

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN NON-VOLATILE MEMORY
DEVICES AND PRODUCTS
CONTAINING SAME**

Investigation No. 337-TA-1046

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL
INITIAL DETERMINATION FINDING NO VIOLATION OF SECTION 337;
SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER
REVIEW AND ON REMEDY, THE PUBLIC INTEREST AND BONDING; EXTENSION
OF TARGET DATE**

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 final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on April 27, 2018, finding no violation of section 337 of the Tariff Act of 1930, as amended (19 USC 1337), as to claims 1-8 of U.S. Patent No. 6,552,360 (“the ’360 patent”); claims 1-10 of U.S. Patent No. 6,788,602 (“the ’602 patent”); and claims 11-16 of U.S. Patent No. 8,035,417 (“the ’417 patent”). The Commission has also determined to extend the target date for completion of this investigation until September 4, 2018.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3042. 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 (<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 Inv. No. 337-TA-1046 on April 12, 2017, based on a complaint filed by Macronix International Co., Ltd. of Hsin-chu, Taiwan and Macronix America, Inc. of Milpitas, California (collectively, “Macronix”). 82 *Fed. Reg.* 17687-88 (Apr. 12, 2017). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), in the importation into the United States, the sale for

importation, and the sale within the United States after importation of certain non-volatile memory devices and products containing the same that infringe one or more of claims 1-8 of the '360 patent; claims 1-12 and 16 of the '602 patent; and claims 1-7, 11-16, and 18 of the '417 patent. The notice of investigation named the following respondents: Toshiba Corporation of Tokyo, Japan; Toshiba America, Inc. of New York, New York; Toshiba America Electronic Components, Inc. of Irvine, California; Toshiba America Information Systems, Inc. of Irvine, California; and Toshiba Information Equipment (Philippines), Inc. of Binan, Philippines (collectively, "Toshiba"). The Office of Unfair Import Investigations is a party to the investigation.

On June 16, 2017, the Commission determined not to review the ALJ's order (Order No. 11) granting an unopposed motion to amend the Notice of investigation to add Toshiba Memory Corporation of Tokyo, Japan as a respondent. *See* Order No. 11, Comm'n Notice of Non-Review (June 16, 2017).

On October 17, 2017, the Commission determined not to review the ALJ's order (Order No. 20) granting an unopposed motion to terminate the investigation as to claims 11, 12, and 16 of the '602 patent. *See* Order No. 20, Comm'n Notice of Non-Review (Oct. 17, 2017).

On October 4, 2017, the ALJ held a *Markman* hearing to construe certain disputed claim terms. On December 5, 2017, the ALJ issued Order No. 23 (*Markman* Order), setting forth her construction of the disputed claim terms.

On January 18, 2018, the Commission determined not to review the ALJ's order (Order No. 24) granting an unopposed motion to terminate the investigation as to claims 1-7 and 18 of the '417 patent. Order No. 24; Comm'n Notice of Non-Review (Jan. 18, 2018).

The ALJ held an evidentiary hearing from February 8, 2018, through February 14, 2018, and thereafter received post-hearing briefs.

On April, 27 2018, the ALJ issued her final ID, finding no violation of section 337 by Toshiba in connection with the remaining claims, *i.e.*, claims 1-8 of the '360 patent; claims 1-10 of the '602 patent; and claims 11-16 of the '417 patent. Specifically, the ALJ found that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Toshiba. ID at 15-17. The ALJ also found that Macronix satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* The ALJ, however, found that the accused products do not infringe the asserted claims of the '360 patent and '417 patent. *See* ID at 19-65, 118-130. The ALJ also found that Toshiba failed to establish that the asserted claims of the '417 patent are invalid for obviousness. ID at 132-141. Toshiba did not challenge the validity of the '360 patent. ID at 70. With respect to the '602 patent, the ALJ found that certain accused products infringe asserted claims 1-10, but that claims 1-5 and 7-10 are invalid for obviousness. ID at 71-88, 91-117. Finally, the ALJ found that Macronix failed to establish the existence of a domestic industry that practices the asserted patents under 19 U.S.C. § 1337(a)(2) and also failed to show a domestic industry in the process of being established. *See* ID at 257-261, 288-294.

On May 10, 2018, the ALJ issued her recommended determination on remedy and bonding. Recommended Determination on Remedy and Bonding (“RD”). The ALJ recommends that in the event the Commission finds a violation of section 337, the Commission should issue a limited exclusion order prohibiting the importation of Toshiba’s accused products that infringe the asserted claims of the asserted patents. RD at 1-5. The ALJ also recommends issuance of cease and desist orders against the domestic Toshiba respondents based on the presence of commercially significant inventory in the United States. RD at 5. With respect to the amount of bond that should be posted during the period of Presidential review, the ALJ recommends that the Commission set a bond in the amount of 100 percent of entered value for Toshiba flash memory devices and solid state drives, and a bond in the amount of six percent of entered value for Toshiba PCs imported during the period of Presidential review. RD at 6-9.

On May 14, 2018, Macronix filed a petition for review challenging the ID’s finding of no violation of section 337. The IA also filed a petition for review that day, challenging the ID’s finding that Macronix failed to establish a domestic industry in the process of being established and certain findings as to the ’602 patent. Also on May 14, 2018, Toshiba filed a contingent petition for review of the ID “in the event that the Commission decides to review the ID.” On May 22, 2018, Macronix and Toshiba filed their respective responses to the petitions for review. On May 23, 2018, the IA filed a response to the private parties’ petitions for review. The Chairman granted the IA’s motion for leave to file the response one day late.

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, the Commission has determined to review the following: (1) the finding that Macronix failed to satisfy the domestic industry requirement; and (2) the findings of infringement and invalidity as to the ’602 patent.

In connection with its review, the Commission is interested in responses to the following questions:

1. Would one of ordinary skill in the art understand that the claim term “coupled” in the asserted claims of the ’602 patent construed to mean “conductively connected” requires select transistors? If yes, how does it affect the ID’s infringement, domestic industry technical prong, and invalidity findings?
2. Would one of ordinary skill in the art understand that the claim term “memory array” in the asserted claims of the ’602 patent construed to mean “multiple memory cells coupled to a grid of word lines and bit lines” necessarily includes select transistors? If yes, how does it affect the ID’s infringement, domestic industry technical prong, and invalidity findings?
3. The ID states that under the adopted construction of “memory array” (set forth above), “a memory array consistent with the ’602 patent . . . could span an entire plane or only a subset of memory cells in a plane.” ID at 80. Is this additional language consistent with the ID’s construction? If that additional

language is omitted, how will the ID's infringement, domestic industry technical prong, and invalidity findings be affected?

4. Please discuss the showing necessary to meet the statutory requirement of "articles protected by the patent" for a domestic industry in the process of being established under section 337(a)(2).

The parties are requested to brief only the discrete issues 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 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 *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. In connection with this, the Commission is interested in responses to the following questions:

1. If an exclusion order issues against Toshiba's accused products, can Dell's other SSD suppliers or other SSD suppliers in general fill any void that may be created?
2. What domestic Dell products will be impacted by an exclusion order?
3. Toshiba and Dell request a delay in implementing any exclusion order. If an exclusion order issues, what specific product(s) should a delay apply to? What should be the duration of the delay?
4. Macronix and Toshiba present vastly different views about the ability of suppliers to satisfy domestic demand if an exclusion order issues. Please discuss the ability of suppliers other than Toshiba to satisfy domestic demand for each and every product that may be affected by an exclusion order.

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.

The Commission has also determined to extend the target date for completion of this investigation until September 4, 2018.

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, 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. Complainants and the IA are requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the date that the patents expire and the HTSUS numbers under which the accused products are imported. Complainants are further requested to supply the names of known importers of the Respondents' products at issue in this investigation. The written submissions and proposed remedial orders must be filed no later than close of business on July 12, 2018. Reply submissions must be filed no later than the close of business on July 19, 2018. Opening submissions are limited to 75 pages. Reply submissions are limited to 50 pages. Such submissions should address the ALJ's recommended determinations on remedy and bonding. No further submissions on any of 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 eight 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-1046") 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 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission

including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel^[1], solely for cybersecurity purposes. All nonconfidential 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 USC 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR Part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', with a stylized flourish at the end.

Lisa R. Barton
Secretary to the Commission

Issued: June 28, 2018

^[1] All contract personnel will sign appropriate nondisclosure agreements.