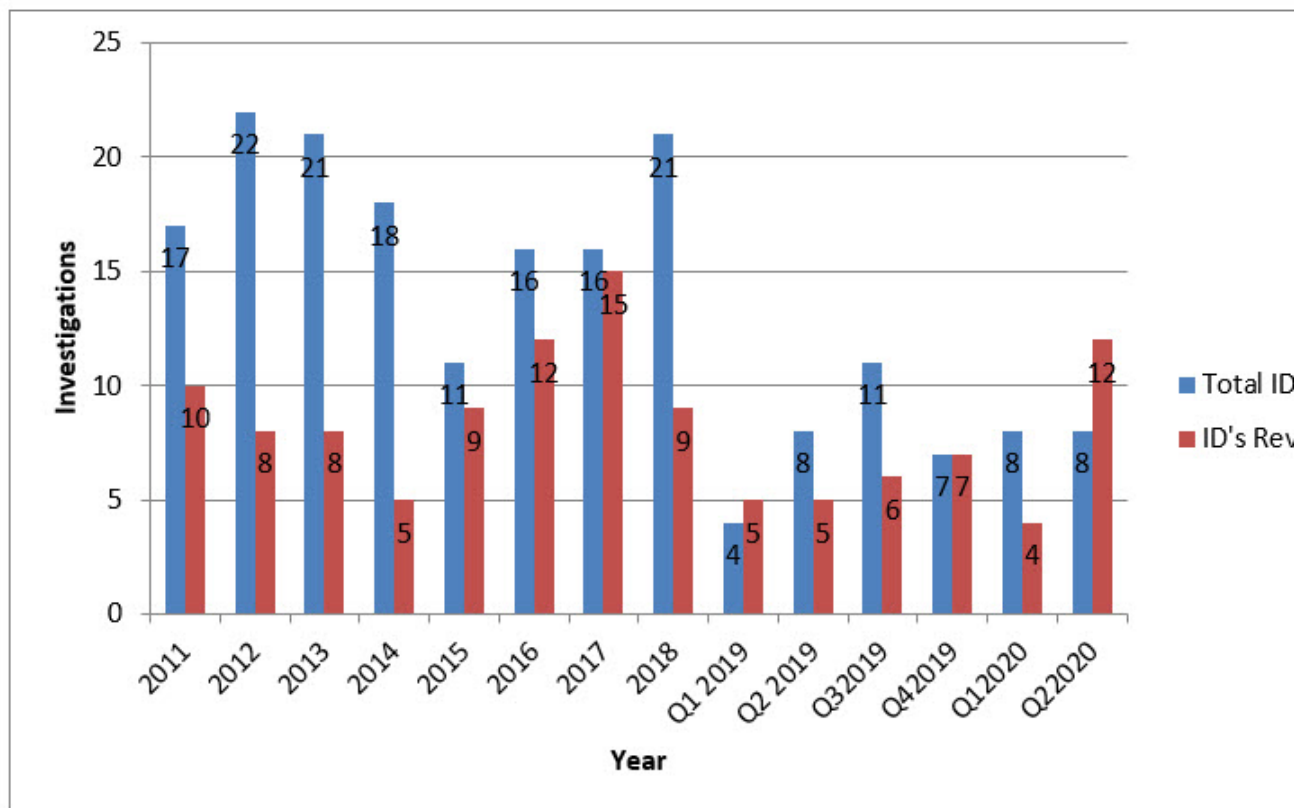
Instituted Investigations



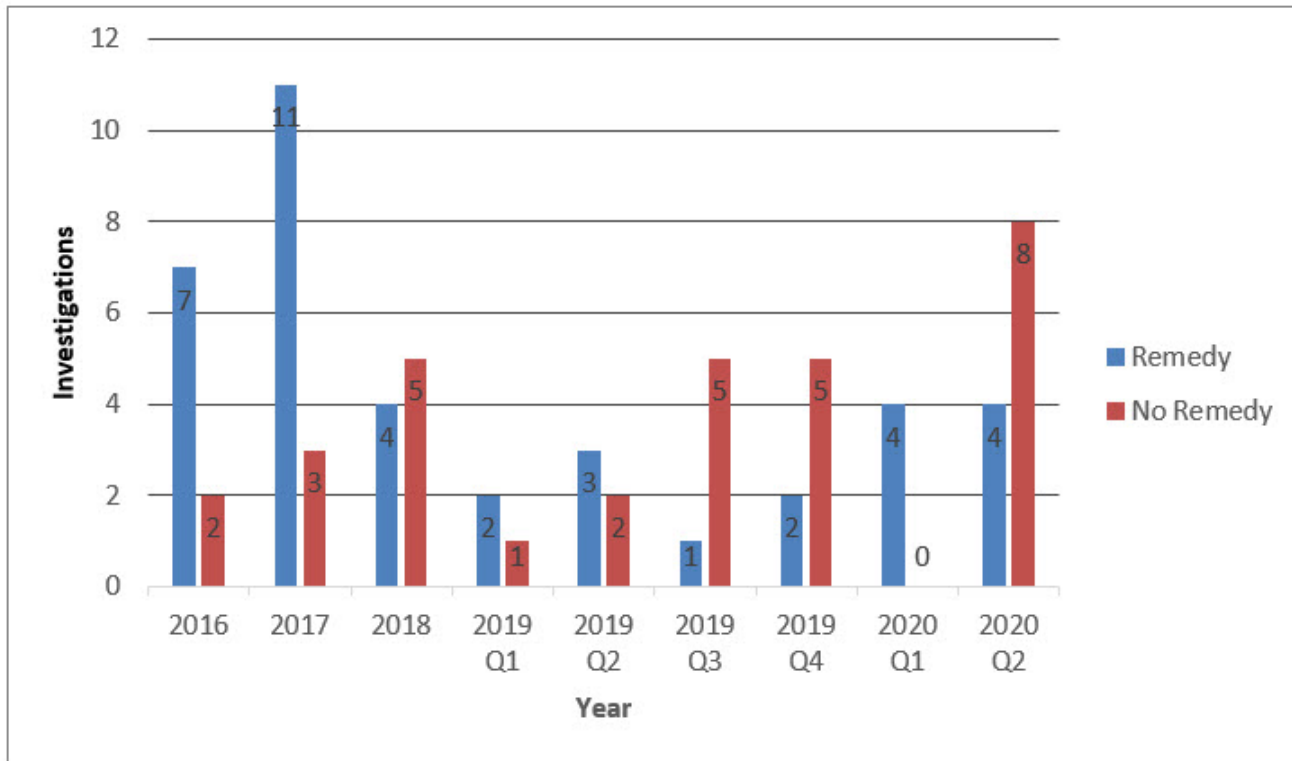
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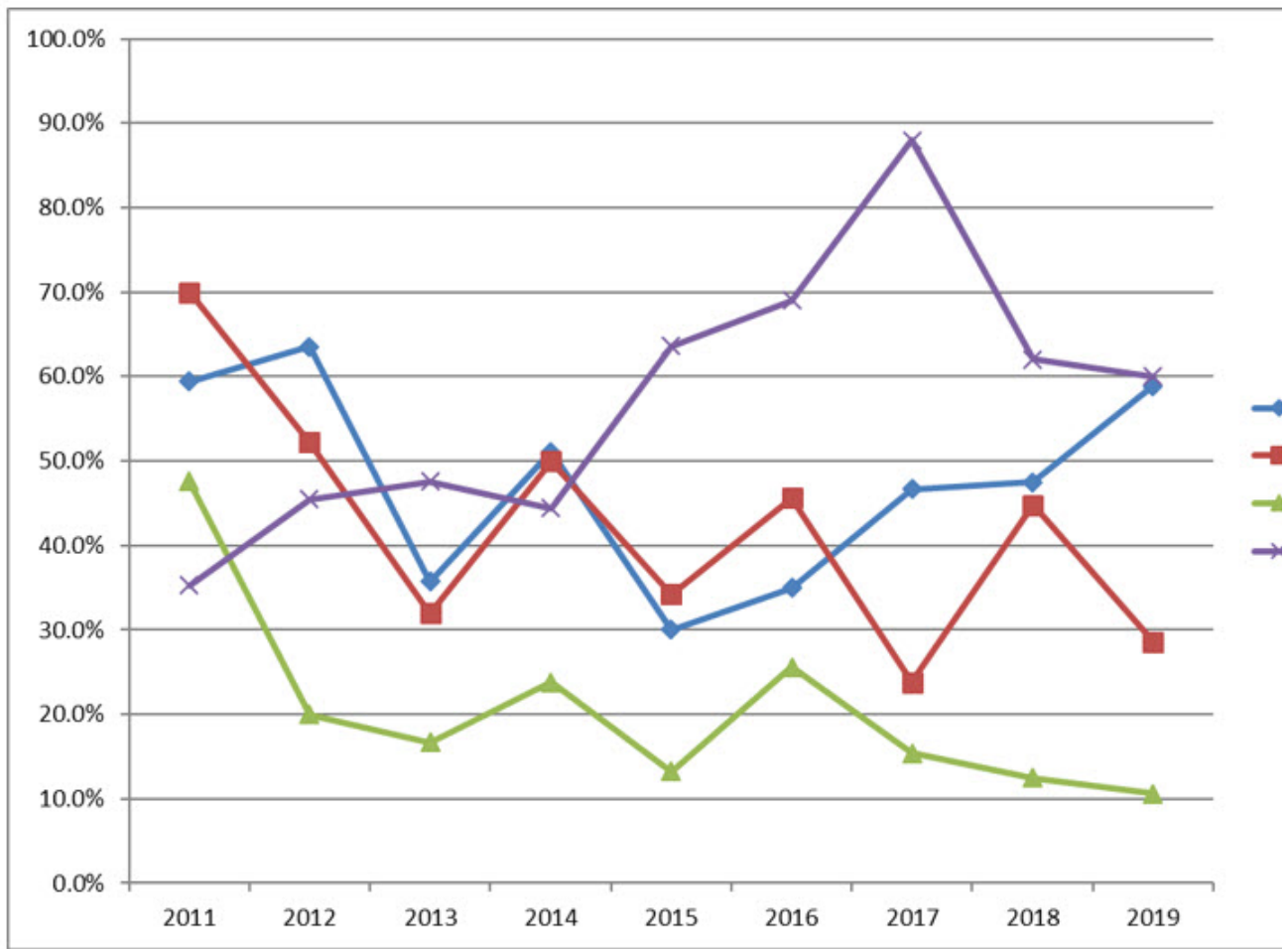
Commission Review



Commission Review- Remedy v. No Remedy



Comparative Success Rates—current (through end of December)



GET IN TOUCH

Mark G. Davis

Partner

markdavis@goodwinlaw.com

Washington, DC +1 202
346 4090

**Patrick J.
McCarthy**

Partner

pmccarthy@goodwinlaw.com

Washington, DC +1 202
346 4266

**Ronald J.
Pabis**

Partner

rpabis@goodwinlaw.com

Washington, DC +1 202
346 4258

Stephen K.

Shahida

Partner

sshahida@goodwinlaw.com

Washington, DC +1 202

346 4004

Darryl M. Woo

Partner

dwoo@goodwinlaw.com

San Francisco +1 415

733 6068