

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN PERSONAL DATA AND
MOBILE COMMUNICATIONS DEVICES
AND RELATED SOFTWARE**

Investigation No. 337-TA-710

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART
A FINAL INITIAL DETERMINATION FINDING A VIOLATION OF
SECTION 337; SCHEDULE FOR FILING 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 part the final initial determination (“final ID”) issued by the presiding administrative law judge (“ALJ”) on July 15, 2011, 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: Sidney A. Rosenzweig, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2532. 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 April 6, 2010, based on a complaint filed by Apple Inc., and its subsidiary NeXT Software, Inc., both of Cupertino, California (collectively, “Apple”), alleging a violation of section 337 in the importation, sale for importation, and sale within the United States after importation of certain personal data and mobile communications devices and related software. 75 *Fed. Reg.* 17434 (Apr. 6, 2010). The complaint named as respondents High Tech Computer Corp. of Taiwan and its United States subsidiaries HTC America Inc. of Bellevue, Washington, and Exedia, Inc. of Houston, Texas (collectively, “HTC”).

Several patents that had been asserted by Apple in this investigation were earlier asserted by Apple in Investigation No. 337-TA-704 against Nokia Corp. of Finland and Nokia Inc. of White Plains, New York (collectively, “Nokia”). On motion by the Commission investigative attorney (“IA”) in the 704 investigation and by the respondents in both investigations, the Chief ALJ transferred Apple’s assertion of overlapping patents against Nokia from the 704 investigation into the 710 investigation. *See* Inv. No. 337-TA-704, Order No. 5 (Apr. 26, 2010). However, Apple and Nokia entered a settlement agreement, and on July 21, 2011, the Commission determined not to review the presiding ALJ’s termination of the investigation as to Nokia in the 710 investigation. HTC remains.

On July 15, 2011, the ALJ issued the final ID. By that time, the investigation had narrowed to certain claims of four patents: claims 1, 3, 8, 15, and 19 of U.S. Patent No. 5,946,647 (“the ’647 patent”); claims 1, 2, 24, and 29 of U.S. Patent No. 6,343,263 (“the ’263 patent”); claims 1, 5, and 6 of U.S. Patent No. 5,481,721 (“the ’721 patent”); and claims 1 and 7 of U.S. Patent No. 6,275,983 (“the ’983 patent”). The final ID found a violation of section 337 by HTC by virtue of the infringement of claims 1, 8, 15, and 19 of the ’647 patent, and claims 1, 2, 24, and 29 of the ’263 patent. The ALJ recommended the issuance of a limited exclusion order but that no bond be posted during the Presidential review period. The final ID found that claim 3 of the ’647 patent was not infringed. In addition, the final ID found that Apple had demonstrated neither infringement nor Apple’s own practice (for purposes of establishing the existence of a domestic industry) of claims 5 and 6 of the ’721 patent and claims 1 and 7 of the ’983 patent. The final ID concluded that HTC had not demonstrated that any of the asserted patent claims were invalid.

On August 1, 2011, HTC, Apple, and the IA each petitioned for review of the final ID. HTC and the IA challenge the ALJ’s finding of a violation of section 337 for the ’647 and ’263 patents. In addition, HTC challenged some of the final ID’s findings with respect to the ’721 and ’983 patents. Apple’s petition challenges the ALJ’s finding of no violation for the ’721 and ’983 patents. Apple does not contest the ALJ’s determination that HTC did not infringe claim 3 of the ’647 patent. On August 9, 2011, the parties filed responses to the others’ petitions.

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 issues:

For the ’263 patent, the Commission has determined to review certain claim constructions, as well as the final ID’s determinations of infringement, domestic industry, and validity, as set forth below:

- 1) The final ID’s construction of “realtime API” and whether the accused products and Apple’s domestic industry products practice this limitation if HTC’s proposed construction were adopted. (HTC Pet. 15-21.)

- 2) The final ID's construction of "device handler" and whether the accused products and Apple's domestic industry products practice this limitation if HTC's proposed construction were adopted. (HTC Pet. 21-30.)
- 3) Whether the API of the accused products is "coupled between" two subsystems. (HTC Pet. 30-35.)
- 4) Whether the final ID's applications of the claim constructions for "realtime API" and "device handler" are consistent in its analyses of infringement and validity, and whether, based on a consistent treatment, the asserted claims are valid and infringed, and whether the domestic industry requirement is satisfied. (HTC Pet. 33-36; IA Pet. 5-13.)
- 5) Whether Apple's domestic industry products have an adapter subsystem for the "device." (HTC Pet. 36-37.)

For the '647 patent, the Commission has determined to review the final ID's determinations of infringement and validity, as set forth below:

- 1) Whether the final ID's applications of the claim constructions for "linking actions to the detected structures" and "linking at least one action to the detected structure" are consistent in its analyses of infringement and validity, and whether, based on a consistent treatment, the asserted claims are valid (in view of the Perspective system and handbook) and infringed. (HTC Pet. 53-62; IA Pet. 15-17.)
- 2) Whether the steps of method claim 15 must be performed in the order in which they appear in the claim, and if so, whether the accused products infringe claims 15 and 19. (HTC Pet. 47-50.)
- 3) Whether the accused products link structures to multiple actions. (HTC Pet. 39-47.)
- 4) The effect, if any, of the Supreme Court's decision in *Global-Tech Appliances, Inc. v. SEB S.A.*, No. 10-6 (U.S. May 31, 2011), on the ID's finding of inducement. (Apple Response Pet. 53.)

For the '721 patent, the Commission has determined to review certain claim constructions, as well as the final ID's determinations regarding infringement, domestic industry, and validity, as set forth below:

- 1) The final ID's construction of the "processing means" terms, including whether the terms are to be construed under 35 U.S.C. § 112 ¶ 6; if § 112 ¶ 6 does apply, whether the recited function is "processing"; whether the accused products and Apple's domestic industry products practice these limitations based upon the alternative constructions (*i.e.*, (i) if the "processing means" terms are subject to § 112 ¶ 6 and the function is "processing," or (ii) if the "processing means" terms are not subject to § 112 ¶ 6); and whether the asserted claims are invalid in view of Bennett alone or in view of the combination of Bennett and Mach messages based upon such alternative constructions. (Apple Pet. 35-49; HTC Pet. 63-65.)

- 2) The final ID's construction of "dynamic binding" and whether, if Apple's proposed construction were adopted, the accused products and Apple's domestic industry products practice this limitation. (Apple Pet. 50-54.)
- 3) Whether, based upon the final ID's construction of "dynamic binding," the accused products and Apple's domestic industry products practice this limitation. (Apple Pet. 55-58.)

For the '983 patent, the Commission has determined to review certain claim constructions, as well as the final ID's determinations regarding infringement, domestic industry, and validity, as set forth below:

- 1) The final ID's construction of "loading" to include virtual copying in the term "selectively loading," and whether, if HTC's proposed construction were adopted, the accused products and Apple's domestic industry products practice this limitation. (HTC Pet. 83-84.)
- 2) The final ID's construction of "selectively" to include class loading in the term "selectively loading"; whether, if Apple's proposed construction were adopted, the accused products and Apple's domestic industry products practice this limitation; and whether based upon Apple's proposed construction the asserted claims are invalid in view of NeXTSTEP Release 3, or in view of Vernon and Gautron. (Apple Pet. 4-11; HTC Pet. 86-87.)
- 3) Whether the accused products and the Apple domestic industry products practice the claim limitations that call for "executable program memory." (Apple Pet. 20-34.)
- 4) Whether the ALJ acted properly in striking portions of HTC's expert's report regarding whether the Actor User Manual anticipates claim 7 of the '983 patent. (HTC Pet. 82-83.)

By determining to review these enumerated issues, the Commission is not excusing any party's noncompliance with Commission rules and the ALJ's procedural requirements, including requirements to present issues in pre-hearing and post-hearing submissions. *See, e.g.*, Order No. 2 (Apr. 5, 2010) (ground rules). The Commission may, for example, decline to disturb certain findings in the final ID upon finding that issue was not presented in a timely manner to the ALJ.

The Commission has determined not to review the remainder of the final ID.

In connection with this determination not to review the remainder of the final ID, the Commission rejects HTC's attempt to "incorporate[] by . . . reference in their entirety all of the arguments . . . with respect to all issues decided adversely to HTC's positions" from the thousands of pages of briefing before the ALJ, "pre-hearing motions *in limine* and other evidentiary submissions, hearing transcripts, and hearing exhibits." HTC Pet. 6. Commission Rule 210.43(b)(1) states as follows: "The petition for review must set forth a concise statement of the facts material to the consideration of the stated issues, and must present a concise argument providing the reasons that review by the Commission is necessary or appropriate to resolve an important issue of fact, law or policy." 19 C.F.R. § 210.43(b)(1). HTC's purported incorporation does not satisfy section

210.43(b)(1), frustrates any meaningful opposition by the other parties, *see, e.g.*, Apple Response Pet. 54 n.32, and makes Commission review of the purportedly incorporated matter impossible. Accordingly, such issues are “deemed to have been abandoned” by HTC “and may be disregarded by the Commission in reviewing” the final ID. 19 C.F.R. § 210.43(b)(2). Similarly, HTC’s single-sentence recitals of issues proposed for review – such as “HTC likewise demonstrated that claims 5 and 6 are invalid in light of multiple different combinations, including (1) Bennett in view of ANSA, (2) Bennett in view of Nelson, and (3) Bennett in view of the common sense of a person of ordinary skill, as described in *KSR*,” HTC Pet. 65 – do not constitute a “concise argument” as required by Commission rules and omit the requisite “concise statement of the facts material to the consideration” of the issue. 19 C.F.R. § 210.43(b)(1). Such issues are deemed to have been abandoned as well.

The parties are invited to brief their positions on the issues under review enumerated above with reference to the applicable law and evidentiary record. In particular, the parties are requested to respond to the following questions:

- a) For the ’263 patent, if the Commission were to find inconsistency between the ALJ’s infringement and validity analyses, should the claim constructions for “realtime API” and/or “device handler program” be narrowed in accordance with the ID’s analysis of validity? If a party answers this question “yes,” it is to identify where in the record (including in its petition for review) it made and preserved such contentions, and should explain in detail whether such narrowing of the scope of the asserted patent claims would result in a finding of noninfringement for any of the accused products.
- b) For the ’647 patent, whether the Supreme Court’s decision in *Global-Tech Appliances, Inc. v. SEB S.A.*, No. 10-6 (U.S. May 31, 2011) has any effect on the ALJ’s inducement finding. If a party answers this question “yes,” it is to identify where in the record it made and preserved its arguments affected by *Global-Tech*.
- c) For the ’647 patent, whether claim 15’s “enabling selection of the structure and a linked action” (as opposed to the unclaimed step of “selection of the structure and a linked action” by the user) is a single step, and whether HTC made and preserved the argument that it is a single step.
- d) For the ’721 patent, whether the ALJ’s construction of the “processor means” has the effect of impermissibly transforming a method claim into an apparatus claim.
- e) For the ’983 patent, whether any aspects of the parent applications’ file histories are pertinent to the issues under review. If a party makes any such contentions, it is to identify where in the record it made and preserved such a position.

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. 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 as set forth above. 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. Complainant and the IA are 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 Thursday, October 6, 2011. Reply submissions must be filed no later than the close of business on Monday, October 17, 2011. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document and 12 true copies thereof on or before the deadlines stated above with the Office of the Secretary. Any person desiring to submit a document 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. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

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.

/s/
James R. Holbein
Secretary to the Commission

Issued: September 15, 2011