



INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-745

CERTAIN WIRELESS COMMUNICATION DEVICES, PORTABLE MUSIC AND DATA PROCESSING DEVICES, COMPUTERS AND COMPONENTS THEREOF

COMMISSION DECISION TO REVIEW IN PART A FINAL INITIAL

DETERMINATION FINDING A VIOLATION OF SECTION 337;

REQUEST FOR WRITTEN SUBMISSIONS

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part the presiding administrative law judge's ("ALJ") final initial determination ("ID") issued on April 24, 2012, finding a violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337 in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Megan M. Valentine, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2301. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on November 8, 2010, based on a complaint filed by Motorola Mobility, Inc. of Libertyville, Illinois. 75 *Fed. Reg.* 68619-20 (Nov. 8, 2010). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 (“section 337”), in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain wireless communication devices, portable music and data processing devices, computers and components thereof by reason of infringement of certain claims of U.S. Patent Nos. 6,272,333 (“the ‘333 patent”); 6,246,862 (“the ‘862 patent”); 6,246,697 (“the ‘697 patent”); 5,359,317 (“the ‘317 patent”); 5,636,223 (“the ‘223 patent”); and 7,751,826 (“the ‘826 patent”). The complaint further alleges the existence of a domestic industry. The Commission’s notice of investigation named Apple Inc. of Cupertino, California as respondent. The Office of Unfair Import Investigation (“OUII”) was named as a participating party, however, on July 29, 2011, OUII withdrew from further participation in the investigation. *See* Commission Investigative Staff’s Notice of Nonparticipation (July 29, 2011). The Commission later partially terminated the investigation as to the ‘317 patent and the ‘826 patent. Notice (June 28, 2011); Notice (Jan 27, 2012).

On April 24, 2012, the ALJ issued his final ID, finding a violation of section 337 as to the ‘697 patent and finding no violation as to the ‘223, ‘333, and ‘697 patents. On May 9, 2012, the ALJ issued his recommended determination on remedy and bonding. In his final ID, the ALJ found that the products accused of infringing the ‘697 patent literally infringe claims 1-4 of that patent, and that Apple induces others to infringe the asserted claims of the ‘697 patent. The ALJ also found that the asserted claims of the ‘697 patent are not invalid as anticipated under 35 U.S.C.

§ 102, as obvious under 35 U.S.C. § 103, or for failure to satisfy the written description requirement or the best mode requirement of 35 U.S.C. § 112. The ALJ also found that the ‘697 patent is not unenforceable for unclean hands. The ALJ further found that Motorola has satisfied the domestic industry requirement for the ‘697 patent. The ALJ also found that the products accused of infringing the ‘223 patent literally infringe the asserted claim of that patent and that Apple induces others to infringe the claim 1 of the ‘223 patent. The ALJ further found, however, that the asserted claim of the ‘223 patent is invalid as anticipated under 35 U.S.C. § 102. The ALJ also found that Motorola has satisfied the domestic industry requirement for the ‘223 patent. The ALJ further found that the products accused of infringing the ‘333 patent do not literally infringe claim 12 of that patent. The ALJ also found that the asserted claim of the ‘333 patent is not invalid as anticipated under 35 U.S.C. § 102 or for obviousness under 35 U.S.C. § 103. The ALJ further found that Motorola has not satisfied the domestic industry requirement for the ‘333 patent. The ALJ also found that that claim 1 of the ‘862 patent is invalid as indefinite under 35 U.S.C. § 112, ¶ 2 and, therefore, that the products accused of infringing the ‘862 patent do not literally infringe the asserted claim of that patent and that Motorola has not satisfied the domestic industry requirement for the ‘862 patent.

On May 7, 2012, Motorola filed a joint petition for review and contingent petition for review of certain aspects of the final ID’s findings concerning claim construction, infringement, validity, and domestic industry. Also on May 7, 2012, Apple filed a joint petition for review and contingent petition for review of certain aspects of the final ID’s findings concerning claim construction, infringement, validity, and patent unenforceability. On May 15, 2012, Motorola filed a response to Apple’s petition. Also on May 15, 2012, Apple filed a response to Motorola’s

petition.

On June 6, 2012, Apple filed a post-RD statement on the public interest pursuant to Commission Rule 201.50(a)(4). Also on June 6, 2012, several non-parties filed public interest statements in response to the post-RD Commission Notice issued on May 15, 2012. *See 77 Fed. Reg.* 28621-22 (May 15, 2012). The non-parties include: Federal Trade Commission; Business Software Alliance; Association for Competitive Technology; Retail Industry Leaders Association; Verizon; Nokia Corporation; Hewlett-Packard Company; and Microsoft Corporation.

Having examined the record of this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the final ID in part. Specifically, with respect to the '223 patent the Commission has determined to review the ID's claim construction of the claim limitation "access priority value" in claim 1. The Commission has also determined to review the ID with respect to the validity of claim 1 of the '223 patent under 35 U.S.C. § 102 in light of U.S. Patent No. 5,453,987 to Tran ("Tran '987) and U.S. Patent No. 5,657,317 to Mahany et al ("Mahany '317") and under 35 U.S.C. § 103 in light of Tran '987 in combination with Mahany '317. The Commission has further determined to review the ID's finding that the 802.11 standard necessarily practices claim 1 of the '223 patent, and thus, the ID's findings concerning infringement and whether Motorola has satisfied the technical prong of the domestic industry requirement with respect to the '223 patent.

With respect to the '697 patent, the Commission has determined to review the ID's construction of the limitation "selecting a chip time in a complex PN [pseudonoise] sequence generator" in claim 1. The Commission has also determined to review the ID's construction of the claim limitation "restricting a phase difference between a previous complex PN chip and a

next complex PN chip to a preselected phase angle.” The Commission has further determined to review the ID’s findings with respect to the validity of claims 1-4 the ‘697 patent under 35 U.S.C. § 102 in light of prior art $\pi/2$ -shift BPSK modulation and under 35 U.S.C. § 103 in light of the combination of prior art QPSK and $\pi/2$ -shift BPSK modulation schemes. The Commission has also determined to review the ID’s finding of direct and induced infringement with respect to the ‘697 patent. The Commission has further determined to review the ID’s finding that Motorola has satisfied the technical prong of the domestic industry requirement for the ‘697 patent.

With respect to the ‘862 patent, the Commission has determined to review the ID’s construction of the limitation “close proximity to a user” in claim 1 and his finding that claim 1 is indefinite.

With respect to the ‘333 patent, the Commission has determined to review the ID’s construction of the limitation “a list of all software applications that are currently accessible to the subscriber unit” in claim 12. The Commission has further determined to review the ALJ’s finding that claim 12 is not invalid under 35 U.S.C. § 102 in light of U.S. Patent Nos. 5,502,831 to Grube et al. (“Grube ‘831”), 6,008,737 to DeLuca et al. (“DeLuca ‘797”), or 5,612,682 to DeLuca et al. (“DeLuca ‘682”), or under 35 U.S.C. § 103 in view of Grube ‘831 combined with DeLuca ‘682 and DeLuca ‘737. The Commission has also determined to review the ALJ’s finding of non-infringement of claim 12. The Commission has further determined to review the ID’s finding that Motorola’s domestic industry product does not practice claim 12 of the ‘333 patent.

With respect to whether Motorola has satisfied the economic prong of the domestic industry requirement, the Commission has determined to review the ID’s finding that Motorola has not satisfied the economic prong as to the ‘333 patent under section 337(a)(3)(C) for its

investments in licensing. The Commission has also determined to review in part the ID's finding that Motorola has satisfied the economic prong with respect to the '223 and '697 patents under section 337(a)(3)(A) and (B).

The Commission has determined not to review the remaining issues decided in the ID.

The parties are requested to brief their positions on the issues under review with reference to the applicable law and the evidentiary record. In connection with its review, the Commission is particularly interested in responses to the following questions:

1. Does the description of the present invention in the specification of the '697 patent (*e.g.*, at col. 4, lns. 54-64) limit the scope of claim 1 to a $\pi/2$ BPSK modulation scheme at "selected chip times?" If so, does this restriction in the scope of claim 1 affect the validity of claim 4 under 35 U.S.C. § 112, ¶ 4, where claim 4 is also limited to a $\pi/2$ BPSK modulation scheme at "selected chip times?"
2. If claim 4 of the '697 patent is not invalid under 35 U.S.C. § 112, ¶ 4, can a claim differentiation argument be made with respect to claims 1 and 4 that would resolve the appropriate scope of claim 1, considering the description of the present invention in the specification of the '697 patent?
3. With respect to the '333 patent, does the limitation "currently available" in claim 12 require that a non-web based software application need only be installed on a subscriber unit or does the software application have to be both installed and enabled for use? In discussing this issue, please refer to the ALJ's finding that the '333 Accused Products do not communicate with Apple's servers regarding changes in user

credentials (*see* Final ID at 254). Also, please provide citations to the record in support of any arguments.

4. With regard to the '697 and '223 patents, are there substantial costs and delays associated with switching away from the standardized technology in question?
5. With regard to the '697 and '223 patents, do the patents in question cover relatively minor components of the accused products?
6. Has Apple waived its right to assert that Motorola failed to offer a license on reasonable and non-discriminatory ("RAND") terms? In discussing this issue, please refer to Commission Investigative Staff Motion in Limine to Exclude The Expert Opinion of Jerry Hausman filed July 14, 2011, and to Respondent Apple Inc.'s Opposition to Commission Investigative Staff's Motion In Limine to Exclude the Expert Opinion of Robert O'Hara at page 1, n. 1 filed July 22, 2011.
7. If the record of an investigation lacks evidence sufficient to support a RAND-based affirmative defense (*e.g.*, equitable estoppel, implied license, waiver, etc.), under what circumstances (if any) should a RAND obligation nonetheless preclude issuance of an exclusion order? Please discuss theories in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.
8. Does the mere existence of a RAND obligation preclude issuance of an exclusion order? Please discuss theories in law, equity, and the public interest, and identify

which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.

9. Should a patent owner that has refused to offer a license to a named respondent in a Commission investigation on a RAND obligated patent be able to obtain an exclusion order? Please discuss theories in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.
10. Should a patent owner that has refused to offer a license on a RAND obligated patent to some entity (regardless of whether that entity is a named respondent in a Commission investigation) be able to obtain an exclusion order? Please discuss theories in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.
11. Should a patent owner that has refused to negotiate a license on RAND terms with a named respondent in a Commission investigation be precluded from obtaining an exclusion order? Please discuss theories in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.
12. Should a patent owner that has refused to negotiate a license on RAND terms with some entity (regardless of whether that entity is a named respondent in a Commission investigation) be precluded from obtaining an exclusion order? Please discuss theories

in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.

13. Should a patent owner who has offered a RAND license that the named respondent in a Commission investigation has rejected be precluded from obtaining an exclusion order? Please discuss theories in law, equity, and the public interest, and identify which (if any) of the 337(d)(1) public interest factors allegedly precludes issuance of such an order.

The parties have been invited to brief only these discrete issues, as enumerated above, with reference to the applicable law and evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties' existing filings.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *In the Matter of Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, the Office of Unfair Import Investigations, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainant is also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to state the dates that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on July 9,

2012. Initial submissions are limited to 70 pages, not including any attachments or exhibits related to discussion of the public interest. Reply submissions must be filed no later than the close of business on July 16, 2012. Reply submissions are limited to 25 pages, not including any attachments or exhibits related to discussion of the public interest. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-754") in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures*, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-46 and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.42-46 and 210.50).

By order of the Commission.

Lisa R. Barton
Acting Secretary to the Commission

Issued: June 25, 2012

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