

In the Matter of

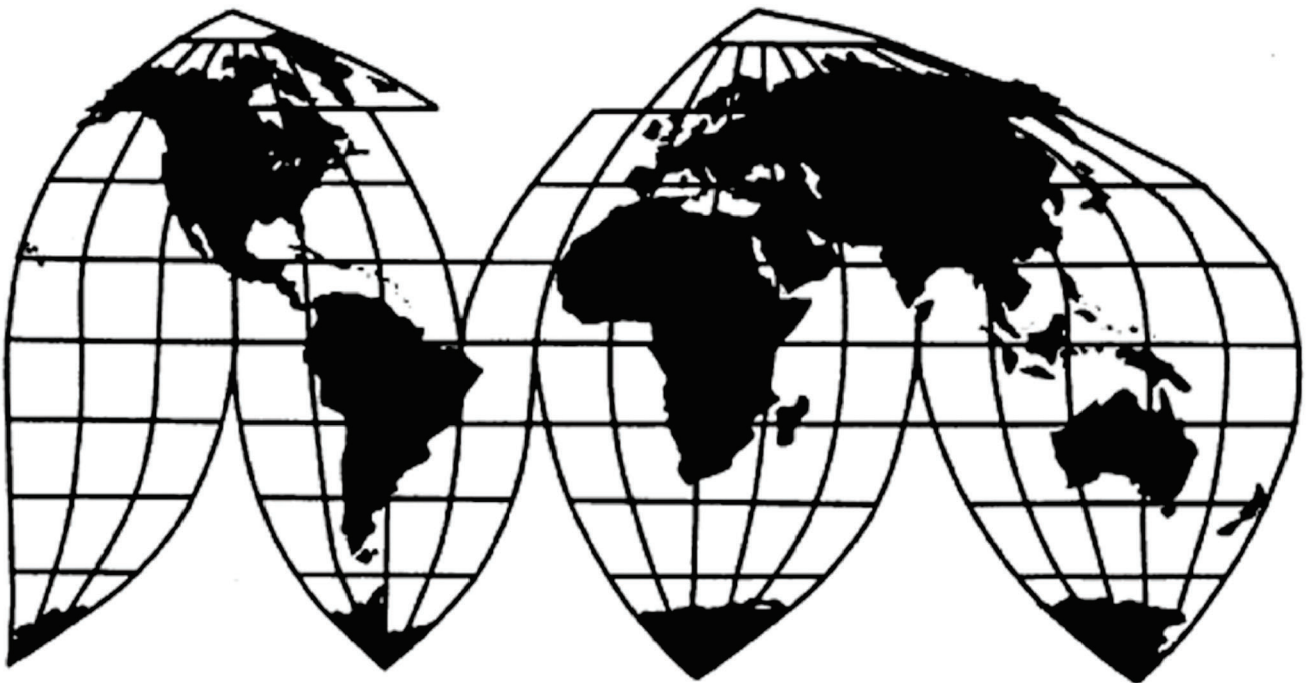
**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

337-TA-897

Publication 4865

February 2019

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

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Rhonda Schmidlein, Commissioner

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

In the Matter of

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

337-TA-897



UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART AN INITIAL
DETERMINATION TERMINATING THE INVESTIGATION IN ITS ENTIRETY
BASED ON COMPLAINANT'S LACK OF STANDING AND ON REVIEW TO AFFIRM
WITH MODIFIED REASONING; 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 determined to review in part the presiding administrative law judge's ("ALJ") initial determination ("ID") (Order No. 135) terminating the above-captioned investigation based on complainant's lack of standing with respect to the remaining asserted patents. On review, the Commission affirms with modified reasoning and terminates the investigation in its entirety.

FOR FURTHER INFORMATION CONTACT: Cathy Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2392. 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 this investigation on October 25, 2013, based on a Complaint filed by Optical Devices, LLC of Peterborough, New Hampshire ("Optical Devices"), as supplemented. 78 *Fed. Reg.* 64009-10 (Oct. 25, 2013). The Complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by reason of infringement of certain claims of U.S. Patent Nos. 6,904,007; 7,196,979; 8,416,651 (collectively, "the Kadlec Patents"); RE40,927; RE42,913; and RE43,681 (collectively "the Wild Patents"). The Complaint further alleges the existence of a domestic industry. The Commission's Notice of Investigation named numerous respondents including Lenovo Group Ltd. of Quarry Bay, Hong Kong and Lenovo (United States) Inc., of Morrisville,

North Carolina; LG Electronics, Inc. of Seoul, Republic of Korea and LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey; Toshiba Corporation of Tokyo, Japan and Toshiba America Information Systems, Inc. of Irvine, California; and MediaTek, Inc. of Hsinchu City, Taiwan and MediaTek USA Inc. of San Jose, California. The Office of Unfair Import Investigations was not named as a party to the investigation.

The Commission later terminated the investigation as to the application of numerous claims of the asserted patents to various named respondents. *See* Notice of Commission Determination Not to Review an Initial Determination Granting Complainant's Motions to Partially Terminate the Investigation as to Certain Patents (Aug. 8, 2014). The Commission also later terminated the investigation with respect to Nintendo Co., Ltd. of Kyoto, Japan and Nintendo of America, Inc. of Redmond, Washington; Panasonic Corp. of Osaka, Japan and Panasonic Corporation of North America of Secaucus, New Jersey; Samsung Electronics Co., Ltd. of Seoul, Republic of Korea and Samsung Electronics America, Inc. of Ridgefield Park, New Jersey, based on settlement agreements. *See* Notice of Commission Determination to Grant a Joint Motion to Terminate the Investigation as to Respondents Samsung Electronics Co., Ltd. Samsung Electronics America, Inc. on the Basis of a Settlement Agreement (Sept. 2, 2014); Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation In Part as to Respondents Panasonic and Nintendo (Mar. 30, 2015).

On December 4, 2014, the Commission affirmed, with modified reasoning, the ALJ's determination to terminate the investigation with respect to the Wild Patents based on Optical Devices' lack of standing to assert the Wild Patents. On the same day, the Commission vacated the ALJ's finding that Optical Devices lacked standing with respect to the Kadlec Patents, and remanded the investigation to the ALJ for further proceedings.

After re-opening discovery and receiving additional briefing from the parties, the ALJ issued the subject ID on April 27, 2015, finding that Optical Devices does not have standing to assert the Kadlec Patents in this investigation.

On May 7, 2015, Optical Devices filed a petition for review of the subject ID, and Respondents filed a contingent petition for review of the subject ID. On May 14, 2015, the parties filed their respective responses to the petitions.

Having reviewed the parties' submissions and the record evidence, the Commission has determined to review the subject ID in part. Specifically, the Commission has determined to review a finding related to an agreement discussed on pages 22-25 of the ID. On review, the Commission affirms the ID's finding with modified reasoning. The Commission has also determined to correct certain statements made in the subject ID. A Commission opinion will be issued shortly. The investigation is terminated in its entirety.

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'.

Lisa R. Barton
Secretary to the Commission

Issued: June 9, 2015

**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served upon the following parties as indicated, on **June 9, 2015**.



Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street, SW, Room 112
Washington, DC 20436

On Behalf of Complainant Optical Devices, LLC:

Alexandra C. Fennell, Esq.
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19th Floor, High Street Tower
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Boston, MA 02110-2736

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☐ Via Express Delivery
☒ Via First Class Mail
☐ Other: _____

**On Behalf of Respondents MediaTek, Inc. and MediaTek USA
Inc.:**

S. Alex Lasher, Esq.
QUINN EMANUEL URQUHART & SULLIVAN LLP
777 6th Street, NW, 11th Floor
Washington, DC 20001

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**On Behalf of Respondents LG Electronics, Inc. and LG
Electronics, U.S.A., Inc.:**

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**On Behalf of Respondents Lenovo Group Ltd. And Lenovo
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**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

Certificate of Service – Page 2

**On Behalf of Respondents Toshiba Corporation and Toshiba
America Information Systems, Inc.:**

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PUBLIC VERSION

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

In the Matter of

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

COMMISSION OPINION

I. PROCEDURAL HISTORY

The Commission instituted this investigation on October 25, 2013, based on a complaint filed by Optical Devices, LLC of Peterborough, New Hampshire (“Optical Devices”), as supplemented. 78 *Fed. Reg.* 64009-10 (Oct. 25, 2013). 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 optical disc drives, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent Nos. 6,904,007; 7,196,979; and 8,416,651 (collectively, “the Kadlec Patents”), and U.S. Patent Nos. RE40,927; RE42,913; and RE43,681 (collectively “the Wild Patents”). The complaint further alleges the existence of a domestic industry. The Commission’s Notice of Investigation named numerous respondents including Lenovo Group Ltd. of Quarry Bay, Hong Kong and Lenovo (United States) Inc., of Morrisville, North Carolina; LG Electronics, Inc. of Seoul, Republic of Korea and LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey; Toshiba Corporation of Tokyo, Japan and Toshiba

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America Information Systems, Inc. of Irvine, California; and MediaTek, Inc. of Hsinchu City, Taiwan and MediaTek USA Inc. of San Jose, California.

The Commission later terminated the investigation as to the application of numerous claims of the asserted patents to various named respondents. *See* Notice of Commission Determination Not to Review an Initial Determination Granting Complainant's Motions to Partially Terminate the Investigation as to Certain Patents (Aug. 8, 2014). The Commission also later terminated the investigation with respect to respondents Nintendo Co., Ltd. of Kyoto, Japan and Nintendo of America, Inc. of Redmond, Washington; Panasonic Corp. of Osaka, Japan and Panasonic Corporation of North America of Secaucus, New Jersey; Samsung Electronics Co., Ltd. of Seoul, Republic of Korea and Samsung Electronics America, Inc. of Ridgefield Park, New Jersey, based on settlement agreements. *See* Notice of Commission Determination to Grant a Joint Motion to Terminate the Investigation as to Respondents [Samsung] on the Basis of a Settlement Agreement (Sept. 2, 2014); Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation In Part as to Respondents Panasonic and Nintendo (Mar. 30, 2015).

On October 20, 2014, the ALJ issued an initial determination ("ID") granting a motion to terminate Optical Devices for lack of prudential standing. Order No. 113 (Oct. 20, 2014). The ALJ found that Optical Devices did not hold all substantial rights to the Wild Patents and the Kadlec Patents and, therefore, it lacked prudential standing to maintain an action for infringement without joinder of other necessary parties. The ALJ also found that it would be prejudicial to respondents to join those other parties at that stage of the investigation. Optical Devices filed a petition for review of Order No. 113, and Respondents filed an opposition to the

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petition.

On December 4, 2014, the Commission determined to review Order No. 113. *See* Notice of Commission Determination to Review an Initial Determination Terminating the Investigation Based on Complainant's Lack of Standing and on Review to Modify-In-Part, Vacate-In-Part, and Remand the Investigation in Part to the Presiding Administrative Law Judge for Further Proceedings (Dec. 4, 2014). On review, the Commission affirmed, with modified reasoning, the ALJ's finding that Optical Devices lacked standing with respect to the Wild Patents, and that it would prejudice Respondents to allow Optical Devices to join the necessary [[

]] to

remedy its lack of standing at the time. *See* Comm'n Op. at 3 (Dec. 4, 2014). On the same day, the Commission vacated the ALJ's finding that Optical Devices lacked standing with respect to the Kadlec Patents, and remanded the investigation to the ALJ for further proceedings. *See* Remand Order (Dec. 4, 2014).

In response to the Commission's remand order, on December 9, 2014, the ALJ ordered additional briefing and discovery with respect to the Kadlec Patents "to the extent necessary to trace all substantial rights in the Kadlec Patents from their inception to the present, including all documentation concerning [[], or other arrangement in the history of those patents under which any rights in the Kadlec Patents were [[

]]" Order No. 114 (Dec. 9, 2014) at 2. The parties filed their respective initial briefs on March 16, 2015,¹ and reply briefs on March 23, 2015.² On March 3, 2015, the ALJ also ordered

¹ *See* Complainant Optical Devices, LLC's Stipulation in Response to Order No. 126 and Briefing Pursuant to Order No. 114 (Mar. 16, 2015) ("CIB"); Respondents' Initial Brief in

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the parties to brief whether to compel third party, Tiasipi, LLC (“Tiasipi”), to produce [[

]] Order No. 125 (Mar. 3, 2015). The parties submitted their briefs on March 9, 2015.

On April 27, 2015, the ALJ issued the subject ID finding that Optical Devices lacked standing to assert the Kadlec patents in this investigation, and terminated the investigation in its entirety. Order No. 135 (Apr. 27, 2015). On May 7, 2015, Optical Devices filed a petition for review and Respondents filed a contingent petition for review of the subject ID.³ On May 14, 2015, the parties filed their respective responses to the petitions.⁴

For the reasons discussed below, the Commission has determined to review the subject ID in part. Specifically, the Commission has determined to review the ID’s finding that the [[
]] does not deprive Optical Devices of standing to assert the Kadlec Patents. On review, the Commission affirms the ID’s finding based on modified reasoning. The Commission has also determined to correct certain statements made in the subject ID. Specifically, the Commission has determined to (1) replace the date

Response to Order No. 114 Regarding Optical Devices’ Lack of Standing to Assert the Kadlec Patents (Mar. 16, 2015) (“RIB”).

² See Complainant Optical Devices, LLC’s Brief in Response to Respondents’ Initial Brief in Response to Order No. 114 Regarding Optical Devices’ Lack of Standing to Assert the Kadlec Patents (Mar. 23, 2015) (“CRB”); Respondents’ Reply Brief in Response to Order No. 114 Regarding Optical Devices’ Lack of Standing to Assert the Kadlec Patents (Mar. 23, 2015) (“RRB”).

³ See Complainant Optical Devices, LLC’s Petition for Review of April 27, 2015 Initial Determination (May 7, 2015) (“CPet.”); Respondents’ Contingent Petition for Review of Initial Determination Terminating the Investigation Based on Complainant’s Lack of Standing (Order No. 135) (May 7, 2015) (“RPet.”)

⁴ See Complainant Optical Devices, LLC’s Opposition to Respondents’ Contingent Petition for Review of Initial Determination Terminating the Investigation Based on Complainant’s Lack of Standing (Order No. 135) (May 14, 2015) (“CResp.”); Respondents’ Opposition to Complainant Optical Devices, LLC’s Petition for Review of April 27, 2015 Initial Determination Terminating

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[[] with the date [[] associated with the [[] on page 2, footnote 2, and page 3 of the ID; (2) replace the date [[] with the date [[] associated with the [[] on page 2, footnote 2, and page 4 of the ID; (3) delete the first full sentence and the immediately following case citations on page 24 of the ID; and (4) replace “the Kadlec Patents” with “the Wild Patents” on line 2 of page 35 of the ID. The Commission adopts the subject ID to the extent it does not conflict with this opinion, including the ID’s finding that Optical Devices does not have standing to assert the Kadlec Patents in this investigation, and that it would prejudice Respondents to allow Optical Devices to join the necessary [[]. The investigation is therefore terminated in its entirety.

II. DISCUSSION⁵

Respondents alleged three independent bases for finding that Optical Devices lacks standing to assert the Kadlec Patents. First, Respondents argued that Optical Devices lacks standing because [[

]] ID at 22-23.

Second, Respondents argued that Optical Devices does not have standing because the [[

]] *Id.* at 26. Third, Respondents argued

the Investigation Based on Complainant’s Lack of Standing (May 14, 2015) (“RResp.”)

⁵ A discussion of the legal requirements of standing is provided in the December 4, 2014,

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that [[]] the Kadlec Patents that deprive Optical Devices of standing. *Id.* at 33.

The ID terminated the investigation in its entirety based on Respondents' third basis for finding that Optical Devices lacks standing to assert the Kadlec Patents. The Commission adopts the ID's finding with respect to the second and third bases.⁶ As discussed below, the Commission affirms, based on modified reasoning, the ID's finding that [[]]

]] does not deprive Optical Devices of standing to assert the Kadlec Patents.

A. The [[]]

Prior to Optical Devices, the assignee of the Kadlec Patents was OD Servo, and prior to OD Servo, the assignee was OD Tech.⁷ Respondents allege that [[]]

]] defeats Optical Devices' standing to sue because [[]]

]].

Id. at 23 (citing RIB Ex. K ([[]])).

The ALJ rejected Respondents' argument because the Federal Circuit has held that an

Commission Opinion issued in this investigation at pages 4-10.

⁶ The Commission clarifies that although the ID on pages 26, 31-32 describes Optical Devices [[]] the Commission understands those pages of the ID to conclude that Optical Devices [[]]

]] the Kadlec Patents [[]]

]]

⁷ [[]]

]] Optical Devices, [[]]

]] See RIB Ex. K at [[]]

]] (Respondents' Brief Submitted Pursuant to Order

No. 125 ("RBr") (Mar. 9, 2015), Ex. 1); [[]]

]] (RBr, Ex. 5); [[]]

]] (RIB Ex. RR).

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exclusive licensee could maintain standing even where other parties have limited licensing rights. *Id.* at 25 (citing *WiAV Solutions, LLC v. Motorola, Inc.*, 631 F.3d 1257, 1267 (Fed. Cir. 2011)). The ALJ found that the [[

]]. *Id.* at 24. The ALJ further found that Respondents presented no evidence suggesting that [[

]] *Id.*; *see supra* at 6, n.6. However, the ALJ found that [[

]] Optical Devices [[

]]. *Id.* at 24, n.14. In addition, the ALJ found that [[

]] *Id.* at 24 (citing RIB Ex. K at [[]]). The ALJ found [[

]] and the [[

]] *Id.* at 25. The ALJ further found that [[

]] *Id.* (citing RIB Ex. K at [[]]).

Optical Devices argues that [[

]] Kadlec Patents [[]]] the Kadlec Patents were assigned by OD Tech to OD Servo in [[]]]. CResp. at 2; *see* [[

]] (CIB Ex. O; RIB Ex. MM). The ID did not address this argument. *See* CRB at 4-5.

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Based on the [[
]], the Commission finds that [[

]] Kadlec Patents. [[

]] RIB Ex. MM at [[

]] the Kadlec Patents [[

]] *Id.* at [[]].

Respondents argued before the ALJ that [[

]]. RIB at 37-38. Respondents contend that there is no evidence that [[

]] *Id.*

On the contrary, [[

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]] *Id.* Ex. K at [[]]; CResp. at 3. Consistent with
the [[
]]

Id. Ex. MM at [[]]. Therefore, [[

]] *Id.* Ex. MM at [[]].

In sum, the Commission finds that the [[

]] Kadlec Patents. [[

]], we agree with the ALJ that [[

]] do not deprive Optical Devices of standing to assert the Kadlec Patents. ID at
24-25. The Commission, thus, affirms, based on modified reasoning, the ID's finding that [[
]] does not deprive Optical Devices of standing to assert the Kadlec
Patents.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: July 6, 2015

**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served upon the following parties as indicated, on **July 6, 2015**.



Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street, SW, Room 112
Washington, DC 20436

On Behalf of Complainant Optical Devices, LLC:

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19th Floor, High Street Tower
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Boston, MA 02110-2736

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☒ Via Express Delivery
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On Behalf of Respondents MediaTek, Inc. and MediaTek USA Inc.:

S. Alex Lasher, Esq.
QUINN EMANUEL URQUHART & SULLIVAN LLP
777 6th Street, NW, 11th Floor
Washington, DC 20001

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On Behalf of Respondents LG Electronics, Inc. and LG Electronics, U.S.A., Inc.:

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77 West Wacker Drive, Suite 3100
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On Behalf of Respondents Lenovo Group Ltd. And Lenovo (United States) Inc.:

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Washington, DC 20005

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**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

Certificate of Service – Page 2

**On Behalf of Respondents Toshiba Corporation and Toshiba
America Information Systems, Inc.:**

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DLA PIPER LLP (US)
2000 University Avenue
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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Investigation No. 337-TA-897

**NOTICE OF COMMISSION DETERMINATION TO REVIEW AN INITIAL
DETERMINATION TERMINATING THE INVESTIGATION BASED ON
COMPLAINANT'S LACK OF STANDING AND ON REVIEW TO
MODIFY-IN-PART, VACATE-IN-PART, AND REMAND THE INVESTIGATION IN
PART TO THE PRESIDING ADMINISTRATIVE LAW JUDGE FOR FURTHER
PROCEEDINGS**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review the presiding administrative law judge's ("ALJ") initial determination ("ID") (Order No. 113) granting respondents' motion to terminate the above-referenced investigation based on the lack of standing of complainant Optical Devices, LLC of Peterborough, New Hampshire ("Optical"). The Commission modifies-in-part and vacates-in-part the subject ID and remands the investigation to the presiding ALJ for further proceedings consistent with its concurrently issued opinion and remand order.

FOR FURTHER INFORMATION CONTACT: Megan M. Valentine, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2301. 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 October 25, 2013, based on a Complaint filed by Optical, as supplemented. 78 *Fed. Reg.* 64009-10 (Oct. 25, 2013). The Complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("section 337"), in the importation into the United States, the sale for

importation, and the sale within the United States after importation of certain optical disc drives, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent Nos. 6,904,007 (“the ’007 patent”); 7,196,979 (“the ’979 patent”); 8,416,651 (“the ’651 patent”); RE40,927 (“the ’927 patent”); RE42,913 (“the ’913 patent”); and RE43,681 the (’681 patent”). The Complaint further alleges the existence of a domestic industry. The Commission’s Notice of Investigation named as respondents Lenovo Group Ltd. of Quarry Bay, Hong Kong and Lenovo (United States) Inc., of Morrisville, North Carolina; LG Electronics, Inc. of Seoul, Republic of Korea and LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey; Panasonic Corp. of Osaka, Japan and Panasonic Corporation of North America of Secaucus, New Jersey; Samsung Electronics Co., Ltd. of Seoul, Republic of Korea and Samsung Electronics America, Inc. of Ridgefield Park, New Jersey (collectively “Samsung”); and Toshiba Corporation of Tokyo, Japan and Toshiba America Information Systems, Inc. of Irvine, California (collectively “Respondents”). The Office of Unfair Import Investigations was not named as a party to the investigation.

The Commission later terminated the investigation as to the application of numerous claims of the asserted patents to various named respondents. *See* Notice of Commission Determination Not to Review an Initial Determination Granting Complainant’s Motions to Partially Terminate the Investigation as to Certain Patents (Aug. 8, 2014). The Commission also later terminated the investigation with respect to Samsung based on a settlement agreement. *See* Notice of Commission Determination to Grant a Joint Motion to Terminate the Investigation as to Respondents [Samsung] on the Basis of a Settlement Agreement (Sept. 2, 2014).

On May 6, 2014, Respondents, including Samsung, filed a motion to terminate the investigation for good cause based on Optical Devices’ lack of prudential standing to bring an infringement action with respect to the asserted patents. On May 16, 2014, Optical Devices filed a response in opposition. On June 3, 2014, Respondents, pursuant to Order No. 83, filed a reply in support of their motion. On June 10, 2014, Optical Devices filed a motion for leave to file a surreply in opposition to Respondent’s reply. On June 11, 2014, Respondents filed an opposition to Optical Devices’ motion for leave to file a surreply.

On October 20, 2014, the ALJ issued the subject ID, granting pursuant to section 210.21(a) of the Commission’s Rules of Practice and Procedure (19 C.F.R. § 210.21(a)) Respondents’ motion to terminate the investigation based on Optical Devices’ lack of prudential standing. Specifically, the ALJ found that Optical Devices does not hold all substantial rights to the subject patents and, therefore, lacks prudential standing to maintain an action for infringement without joinder of other necessary parties. The ALJ also granted Optical Devices’ motion for leave to file a surreply.

Having examined the record of this investigation, including the subject ID, the petitions for review, and the responses thereto, the Commission has determined to review the subject ID. On review, the Commission vacates the ALJ’s finding that Optical Devices lacks standing with respect to the ’007, ’979, and ’651 patents (collectively, “the Kadlec Patents”) and remands the investigation for further proceedings consistent with the Commission’s concurrently issued opinion and remand order. Further on review, the Commission finds based on modified

reasoning that Optical Devices lacks standing with respect to the '927, '913, and '681 patents (collectively, "the Wild Patents") and it would prejudice Respondents to allow Optical Devices to join other necessary parties to remedy its lack of standing at this time. The investigation is, hereby, terminated with respect to the Wild Patents.

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", with a stylized flourish at the end.

Lisa R. Barton
Secretary to the Commission

Issued: December 4, 2014

**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served upon the following parties as indicated, on **December 4, 2014**.



Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street, SW, Room 112
Washington, DC 20436

On Behalf of Complainant Optical Devices, LLC:

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On Behalf of Respondents MediaTek Inc. and MediaTek USA Inc.:

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On Behalf of Respondents Nintendo Co., Ltd., Nintendo of America, Inc., Panasonic Corporation, and Panasonic Corporation of North America:

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On Behalf of Respondents LG Electronics, Inc. and LG Electronics, U.S.A., Inc.:

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**CERTAIN OPTICAL DISC DRIVES, COMPONENTS
THEREOF, AND PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

Certificate of Service – Page 2

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PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-897

**ORDER NO. 113: INITIAL DETERMINATION TERMINATING THE
INVESTIGATION BASED ON COMPLAINANT'S LACK OF
STANDING**

(November 26, 2014)

On May 6, 2014, Respondents Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., Lenovo Group Ltd., Lenovo (United States) Inc., LG Electronics, Inc., LG Electronics U.S.A., Inc., Nintendo Co., Ltd., Nintendo of America, Inc., Panasonic Corp., Panasonic Corp. of North America, Toshiba Corporation, Toshiba America Information Systems, Inc., MediaTek, Inc., and MediaTek USA, Inc. (collectively, "Respondents") filed a motion to terminate this Investigation for good cause based on Complainant Optical Devices, LLC's ("Optical Devices") lack of prudential standing to bring an infringement action with respect to the asserted patents. (Motion Docket No. 897-085.)¹ On May 16, 2014, Optical Devices filed its opposition to the motion. Pursuant to Order No. 83, on June 3, 2014, Respondents filed a reply in support of their motion.

On June 10, 2014, Optical Devices filed a motion for leave to file a surreply in opposition to the motion. (Motion Docket No. 897-120.) On June 11, 2014, Respondents filed an

¹ On September 2, 2014, Samsung Electronics Co., Ltd., and Samsung Electronics America, Inc. were terminated from the Investigation on the basis of a settlement agreement. (See Notice of Commission Determination to Grant a Joint Motion to Terminate the Investigation as to Respondents Samsung Electronics Co., Ltd., and Samsung Electronics America, Inc. on the Basis of a Settlement Agreement, Inv. No. 337-TA-897 (Sept. 2, 2014).)

opposition to Optical Devices' motion for leave to file a surreply. Motion Docket No. 897-120 is hereby GRANTED.

I. POSITIONS OF THE PARTIES

A. Respondents' Motion

Respondents argue that Optical Devices does not hold all substantial rights to U.S. Patent Nos. RE40,927, RE42,913, RE43,681 (collectively, "the Wild Patents"), 6,904,007, 7,196,979, and 8,416,651 (collectively, "the Kadlec Patents") and therefore lacks prudential standing to bring this proceeding. (Mot. at 1.) Respondents argue that the [REDACTED] [REDACTED] that purportedly transfer all substantial rights in the Wild Patents and the Kadlec Patents to Optical Devices are not determinative of Optical Devices' rights in those patents. (*Id.* at 18.) Respondents state that there is [REDACTED] [REDACTED] that shows Optical Devices does not, in fact, have all substantial rights to the Wild Patents and the Kadlec Patents. (*Id.* at 18-19.)

Respondents argue that under the [REDACTED] Investment Agreement [REDACTED] [REDACTED] Investment Agreement"), Optical Devices does not [REDACTED] the Wild Patents and the Kadlec Patents [REDACTED] (*Id.* at 19.) Also under that agreement, Respondents argue that Optical Devices [REDACTED] [REDACTED] Wild Patents and the Kadlec

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Patents [REDACTED] (*Id.* at 19-20).² Respondents argue that these rights are substantial rights that Optical Devices does not hold. (*Id.* at 19, 20.)

Respondents further argue that the fact that [REDACTED]
[REDACTED] Optical Devices to [REDACTED] Investment Agreement does not transform [REDACTED] (*Id.* at 20.)

Respondents contend that even if [REDACTED]
[REDACTED]
[REDACTED] (*Id.* at 20-21.) Respondents further argue that even if [REDACTED] does not turn [REDACTED] a transfer of all substantial rights under Federal Circuit law. (*Id.* at 21 (citing *Propat Int'l Corp. v. RPost, Inc.*, 473 F.3d 1187, 1191 (Fed. Cir. 2007).)

Respondents also argue that under the [REDACTED] Investment Agreement Optical Devices does not [REDACTED] related to the Wild Patents and the Kadlec patents. (*Id.* at 21-22.) Respondents state that Optical Devices [REDACTED]
[REDACTED] Wild Patents and the Kadlec Patents before this Commission, [REDACTED]
[REDACTED] Investment Agreement. (*Id.* at 22.)

Respondents also argue that they have been prejudiced by Optical Devices' [REDACTED]
[REDACTED] in the Wild Patents and the Kadlec Patents. (*Id.* at 27-28.) Respondents state that despite repeated discovery requests for all agreements relating

² The [REDACTED] Investment Agreement defines "[REDACTED]" as "[REDACTED]"
[REDACTED]
[REDACTED] (Mot., Ex. J at [REDACTED].)

to the Wild Patents and Kadlec Patents, [REDACTED]

[REDACTED] (*Id.* at 29.) Respondents state that Optical Devices [REDACTED]

[REDACTED] the Wild Patents and the Kadlec Patents. (*Id.*)

Respondents argue that Optical Devices' "[REDACTED]" in the Wild Patents and the Kadlec Patents has prejudiced their ability to conduct discovery. (*Id.* at 30.)³

B. Optical Devices' Opposition

Optical Devices argues that Respondents apply the wrong legal standard in their motion. (Opp. at 2-3.) Optical Devices claims that because it is nominally the assignee of the Wild Patents and the Kadlec Patents, it presumptively satisfies the standing requirement. (*Id.* at 5, 8, 12.) Accordingly, Optical Devices asserts that the correct legal standard is whether Optical Devices has conveyed away enough of its rights that it no longer has standing, not whether it has acquired "all substantial rights." (*Id.* at 8-9.) Optical Devices asserts that all the cases Respondents cite in support of their motion address the opposite situation where a licensee does not have standing to sue because it was not granted "all substantial rights." (*Id.* at 10-11.)

Optical Devices asserts that it [REDACTED] Wild Patents [REDACTED] (*Id.* at 13 (citing Mot., Ex. B at 1).) Optical Devices asserts that [REDACTED] [REDACTED] (*Id.* at 14 (citing Mot., Ex. D).)

Optical Devices argues that [REDACTED] to the Wild Patents or the Kadlec Patents [REDACTED]

³ Respondents also argue that [REDACTED] Kadlec Patents under a [REDACTED] between [REDACTED] Based on the [REDACTED] of the Kadlec Patents. (See Mot., Ex. K at [REDACTED] Due to gaps in the record, it is unclear whether [REDACTED] the Kadlec Patents. However, I do not need to reach this issue because I find that Optical Devices does not have all substantial rights to the Kadlec Patents regardless of whether [REDACTED] (See *infra* Part II.C.)

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[REDACTED] (*Id.* at 15.) Optical Devices states the Federal Circuit has held a patent owner retained standing to sue even after it transferred away (1) the exclusive right to make, use, and sell products covered by the patent, (2) the first right to commence legal action against third parties for infringement of the patent, (3) the right to retain damages from actions initiated by the licensee, and (4) the right to sublicense. (*Id.* at 16 (citing *Aspex Eyewear, Inc. v. Miracle Optics, Inc.*, 434 F.3d 1336, 1342 (Fed. Cir. 2006).) Optical Devices states that in *Alfred E. Mann Foundation for Scientific Research v. Cochlear Corp.*, 604 F.3d 1354 (Fed. Cir. 2010), the Federal Circuit went further and held a patentee retained standing even after transferring (1) the exclusive right to make, use, or sell products covered by the patent, (2) the first right to sue to enforce the patents, (3) the right to control litigation and choose counsel, (4) the right to settle litigation on any terms, and (5) the right to grant sublicenses. (*Id.* at 17-18 (citing *Mann*, 604 F.3d at 1361-62).)

Optical Devices also states that in proceedings before the Commission patentees have been held to have standing after transferring significant rights. (*Id.* at 20-21 (citing *Certain Wireless Commc'ns Base Stations and Components Thereof*, Inv. No. 337-TA-871, Order No. 14, 2013 WL 5487633 (Sept. 4, 2013)).) Optical Devices argues that the ALJ in that Investigation held a patentee had standing where it transferred to a third party (1) the right to review and object to proposed licenses, assignments, or settlements, (2) the right to share in proceeds from litigation, and (3) the right to receive assurance that the patentee used commercially reasonable means to enforce the patent. (*Id.* at 21-25.)

Optical Devices argues that the [REDACTED]

[REDACTED]
[REDACTED] (*Id.* at 25.) Optical Devices argues that the [REDACTED]

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██████████ are no more than ██████████
██████████ (Id. at 26.) Optical Devices argues that ██████████ are irrelevant to the assignee standing analysis. (Id.) Optical Devices also argues that the ██████████
██████████ is not sufficient to confer standing away from Optical Devices at the time the Complaint was filed. (Id. at 26-27.) Optical Devices concludes, therefore, that it ██████████ the Wild Patents and Kadlec Patents ██████████
██████████ (Id. at 27.)

C. Respondents' Reply

Respondents argue that Optical Devices' interpretation of the law is incorrect. Respondents state that the cases cited by Optical Devices do not make a distinction based on whether a party has conveyed away too many rights or accrued enough rights. (Reply at 3.) Respondents argue that the "only thing that matters is the rights held by the party asserting the patents, and whether any other party also holds substantial rights." (Id. at 2.) Respondents state that the ██████████ is not determinative of the ██████████ Optical Devices. (Id. at 4.) Respondents state that ██████████
██████████ Optical Devices, ██████████
██████████ executed a ██████████ which ██████████
██████████ (Id. at 4-5.)

Respondents further state that even if Optical Devices has some substantial rights in the Wild Patents and Kadlec Patents, ██████████
██████████ (Id. at 6-8.) Respondents state that Optical Devices may not maintain this Investigation ██████████ but that it is too late in the Investigation ██████████ (Id. at 8-9.)

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Respondents argue that even if Optical Devices' contention that a nominal title holder retains standing if it does not convey away all substantial rights was correct, [REDACTED]

[REDACTED]

[REDACTED] (*Id.* at 10.) Respondents state that [REDACTED]

[REDACTED] the Wild Patents and the Kadlec Patents [REDACTED]

[REDACTED] (*Id.*) Respondents argue that this places

Respondents at risk [REDACTED]

[REDACTED] (*Id.*)

D. Optical Devices' Surreply

Optical Devices states that Respondents only present attorney argument for the proposition that prudential standing does not depend on whether a party is an assignee or licensee. (Surreply at 4, 6.) Optical Devices states that *Wireless Commc'ns* instructs that whether a "complainant is an assignee or a licensee is of fundamental importance." (*Id.* at 4-5, 7.) Optical Devices distinguishes *Certain Devices with Secure Commc'ns Capabilities, Components Thereof, and Prods. Containing the Same*, Inv. No. 337-TA-818, Initial Determination, 2012 WL 7857467, at *1 (Jul. 18, 2012), stating that [REDACTED]

[REDACTED]

[REDACTED] (*Id.* at 8.)

Optical Devices also states that [REDACTED] is not necessary in this Investigation. (*Id.* at 9-10.) Optical Devices argues that *Aspex Eyewear* stands only for the proposition that an exclusive licensee of a patent must be joined in any lawsuit involving the patent brought by a patentee. (*Id.* at 10-11.)

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Optical Devices also states that there is no risk in this case that Respondents would be subject to suit from [REDACTED] on the same patents because [REDACTED] are not licensees to the patents. (*Id.* at 12.)

II. ANALYSIS

A careful analysis of the [REDACTED] to the Wild Patents and the Kadlec Patents reveals that Optical Devices [REDACTED] [REDACTED] Namely, Optical Devices [REDACTED] [REDACTED] the Wild Patents or the Kadlec Patents; [REDACTED] Wild Patents or the Kadlec Patents [REDACTED] [REDACTED] the Wild Patents or the Kadlec Patents; [REDACTED] [REDACTED] the Wild Patents or the Kadlec Patents. [REDACTED] also [REDACTED] [REDACTED] the Wild Patents and the Kadlec Patents. Moreover, [REDACTED] [REDACTED] the Wild Patents.

Based on the undisputed facts in the record, Optical Devices does not hold all substantial rights to the Wild Patents or the Kadlec Patents. Therefore, Optical Devices lacks prudential standing to maintain an action for infringement on its own. Further, I find that [REDACTED] [REDACTED] at this late stage in the Investigation is impracticable and would result in prejudice to Respondents. Accordingly, Respondents' motion to terminate is hereby GRANTED.

A. Material Facts

At some time prior to [REDACTED] [REDACTED] concerning the Wild Patents. (Mot., Ex. L at 462-467.) [REDACTED]

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[REDACTED] Wild Patents and [REDACTED] Wild Patents
[REDACTED]. (*Id.* at 451-454.)

On or around [REDACTED] entered into [REDACTED] concerning [REDACTED] to the Wild Patents. The [REDACTED] [REDACTED] provided that [REDACTED] [REDACTED]—including the Wild Patents⁴—to [REDACTED] and that [REDACTED] [REDACTED] (Mot., Ex. G at [REDACTED] Under the [REDACTED] [REDACTED] the Wild Patents [REDACTED] the Wild Patents; [REDACTED]

_____ the Wild Patents. (*Id.* at _____)

The _____ between _____

_____ grants _____ the Wild Patents _____

_____ Wild Patents. (Mot., Ex. E at _____)

_____ the Wild Patents _____

⁴ (See Mot., Ex. G, Ex. A (listing U.S. Patent No. 6,603,134 (reissued as RE42,913), RE40,927, and 12/471,058 (application for RE43,681)).)

(Mot., Ex. G at

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[REDACTED] (*Id.* at [REDACTED] Also under the [REDACTED]

[REDACTED] (*Id.* at [REDACTED]

The [REDACTED] between [REDACTED]

[REDACTED] the Wild

Patents, [REDACTED] the Wild Patents, [REDACTED]

[REDACTED] the Wild

Patents, [REDACTED] the Wild Patents, [REDACTED] the Wild Patents.

(Mot., Ex. F at [REDACTED]

On [REDACTED] Optical Devices entered into [REDACTED]

[REDACTED] Under the [REDACTED]

[REDACTED] Optical Devices [REDACTED]

[REDACTED]

[REDACTED] the Wild Patents. (Mot., Ex. A at [REDACTED] The [REDACTED]

[REDACTED] the Wild Patents [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] the Wild Patents. (*E.g., id.* at [REDACTED] The [REDACTED]

[REDACTED]

[REDACTED] (*Id.* at [REDACTED] [REDACTED] the Kadlec Patents [REDACTED]

[REDACTED] (*See* Mot., Ex. C at [REDACTED]⁶

⁶ The validity of the [REDACTED] is questionable. The [REDACTED] purports to

[REDACTED] Due to [REDACTED] the Wild Patents,

(*See* Mot., Ex. E at [REDACTED]

[REDACTED] the Wild Patents

[REDACTED] the Wild Patents

[REDACTED] the Wild Patents. (*See* Mot.,

Ex. G at [REDACTED] Mot., Ex. E at [REDACTED]

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On [REDACTED] Optical Devices entered into a [REDACTED]

[REDACTED] The [REDACTED]

[REDACTED]

[REDACTED] (Mot., Ex. B at [REDACTED] The [REDACTED]

[REDACTED] defined [REDACTED] as a [REDACTED]

[REDACTED] (*Id.* at [REDACTED]

The [REDACTED] defined [REDACTED]

[REDACTED] (*Id.* at [REDACTED]) [REDACTED]

[REDACTED]

[REDACTED] (See Mot., Ex. D at [REDACTED]

That same day, Optical Devices executed a [REDACTED]

[REDACTED] which specifically [REDACTED]

[REDACTED]

[REDACTED]

(Mot., Ex. AA at [REDACTED] The [REDACTED] also included a [REDACTED]

[REDACTED] (*Id.* at [REDACTED])⁷

On [REDACTED] entered into a [REDACTED]

[REDACTED]

whereby [REDACTED] the Wild Patents [REDACTED]

[REDACTED] (Mot., Ex. H at [REDACTED]) In return, [REDACTED]

⁷ The [REDACTED]
[REDACTED] (Mot., Ex. B at [REDACTED] Mot., Ex. D at [REDACTED]) In light of [REDACTED]
[REDACTED] (Mot., Ex. AA at [REDACTED]

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[REDACTED]

[REDACTED] (Mot., Ex. H at [REDACTED] further agreed to [REDACTED]

[REDACTED]

[REDACTED] (Id.)

Under the [REDACTED] Investment Agreement, executed by [REDACTED]

[REDACTED] the Wild Patents [REDACTED] the Kadlec Patents, [REDACTED]

[REDACTED]

[REDACTED] (Mot., Ex. J at [REDACTED]⁸ The [REDACTED]

Investment Agreement also provides that [REDACTED]

[REDACTED] the Wild Patents [REDACTED] the Kadlec Patents. (Id. at

[REDACTED] Further, Optical Devices' [REDACTED]

[REDACTED] Business Plan [REDACTED] Investment Agreement [REDACTED] (Id.

at [REDACTED] Ex. D.) The Business Plan [REDACTED]

[REDACTED]

[REDACTED] (Mot., Ex. J, Ex. D.)

Optical Devices may not [REDACTED] Business Plan [REDACTED] (Id.

at [REDACTED]) Optical Devices also [REDACTED]

[REDACTED] (Id.

at [REDACTED]

On [REDACTED] entered into [REDACTED]

[REDACTED] which was executed [REDACTED]

[REDACTED] (Mot., Ex. I at [REDACTED]

⁸ The [REDACTED] Investment Agreement defines the [REDACTED]

[REDACTED] (See Mot., Ex. J at [REDACTED]

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The [REDACTED] Investment Agreement. (*Id.* at [REDACTED])
Under the [REDACTED] Optical Devices [REDACTED] the
Wild Patents [REDACTED]
[REDACTED] the Wild Patents [REDACTED] (*Id.* at [REDACTED]) The
[REDACTED]
[REDACTED] Business Plan [REDACTED] (*Id.* at [REDACTED])
Further, the [REDACTED]
[REDACTED] (*Id.*
at [REDACTED])

B. Applicable Law

The Commission's jurisdiction in this Investigation depends on whether Optical Devices has standing to enforce the Wild and Kadlec Patents. *See SiRF Tech. Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1325 (Fed. Cir. 2010) ("The question of standing to assert a patent claim is jurisdictional . . ."). The same requirements that apply to standing in district court apply at the ITC. *See id.* at 1326; *Certain Catalyst Components and Catalysts for the Polymerization of Olefins*, Inv. No. 337-TA-307, Comm'n Op., 1990 WL 710614, at *15 (Jun. 25, 1990) ("[W]e see little basis for inferring a different standing requirement under section 337 than the courts have established in patent infringement cases.").

There appears to be no dispute in this case regarding constitutional standing. As the holder of title to the patents, Optical Devices can bring this action. *See* 19 C.F.R. § 210.12(a)(7) (requiring that "at least one complainant is the owner or exclusive licensee of the subject intellectual property"). A complainant also must satisfy the prudential standing requirement, however. *Devices with Secure Commc'ns*, 2012 WL 7857467, at *2. Prudential standing requires that the complaining party must have all substantial rights in the patents if the

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complainant is to maintain a suit in its name *alone*. See *id.*; see also *Intellectual Property Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1347-48 (Fed. Cir. 2001). If Optical Devices lacks prudential standing, it must join the holder(s) of the remaining rights as co-complainants. *Devices with Secure Commc'ns*, 2012 WL 7857467, at *2.

The key to prudential standing is ownership of the patents in question. See *Mann*, 604 F.3d at 1359; *Aspex Eyewear*, 434 F.3d at 1341. Given that rights contained in a patent may be conferred separately on different entities, the critical inquiry is whether the complaining party has all substantial rights. “A patent ‘is, in effect, a bundle of rights which may be divided and assigned, or retained in whole or part.’” *Mann*, 604 F.3d at 1360 (quoting *Vaupel Textilmaschinen v. Meccania Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed. Cir. 1991)). “When a sufficiently large portion of this bundle of rights is held by one individual, we refer to that individual as the owner of the patent, and that individual is permitted to sue for infringement in his own name.” *Id.*

Prudential standing serves to permit parties to protect their interests in a patent and to prevent “multiple lawsuits on the same patent against the same accused infringer.” *Aspex Eyewear*, 434 F.3d at 1343 (citing *Vaupel*, 944 F.3d at 875-76). Accordingly, if the plaintiff lacks all substantial rights in the patent, the other holders of substantial rights must be joined, if practicable. If joinder is impracticable, the case must be dismissed. “In other words, a defect in prudential standing can only be cured if the party owning the remaining rights to the asserted patent is joined as a party.” *Devices with Secure Commc'ns*, 2012 WL 7857467, at *2 (citing *Intellectual Property Dev.*, 248 F.3d at 1347-48).

To determine whether the rights transferred constitute the transfer of ownership, a court “‘must ascertain the intention of the parties [to the license agreement] and examine the substance

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of what was granted.” *Mann*, 604 F.3d at 1359 (quoting *Mentor H/S, Inc. v. Medical Device Alliance, Inc.*, 240 F.3d 1016, 1017 (Fed. Cir. 2001)). The court must examine “whether the agreements transferred all substantial rights to the patent at issue *and whether the surrounding circumstances indicated an intent to do so.*” *Aspex Eyewear*, 434 F.3d at 1340 (citing *Vaupel*, 944 F.2d at 874) (emphasis added). Only “if it appears from the agreement and surrounding circumstances that the *parties intended* that the patentee surrender all his substantial rights to the invention” does an assignment occur, conferring ownership. *Vaupel*, 944 F.2d at 874 (quoting *Bell Intercontinental Corp. v. U.S.*, 381 F.2d 1004, 1011 (Ct. Cl. 1967).)

C. Discussion

It is clear that the parties granting assignments to Optical Devices [REDACTED]

[REDACTED] executed the [REDACTED] executed the [REDACTED]

(Mot., Ex. AA at [REDACTED] The parties further agreed that the [REDACTED]

[REDACTED] (*See id.* at [REDACTED] The agreements which [REDACTED]

[REDACTED] (*See* Mot., Ex. H; Mot. Ex. J; Mot. Ex. I.)

In light of these contract terms, there was [REDACTED] Wild Patents and the Kadlec Patents [REDACTED] Instead, [REDACTED]

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As a result of that [REDACTED] Optical Devices, although it is the nominal assignee, does not hold all substantial rights in the Wild Patents or the Kadlec Patents.⁹

In fact, Optical Devices lacks many, if not most, substantial rights in the patents-at-issue.

[REDACTED]
[REDACTED] Optical Devices cannot [REDACTED]
[REDACTED]
[REDACTED] Mot., Ex. I at [REDACTED]
[REDACTED] Mot. Ex. H at [REDACTED]¹⁰ [REDACTED] have an [REDACTED]
[REDACTED] (Mot., Ex. J at Definitions, [REDACTED] Mot. Ex. G at [REDACTED] Mot., Ex. L at 454-460, 480-482.)
[REDACTED] in the Wild Patents. (Mot. Ex. H at ¶ 4; Mot., Ex. J at § 5.09; Mot. Ex. E at Definitions, [REDACTED] Mot. Ex. F at [REDACTED])

Importantly, Optical Devices [REDACTED]
[REDACTED]. *See Mann*, 604 F.3d at 1362. Optical Devices [REDACTED]
[REDACTED] and [REDACTED]
[REDACTED] (Mot. Ex. J at [REDACTED]) The Business Plan sets forth [REDACTED]
[REDACTED] (Mot. Ex. J, Ex. D at [REDACTED] Optical Devices may not

⁹ *SiRf* is not to the contrary. 601 F.3d at 1327. In that case, the facts called for construction of a term in the assignment document. The Federal Circuit recognized that how the parties acted, “giving meaning to their contract during the course of performing it – can be an important aid to the court.” *Id.* (quoting 11 Samuel Williston & Richard A. Lord, *A Treatise on the Law of Contracts* § 32:14 (4th ed. 1999)). In *SiRf*, the course of conduct showed that the assignment conveyed all substantial rights. Here, the parties’ course of conduct shows the opposite.

¹⁰ Although [REDACTED]
[REDACTED] (See Mot., Ex. J at [REDACTED] Mot., Ex. H at [REDACTED] Further, the Federal Circuit has previously held the [REDACTED] is a substantial right “of the sort typically associated with the retention of an ownership interest in the patent.” *Propat*, 473 F.3d at 1191.

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██████████ Business Plan ██████████ (Id. at ██████████ The possession of substantial rights in the patents-at-issue by other parties negates Optical Devices' claim to ownership of the patents-at-issue. See *Propat*, 473 F.3d at 1191-92 (specifically noting the rights "to veto licensing and litigation decisions" and to "veto any transfer" of patent rights); see also *Mann*, 604 F.3d at 1362 (retention of rights to "decide whether or not to bring suit, when to bring suit, where to bring suit, what claims to assert, what damages to seek, whether to seek injunctive relief, whether to settle the litigation, and the terms on which the litigation will be settled" was inconsistent with the transfer of ownership to another entity). In contrast to the owner in *Mann*, who retained all these rights, Optical Devices, the putative owner of the patents-in-suit, ██████████. Instead, ██████████

In *Devices with Secure Commc'ns*, the administrative law judge held that a complainant lacked standing because the patent's transferor "retains the right to review and object to any proposed license, assignment, or settlement" involving the patent. Inv. No. 337-TA-818, 2012 WL 7857467, at *2. The transferor "also retains an equity interest in any proceeds from licensing . . . as well as any proceeds from related litigation . . . and the agreements . . . require that [the transferee] use commercially reasonable efforts to enforce the assigned patents," the ALJ found. *Id.* The ALJ concluded that because the transferee of the patent rights in question lacked all substantial rights, it did not have prudential standing and, in the absence of joinder of the other parties holding substantial rights in the patents, the case was dismissed. *Devices with Secure Commc'ns* was not reviewed by the Commission and is therefore precedential. 19 C.F.R. § 210.42(h)(2).¹¹

¹¹ Optical Devices ██████████ *Wireless Commc'ns*, ██████████ on the ground that the title holder gave the licensee "only very extremely limited rights." 2013 WL 5487633, at *12. *Wireless Commc'ns*, moreover, is an ALJ order with no precedential value. Similarly, another decision relied upon by Optical Devices, *Princeton Digital*

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As in *Devices with Secure Commc'ns*, [REDACTED]

[REDACTED] Optical Devices [REDACTED]

[REDACTED] Further, as

in *Devices with Secure Commc'ns*, [REDACTED]

[REDACTED], as well as [REDACTED] Further, Optical Devices also [REDACTED]

[REDACTED]¹² That Optical Devices does not have all substantial rights in the patents presents the danger that the courts seek to avoid by invoking the doctrine of prudential standing—the prospect of multiple litigations on the same patents based on the same alleged facts.

Optical Devices nevertheless maintains that it has standing [REDACTED] [REDACTED] and it brings this action as the holder of legal title to the patents. These are distinctions without a difference. In *Mann*, a case that was decided in the same context as this one, *i.e.*, the scenario in which the patent owner seeks to bring suit, the Federal Circuit applied the same guidelines that apply when deciding whether an exclusive license confers prudential standing on a licensee.

Indeed, it is well settled that the name attached to the party claiming ownership of a patent is not determinative. See *Aspex Eyewear*, 434 F.3d at 1340; *Vaupel*, 944 F.2d at 875;

Image Corp. v. Hewlett-Packard, 2013 WL 1454945 (S.D.N.Y. 2013), is non-precedential and also is plainly distinguishable on its facts.

¹² [REDACTED] *Devices with Secure Commc'ns* on the ground that it involved a suit by a licensee, not a putative assignee. (See Opp. at 2, 10-11 (citing *Wireless Commc'ns*, Inv. No. 337-TA-871, Order No. 14).) The [REDACTED] is unpersuasive, for the reasons explained below.

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Waterman v. Mackenzie, 138 U.S. 252, 256 (1891). “*Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions.*” *Aspex Eyewear*, 434 F.3d at 1340 (quoting *Waterman*, 138 U.S. at 256) (emphasis added). “The title of the agreement at issue . . . is not determinative of the nature of the rights transferred under the agreement; actual consideration of the rights transferred is the linchpin” *Intellectual Property Dev.*, 248 F.3d at 1344.

Accordingly, Optical Devices’ legal title to the patents-in-issue is not determinative of ownership for purposes of the standing issue. There is no analytical distinction, only a semantic one, between prudential standing as regards an assignee or a licensee. Optical Devices’ assertion that it [REDACTED] is unpersuasive. (Opp. at 20.) The fact is that Optical Devices never had substantial rights to convey.

Regardless of [REDACTED] the rights possessed by [REDACTED] are not narrow; they [REDACTED] As a result, on the date Optical Devices’ Complaint was filed, it lacked all substantial rights in the patents-at-issue. See *Aspex Eyewear*, 434 F.3d at 1339, 1342 (noting with approval the district court’s opinion that “a party’s standing to sue must exist at the time an original complaint is filed”). Optical Devices claims the benefit of a “presumption” of validity regarding the [REDACTED] [REDACTED] and recorded with the USPTO. To the extent such a presumption may exist, it has been overcome by undisputed evidence that Optical Devices does not in fact have all substantial rights to the patents and cannot

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be considered the effective owner for standing purposes, notwithstanding that an assignment agreement was recorded with the USPTO.¹³

III. TERMINATION

This Investigation cannot proceed [REDACTED]

[REDACTED] the Wild Patents and the Kadlec Patents. Respondents argue that [REDACTED]

[REDACTED] at this stage of the proceedings would result in prejudice.

The Investigation is at an advanced stage. Optical Devices [REDACTED] [REDACTED] at an earlier stage of these proceedings. Instead, Optical Devices chose to conceal [REDACTED] until compelled to produce [REDACTED] in discovery. (See Order No. 62 (ruling on Motion Docket Nos. 897-060 and 897-065).) Since prejudice to Respondents is sure to ensue if discovery is re-opened at this time and litigation involving [REDACTED] is permitted, I find that joinder is impractical and inappropriate.

ORDER

Accordingly, it is my Initial Determination that Motion Docket No. 897-085 is hereby GRANTED and, as a result, this Investigation is terminated in its entirety based on Optical Devices' lack of prudential standing to bring an action enforcing the Wild Patents or the Kadlec Patents. This Initial Determination, along with any supporting documentation, is hereby certified to the Commission.

¹³ Optical Devices' reliance on *Aspex Eyewear* in this respect is misplaced. In *Aspex Eyewear*, the Federal Circuit decided that the transferor retained ownership not because the rights given up were insubstantial (including the right to sue, the right to sublicense, and the exclusive right to make, use and practice,) but because those rights were transferred "for only a limited period of time." 434 F.3d at 1342. In fact, the Federal Circuit agreed that the rights transferred "strongly favor a finding of an assignment, not a license," and stated that the only factor on which the Circuit differed with the district court's "otherwise well-reasoned opinion is the provision limiting the term of the license." *Id.* That time limit resulted in a holding that the original transferor retained ownership rights. Absent the time limitation, the Circuit would have upheld the district court's conclusion that the owner had transferred substantial rights to the licensee. *Id.*

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Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall become the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders, on its own motion, a review of the Initial Determination or certain issues herein.

All pending motions are hereby DENIED as moot.

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. The parties' submission may be made by facsimile and/or hard copy by the aforementioned date.

Any party seeking to have any portion of this document deleted from the public version thereof must submit to this office a copy of this document with red brackets indicating any portion asserted to contain confidential business information. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.

Dee Lord

Dee Lord
Administrative Law Judge

**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-897

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **PUBLIC VERSION ORDER** was served upon the following parties via first class mail delivery on **NOV 26 2014**



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**CERTAIN OPTICAL DISC DRIVES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-897

PUBLIC CERTIFICATE OF SERVICE PAGE 2

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