

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN AUTOMATED TELLER
MACHINES, ATM MODULES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING SAME**

Investigation No. 337-TA-989

**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 automated teller machines, ATM modules, components thereof, and products containing the same and (2) issued cease and desist orders directed to Diebold Nixdorf, Incorporated and Diebold Self-Service Systems both of North Canton, Ohio. 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 this investigation on March 14, 2016, based on a complaint filed by Nautilus Hyosung Inc. of Seoul, Republic of Korea and Nautilus Hyosung America Inc. of Irving, Texas (collectively, "Nautilus"). 81 *Fed. Reg.* 13149 (Mar. 14, 2016). 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 automated teller machines, ATM modules, components thereof, and products containing the same by reason of infringement of one or more of claims 1-3 and 5 of U.S. Patent No. 7,891,551 ("the '551

patent”); claims 1 and 6 of U.S. Patent No. 7,950,655 (“the ’655 patent”); claims 1-4, 6, and 7 of U.S. Patent No. 8,152,165 (“the ’165 patent”); and claims 1-3, 6, 8, and 9 of U.S. Patent No. 8,523,235 (“the ’235 patent”). *Id.* The notice of investigation named the following respondents: Diebold, Incorporated of North Canton, Ohio and Diebold Self-Service Systems of North Canton, Ohio (collectively, “Diebold”). *Id.* The Office of Unfair Import Investigations is not a party to the investigation.

On June 30, 2016, the ALJ granted a motion by Nautilus to terminate the investigation as to all asserted claims of the ’551 patent and the ’165 patent. *See* Order No. 11 (June 30, 2016). The Commission determined not to review Order No. 11. *See* Notice of non-review (July 27, 2016).

On July 21, 2016, the ALJ granted a motion by Nautilus to terminate the investigation as to all asserted claims of the ’655 patent. *See* Order No. 17 (July 21, 2016). The Commission determined not to review Order No. 17. *See* Notice of non-review (Aug. 16, 2016).

On February 6, 2017, the ALJ granted a motion to amend the complaint and notice of investigation to reflect a corporate name change of Diebold, Incorporated to Diebold Nixdorf, Incorporated. *See* Order No. 32 (Feb. 6, 2017). The Commission determined not to review Order No. 32.

On March 13, 2017, the ALJ issued his final ID, finding a violation of section 337 by Diebold in connection with claims 1-3, 6, 8, and 9 of the ’235 patent. Specifically, the ID finds that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Diebold. ID at 9, 104-107. The ID finds that Nautilus satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* The ID finds that the accused products directly infringe asserted claims 1-3, 6, 8, and 9 of the ’235 patent, and that Diebold contributorily infringes those claims. *See* ID at 111-160, 163-172. The ID, however, finds that Diebold failed to establish that the asserted claims of the ’235 patent are invalid for indefiniteness, anticipation, or obviousness. ID at 232-311. Finally, the ID finds that Nautilus established the existence of a domestic industry that practices the asserted patent under 19 U.S.C. § 1337(a)(2). *See* ID at 212.

The ALJ’s recommended determination on remedy and bonding issued concurrently with the final ID. RD at 330-40. 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 Diebold’s automated teller machines, ATM modules, components thereof, and products containing the same that infringe the asserted claims of the ’235 patent. RD at 335. The ALJ also recommends issuance of cease and desist orders based on the presence of Diebold’s commercially significant inventory in the United States. RD at 338. 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 zero (*i.e.*, no bond) during the period of Presidential review because Nautilus “did not attempt any type of price comparison.” RD at 341.

On March 27, 2017, Diebold filed a petition for review of the ID. On April 4, 2017, Nautilus filed a response to Diebold's petition for review.

On May 15, 2017, the Commission determined to review the final ID in part and requested the parties to brief certain issues. *See 82 Fed. Reg. 23064-66* (May 19, 2017). On May 25, 2017, the parties filed submissions to the Commission's question and on remedy, the public interest, and bonding. On June 1, 2017, the parties filed reply submissions.

Having examined the record of this investigation, including the final ID, and the parties' submissions, the Commission has determined to (1) affirm the ALJ's finding that the accused products and domestic industry products satisfy the claim limitation "horizontally transfer sheets along the main transfer path" and (2) reverse the ALJ's finding that certain prior art does not disclose the preamble to claim 1: "automatic depositing apparatus for automatically depositing a bundle of banknotes including at least one cheque." The Commission adopts the ID's findings to the extent they are not inconsistent with the Commission opinion issued herewith.

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 automated teller machines, ATM modules, components thereof, and products containing the same that infringe one or more of claims 1-3, 6, 8, and 9 of the '235 patent that are manufactured on or behalf of, or imported on or behalf of Diebold or any of their affiliated companies, parents, subsidiaries, or other related business entities, or their successors or assigns, except under license of the patent owner or as provided by law, and except for service or repair articles imported for use in servicing or repairing automated teller machines, ATM modules, components thereof, and products containing the same, for identical articles that were imported as of the date of this Order. This exception does not permit the importation of automated teller machines to replace such articles that were previously imported; and (2) cease and desist orders prohibiting Diebold 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, automated teller machines, ATM modules, components thereof, and products containing the same covered by one or more of claims 1-3, 6, 8, and 9 of the '235 patent. The proposed cease and desist orders include the following exemptions: if in a written instrument, the owner of the patents authorizes or licenses such specific conduct, such specific conduct is related to the importation or sale of covered products by or for the United States, or such specific conduct is related to service or repair articles imported for use in servicing or repairing automated teller machines, ATM modules, components thereof, and products containing the same, for identical articles that were imported as of the date of this Order. This exception does not permit the importation of automated teller machines to replace such articles that were previously imported.

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 zero is required to permit temporary importation during the period of Presidential review (19 U.S.C. § 1337(j)) of automated teller machines, ATM modules, components thereof, and products containing the same 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 C.F.R. Part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', written in a cursive style.

Lisa R. Barton
Secretary to the Commission

Issued: July 14, 2017