

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 THE COMMISSION'S FINAL DETERMINATION FINDING A
VIOLATION OF SECTION 337; ISSUANCE OF A LIMITED EXCLUSION ORDER
AND CEASE AND DESIST ORDERS; TERMINATION OF THE INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has found a violation of section 337 in this investigation and has (1) issued a limited exclusion order prohibiting importation of infringing non-volatile memory devices and products containing the same and (2) issued cease and desist orders directed to the domestic respondents Toshiba America, Inc. and its subsidiaries, Toshiba America Electronic Components, Inc. and Toshiba America Information Systems, Inc. The investigation is terminated.

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 (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://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 FR 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 U.S. Patent No. 6,552,360 ("the '360 patent"); claims 1-12 and 16 of U.S. Patent No. 6,788,602 ("the '602 patent"); and claims 1-7, 11-16, and 18 of U.S. Patent No. 8,035,417 ("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.

On June 28, 2018, the Commission determined to review the final ID in part and requested the parties to brief certain issues. *See* 83 FR 31416-18 (July 5, 2018). Specifically, the Commission 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. On July 12, 2018, the parties filed submissions to the Commission's questions and also briefed the issues of remedy, the public interest and bonding. On July 19, 2018, the parties filed responses to the initial submissions.

Having examined the record of this investigation, including the final ID, and the parties' submissions, the Commission has determined to (1) reverse the ALJ's finding that the accused products do not directly infringe the asserted claims of the '602 patent; (2) affirm the ALJ's indirect infringement and invalidity findings as to the '602 patent; and (3) reverse the ALJ's finding that Macronix failed to establish a domestic industry in the process of being established. The Commission adopts the ID's findings to the extent they are not inconsistent with the Commission opinion issued herewith. The Commission action results in a violation of section 337 as to claim 6 of the '602 patent.

Having found a violation of section 337 in this investigation, the Commission has determined that the appropriate form of relief is: (1) a limited exclusion order prohibiting the unlicensed entry of non-volatile memory devices and products containing the same that infringe claim 6 of the '602 patent that are manufactured by, or on behalf of, or are imported by or on behalf of Respondents or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, are excluded from entry for consumption into the United States, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the '602 patent except under license of the patent owner or as provided by law; and (2) cease and desist orders prohibiting domestic respondents Toshiba America, Inc. and its subsidiaries, Toshiba America Electronic Components, Inc. and Toshiba America Information Systems, Inc. from conducting any of the

following activities in the United States: importing, selling, marketing, advertising, distributing, transferring (except for exportation), and soliciting U.S. agents or distributors for, non-volatile memory device and products containing same covered by claim 6 of the '602 patent.

The Commission has also determined that the public interest factors enumerated in section 337(d) and (f) (19 U.S.C. 1337(d) and (f)) do not preclude issuance of the limited exclusion order or cease and desist orders. Finally, the Commission has determined that a bond in the amount of 100 percent of entered value for Toshiba flash memory devices, solid-state drives, USB flash drives, and microcontroller units; and a bond in the amount of six percent of entered value for Toshiba personal computers, multi-function printers, and air conditioners is required to permit temporary importation during the period of Presidential review (19 U.S.C. 1337(j)) of products that are subject to the remedial orders. The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

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 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 large, stylized flourish at the end.

Lisa R. Barton
Secretary to the Commission

Issued: October 9, 2018