

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

**CERTAIN PERSONAL COMPUTERS,
SERVER COMPUTERS, AND COMPONENTS
THEREOF**

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) **Inv. No. 337-TA-509**
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**NOTICE OF COMMISSION DECISION TO REVIEW AN INITIAL DETERMINATION
FINDING A VIOLATION OF SECTION 337 OF THE TARIFF ACT OF 1930;
REQUEST FOR WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW, AND
ON REMEDY, THE PUBLIC INTEREST, AND BONDING**

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 its entirety the presiding administrative law judge's ("ALJ") initial determination ("ID") in the above-captioned investigation finding a violation of section 337 of the Tariff Act of 1930. Notice is also hereby given that the Commission is requesting briefing on the issues under review, and on the issues of remedy, the public interest, and bonding.

FOR FURTHER INFORMATION CONTACT: Rodney Maze, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3065. 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: This patent-based section 337 investigation was instituted by the Commission on June 7, 2004, based on a complaint filed by Hewlett-Packard Development Company, L.P. of Houston, Texas and Hewlett-Packard Company of Palo Alto, California (collectively "HP"). 69 *Fed. Reg.* 31844 (June 7, 2004). The complainants alleged violations of section 337 in the importation and sale of certain personal computers, server

computers, and components thereof, by reason of infringement of seven U.S. patents. The complainants named Gateway, Inc. of Poway, California (Gateway) as the only respondent. Claim 1 of U.S. Patent No. 5,737,604, claims 1, 3, 4, 6-8, 18, 20, 21, 23-25, 35, 37, 38, and 40-42 of U.S. Patent No. 6,138,184 (“the ‘184 patent”), claim 9 of U.S. Patent No. 5,892,976 (“the ‘976 patent”), and claim 1 of U.S. Patent No. 6,085,318 (“the ‘318 patent”) remain at issue in this investigation.

On May 24, 2005, the ALJ issued an ID (Order No. 45) extending the target date of the investigation by three months or until December 8, 2005. No party petitioned for review of the ID. The Commission has determined not to review this ID.

On August 8, 2005, the ALJ issued his final ID on violation and his recommended determination on remedy and bonding. The final ID incorporates by reference Order No. 15 setting forth the applicable construction of the claim terms at issue in this investigation. The ALJ found a violation of section 337 by reason of infringement of claims 7, 24, and 41 of the ‘184 patent and claim 9 of the ‘976 patent. The ALJ did not find a violation of section 337 with respect to the other two patents. Petitions for review were filed by HP, Gateway, and the Commission investigative attorney (IA) on August 18, 2005.

On August 23, 2005, the Commission issued a notice indicating that it had determined to extend the deadline for determining whether to review the final ID by 14 days, *i.e.*, from September 22, 2005, until October 6, 2005. On August 25, 2005, all parties filed responses to the petitions. On October 6, 2005, the Commission issued a notice indicating that it had determined to extend the deadline for determining whether to review the final ID by 8 days, *i.e.*, from October 6, 2005, until October 14, 2005.

Having examined the record in this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the ID in its entirety. In connection with its review, the Commission requests briefing limited to the following questions:

- (1) with respect to the ALJ's infringement finding regarding the ‘184 and ‘976 patents, the extent to which installation of parallel port driver software is required to enable DMA-controlled transfers to the parallel port, and the implications for infringement analysis and for the technical prong of the domestic industry requirement;
- (2) with respect to the ALJ's infringement finding regarding claim 1 of the ‘318 patent, whether use of an El Torito CD-ROM is required for the accused devices to meet the limitations of claim 1 of the ‘318 patent, and the implications for infringement analysis and for the technical prong of the domestic industry requirement;
- (3) whether there is a factual or legal distinction, for purposes of infringement analysis, between the installation of software in relation to the parallel output port limitation of the ‘184 and ‘976 patents and the use of an El Torito CD-ROM in relation to the boot

memory limitation of claim 1 of the '318 patent; and

(4) whether the holdings of *Jazz Photo Corp v. International Trade Commission*, 264 F.3d 1094, 1105 (Fed. Cir. 2001), and *Fuji Photo Film Co. Ltd. v. Jazz Photo Corp.*, 394 F.3d 1368, 1376 (Fed. Cir 2005), concerning the first sale doctrine and patent exhaustion, control where the patents at issue are the subject of worldwide licenses, unlike the situation in the *Jazz* and *Fuji* cases.

In connection with the final disposition of this investigation, the Commission may issue (1) an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) a cease and desist order that could result in the respondent being required to cease and desist from engaging in unfair action 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 are either 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 President has 60 days to approve or disapprove the Commission's action. During this period, the subject articles would be entitled to enter the United States under a 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.

WRITTEN SUBMISSIONS: Submissions should be concise and thoroughly referenced to the record in this investigation. The parties to the investigation, interested government agencies, and any other interested persons are encouraged to file written submissions on the issues under review and the issues of remedy, the public interest, and bonding. Such submissions should address the ALJ's recommended determination on remedy and bonding. Complainant and the Commission investigative attorney are also requested to submit proposed remedial orders for the Commission's consideration. Complainant is further requested to state the expiration date of the '184 and '976 patents and the HTSUS numbers under which the infringing products are imported. The main written submissions and proposed remedial orders must be filed no later than close of business on October 24, 2005. Response submissions must be filed no later than

close of business on October 31, 2005. No further submissions will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document and 12 true copies thereof with the Office of the Secretary on or before the deadlines stated above. Any person desiring to submit a document (or portions thereof) to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 C.F.R. § 210.5. Documents for which confidential treatment is granted by the Commission will be treated accordingly. All non-confidential written submissions will be available for public inspection at the Office of the Secretary.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and sections 210.42, 210.43, and 210.50 of the Commission's Interim Rules of Practice and Procedure (19 C.F.R. §§ 210.42, 210.43, and 210.50).

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

Issued: October 14, 2005