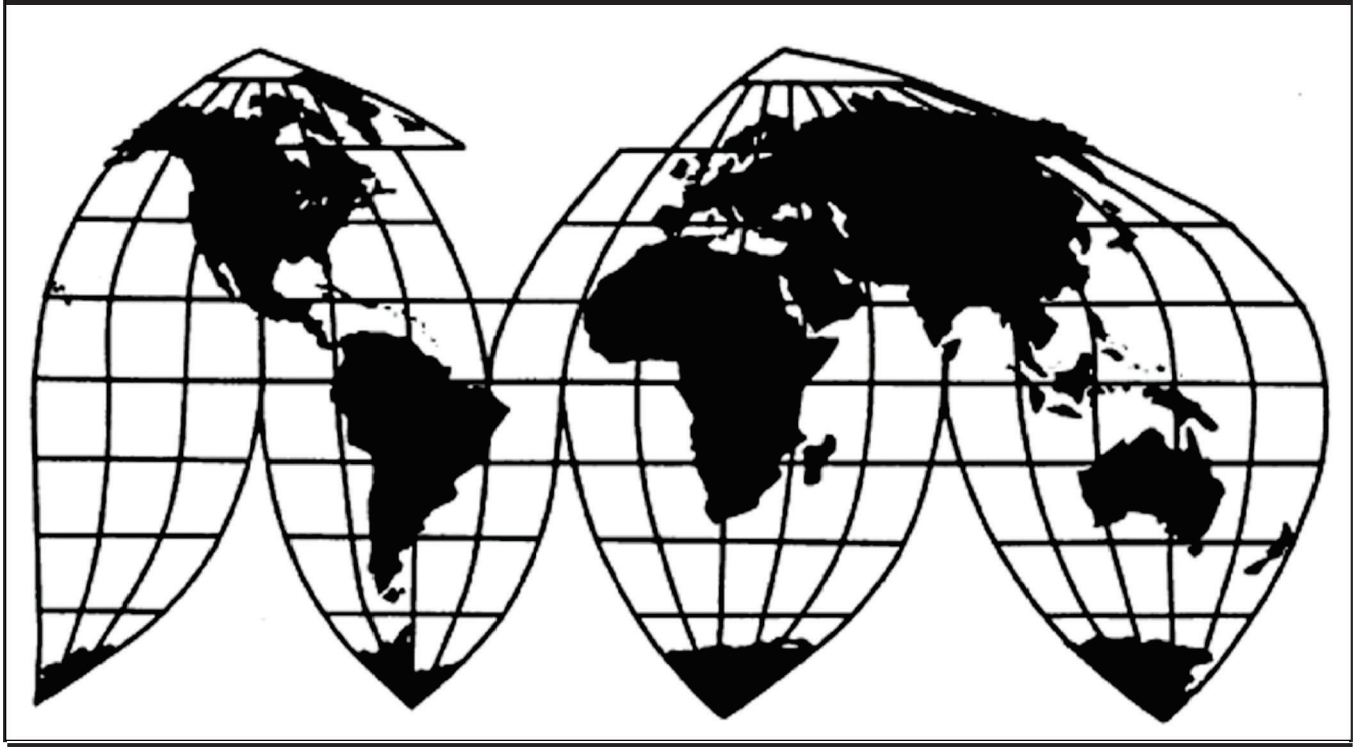
In the Matter of

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF

Investigation No. 337-TA-963

Publication 4924 **August 2019**

U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of	Investigation No. 337-TA-963
CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF	

NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW A FINAL INITIAL DETERMINATION FINDING NO VIOLATION OF SECTION 337; 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 not to review the final initial determination ("ID") issued by the presiding administrative law judge ("ALJ") on August 23, 2016, finding no violation of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), in connection with alleged misappropriation of certain trade secrets.

FOR FURTHER INFORMATION: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3042. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (*https://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted Inv. No. 337-TA-963 on August 21, 2015, based on a complaint filed by AliphCom d/b/a Jawbone of San Francisco, California and BodyMedia, Inc. of Pittsburgh, Pennsylvania (collectively, "Jawbone"). 80 *Fed. Reg.* 50870-71 (Aug. 21, 2015). 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 activity tracking devices, systems, and components thereof by reason of infringement of certain claims of U.S. Patent No. 8,529,811 ("the '811 patent); U.S. Patent No. 8,398,546 ("the '546 patent); U.S. Patent No. 8,793,522 ("the '522 patent); U.S. Patent No. 8,446,275 ("the '275 patent); U.S. Patent No. 8,961,413 ("the '413 patent); and U.S. Patent No. 8,073,707 ("the '707 patent"). The complaint further alleges misappropriation of trade secrets, the threat or effect of which is to

destroy or substantially injure an industry in the United States. The notice of investigation named the following respondents: Fitbit, Inc. of San Francisco, California ("Fitbit"); Flextronics International Ltd. of San Jose, California; and Flextronics Sales & Marketing (A–P) Ltd. of Port Louis, Mauritius (collectively, "Flextronics"); Fitbit and Flextronics are collectively referred to as "Respondents." The Office of Unfair Import Investigations ("OUII") is a party to the investigation.

On February 22, 2016, the ALJ granted Jawbone's unopposed motion to terminate the investigation as to the '522 patent; claims 8-10, 13, 14, and 18 of the '275 patent; claim 6 of the '811 patent; and claims 5 and 8 of the '413 patent. *See* Order No. 32. The Commission determined not to review the ID. *See* Comm'n Notice of Non-review (Mar. 21, 2016).

On March 3, 2016, the ALJ granted Fitbit's motion for summary determination that the asserted claims of the '546 and '275 patents are directed to ineligible subject matter under 35 U.S.C. § 101. *See* Order No. 40. The Commission determined to review the ID, and on review to affirm the ID with certain modifications. *See* Comm'n Notice affirming the ID with modification (Apr. 4, 2016).

On March 11, 2016, the ALJ granted Jawbone's unopposed motion to terminate the investigation as to the remaining claims of the '811 patent. *See* Order No. 42. The Commission determined not to review the ID. *See* Comm'n Notice of Non-review (Apr. 4, 2016).

On April 27, 2016, the ALJ granted Fitbit's motion for summary determination that the asserted claims of the '413 and '707 patents (the two patents remaining in the investigation), are directed to ineligible subject matter under 35 U.S.C. § 101. *See* Order No. 54. The Commission determined not to review the ID. *See* Comm'n Notice of Non-review (Jun. 2, 2016). Thus, all the patent infringement allegations were terminated from the investigation. Only the allegations of trade secret misappropriation remain at issue in the investigation.

The ALJ held an evidentiary hearing from May 9, 2016 through May 17, 2016, and thereafter received post-hearing briefing from the parties. During discovery, Jawbone identified 154 trade secrets allegedly misappropriated by Respondents (Trade Secret Nos. 1-144, including Nos. 1.A-1.G, 92-A, 139-A, and 141-A.). ID at 3. Yet at the hearing, Jawbone presented evidence and argument on only 38 of the alleged trade secrets (Trade Secret Nos. 1, 1A-G, 2-4, 12-14, 17, 18, 33, 52, 53, 55, 58, 91, 92, 92-A, 93-102, 128, 129, 141, 141-A). Jawbone's post-hearing briefs addressed only five of the alleged trade secrets (Trade Secret Nos. 92, 92-A, 98, 128, and 129). Specifically, Jawbone argued that Fitbit misappropriated alleged Trade Secret Nos. 98 and 128, and Flextronics misappropriated alleged Trade Secret Nos. 92, 92-A, and 129. ID at 3-4.

On June 15, 2016, Jawbone moved to terminate the investigation as to all of the trade secrets except for the five alleged trade secrets addressed in its post-hearing briefing. ID at 4 (citing Mot. Docket No. 963-072). Respondents opposed the motion, arguing that they are "entitled to a determination that Jawbone failed to present sufficient evidence showing *actual* misappropriation as to all of the trade secrets that Jawbone now seeks to abandon...." *See id.* at 23 (quoting Mot. 072 Rsp. at 8)(emphasis in original). The ALJ denied Jawbone's motion as

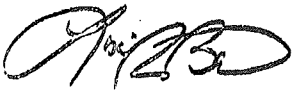
outside the scope of Commission Rule 210.21(a). She also denied Fitbit's request for a determination on whether the withdrawn trade secrets were misappropriated. *Id.* at 20, 23-24. The ALJ stated that "[p]arties are free to waive arguments" and that Fitbit failed to provide "any support for the proposition that arguments that have been waived and abandoned should be considered on their merits." *Id.* The ALJ also granted Jawbone's June 30, 2016 motion to strike Section V.A. of Fitbit's post-hearing reply brief for improperly raising a new argument based on news articles that are not in the record of the investigation. *Id.* at 25. No party petitioned for review of the ALJ's determinations as to these motions.

On August 23, 2016, the ALJ issued her final ID finding no violation of section 337 by Respondents in connection with the alleged trade secrets misappropriation. Specifically, the ALJ found that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Respondents. ID at 15-16. The ALJ further found that Jawbone satisfied the importation requirement of section 337, noting that Respondents have stipulated that the accused products have been imported into the United States. *Id.* at 16. The ALJ, however, found that Jawbone failed to show that the alleged trade secrets constitute actual trade secrets, and that Respondents did not misappropriate any of Jawbone's alleged trade secrets. ID at 28, 38, 45-46. Finally, the ALJ found that Jawbone failed to prove a threat of substantial injury to a domestic industry as required by 19 U.S.C. § 1337(a)(1)(A)(i). *See* ID at 79-80. In that regard, the ALJ referenced her finding of no misappropriation of trade secrets and added that "even if Jawbone had proven misappropriation of the five asserted trade secrets, there is no way to decide on this record what specific injury is attributable to these trade secrets, and whether the injury is substantial." *Id.* at 80.

On September 6, 2016, Jawbone filed a petition for review of the ID, challenging only the ALJ's findings as to alleged Trade Secret Nos. 92, 92-A, and 98. On September 14, 2016, Respondents and the Commission investigative attorney filed responses to the petition for review. Having examined the record of this investigation, including the ALJ's final ID, the petition for review, and the responses thereto, the Commission has determined not to review the final ID. This investigation is therefore terminated.

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.



Lisa R. Barton
Secretary to the Commission

Issued: October 20, 2016

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, **Peter J. Sawert, Esq.**, and the following parties as indicated, on **October 20, 2016.**

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

On Behalf of Complainants AliphCom d/b/a Jawbone and BodyMedia, Inc. :

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

On Behalf of Respondents Flextronics International Ltd. and Flextronics Sales & Marketing (A-P) Ltd.:

Mark L. Hogge, Esq.
DENTONS US LLP
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☒ Via First Class Mail
☐ Other:_____

On Behalf of Respondent Fitbit, Inc. :

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PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of **CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF**	**Inv. No. 337-TA-963**

INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BONDING

Administrative Law Judge Dee Lord

(August 23, 2016)

Appearances:

For Complainants AliphCom d/b/a Jawbone and BodyMedia, Inc.:

Max L. Tribble Jr., Esq., and Joseph S. Grinstein, Esq., of Susman Godfrey L.L.P. in Houston, Texas; Kalpana Srinivasan, Esq., and Oleg Elkhunovich, Esq., of Susman Godfrey L.L.P. in Los Angeles, California; Genevieve Vose Wallace, Esq., and Floyd G. Short, Esq., of Susman Godfrey L.L.P. in Seattle, Washington; and Tamar Lusztig, Esq., Elisha Barron, Esq., and Geng Chen, Esq., of Susman Godfrey L.L.P. in New York, New York;

Andrew F. Pratt, Esq., of Venable LLP.

For Respondent Fitbit, Inc.:

Josh A. Krevitt, Esq., of Gibson, Dunn & Crutcher LLP in New York, New York; Wayne M. Barsky, Esq., and Jason Lo, Esq., of Gibson, Dunn & Crutcher LLP in Los Angeles, California; and Frederick S. Chung, Esq., and Neema Jalali, Esq., of Gibson, Dunn & Crutcher LLP in Palo Alto, California.

For Respondents Flextronics International Ltd. and Flextronics Sales & Marketing (A-P) Ltd.:

Mark L. Hogge, Esq., Shailendra K. Maheshwari, Esq., and Nicholas H. Jackson, Esq., of Dentons US LLP in Washington, D.C.

For the Commission Investigative Staff:

Margaret D. Macdonald, Esq., Jeffrey T. Hsu, Esq., and Peter J. Sawert, Esq., of the Office of Unfair Import Investigations, U.S. International Trade Commission, in Washington, D.C.

Pursuant to the Notice of Investigation (Aug. 18, 2015) and Commission Rule 210.42, this is the Administrative Law Judge's Final Initial Determination in the matter of *Certain Activity Tracking Devices, Systems, and Components Thereof*, Inv. No. 337-TA-963. 19 C.F.R. § 210.42(a)(1)(i).

For the reasons discussed herein, it is my Final Initial Determination that there is no violation 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/or the sale within the United States after importation of certain activity tracking devices, systems, and components thereof in connection with the alleged misappropriation of trade secrets.

TABLE OF CONTENTS

The following abbreviations may be used in this Initial Determination:

Tr.	Transcript
WS	Witness Statement
DWS	Direct Witness Statement
RWS	Rebuttal Witness Statement
JX	Joint Exhibit
CX	Complainants' exhibit
CPX	Complainants' physical exhibit
CDX	Complainants' demonstrative exhibit
RX	Respondents' exhibit
RPX	Respondents' physical exhibit
RDX	Respondents' demonstrative exhibit
CPHB	Complainants' pre-hearing brief
CIB	Complainants' initial post-hearing brief
CRB	Complainants' reply post-hearing brief
RPHB	Respondents' pre-hearing brief
RIB	Respondents' initial post-hearing brief
RRB	Respondents' reply post-hearing brief
SPHB	Staff's pre-hearing brief
SIB	Staff's initial post-hearing brief
SRB	Staff's reply post-hearing brief

I. BACKGROUND

A. Procedural History

The Commission instituted this investigation in response to a complaint alleging violations of section 337 the Tariff Act of 1930, as amended, by reason of infringement of U.S. Patent Nos. 8,073,707 (the "'707 patent"); 8,398,546 (the "'546 patent"); 8,446,275 (the "'275 patent"); 8,529,811 (the "'811 patent"); 8,793,522 (the "'522 patent"); and 8,961,413 (the "'413 patent"); and misappropriation of trade secrets. 80 Fed. Reg. 50870-71 (2015). The purpose of this investigation is to determine

> (a) whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain activity tracking devices, systems, and components thereof by reason of infringement of one or more of claims 19, 23, and 24 of the '707 patent; claims 1-18 and 20-28 of the '546 patent; claims 1, 2, 4, 5, 8-10, 13-15, 18, and 19 of the '275 patent; claims 1, 5-7, 16, and 17 of the '811 patent; claim 2 of the '522 patent; and claims 1-3, 5, 7-9, 11, and 12 of the '413 patent; and whether an industry in the United States exists as required by subsection (a)(2) of section 337;
>
> (b) whether there is a violation of subsection (a)(1)(A) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain activity tracking devices, systems, and components thereof by reason of misappropriation of trade secrets, the threat or effect of which is to destroy or substantially injure an industry in the United States[.]

Id. at 50871. The investigation was instituted on Friday, August 21, 2015 by publication of the Notice of Investigation in the *Federal Register*. *Id.* at 50870-71; *see* 19 C.F.R. § 210.10(b).

Complainants are AliphCom d/b/a Jawbone ("Jawbone") and BodyMedia, Inc. ("BodyMedia") (Jawbone and BodyMedia collectively will be referred to as "Complainants" or "Jawbone"). Notice of Institution at 2. Respondents are Fitbit, Inc. ("Fitbit") and Flextronics

International Ltd. and Flextronics Sales & Marketing (A-P) Ltd. (collectively, "Flextronics") (Fitbit and Flextronics collectively will be referred to as "Respondents"). *Id.* at 2-3. The Office of Unfair Import Investigations ("Staff") is also a party in this investigation. *Id.*

The investigation was initially assigned to Chief Administrative Law Judge Bullock, who set a target date of December 21, 2016. Order No. 4 (Sep. 10, 2015) at 1. The investigation was subsequently reassigned to me. Notice (Dec. 1, 2015). On August 5, 2016, I extended the target date by two days to December 23, 2016. Order No. 67.

1. Patent Infringement Allegations

A *Markman* hearing was held on December 18, 2015, and a *Markman* Order (Order No. 31) issued on February 17, 2016. On February 22, Complainants' unopposed motion for partial termination of the investigation as to the asserted claims of the '522 patent and certain of the asserted claims of the '275, '811, and '413 patents was granted. Order No. 32, *unreviewed*, Comm'n Notice (Mar. 21, 2016). On March 3, Respondents' motion for summary determination that the asserted claims of the '546 and '275 patents are directed to ineligible subject matter was granted. Order No. 40, *aff'd with modification*, Comm'n Notice (Apr. 4, 2016). On March 11, Complainants' unopposed motion for partial termination of the investigation as to the remaining asserted claims of the '811 patent was granted. Order No. 42, *unreviewed*, Comm'n Notice (Apr. 4, 2016). On April 26, Complainants' unopposed motion for partial termination of the investigation as to certain asserted claims of the '413 and '707 patents was granted. Order No. 53, *unreviewed*, Comm'n Notice (May 17, 2016). On April 27, Respondents' motion for summary determination that the asserted claims of the two patents remaining in the investigation (the '413 and '707 patents) are directed to ineligible subject matter was granted. Order No. 54,

unreviewed, Comm'n Notice (Jun. 2, 2016). The investigation was thus terminated with respect to the patent-infringement allegations prior to the evidentiary hearing.

2. Trade Secret Allegations

Complainants allege a violation of section 337 by Fitbit's and Flextronics's misappropriation of Jawbone's trade secrets. With respect to Fitbit, Complainants allege that Fitbit misappropriated Jawbone trade secrets through its recruitment and retention of Gee Weiden, a former Jawbone employee. With respect to Flextronics, Complainants allege that Flextronics acquired the alleged trade secrets through its relationship with Jawbone and used the information to assist Fitbit. During discovery, Complainants identified 154 trade secrets allegedly misappropriated by Respondents. Complainants' Mem. in Spt. of Corrected Mot. to Terminate as to Certain Trade Secrets (Motion Docket No. 963-072) at 1 ("During discovery, Complainants enumerated the basis for their claim for unfair competition based on the misappropriation of trade secrets by Respondents, specifically Trade Secret Nos. 1-144, including Nos. 1.A-1.G, 92-A, 139-A, and 141-A."). On March 24, 2016, Respondents moved to terminate the investigation on the basis that Complainants did not have standing to assert the alleged trade secrets. Finding that Complainants had standing to assert the alleged trade secrets, I denied Respondents' motion. Order No. 55 (Apr. 27, 2016).

At the hearing, Complainants presented evidence and argument on only 38 of the alleged trade secrets (nos. 1, 1A-G, 2-4, 12-14, 17, 18, 33, 52, 53, 55, 58, 91, 92, 92-A, 93-102, 128, 129, 141, 141-A). *See generally*, CPHB. Complainants' post-hearing briefs address only five of

the alleged trade secrets (nos. 92, 92-A, 98, 128, and 129).[1] Complainants assert that Fitbit misappropriated alleged trade secret nos. 98 and 128 and that Flextronics misappropriated alleged trade secret nos. 92, 92-A, and 129.

On June 15, 2016, Complainants moved to terminate the investigation as to all of the trade secrets except for the five alleged trade secrets addressed in their post-hearing briefing (Mot. Docket No. 963-072).[2] Complainants' motion to terminate was opposed by Respondents and is addressed below.

B. The Private Parties

1. Complainants

Complainants in this investigation are Jawbone and BodyMedia. Jawbone is a California corporation with its headquarters in San Francisco, California. Complaint (Jul. 7, 2015), ¶ 11. BodyMedia is a Delaware corporation with its headquarters in Pittsburgh, Pennsylvania. *Id.* at ¶ 12.

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[1] On Sunday, May 22, 2016—three days before the deadline for the submission of initial post-hearing briefs, Complainants notified Respondents and Staff for the first time that their post-hearing briefs would address only alleged trade secret nos. 91, 92, 92-A, 98, 128, and 129. Email from K. Srinivasan (May 22, 2016) (attached as Exhibit 1 to RIB). On Monday, May 23, 2016—two days before the deadline for the submission of initial post-hearing briefs—Complainants notified Respondents and Staff that they "will not be addressing trade secret no. 91." Email from K. Srinivasan (May 23, 2016) (attached as Exhibit 2 to RIB).

[2] Complainants' post-hearing briefs addressed alleged trade secret nos. 92, 92A, 98, 128, and 129. On June 15, 2016, Complainants filed a motion to terminate the investigation with respect to the trade secrets not addressed in its post-hearing briefing and trade secret nos. 92-A and 98. On June 24, 2016, Complainants filed a corrected version of their motion limited to seeking termination of the investigation as to only those alleged trade secrets not addressed in their briefing.

2. Respondents

Respondents in this investigation are Fitbit and Flextronics. Fitbit is a Delaware corporation with its headquarters in San Francisco, California. Fitbit's Answer to Complaint (Sep. 8, 2016) at ¶ 19. Flextronics International Ltd. is a company located in and organized under the laws of the Republic of Singapore. Flextronics's Answer to Complaint (Sep. 17, 2016) at ¶ 22. Flextronics Sales & Marketing (A-P) Ltd. is a company located in and organized under the laws of Mauritius. *Id.* at ¶ 23. Through its affiliates, Flextronics manufactures certain of the accused products for Fitbit in its Zhuhai facility located in Doumen, China. *Id.* at ¶ 24.

C. Overview of the Technology

The products at issue are wearable activity trackers that use sensors to measure users' activities. The alleged trade secrets are directed to the following aspects of the activity trackers: (1) the antenna, (2) the printed circuit board used to mount electronics, and (3) certain processes used to manufacture Jawbone's UP and UP24 bands.

1. Antenna

The activity trackers transmit information to and receive information from external computers. In order to do so, the activity trackers incorporate an antenna. One of the issues in this investigation centers on Fitbit's use of [redacted] in a prototype product code-named "Laryon." [redacted]. CX-2896C (Jafari DWS) at Q/A 140; RX-1557C (Paradiso RWS) at Q/A 227. [redacted]. CX-2896C (Jafari DWS) at Q/A 140; RX-1557C (Paradiso RWS) at Q/A 227. [redacted]. CX-2896C (Jafari DWS) at Q/A 140; RX-1557C (Paradiso RWS) at Q/A 227.

2. Printed Circuit Board ("PCB")

PCBs are used in activity trackers to mechanically support and electrically connect electronic components. CX-2896C (Jafari DWS) at Q/A 37. There are three general types of PCBs. *Id.* at Q/A 38. Rigid PCBs have rigid substrates typically composed of resin-based materials and polyimide. *Id.* Full-flex PCBs use flexible materials for the substrate, allowing the PCBs to be bent and shaped into three-dimensional configurations. *Id.* Rigid-flex PCBs are typically a series of rigid PCBs joined by integrated flex circuits. *Id.*

3. Manufacturing Processes

During the manufacture of Jawbone's UP and UP24 bands, [redacted]

[redacted] The outer molding, in addition to providing the final layer of protection against the sun, heat, cold, moisture, sweat, abrasion, and drops, provides the "look and feel" of the device. CX-2895C (Tulkoff DWS) at Q/A 101.

D. Trade Secrets at Issue

Complainants assert that Fitbit misappropriated alleged trade secret nos. 98 and 128. With respect to alleged trade secret no. 98, Complainants contend that [redacted] —is a trade secret." CIB at 25-26. With respect to trade secret no. 128, Complainants assert that [redacted] is a trade secret." CIB at 42-43. Complainants assert that this information was misappropriated by Ms. Weiden during her employment at Fitbit. Complainants assert that Fitbit's misappropriation of trade secret nos. 98 and 128 assisted in the development of Fitbit's Laryon prototype.

Complainants contend that Flextronics misappropriated alleged trade secret nos. 92, 92-A, and 129. With respect to trade secret no. 92, Complainants assert that [redacted] constitute a trade secret." *Id.* at 58. With respect to trade secret no. 92-A, Complainants assert that [redacted] constitute a trade secret." *Id.* at 62. With respect to trade secret no. 129, Complainants contend that [redacted] constitute a trade secret." *Id.* at 163.

Complainants assert that Flextronics misappropriated the alleged trade secrets by using them to help develop and manufacture Fitbit's Surge, Charge HR, Charge, and Blaze products.

E. Products at Issue

The accused products are Fitbit's Laryon, Surge, Charge HR, Charge, and Blaze fitness trackers. In addition, Complainants expressly rely on the specific methods of manufacturing and testing for Jawbone's UP and UP24 products with respect to alleged trade secret nos. 92, 92-A, and 129. Accordingly, a discussion of these products, as well as the accused products, is provided below.

1. The Accused Products

All of the accused products are wrist-worn activity monitors that can track a user's activity during the day and calculate the number of calories the user has expended. Both the Fitbit Charge and Charge HR have a screen, an accelerometer, and an altimeter. RX-1549C (Friedman RWS) at Q/A 34; RX-1552C (Park RWS) at Q/A 26. The Charge HR also has an optical heart rate sensor that can track the user's heart rate. RX-1549C (Friedman RWS) at Q/A 34; RX-1552C (Park RWS) at Q/A 26. In addition to the heart rate monitor, the Fitbit Surge has a touch-screen display and a GPS sensor. RX-1549C (Friedman RWS) at Q/A 26; RX-1552C (Park RWS) at Q/A 27. The Fitbit Blaze has similar sensors as the Surge, but lacks GPS functionality. RX-1549C (Friedman RWS) at Q/A 35; RX-1552C (Park RWS) at Q/A 29. The Fitbit Blaze, however, has a color touch-screen display and can connect to and utilize the GPS functionality of the user's phone. RX-1549C (Friedman RWS) at Q/A 35; RX-1552C (Park RWS) at Q/A 29. Fitbit's Laryon prototype is an activity tracker currently under development. The Laryon is expected to have an accelerometer, optical heart rate sensor, altimeter, a large display, and interchangeable bands. RX-1549C (Friedman RWS) at Q/A 89, 91.

2. Jawbone's UP and UP24 devices

Jawbone's first wearable activity tracker was the UP, which was released in November 2011. CX-2890C (Chakravarthula DWS) at Q/A 10; CX-2887C (Lara DWS) at Q/A 13. A redesigned version of the UP was released in November 2012. CX-2890C (Chakravarthula DWS) at Q/A 10; CX-2887C (Lara DWS) at Q/A 13. The UP did not have wireless capability for syncing. CX-2888C (Drysdale DWS) at Q/A 8. The following year, Jawbone released the UP24, which included Bluetooth functionality for wireless syncing. *Id.*; CX-2890C (Chakravarthula DWS) at Q/A 10; CX-2887C (Lara DWS) at Q/A 14.

F. Witness Testimony

I received testimonial evidence in this Investigation in the form of witness statements, live testimony, and deposition designations.

1. Fact Witnesses

At the hearing, Complainants presented the testimony of several Jawbone employees and called several of Respondents' employees as adverse witnesses. Jawbone called its chief executive officer ("CEO") and co-founder, Hosain Sadequr Rahman, and its chief technology officer ("CTO"), Michael Luna. CX-2886C (Rahman DWS); CX-2887C (Luna DWS); Tr. at 665:19-678:12 (Rahman), 702:5-709:18 (Luna). In addition, Complainants called several other Jawbone officers to testify on their behalf: Richard Drysdale, senior vice president; Randy Knaflic, the vice president of people and internal operations; Travis Bogard, vice president of product management and strategy; and Hari Chakravarthula, executive director of systems engineering. CX-2888C (Drysdale DWS); CX-2890C (Chakravarthula DWS); CX-2891C (Bogard DWS); CX-2892C (Knaflic DWS); Tr. at 416:9-472:15 (Knaflic), 472:23-496:12 (Bogard), 682:16-702:14 (Chakravarthula), 920:18-951:4 (Drysdale). Complainants called

several former Jawbone employees currently working at Fitbit—Ms. Weiden, Katherine Mogal, Ana Rosario, Patricio Romano, Rong (Audrey) Zhang, and Patrick Narron—as adverse witnesses. Tr. at 156:6-257:4 (Weiden), 257:16-318:4 (Mogal), 318:13-358:11 (Rosario), 359:14-392:22 (Romano), 393:6-400:9 (Zhang), 401:21-416:4 (Narron). In addition to calling former Jawbone employees working at Fitbit, Complainants also called James Park, Fitbit's CEO, and Woody Scal, Fitbit's chief business officer, as adverse witnesses. Tr. at 511:15-536:10 (Scal).

With the exception of Mr. Scal, Fitbit presented additional testimony from its employees called as adverse witnesses by Complainants. RX-1540C (Rosario RWS); RX-1545C (Zhang RWS); RX-1546C (Narron RWS); RX-1548C (Mogal RWS); RX-1551C (Romano RWS); RX-1552C (Park RWS); RX-1553C (Weiden RWS). Fitbit also called its CTO and co-founder, Eric Friedman, and its vice presidents of research (Shelton Yuen) and product engineering (Samuel Bowen). RX-1549C (Friedman RWS); RX-1542C (Yuen RWS); RX-1547C (Bowen RWS); Tr. at 951:24-964:17 (Friedman), 965:1-988:14 (Yuen), 1259:12-1265:2 (Bowen).

Flextronics called several of its officers to testify at the hearing: Michael Dennison, president of consumer technologies group; Gerhard Zebe, president of global operations for mechanicals; Brett Pagenkopp, vice president of consumer health; and Richard Winters, vice president of product industrialization. RX-1941C (Winters DWS); RX-1942C (Pagenkopp DWS); RX-1988C (Dennison DWS); RX-1991C (Zebe RWS); RX-2001C (Winters RWS); Tr. at 1120:5-1158:13 (Dennison), 1319:11-1372:7 (Zebe), 1411:11-1433:21 (Pagenkopp), 1434:12-1473:15 (Winters). In addition to its officers, Flextronics called four employees to testify: Horacio Gomez, senior director of global account management; Liaquat Ali, new product introduction technical project manager; Gagandeep Singh, assistant manager in the technical

project management department; and Lorianne Hamoline, global program manager. RX-1992C (Gomez RWS); RX-1994C (Hamoline RWS); RX-1998C (Ali RWS); RX-2000C (Singh RWS); Tr. at 1475:5-1487:6 (Ali), 1487:13:5-1493:13 (Singh); 1516:22-1519:19 (Hamoline); Tr. at 1390:19-1410:15 (Gomez).

2. Expert Witnesses

The private parties relied on outside experts to render opinions on whether the alleged trade secrets qualified as trade secrets, whether the alleged trade secrets were misappropriated by Fitbit and Flextronics, and whether Jawbone suffered any injury from the alleged misappropriation. Complainants presented the testimony of Cheryl Tulkoff in support of their position that alleged trade secret nos. 92, 92-A, 128, and 129 qualify as trade secrets and were misappropriated by Fitbit and Flextronics. CX-2895 (Tulkoff DWS); Tr. at 1159:21-1258:15. Ms. Tulkoff was accepted as an expert in consumer electronics manufacturing. Tr. at 1161:18-20. In support of their position that alleged trade secret no. 98 is a trade secret and was misappropriated by Fitbit, Complainants presented the testimony of Roozbeh Jafari. CX-2896C (Jafari DWS); Tr. at 711:10-918:16. Dr. Jafari was accepted as an expert in wearable computing devices. Tr. at 713:8-10. Complainants presented the testimony of Kevin Neels with regard to the injury suffered by Jawbone as a result of the alleged misappropriation. CX-2898C (Neels DWS); Tr. at 989:1-988:14. Dr. Neels was accepted as an expert in economics. Tr. at 990:20-21.

Complainants also presented the testimony of Peter Garza and John Morgan Feland III for trade secret allegations that they are no longer asserting. CX-2897C (Feland DWS); CX-2899C (Garza DWS); Tr. at 146:16-155:24 (Garza), 536:15-663:20 (Feland). Mr. Garza was

accepted as an expert in computer forensics, and Dr. Feland was accepted as an expert in user experience. Tr. at 148:1-4 (Garza), 538:21-23 (Feland).

In support of its positon that alleged trade secret nos. 92 and 92-A do not qualify as trade secrets and were not misappropriated, Fitbit presented the testimony of Christopher Scott. RX-1558C (Scott RWS); Tr. at 1493:24-1515:4. Dr. Scott was accepted as an expert in material science and engineering and manufacturing processes. Tr. at 1514:7-12. In support of its position that alleged trade secret nos. 98, 128, and 129 do not qualify as trade secrets and were not misappropriated, Fitbit presented the testimony of Joseph Paradiso. RX-1557C (Paradiso RWS); Tr. at 1265:15-1287:16. Dr. Paradiso was accepted as an expert in wearable devices and computing, including activity tracker devices. Tr. at 1266:10-24. Respondents presented the testimony of Nisha Mody on the harm suffered by Jawbone from the alleged misappropriations. RX-1943C (Mody RWS); Tr. at 1525:22-1561:25. Dr. Mody was accepted as an expert in economics. Tr. at 1527:25-1528:1.

Respondents also presented the testimony of Daniel Warren van der Weide with respect to trade secrets no longer asserted by Complainants. RX-2098C (van der Weide RWS); Tr. at 1288:14-1314:18. Dr. van der Weide was accepted as an expert in electrical, computer, and biomedical engineering. Tr. at 1291:4-6.

3. Witness Statements Without a Sponsoring Witness

A number of statements were prepared and signed by witnesses who were not called to testify at the hearing. The parties entered into a stipulation to admit these witness statements without sponsoring witnesses. Stipulation Regarding Exhibits to be Admitted into Evidence Without a Sponsoring Witness (May 17, 2016). Pursuant to this stipulation, statements from Complainants' witnesses David Perna (CX-2893C (Perna DWS)) and Kenneth Button (CX-

3027C (Button DWS)) and Fitbit's witnesses Tim Roberts (RX-1543C (Roberts RWS)), Marty Réaume (RX-1544C (Réaume RWS)), Patrick McGivern (RX-1537C (McGivern RWS)), and Mark O'Hagan (RX-1554C (O'Hagan RWS)) were admitted. Tr. at 1563:13-18. At the hearing, without objection by Complainants, the witness statements of Flextronics's witness Todd Black (RX-1940C (Black WS) and RX-2003C (Black RWS)) were admitted without a sponsoring witness. Tr. at 1520:19-1521:22.

4. Deposition Designations

The private parties stipulated to the admission of additional testimony through deposition designations. Stipulation Regarding Exhibits to be Admitted into Evidence Without a Sponsoring Witness (May 17, 2016). Complainants submitted designated transcripts for James Park (CX-1394C), Sam Bowen (CX-2083C and CX-2084C), Eric Friedman (CX-2093C), Hans Hartmann (CX-2099C), Patrick McGivern (CX-2108C), David Quong (CX-2122C), Marty Réaume (CX-2125C), Tim Roberts (CX-2127C), Woody Scal (CX-2133C), and Mark Silverio (CX-2135C). Respondents submitted designated transcripts for Michael Anderson (JX-0256C), Ulises Barajas (JX-0257C), Derek Barrentine (JX-0258C), Travis Bogard (JX-0260C), Hari Chakravarthula (JX-0261C), Michael Dennison (JX-0263C), Richard Drysdale (JX-0265C), Horacio Gomez (JX-0268C), Peggy Gougeon (JX-0269C), Mihai Ionescu (JX-0271C), Vivian Jiang (JX-0273C), Bogdan Kaminski (JX-0274), Randy Knaflic (JX-0275C), Michael Luna (JX-276C), Ilyas Mohammed (JX-0279C), Brett Pagenkopp (JX-0283C), Prasad Panchalan (JX-0284C), David Perna (JX-0285C), Tim Pryde (JX-0286C), Hosain Rahman (JX-0287C), Shanthi Rajagopalan (JX-0288C), Piyush Savalia (JX-0290C), Issa Srouji (JX-0292C), Harry Wind (JX-0297C), and Angela Yang (JX-0299C). The parties' stipulation was accepted and the above deposition designations were admitted into evidence. Tr. at 1520:19-1521:22.

II. Jurisdiction

A court or agency must have both subject matter jurisdiction and jurisdiction over either the parties or the property involved. 19 U.S.C. § 1337; *Certain Steel Rod Treating Apparatus*, Inv. No. 337-TA-97, Comm'n Op., 215 U.S.P.Q. 229, 231 (1981).

A. Subject Matter Jurisdiction

Section 337 confers subject matter jurisdiction on the International Trade Commission to investigate and, if appropriate, to provide a remedy for unfair acts and unfair methods of competition in the importation of articles into the United States or in the sale of such articles. 19 U.S.C. § 1337(a). Section 337 is a trade statute "aimed at curbing unfair trade practices that involve the entry of goods into the U.S. market via importation." *Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338, 1744-45 (Fed. Cir. 2015). Under section 337 "[t]he Commission's jurisdiction to remedy unfair international trade practices is limited to 'unfair acts' involving the importation of 'articles.'" *ClearCorrect Operating, LLC v. U.S. Int'l Trade Comm'n*, 810 F.3d 1283, 1289-90 (Fed. Cir. 2015); *see also TianRui Group Co. Ltd. v. Int'l Trade Comm'n*, 661 F.3d 1322, 1332 (Fed. Cir. 2011) ("[T]he Commission's investigations, findings, and remedies affect foreign conduct only insofar as that conduct relates to the importation of articles into the United States."). "If there is some nexus between the unfair methods or acts and importation, the Commission's jurisdiction is established." *Certain Molded-in Sandwich Panel Inserts*, Inv. No. 337-TA-99, Comm'n Op., 1982 WL 61887, at *2 (Apr. 1982), *aff'd sub nom. Young Engineers, Inc. v. Int'l Trade Comm'n*, 721 F.2d 1305 (Fed. Cir. 1983). The allegation of a nexus between an unfair method of competition or unfair act and an importation is sufficient to satisfy subject matter jurisdiction. *Amgen Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1536 (Fed. Cir. 1990) ("[T]he jurisdictional requirements of section 1337 mesh with the factual requirements

necessary to prevail on the merits. In such a situation, the Supreme Court has held that the tribunal should assume jurisdiction and treat (and dismiss on, if necessary) the merits of the case.").

In this investigation, Complainants allege that Fitbit and Flextronics misappropriated and used the alleged trade secrets in various Fitbit devices:

- ". . . Fitbit obtained and used Jawbone's Trade Secret No. 98 in its Laryon product through Gee Weiden." CIB at 32;
- "Through Ms. Weiden, *Fitbit has used* Jawbone's manufacturer, supplier, and vendor trade secret [(trade secret no. 128)] in its in-development Laryon product." (*Id.* at 56 (emphasis in original); and
- "Flextronics misappropriated, disclosed and used Jawbone's manufacturing and production trade secrets (Nos. 92, 92-A, 129) to enhance Fitbit's production processes." *Id.* at 85.

As discussed below, Fitbit has stipulated that the accused products have been imported. Accordingly, on the basis of Complainants' allegations that alleged trade secret nos. 92, 92-A, 98, 128, and 129 were misappropriated and used in developing and manufacturing the accused products, the Commission has subject matter jurisdiction over this Investigation under section 337 of the Tariff Act of 1930. *See Amgen*, 565 F.3d at 854 ("In this case, the Commission had jurisdiction as a result of Amgen's allegation that Roche imported an article made by a process covered by the claims of a valid and enforceable United States patent.").

B. Personal Jurisdiction

Fitbit and Flextronics responded to the Complaint and Notice of Investigation, participated in the investigation, appeared at hearings, and submitted pre- and post-hearing briefs. Thus, I find that they have submitted to the personal jurisdiction of the Commission. *See Certain Miniature Hacksaws*, Inv. No. 337-TA-237, Initial Determination at 4, 1986 WL 379287, at *1 (Oct. 15, 1986), *aff'd in relevant part*, 1987 WL 450871 (Jan. 15, 1987).[3]

C. *In Rem* Jurisdiction

Fitbit stipulated that "[f]or the purposes of this investigation . . . the importation requirement of Section 337 has been satisfied with respect to" the Fitbit Blaze, Laryon, Charge, Charge HR, and Surge. Stipulation of Material Facts Relating to Importation and Inventory (Feb. 4, 2016) at ¶ 5, Ex. A (stipulating to importation of Fitbit Charge, Charge HR, and Surge); Stipulation of Material Facts Relating to Importation and Inventory (May 3, 2016) at ¶ 6 (stipulating to importation of Fitbit Blaze and Layron). The Commission has *in rem* jurisdiction over the accused products by virtue of Fitbit's stipulation that the products have been imported into the United States. *See Sealed Air Corp. v. U.S. Int'l Trade Comm'n*, 645 F.2d 976, 985-86 (C.C.P.A. 1981) (holding that the ITC's jurisdiction over imported articles is sufficient to exclude such articles).

III. Relevant Law

"Section 337 authorizes the Commission to exclude articles from entry into the United States when it has found '[u]nfair methods of competition [or] unfair acts in the importation of [those] articles.'" *TianRui*, 661 F.3d at 1326 (quoting 19 U.S.C. § 1337(a)(1)(A)) (bracketed

[3] In addition, Fitbit is incorporated and located in the United States. Fitbit's Response to Complaint (Sep. 8, 2015) at ¶ 19.

material added in *TianRui*). As noted by the Federal Circuit, the Commission has long interpreted section 337 to apply to trade secret misappropriation. *Id.* (citing *Certain Processes for the Manufacture of Skinless Sausage Casings*, Inv. No. 337–TA–148/169, Final Initial Determination, 1984 WL 273789 (Jul. 31, 1984) ("*Sausage Casings*"), *unreviewed in relevant part*, Comm'n Notice, 1984 WL 118957 (Oct. 11, 1984); *Certain Apparatus for the Continuous Production of Copper Rod*, Inv. No. 337–TA–52, Comm'n Op., 1979 WL 445781 (Nov. 1979) ("*Copper Rod*")).

"To prove misappropriation of a trade secret for purposes of establishing an unfair act within the purview of section 337, four elements must be proven: (1) the existence of a trade secret which is not in the public domain, (2) that the complainant is the owner of the trade secret or possesses a proprietary interest therein, (3) that the complainant disclosed the trade secret to respondent while in a confidential relationship or that the respondent wrongfully took the trade secret by unfair means, and (4) that the respondent has used or disclosed the trade secret causing injury to the complainant." *Copper Rod*, 1979 WL 445781, at *19; *Certain Crawler Cranes*, Inv. No. 337-TA-887, Comm'n Op. at 34 (May 6, 2015) ("*Crawler Cranes*").

The alleged trade secret must be described with a "'reasonable degree of precision and specificity [as] appropriate.'" *Crawler Cranes* at 44-45 (quoting 1 Roger M. Milgrim, *Milgrim on Trade Secrets*, § 1.09[3], at 2-214 (1995)) (bracketed material added in *Crawler Crane*). "The description of the trade secret "must be specific 'enough to allow the meaningful comparison of the putative trade secret with information that is generally known and ascertainable in the relevant field or industry.'" *Id.* at 44-45 (quoting *IDX Sys. Corp. v. Epic Sys. Corp.*, 165 F. Supp. 2d 812, 817 (W.D. Wis. 2001), *aff'd in part, rev'd in part*, 285 F.3d 581 (7th Cir. 2002)).

The common law does not provide "precise criteria for determining the existence of a trade secret," but instead requires "a comparative evaluation of all the relevant factors, including the value, secrecy, and definiteness of the information as well as the nature of the defendant's misconduct." Restatement (Third) of Unfair Competition (1995) ("Restatement") § 39 cmt. d; *TianRui*, 661 F.3d at 1327-28 ("Fortunately, trade secret law varies little from state to state and is generally governed by widely recognized authorities such as the Restatement of Unfair Competition and the Uniform Trade Secrets Act."). In the chapter of Title 18 of the U.S. Code proscribing the "[t]heft of trade secrets," Congress defined "trade secret" as information that the owner "has taken reasonable measures to keep" secret and which "derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means." 18 U.S.C. §§ 1832, 1839(3). The Uniform Trade Secret Act (as amended, 1985) ("UTSA") sets forth a similar definition of trade secret. UTSA, § 1.4. The definition of "trade secret" set forth in the federal criminal statute and the UTSA is consistent with prior Commission decisions. *See, e.g.*, *Certain Rubber Resins*, Inv. No. 337-TA-849, Comm'n Op., 2014 WL 7497801, at *5 (Feb. 26, 2014) ("*Rubber Resins*") (holding that a complainant must show "the existence of a process that is protectable as a trade secret (*e.g.*, that is (a) of economic value, (b) not generally known or readily ascertainable, and (c) that the complainant has taken reasonable precautions to maintain its secrecy)").

The Commission has identified six non-exhaustive factors to help determine whether information qualifies as a protectable trade secret:

> (1) the extent to which the information is known outside of [complainant's] business;
>
> (2) the extent to which it is known by employees and others involved in [complainant's] business;

> (3) the extent of measures taken by [complainant] to guard the secrecy of the information;
>
> (4) the value of the information to [complainant] and to [its] competitors;
>
> (5) the amount of effort or money expended by [complainant] in developing the information;
>
> (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

Sausage Casings, 1984 WL 118957 at *52-53 (citing Restatement of Torts § 757 cmt. b (1939)). These factors, however, are guidelines, not a six-pronged test that must be satisfied. *See Learning Curve Toys, Inc. v. PlayWood Toys, Inc.*, 342 F.3d 722 (7th Cir. 2003) (applying Ill. law). The common law does not provide "precise criteria for determining the existence of a trade secret," but instead requires "a comparative evaluation of all the relevant factors, including the value, secrecy, and definiteness of the information as well as the nature of the defendant's misconduct." Restatement § 39 cmt. d.

Because section 337 does not prohibit "unfair methods of competition" and "unfair acts" in general, but rather provides "a remedy for the importation of goods resulting from unfair methods of competition" and unfair acts, a "determination of misappropriation [is] merely a predicate" to establishing a violation of section 337. *TianRui*, 661 F.3d at 1330. A misappropriation is "relevant only to the extent it results in the importation of goods in this country causing injury to the domestic industry." *Id.* at 1329; *see also Certain Garment Hangers*, Inv. No. 337-TA-255, Final Initial Determination at 107-08 (Jun. 29, 1987) ("Assuming a trade secret misappropriation benefitted A & E's domestic production of garment hangers, it does not follow that it would necessarily benefit A & E's imports causing an injury, under Section 337, to complainant."), *unreviewed*, Comm'n Notice (Aug. 13, 1987)).

IV. Complainants' Pending Motions

After the completion of post-hearing briefing, Complainants filed two motions, which are addressed below.

A. Motion to Terminate as to Certain Trade Secrets

During the course of the investigation, Complainants alleged that Respondents violated section 337 through their misappropriation or threatened misappropriation of 154 different trade secrets. Complainants' post-hearing briefs, however, only address allegations relating to five of the alleged trade secrets (nos. 92, 92-A, 98, 128, and 129). After submission of initial post-hearing briefs, Complainants moved to terminate the investigation as to the alleged trade secrets not addressed in their post-hearing briefs (nos. 1-91, 93-97, 99-127, 130-144, 1.A-1.G, 139-A, and 141-A ("withdrawn trade secrets")) (Motion Docket No. 963-072). The motion was accompanied by a memorandum in support ("Mot. 072 Mem."). Respondents opposed the motion and requested that I make a determination "that there was no misappropriation of any of Jawbone's alleged trade secrets, including the withdrawn trade secrets" ("Mot. 072 Rsp."). Mot. 072 Rsp. at 7. On the same day, Staff filed a response in support of Complainants' motion. On June 30, Complainants filed a reply in support of its motion.

For the reasons set forth below, Complainants' motion is DENIED. Further, for the reasons set forth below, Respondents' request for a determination on whether the withdrawn trade secrets were misappropriated is DENIED.

1. Background

As required by Commission Rule 210.12(a)(9)(vi), the complaint identified the patent claims that were allegedly infringed by the accused products. Complaint at ¶ 6. In contrast, while alleging that misappropriated trade secrets were used to design, make, source, promote,

import, and sell the accused products, the complaint did not identify the specific trade secrets allegedly misappropriated. *Id.* at ¶ 10. Consistent with the allegations in the complaint, the Commission instituted this investigation to determine whether section 337 had been violated by infringement of one or more of the patent claims identified in the complaint, or "by reason of misappropriation of trade secrets." Notice of Institution (Aug. 18, 2016) at 2.

In response to Respondents' discovery requests, Complainants identified a total of 154 trade secrets that had been allegedly misappropriated. Complainants' Designation of Trade Secrets (Oct. 19, 2012) (identifying trade secret nos. 1-132); Complainants' Supplemental Responses to Fitbit's Rog. No. 48 (identifying trade secret nos. 133-137); Complainants' 2nd Amended Designation of Trade Secrets (Jan. 6, 2016) (identifying trade secret nos. 138-44); Complainants' 3rd Amended Designation of Trade Secrets (Feb. 5, 2016) (identifying trade secret nos. 1.A-1.g, 141-A, -137).[4] At the hearing, Complainants presented evidence on only 38 of the 154 alleged trade secrets. *E.g.*, CPHB at 66-386.

In their pre-hearing brief, Complainants argued that they did not need to prove an actual misappropriation of trade secrets, but could instead prove a violation of section 337 by showing a threatened misappropriation. CPHB at 55-61. Respondents filed a motion *in limine* to preclude Complainants from asserting a violation of section 337 based on threatened misappropriation (Motion Docket No. 963-63). I found that a motion *in limine* was an inappropriate vehicle for seeking a legal conclusion as to whether a violation of section 337 could be shown through threatened misappropriation of trade secrets and denied Respondents' motion. Order No. 60 (May 6, 2016). Although Respondents' motion was denied on procedural grounds, the parties

[4] Attached to Respondents' opposition as Exhibits A, B, C, and D, respectively.

were asked at the end of the hearing to address whether the Commission had jurisdiction over allegations of threatened misappropriation. Tr. at 1566:25-1568:2. In response to this request Complainants' represent that they "reexamined their misappropriation claims and decided to withdraw those premised on the theory of threatened misappropriation." Mot. 072 Mem. at 3. Ultimately, Complainants' post-hearing briefs addressed only five of the 38 trade secrets addressed in their pre-hearing brief.

2. Analysis

a. Commission Rule 210.21(a) is inapplicable.

Complainants' motion was made pursuant to Commission Rule 210.21(a)(1) (19 CFR § 210.21(a)(1)), which provides that a complainant may "move at any time prior to the issuance of an initial determination on violation of section 337 of the Tariff Act of 1930 to terminate an investigation in whole or in part as to any or all respondents, on the basis of withdrawal of the complaint or certain allegations contained therein." As noted by Respondents, however, the 154 trade secrets identified by Complainants in the course of the investigation are not allegations contained in the complaint, "because the Complaint does not specifically address *any* alleged trade secrets." Mot. 072 Rsp. at 6 (emphasis in original). Moreover, while the complaint does contain specific allegations of misconduct against Ms. Mogal, Ms. Rosario, Mr. Romano, and Ms. Zhang, and an unnamed Flextronics's "Technical Program Manager," it does not link the allegations against these individuals with specific alleged trade secrets. Conversely, the complaint does not contain any allegations against Ms. Weiden and Mr. Narron, even though the alleged misconduct of these two individuals formed the basis for part of Complainants' trade secret misappropriation allegations. *See e.g.*, CPHB at 245-51. Ms. Wieden's alleged

misconduct is the basis for Complainants' allegations that two of the five alleged trade secrets (nos. 98 and 128) they are still asserting were misappropriated.

Complainants' motion is not seeking to terminate an investigation as to allegations made in the complaint, but is instead seeking to terminate the investigation as to allegations made during discovery. Complainants continue to assert that both Fitbit and Flextronics violated section 337 by misappropriating Jawbone's trade secrets. As such, the motion falls outside of the scope of Commission Rule 201.21(a) and on this basis Complainants' motion is DENIED.

b. There is no basis for adjudicating the merits of Complainants' withdrawn trade secret allegations.

In their opposition, Respondents argue that they "are entitled to a determination that Jawbone failed to present sufficient evidence showing *actual* misappropriation as to all of the trade secrets that Jawbone now seeks to abandon – not just 33 out of the 38 trade secrets at trial, but 149 out of the 154 trade secrets asserted throughout the discovery period." Mot. 072 Rsp. at 8 (emphasis in original); *see also* RIB at 63-75. In arguing that the motion should be denied, Respondents point out that the complaint did not specifically allege misappropriation of the withdrawn trade secrets, or any other trade secret, but rather alleged misappropriation of certain unspecified trade secrets. *Id.* at 5-7. By identifying specific alleged trade secrets during discovery, Complainants were identifying theories for the alleged misappropriation. *See id.* at 6 ("Jawbone can no more appropriately 'terminate' particular alleged trade secrets than it can 'terminate' any other piece of evidence supporting its claim – *e.g.*, evidence regarding importation of the accused products or domestic industry products."). Complainants have narrowed their theory of the alleged misappropriation but continue to allege a violation of section 337 by misappropriation of trade secrets against both Respondents. Parties are free to waive arguments. Respondents have not identified any support for the proposition that arguments that

have been waived and abandoned should be considered on their merits. The purpose of this investigation is to determine whether there has been a violation of section 337, not to build a record for parallel proceedings. *Certain Ink Jet Print Cartridges*, Inv. No. 337-TA-446, Order No. 17, 2001 WL 1471697, at *1 (Nov. 15, 2001), *unreviewed*, Comm'n Notice (Dec. 4, 2001) (noting that "the purpose of section 337 is not for creating a record for use in district court proceedings") (citations and internal quotation marks omitted). Accordingly, Respondents' request for a determination that the withdrawn trade secrets were not actually misappropriated is DENIED.

B. Motion to Strike a Portion of Respondents' Post-Hearing Reply Brief

On June 30, 2016, Complainants moved to strike Part V. A of Respondents' post-hearing reply brief or, in the alternative, for leave to file a sur-reply (Motion Docket No. 963-073). The motion was accompanied by a memorandum in support ("Mot. 073 Mem."). Respondents filed a response in opposition on July 11, 2016 ("Mot. 073 Resp."). Complainants filed a reply brief on July 14, 2016 ("Mot. 073 Reply").

In Respondents' post-hearing brief, Respondents raise an argument that Jawbone has exited the activity tracker industry. RRB at 57-60. As support for this argument, Respondents cite news articles that were published after the hearing and after the filing of initial post-hearing briefs. *Id.* (citing articles from *Tech Insider*, *Engadget*, and *The Verge* dated May 27-31, 2016). Complainants argue that these articles are unreliable, are not in the record, and should therefore be stricken from Respondents' brief. Mot. 073 Mem. at 1-3. Respondents argue that the articles are factually accurate and are consistent with evidence of record, and thus should not be stricken. Mot. 073 Resp. at 3-7.

The articles cited by Respondents are not in the record in this investigation. *See* 19 C.F.R. § 210.38(a) ("The record shall consist of all pleadings, the notice of investigation, motions and responses, all briefs and written statements, and other documents and things properly filed with the Secretary, in addition to all orders, notices, and initial determinations of the administrative law judge, orders and notices of the Commission, hearing and conference transcripts, evidence admitted into the record (including physical exhibits), and any other items certified into the record by the administrative law judge or the Commission.").[5] Respondents cannot introduce new evidence in a post-hearing reply brief. Allowing Respondents to raise such new arguments in their post-hearing reply brief would be inconsistent with Ground Rule 11.3, which directs the parties to file post-trial reply briefs that "discuss the issues and evidence discussed in the initial post-trial briefs of each opposing party." Order No. 14 (Dec. 2, 2015) at 27.

Accordingly, Motion Docket No. 963-073 is GRANTED. Section V.A. of Respondents' post-hearing brief is hereby stricken.

V. Alleged Trade Secret Nos. 98 and 128

Alleged trade secrets nos. 98 and 128 relate to the conduct of a single Fitbit employee, Gee Weiden, who had previously worked at Jawbone. Ms. Weiden, who has an undergraduate degree in mechanical engineering and a master's degree in business administration, was an engineering program manager at Jawbone. RX-1553C (Weiden RWS) at Q/A 11, 26, 49. While

[5] Respondents cite Commission Rule 210.37(d), which allows the Administrative Law Judge to take official notice of material facts not in the record, 19 C.F.R. § 210.37(d), but this rule only applies where a decision rests upon such a fact. As discussed in the analysis of Jawbone's domestic industry, *infra*, my determination on this issue is not dependent upon the present state of Jawbone's activity tracker business.

at Jawbone, she worked on a prototype for a wearable activity tracking device [redacted]. In her role as program manager, she had access to Jawbone information, some of which she forwarded to her personal email account, where it remained after she left Jawbone's employ. Tr. (Weiden) at 216:17-218:25. After leaving Jawbone, Ms. Weiden worked for Monster, Inc., and then briefly for Microsoft before joining Fitbit in November 2014. RX-1553C (Weiden RWS) at Q/A 6-10; Tr. (Weiden) at 221:5-22. At Fitbit, Ms. Weiden served as product program manager for a wearable activity tracking device known as Laryon. RX-1553C (Weiden RWS) at Q/A 5; CX-2896C (Jafari DWS) at Q/A 126. On this project, Ms. Weiden had overall responsibility to manage and deliver the Laryon product in a timely manner with a cross-functional team, to facilitate communication among the team's components, and to set and ensure that deadlines were met. RX-1553C (Weiden RWS) at Q/A 68.

With regard to alleged trade secret no. 98, Complainants allege that Ms. Weiden misappropriated information concerning [redacted] and used it to assist Fitbit in developing [redacted] for use in Fitbit's Laryon prototype. CIB at 25-42. Complainants argue that circumstantial evidence is sufficient to prove the misappropriation, because it cannot be a coincidence that Fitbit decided to use [redacted] in the Laryon project shortly after Ms. Weiden joined Fitbit. CRB at 20-27. Complainants say there is insufficient evidence of testing by Fitbit to justify its selection of [redacted] without the alleged misappropriation. CIB at 41-42; CRB at 27-31.

While trade secret misappropriation can be proven by circumstantial evidence, Complainants' allegations consist of speculation and innuendo without substantial support in the record. *See Lucent Techs, Inc. v. Gateway, Inc.*, 543 F.3d 710, 723-24 (Fed. Cir. 2008) (finding no patent infringement where alleged circumstantial evidence was "too speculative"). As

discussed below, Complainants are unable to specify with any clarity a trade secret that was misappropriated, or to demonstrate that Ms. Weiden was the conduit for such misappropriation. Moreover, the evidence with respect to Fitbit's use of [redacted] indicates that the device initially was conceived and developed for the Laryon project by a third party, Shanghai Amphenol Airwave ("Amphenol"), in conjunction with Fitbit engineers.

With respect to alleged trade secret no. 128, Complainants allege that Ms. Weiden misappropriated vendor information. CIB at 42-57. It is undisputed and there is documentary evidence to prove that Ms. Weiden, after she joined Fitbit, forwarded emails concerning several Jawbone vendors from her personal email account to her Fitbit email account. It also is undisputed that Ms. Weiden did not send the emails to anyone else at Fitbit; however, she sent an email containing some of the vendor contact information copied from the Jawbone emails to other members of her Fitbit team. Ms. Weiden also sent an email to her colleagues at Fitbit recommending a vendor she said did good work. Complainants argue that Ms. Weiden's recommendation of this specific vendor was based on her experience working with the vendor while at Jawbone. Complainants assert that by copying Jawbone vendor contact information and recommending a vendor Ms. Weiden misappropriated valuable Jawbone trade secrets—even though there is no evidence Fitbit used the information or the recommended vendor. For the reasons explained below, Complainants have not proven the existence or the use or disclosure of vendor trade secrets by Ms. Weiden.

A. Wireless Transceivers and Antennas (Trade Secret No. 98)

Jawbone claims that Ms. Weiden misappropriated trade secret information by taking with her from Jawbone confidential information concerning [redacted] to be used in a wearable activity tracker. CIB at 25-42. Jawbone's allegations arise from these circumstances: Ms.

Weiden was a program manager for Jawbone on [redacted] and served in a similar capacity for Fitbit on its Laryon pilot project. Among other Jawbone documents that resided in her personal email account while Ms. Weiden worked at Jawbone were documents referring to [redacted]. *See* CX-1105C.0004. Jawbone alleges that after Ms. Weiden's arrival at Fitbit, "for the first time in its company history" and "without any evidence of study or validation of its feasibility, Fitbit selected the same antenna design" for its Laryon device. CRB at 11-12. Jawbone makes the argument that Ms. Weiden stole some—it is not clear which—trade secrets relating to [redacted], and that Fitbit used the stolen information for the Laryon prototype. CX-2896C (Jafari DWS) at Q/A 128.

A complainant has the burden of proving the existence of a trade secret. *See, e.g., Copper Rod,* 1979 WL 445781, at *19; *Crawler Crane,* Comm'n Op. at 34. Complainants' allegations are so vague and contradictory that it is not possible to determine what constitutes alleged trade secret no. 98, much less to determine whether it was misappropriated. Moreover, Complainants' allegations are contradicted by the factual record, which refutes any inference of misappropriation. Accordingly, Complainants have not satisfied their burden to make out a *prima facie* case of trade secret misappropriation.

1. No Coherent Trade Secret Alleged

The content of alleged trade secret no. 98 has been a moving target throughout this investigation. Taking Complainants' various iterations of alleged trade secret no. 98 in roughly chronological order: in Complainants' final responses to Fitbit's contention interrogatories, the trade secret was identified as the "specific *placement* of wireless transceivers, [redacted]" RX-1430C at 95 (emphasis added). In support of this contention, Jawbone's expert

witness, Dr. Jafari, pointed in his witness statement to two design drawings, JX-0049C and CX-0661C. *See* CX-2896C (Jafari DWS) Q/A 65 ("[redacted]").

Dr. Jafari's witness statement contains a more expansive and less precise description of alleged trade secret no. 98, however. He testifies that the alleged trade secret encompasses antenna design. CX-2896C at Q/A 138 (testifying that trade secret no. 98 "concerns wireless transceiver design [and] captures this antenna design"), 141 ("... Ms. Weiden acquired Jawbone's confidential information about antenna design in small form factor wearable activity tracking devices."). At hearing, Dr. Jafari further expanded the trade secret to include "[redacted]" Tr. (Jafari) at 862:20-863:1.

Dr. Jafari did not identify any specific design of [redacted] that allegedly was misappropriated by Fitbit. *Id.* at 853:5-13. He also denied that the mere idea of [redacted] was a trade secret. *Id.* at 849:4-10 ([redacted]). But he asserted that "a component of the specific design is the *choice* of the antenna." *Id.* (emphasis added). Dr. Jafari never made clear how the choice of the antenna differs from the idea of using [redacted].

Complainants themselves characterize alleged trade secret no. 98 in several different ways. In their initial post-hearing brief, Complainants assert that the alleged "trade secret includes the design, placement, configuration and choice or type of antenna, as well as the determination, knowledge, or validation that a particular choice is a feasible solution for

wearable activity trackers." CIB at 25-26 (citing Tr. (Jafari) at 744:12-21; 832:10-17; 853:5-24: 866:18-867:8, 870:23-877:2.) Again citing Dr. Jafari, Jawbone adds the "application" (the term "application" is not defined) of antenna choices and designs. *Id.* at 26 ("Jawbone's trade secret encompasses the specific application and validation of antenna choices and designs to the unique challenges presented by wearable activity tracker devices.") (citing Tr. (Jafari) at 829:19-830:18; 832:10-17; 853:5-24; 866:18-867:8; 870:23-877:2). In their post-hearing reply brief, Complainants describe the alleged trade secret as "antenna design for small form factor wearable tracing devices, including the choice, validation and determination of the feasibility of [redacted]." CRB at 12. These descriptions of alleged trade secret no. 98 are much different from Complainants' prehearing description of the alleged trade secret as being the placement of wireless transceivers and antennas shown in JX-0049C and CX-0661C. *See* Tr. (Jafari) at 849:24-850:4 ("Q. You are not saying that Ms. Weiden passed confidential Jawbone information to Fitbit about the placement of [redacted], are you? A. I'm not making that—that—I'm not formulating that opinion, that is correct."); 852:23-853:4 (admitting that there was no evidence that "the placement of [redacted] in Fitbit's product matched the specific placement in trade secret 98").

Complainants' descriptions of alleged trade secret no. 98, moreover, have becoming increasingly abstract and amorphous. Complainants maintain that they are not required to define trade secrets with any greater specificity. *See* CRB at 6-7 (citing *Forro Precision, Inc. v. IBM*, 673 F.2d 1045, 1057 (9th Cir. 1982)). Complainants say that "'engineering drawings and blueprints'" and even "vague references to 'dimensions and tolerances'" define trade secrets with sufficient particularity. *Id.* at 7 (citing *Forro*, 673 F.2d at 1057). Complainants argue that simply identifying "numerous documents and emails retained and accessed by Gee Weiden"

suffices to establish protectable trade secrets. *Id.* Complainants assert that they "are not required to point to specific items within that body of information constituting its trade secrets." CRB at 8 (citing *Minnesota Mining Mfg. Co. v. Pribyl*, 259 F.3d 587, 595 (7th Cir. 2001)).

The cases noted by Complainants are readily distinguishable. In *Forro*, the court concluded that "the evidence was sufficient to permit the inference that [the defendant] improperly acquired what it knew to be IBM's proprietary information." 673 F.2d at 1057. The trade secrets at issue were specifications on how to make IBM parts, and the similarity of the parts manufactured by the defendant "corroborated IBM's assertion." *Id.* In contrast to the facts in *Forro*, Complainants have not identified any Fitbit product that uses the design, placement, dimensions, validation, application, *etc.* of [redacted]. Unlike the misappropriations in *Forro*, Jawbone's nebulous and ever-shifting allegations concerning [redacted] are not sufficiently specific to permit an inference that Fitbit misappropriated trade secrets.

Imax Corp. v. Cinema Techs., discusses and distinguishes *Forro*, affirming that the plaintiff in *Imax* "failed to indicate precisely which dimensions and tolerances were trade secrets" and therefore failed to carry its burden. 152 F.3d 1161, 1167 (9th Cir. 1998). The court in *Imax* held that a plaintiff in a case of alleged trade secret misappropriation "'should describe the subject matter of the trade secret with sufficient particularity to separate it from matters of general knowledge in the trade or of special knowledge of those persons . . . skilled in the trade.'" *Id.* at 1164-65 (quoting *Universal Analytics v. MacNeal-Schwendler Corp.*, 707 F. Supp. 1170, 1177 (C.D. Cal. 1989), aff'd, 914 F.2d 1256 (9th Cir. 1990) (emphasis added in *Imax*). As noted by the *Imax* court, its decision is fully consistent with *Forro*. 152 F.3d at 1167 ("[O]ur

holding did not suggest that the incantation of 'dimensions and tolerances' was sufficient to identify trade secrets . . . .") .

In *Minnesota Mining*, the Seventh Circuit considered whether there was sufficient evidence to support a jury verdict "viewed in the light most favorable" to the plaintiff. 259 F.3d at 596. As the finder of fact, I am not required (or even permitted) to view the evidence in the light most favorable to either party. Further *Minnesota Mining*, like *Forro*, was based on evidence that established "significant similarities between 3M's carrier tape line and Accu-Tech's resin sheeting line, including the use of the same or similar equipment and materials." *Id.* In *Minnesota Mining*, "[m]oreover, testimony at trial suggested that Accu-Tech was disclosing to 3M customers and competitors processes detailed in 3M's manuals." *Id.* In contrast, Complainants have not identified specific "equipment and materials" that were misappropriated or presented any direct evidence that any Jawbone technical information concerning [redacted] was in fact disclosed to Fitbit.

The applicable common law rule is found in the Restatement, which provides that "[a] person claiming rights in a trade secret bears the burden of *defining* the information for which protection is sought with sufficient definiteness to permit a court to apply the criteria for protection described in this Section [*i.e.*, value and secrecy], and to determine the fact of an appropriation." Restatement § 39 cmt. d (emphasis added); *see also Crawler Cranes* at 44-45. Complainants have failed to carry this burden.

2. The Evidence Does Not Support Jawbone's Factual Inferences Concerning Misappropriation.

The only coherent allegation that emerges from Dr. Jafari's testimony is that Ms. Weiden's service at Jawbone on the [redacted] and her later service at Fitbit on the Laryon

prototype constitute circumstantial evidence that [redacted] used by Fitbit in the Laryon product was stolen from Jawbone. Dr. Jafari testified, "I mean, you know, collectively, when you look at her role, when you look at, you know, her prior exposure and her prior work at Jawbone, and when you look at her current role and you look at the trends and how this [redacted] appears in a Fitbit product almost out of nowhere, then that could be – that is an indication that Ms. Weiden has helped." Tr. (Jafari) at 855:25-856:6; *see also id.* at 832:21-833:6; 836:9-18; 842:11-12; CX-2896C (Jafari DWS) at Q/A 142. Dr. Jafari admitted at hearing, however, that there is no direct evidence that trade secrets concerning [redacted] were communicated by Ms. Weiden to anyone at Fitbit. See Tr. (Jafari) at 851:20-24. Complainants allege instead that Ms. Weiden herself used Jawbone confidential information to influence the design of the Fitbit Laryon prototype, particularly with regard to the use of [redacted]. The evidence does not support this claim.

It is undisputed that Ms. Weiden retained information relating to her work at Jawbone after she left its employ. CIB at 31. Based on these facts, Jawbone leaps to the conclusion "that Ms. Weiden was at least reckless in caring for Jawbone's trade secrets and made no efforts to segregate them in her mind or to avoid using them in her work at Fitbit. She freely made use of her knowledge and experience from Jawbone, including her knowledge from [redacted] could be successfully chosen and designed for a wrist-wearable activity tracking device." CIB at 31-32; RIB at 5.

In rebuttal, Ms. Weiden testified that she was not responsible for antenna design or selection during her employment at Fitbit or Jawbone. Although Complainants point to documents showing that she had responsibilities for "antenna design" on Jawbone's [redacted] project, she explained that her "action item" was limited to "giv[ing] updates on antenna design

[redacted]" and did not include "putting together the design." Tr. (Weiden) at 199:22-201:5. She testified that she did not: "help design [redacted], "design the [redacted] for the Laryon project at Fitbit," "provide guidance on the design of [redacted] for the Laryon project," or suggest the use of [redacted] for the Laryon project. *Id.* at 245:16-246:5, *see also* 183:17-184:1, 184:16-23 ("I don't have any technical expertise to input the design itself."); RX-1553C (Weiden RWS) at Q/A 69-71. Ms. Weiden testified that she is not a design engineer and that neither her service as a program manager on [redacted] nor her work on the Laryon project encompassed the selection or design of [redacted]. Tr. at 183:21-184:1; 184:16-23; 245:16-247:5. She explained that the use of [redacted] in Laryon was suggested by Amphenol, a third-party design team hired for "that particular task." *Id.* at 183:21-184:1, 246:2-247:2.

Ms. Weiden's testimony is supported by that of another witness, Sam Bowen, Fitbit's vice president of engineering. RX-1547C (Bowen RWS) at Q/A 4. Mr. Bowen testified that Ms. Weiden had no technical input into the design of [redacted] used in the Laryon prototype. *Id.* at Q/A 105. Mr. Bowen testified that Ms. Weiden, as the Laryon program manager, "certainly would have been kept aware of the process as [redacted] was developed, and possibly involved at a non-technical level—such as to keep the project moving along—but she would not have provided technical knowledge for [redacted]." *Id.* at Q/A 105. In addition, Fitbit's technical expert, Dr. Paradiso, testified that "Fitbit and Jawbone's products are so different . . . that any confidential information Ms. Weiden gained at Jawbone . . . would have been useless to her work" at Fitbit and that designing [redacted] would require a master's degree in electrical (not mechanical) engineering. RX-1557C (Paradiso) at Q/A 224, 228.

Ms. Weiden's testimony is further bolstered by a document indicating that the idea for the Laryon [redacted] and its design came from Amphenol. In an email to Fitbit dated March 26, 2015, Danny Sun of Amphenol suggested a [redacted] for the Laryon product and supplied a drawing showing a proposed design. RX-2089C at 8 ("Since for now there almost no good clearance room for antenna so I am thinking to use the metal frame as antenna. "). The wording of Mr. Sun's message indicates that the idea of using [redacted] was his. In addition, Mr. Sun's message is part of a longer thread in which Amphenol and Fitbit employees discuss possible antenna designs for Laryon, and Ms. Weiden is only one of several persons copied on these emails, not the main recipient. RX-2089C. Amphenol's idea for [redacted] is acknowledged in a March 30, 2015 email from Fitbit employee Vanvisa Attaset, who asks whether "[redacted] [is] using the PCB and MIM housing the primary path?" RX-2089C at 4. Ms. Attaset's question indicates that the source of technical information about the proposed [redacted] was Amphenol, not anyone at Fitbit. Mr. Bowen confirmed that the idea for the Laryon [redacted] originated with Amphenol. RX-1547C (Bowen RWS) at Q/A 100-04. Further supporting the likelihood that Amphenol was the originator of the [redacted] is the fact that, as Dr. Jafari acknowledged, Amphenol is "one of the leading antenna contractors or vendors in the world." Tr. (Jafari) at 837:17-838:5.

In sum, it is more likely that Amphenol and Fitbit independently developed the idea of using [redacted] for the Laryon prototype than it is that Ms. Weiden deliberately or negligently stole the idea from Jawbone.

Complainants' witnesses asserted at hearing that Ms. Weiden's testimony was untrue. *See, e.g.*, Tr. (Jafari) at 848:10-21 ("Q. [I]f Ms. Weiden says she did not divulge the information concerning [redacted] in connection with her work on the Laryon project, do you say that's

untrue? Is that your conclusion as an expert, that what she is saying is untrue? A. Yes, that is my conclusion."); Tr. (Knaflic) at 459:3-6 ("Q. Is it true that you consider them all liars? A. I believe they lied about taking confidential information from Jawbone."). Complainants do not adduce any direct evidence contradicting Ms. Weiden's testimony, however. Rather, Complainants attack Ms. Weiden's character, attempting to show that she is an untrustworthy individual whose word is not to be credited because of the circumstances of her departure from Jawbone's employ.

Specifically, Complainants allege that when Ms. Weiden left Jawbone in March 2014 she was informed by Jawbone's HR department of her obligation to maintain the confidentiality of Jawbone proprietary information and to return "any Jawbone equipment, or information in your possession." CIB at 30-31 (citing CX-2895C (Tulkoff DWS) at Q/A 188; CX-1570C; Tr. (Weiden) at 226:23-227:5; CX-1735C; CX-2892C (Knaflic DWS) at Q/A 48). Ms. Weiden signed a form at her exit interview stating that she had not retained any Jawbone confidential information. CX-1684C; see also CX-2895C (Tulkoff DWS) at Q/A 188; CX-2896C (Jafari DWS) at Q/A 123; CX-2892C (Knaflic DWS) Q/A 19-20, 24, 31, 63-65; CX-1569C; CX-1735C. Complainants assert that "Ms. Weiden did not comply with the terms of these agreements with Jawbone" because she retained Jawbone documents, including photographs of Jawbone's Phelps prototype. *See* CIB at 31 (citing CX-2895C (Tulkoff DWS) Q/A 189; CX-2896C (Jafari DWS) at Q/A 124.

Ms. Weiden testified that at the time she signed the exit documents she did not believe she had "any confidential information from Jawbone" in her possession. Tr. (Weiden) at 227:6-17. Ms. Weiden explained that there was a practice at Jawbone of taking photos of information that might be presented during a meeting "so that we have a record of it." *Id.* at 216:17-217:25.

She sent such information to her own email account because she would at times be asked by colleagues to describe what had been written on a whiteboard, for example. *Id.* at 216:17-218:25. She testified that she was not aware that the photographs remained in her personal email after she left the company, never looked at the photographs after she left Jawbone, never used the photos at any time in her employment at Fitbit, and only became aware of them during her deposition in this case when certain documents were shown to her by Jawbone's counsel. *Id.* at 241:8-242:14.

The record does not show that Ms. Weiden used or intended to use any Jawbone trade secrets or confidential information. The facts relied upon by Complainants do not demonstrate that Ms. Weiden is dishonest, untrustworthy, or that her denial of trade secret misappropriation is a lie, as Jawbone suggests. That Ms. Weiden retained Jawbone information is not sufficient to prove that she used it or intended to do so. In this electronic era, every person using a portable computer such as a mobile phone—particularly if the device is used in connection with employment—maintains vast quantities of potentially proprietary information of which the user may not even be aware. Ms. Weiden's testimony that she did not realize at the time she signed the forms that she had Jawbone confidential information is not inherently implausible and is not refuted by factual evidence. Having heard her testimony and observed her demeanor at hearing, I find it it credible that Ms. Weiden was not focused on the Jawbone information in her email account when she signed the exit forms stating that she had no Jawbone property in her possession. That she subsequently extracted only non-proprietary information from the Jawbone materials stored in her electronic device, *see infra*, is circumstantial evidence that she had no intent to steal trade secrets, and therefore cannot be presumed to have done so.

Based on the record as a whole, I find that Ms. Weiden did not misappropriate any trade secret information with respect to [redacted].

B. Vendor Information (Trade Secret No. 128)

Complainants' allegations with respect to the vendor information comprising alleged trade secret no. 128 can be grouped into two categories. The first consists of blanket allegations that all information Ms. Weiden had in her email account after she left Jawbone, as well as all dealings she had with Jawbone vendors and manufacturers, was trade secret information. *See* CIB at 42-45. Complainants assert that her possession of vendor information in and of itself constitutes misappropriation, and that Fitbit is responsible for the alleged misappropriation by its employee. CIB at 56-57. With respect to this type of information, Complainants allege as trade secret Jawbone's "knowledge of each manufacturer, supplier, and vendor's capabilities, strengths, weaknesses, and past dealings targeted specifically in the area of small form factor wearables[, which] were painstakingly acquired over time through trial and error." CIB at 44 (citing CX-2895C (Tulkoff DWS) at Q/A 129); CRB at 37 note 7 ("Jawbone had to engage in advanced research to determine which vendors could do this work and at what price and lead time."). Complainants assert that "[u]nauthorized disclosure of Jawbone's suppliers and vendors enables its competitors to unfairly shortcut the process of working with these sources to figure out who best can serve their needs. That danger is magnified if a competitor has precise details about past and anticipated orders." CIB at 43 (citing CX-289C (Tulkoff) at Q/A 129).

Complainants also contend certain Jawbone emails relating to a handful of PCB vendors that Ms. Weiden forwarded to herself during her employment at Fitbit are encompassed by the alleged trade secret. CIB at 45-56. Jawbone identifies these emails as CX-1355C, CX-1575C, CX-1585C, CX-1589C, CX-1642C, CX-1643C, CX-1762C, CX-1760C, and CX-1765C. CIB

45; RX-1553C (Weiden RWS) at Q/A 94-96. Some of these emails contained technical information, such as drawings, but the technical information was not forwarded by Ms. Weiden to anyone at Fitbit. From these emails, Ms. Weiden forwarded to her colleagues at Fitbit contact information for four vendors ([redacted]), which Ms. Weiden obtained by copying and pasting from the Jawbone emails. CX-1607C at 3-4; RX-1553C (Weiden RWS) at Q/A 100-02. The information consisted of names, email addresses, and telephone numbers. *Id.*; RX-1553C (Weiden RWS) at Q/A 100; Tr. (Tulkoff) at 1228: 6-13. With respect to one of the four vendors, [redacted], Ms. Weiden recommended the company in general terms to her colleagues at Fitbit, in addition to providing contact information. JX-0193C.0001.

1. Jawbone's blanket allegations of trade secret misappropriation

Jawbone asserts it has "accumulated a proprietary database of relevant knowledge . . . regarding Jawbone's vendor relationships." CIB at 42. Jawbone maintains that such information, "including the identity and capabilities of those third parties, the actual or anticipated orders placed by Jawbone, and any data or analyses describing such vendor capabilities or orders, is a trade secret." *Id.* at 42-43. Jawbone alleges such information was misappropriated by Ms. Weiden.

"An employer who is asserting rights in information against a former employee bears the burden of proving the existence and ownership of a trade secret." Restatement § 42 cmt. d. With respect to vendors, the complaining party must show that the information is not "publicly available" or "readily available in the industry." *See Integrated Direct Mktg. v. May*, 129 F. Supp. 3d 336, 360 (E.D. Va. 2015) (finding that declaration averring that vendor information was "*not necessarily* publicly available, or even readily available in the industry" was

insufficient to show that information was a trade secret) (emphasis in original) (applying Arkansas law). The complainant must demonstrate, in addition, that the vendor information was "'more than the recorded results of [an employee's] acquisition of general knowledge and skill in [the] field,'" and could not readily be obtained through an independent source. *Greenberg v. Croydon Plastics Co.*, 378 F. Supp. 806, 812-13 (E.D. Pa. 1974) (quoting *Van Prod. Co. v. Gen. Welding and Fabricating Co.*, 213 A.2d 769, 777 (Pa. 1965)). In addition, a complainant must show that the accused party actually used the alleged trade secret. *See Integrated Direct Mktg.*, 129 F. Supp. 3d at 360-61 ("Finally, IDM has not pointed to any evidence showing that Merkle used any of those four vendors in its work for Samsung; accordingly, there is no evidence that Merkle was unjustly enriched through use of any of IDM's vendor information."). Jawbone has not satisfied any of these requirements.

In particular, Complainants have not attempted to prove the requirements of trade secret misappropriation specifically with respect to each item of information allegedly misappropriated by Ms. Weiden, instead alleging that everything in Ms. Weiden's possession after she left Jawbone and everything she ever learned at Jawbone constitutes a trade secret. Complainants cannot prevail without identifying the specific information they claim was misappropriated because "[f]ormer employees are . . . entitled to exploit their general skill, knowledge, training, and experience, even when acquired or enhanced through the resources of the former employer." Restatement § 42 cmt. c. Deciding whether there has been misappropriation entails making a determination whether the information acquired by an employee is generally available or whether it is specific and secret, *i.e.*, not widely available or readily acquired. "The distinction between trade secrets and general skill, knowledge, training, and experience is intended to achieve a reasonable balance between the protection of confidential information and the mobility

of employees." *Id.* at cmt. d. Finding the boundary between "general skills, knowledge, training and experience" and trade secret information thus requires an assessment of what is reasonable depending on the facts and circumstances of each case, including the degree to which the specific information allegedly misappropriated is secret. *Id.*

Jawbone's broad assertion of trade secret protection for everything learned by Ms. Weiden during her employment, including names, email addresses, and phone numbers of vendors would, if upheld, improperly preclude her from working in a capacity "commensurate with [her] general qualifications." *See id.* It is unreasonable to deem everything Ms. Weiden learned in the course of her tenure at Jawbone a trade secret, such that she should be precluded from using any knowledge acquired at Jawbone in her post-Jawbone career. Jawbone maintains that as a technology company it is understandably "obsessed" with privacy and rightly subject to "paranoia" about "the dangers of leaks or information getting out." Tr. (Knaflic) at 466:16-467:23. But Jawbone's heightened confidentiality concerns do not furnish the legal measure of a trade secret, even in a high-tech industry. The law adopts the standard of a reasonable person, not that of someone who is obsessed with or paranoid about confidentiality.

That an employer has expended time and effort to obtain information is a factor to be considered but, as stated above, does not automatically render information a trade secret. In *Integrated Direct Mktg.*, the plaintiff claimed that it "expends considerable resources vetting potential data vendors, testing the quality of their data, and developing pricing models based off of the vendors' costs." 129 F. Supp. 3d at 358. The court granted summary judgment against the plaintiff, holding that the plaintiff, to prevail, must point to specific evidence showing the information was not "publically available" or "readily accessible within the industry." *See id.* at 360; Restatement § 42 cmt. d at 481 ("Trade secrets are more likely to be recognized in

specialized information unique to the employer's business than in information more widely known in the industry or derived from skills generally possessed by persons employed in the industry."). Here, similarly, the overbreadth of Jawbone's allegations regarding vendor information defeats its claim as a matter of law.

2. Specific Vendor Information

In February 2015, Ms. Weiden and the Laryon team at Fitbit were seeking a vendor capable of [redacted]. Tr. (Weiden) at 204:5-10, 213:23-214:1. Ms. Weiden testified that around that time she forwarded several vendors' emails from her personal account to her Fitbit account to obtain contact information for [redacted]. Tr. at 204:25-214:6. She acknowledged that attachments to the emails, including technical drawings, were included in the material she forwarded to her personal email account. She said she intended only to "get contact information . . . I would go back to this email and just copy and paste, get the contact information from this email." Tr. (Weiden) at 209:7-14. In fact, it appears Ms. Weiden did just that: she copied and pasted the contact information. CX-1607C at 3-4; *see also* RX-1553C (Weiden RWS) at Q/A 100-02; CIB at 51-53, CRB at 38-39; CX-2895C (Tulkoff DWS) at Q/A 211-212. The evidence of record supports Ms. Weiden's credibility with respect to information concerning the handful of vendors identified above.

In addition, on February 24, 2015, Ms. Weiden forwarded to her own account an email she received while she worked at Jawbone concerning a company named [redacted]. Tr. (Weiden) at 204:25-205:16; CX-1766C. The email Ms. Weiden forwarded to herself (not to anyone else at Fitbit), dated January 27, 2014, shows that [redacted]. Tr. (Weiden) at 205:21-206:8; CX-1766C.0001. In the January 27, 2014 email, [redacted]

[redacted] CX-1766.0001; Tr. (Weiden) at 206:19-21.

On February 25, 2015, Ms. Weiden sent an email to her colleagues at Fitbit stating: "[redacted]." JX-0193C.0001. She also supplied the following URL: [redacted]. This is the only such recommendation concerning a Jawbone vendor made by Ms. Weiden to any of her colleagues at Fitbit. Even assuming, as Complainants maintain, that Ms. Weiden's knowledge of [redacted] reputation was obtained in the course of her employment with Jawbone, the information she imparted is not a trade secret. Ms. Weiden did not reveal that [redacted] had worked on a project for Jawbone or any technical details of a Jawbone project.

That a particular vendor does good work is the kind of knowledge that is generally acquired by experienced employees in an industry. To preclude employees in high-tech industries from using such knowledge because it was obtained in the employ of a particular company would prevent them from taking advantage of their skills in the job market. The law does not permit this result. As stated above, a former employee is permitted to use general, readily ascertainable information in the course of subsequent employment. In forwarding the vendor contact information and making a general recommendation of a vendor, Ms. Weiden did not reveal trade secret information. *See Integrated*, 129 F. Supp. 3d at 360 (finding no trade secret misappropriation where former employee based pricing information on "general knowledge of the market").

3. Fitbit did not use any Jawbone trade secrets.

Complainants also assert that Fitbit's employment of Ms. Weiden, without more, constitutes misappropriation. CIB at 29, 45 ("Fitbit obtained access to this trade secret by hiring Gee Weiden."). Complainants, however, have not established any use or disclosure by Ms. Weiden or Fitbit of trade secret information. There is no evidence that the information in the Jawbone emails that Ms. Weiden forwarded to herself were ever used in the Laryon prototype or any other Fitbit product. Complainants admit that they have "not uncovered information directly showing that Ms. Weiden's recommendations resulted in the Laryon team selecting Jawbone's vetted vendors for this particular prototyping project." CIB at 54. In fact, Ms. Weiden's recommendation of [redacted] was expressly rejected by Fitbit's senior global commodity manager, because Fitbit was not interested in initiating new relationships with vendors. RX-1553C (Weiden RWS) at Q/A 118; JX-0193C.0001 ("Let's avoid creating new business relationships unless we have to"). It is undisputed that [redacted] and the other vendors identified in Ms. Weiden's emails were not used by Fitbit or even requested to submit proposals. CIB at 54-55; CRB at 38-39. Despite this, Complainants assert that Fitbit used the vendor information to expedite the development of its Laryon prototype because the information "enriched and informed Fitbit's ultimate decision as to which vendor to seek a quotation from, and saved Fitbit time in the development process." CIB at 53-55. On this record, there is no factual support for Complainants' strained arguments and speculation that the Jawbone vendor information somehow "saved Fitbit time in the development process."

In sum, based on the entire record, Jawbone has not demonstrated that any trade secrets regarding vendors were misappropriated by Ms. Weiden and/or Fitbit.[6]

VI. Alleged Trade Secret Nos. 92 and 92-A

Complainants allege that Flextronics gained access to alleged trade secret nos. 92 and 92-A while it was a contract manufacturer for Jawbone and used the alleged trade secrets to aid in the manufacture of Fitbit's Surge, Charge HR, Charge, and Blaze products. Complainants describe alleged trade secret no. 92 as the "proprietary process flow, the selection of equipment used, and settings needed [redacted]." CIB at 58. According to Complainants, [redacted] *Id.* at 59. Alleged trade secret no. 92-A is closely related to no. 92 and covers "Jawbone's proprietary manufacturing protocols, the customized selection of equipment and materials used, and customized settings for that equipment." CIB at 62. Whereas alleged trade secret "No. 92 is focused on [redacted]," alleged trade secret no. 92-A "[redacted]." *Id.*

The poorly-defined alleged trade secrets seem to consist of (1) [redacted] and (2) [redacted]

[6] Jawbone asserts that Fitbit has failed to present sufficient evidence of independent development of the alleged trade secrets to rebut Jawbone's presentation on misappropriation. But Jawbone has failed to carry its burden to show a *prima facie* case of misappropriation.

[redacted]. There is no evidence that the alleged trade secrets are used in any of the accused products or were used to accelerate production and development of the accused products. In fact, the alleged trade secrets relate to processes [redacted]. Complainants attempt to satisfy their burden of showing a misappropriation by speculating that a misappropriation could have occurred, but have provided no evidence—direct or circumstantial—that a misappropriation occurred or that Fitbit was aided by the misappropriation of Jawbone information.

A. Jawbone's "proprietary process flow" is not used by the accused Fitbit products and is not a protectable trade secret.

Although Ms. Tulkoff does not provide a clear description of the "proprietary process flow," she repeatedly opines that Jawbone's processes were unique because [redacted]. CX-2895 (Tulkoff DWS) at Q/A 103 [redacted]; 105 [redacted]; 108 [redacted]. To the extent that "proprietary process flow" is intended to refer to [redacted]

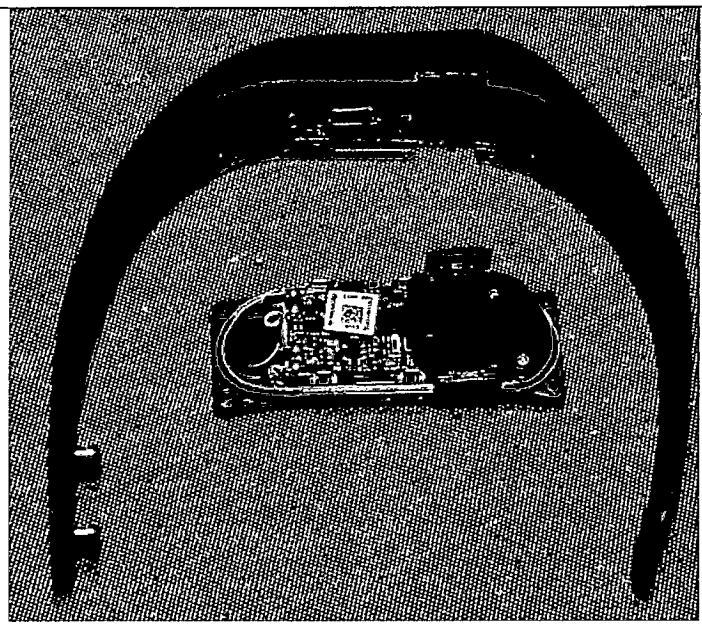
[redacted], it is not used in the accused Fitbit products and is not a protectable trade secret.[7]

1. The "proprietary process flow" is not used for any of the accused Fitbit products.

The electronic components in the accused Fitbit products are not [redacted]. RX-1558C (Scott RWS) at Q/A 219 ("There is simply no [redacted] on top of any of the electronics in the Fitbit Charge product, or any other Fitbit product. This similar product design, with no [redacted] on top of the electronics, is exhibited in all of the Fitbit products."). Accordingly, [redacted].

The accused Fitbit devices are watch-like devices that have straps attached to a central housing. RX-1558C (Scott RWS) at Q/A 218-219; RX-1991C (Zebe RWS) at Q/A 50. All of the electronics are located in the central housing, and no electronics are located in the straps. RX-1558C (Scott RWS) at Q/A 218-219; RX-1991C (Zebe RWS) at Q/A 50. The photograph below of a Fitbit Charge illustrates the design of the accused Fitbit products:

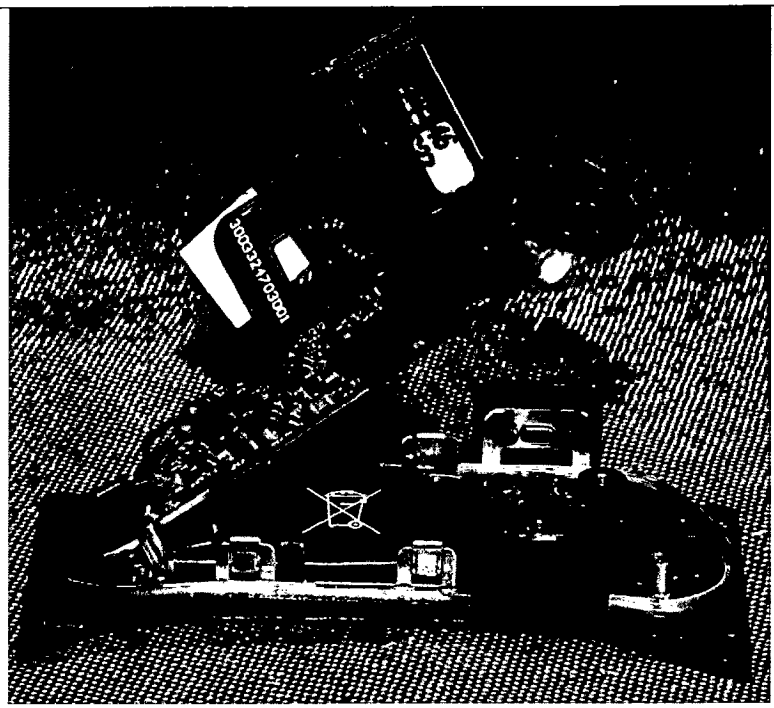
[7] It is unclear what Complainants mean by the term "proprietary process flow." On this basis alone, Complainants' assertion of trade secret status for their "proprietary process flow" fails. Crawler Cranes at 44-45 ("The description of the trade secret must be specific enough to allow the meaningful comparison of the putative trade secret with information that is generally known and ascertainable in the relevant field or industry.") (citation and internal quotation marks omitted).



RDX-0001-39; *see also* RX-1558C (Scott RWS) at Q/A 218-219

Fitbit's design does not require material to be [redacted], and therefore there is no need to [redacted]. RX-1558C (Scott RWS) at Q/A 218-219.

As shown below, there is no [redacted] the electronic components of the Fitbit Charge:

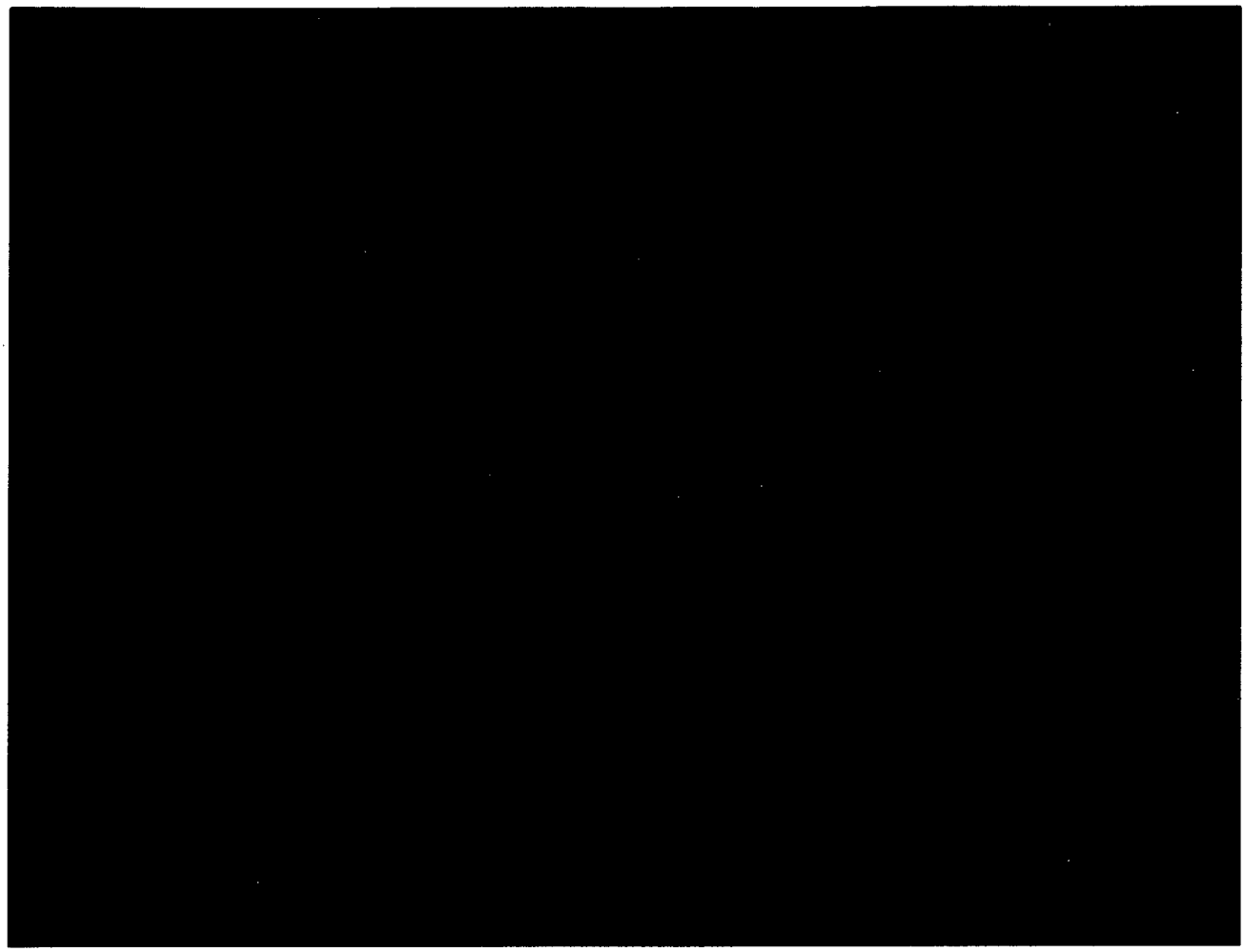


RDX-0001-69; *see also* RX-1558C (Scott RWS) at Q/A 218-219

2. The "proprietary process flow" is not a trade secret.

In contrast to the watch-like architecture used in the Fitbit devices, [redacted]

[redacted]:



Jawbone's design requires [redacted].

CX-2895C (Tulkoff DWS) at Q/A 103 ("[redacted]

[redacted]

[redacted]"); CX-2888C (Drysdale DWS) at Q/A 13 ("[redacted]

[redacted]"). [redacted]

[redacted]

[redacted]

[redacted]. CX-2895C (Tulkoff DWS) at Q/A 105 ("[redacted]

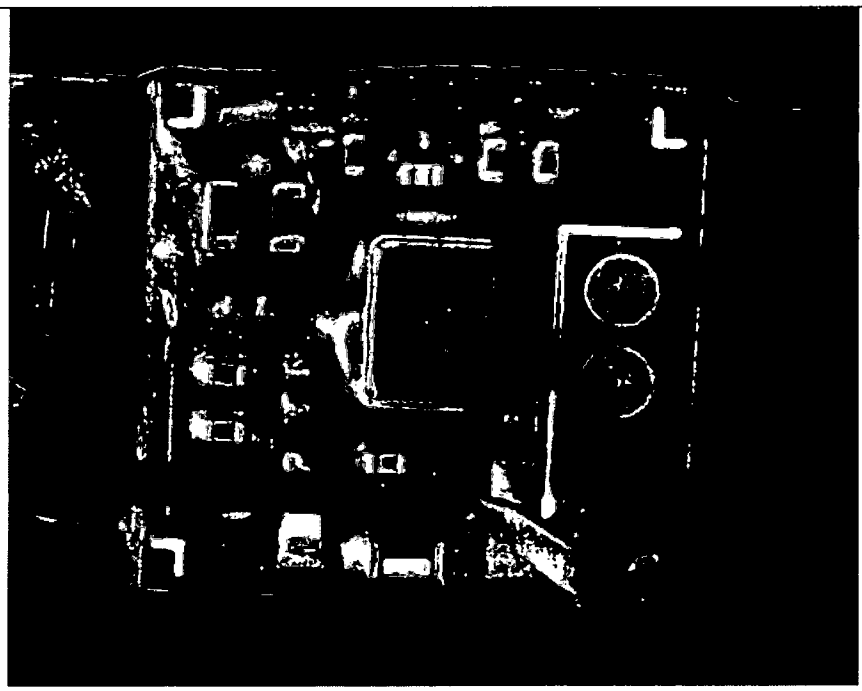
[redacted]

[redacted]

[redacted]"); 108 ("[redacted]

[redacted]").

An example of Jawbone's use of [redacted] is shown in the photograph below:



RDX-0003-183 (showing electronic components of the UP24 band); *see also* RX-1558C (Scott RWS) at Q/A 149; CX-2895C (Tulkoff DWS) at Q/A 105-08.

Jawbone's use of [redacted] was publicly disclosed in the patent application that led to U.S. Patent No. 8,529,811 (the "'811 patent"). In addition, the use of [redacted] was readily ascertainable from Jawbone's UP band through reverse engineering.

a. U.S. Patent No. 8,529,811

On March 22, 2002, Jawbone filed the application that led to the '811 patent. '811 patent, cover.[8] The application was published on December 13, 2012, before Flextronics had access to Jawbone's confidential materials. *Id.* The '811 patent discloses the use of "an ultraviolet ('UV') curable adhesive or other material" to protect electronic components during the overmolding process. '811 patent, col. 4:34-36. "Matters disclosed in a patent publication destroy any trade secret contained therein." *Henry Hope X-Ray Prod., Inc. v. Marron Carrel, Inc.*, 674 F.2d 1336, 1342 (9th Cir. 1982) (applying Pennsylvania law); *see also* Restatement § 39 cmt. c ("Thus, for matter disclosed in the patent, issuance terminates the secrecy required for continued protection as a trade secret, even if the patent is subsequently declared invalid.").

The '811 patent is directed to a method of manufacturing a personal data-capture device having a protective overmolding. *Id.* at Abstract, col. 1:21-25. The overmolding protects the electronic components of the device from being damaged by shock or environmental forces, such as temperature and water. *Id.* at col. 9:38-44. The process of forming the protective overmolding, however, subjects the electronic components to "rigorous temperatures, pressures, or other environmental conditions." *Id.* at col. 8:60-9:16. As a result, the overmolding process could damage sensitive electronic components, such as printed circuit board assemblies, sensors, and computer memories. *Id.* at col. 2:11-18. To prevent this from happening, the '811 patent teaches that a protective coating can be applied over the sensitive components prior to the overmolding process. *Id.*, col. 4:15-28. Figure 2 of the patent depicts a protective coating 208 being applied over component 106:

[8] A copy of the '811 patent is attached as Exhibit 3 to the Complaint.

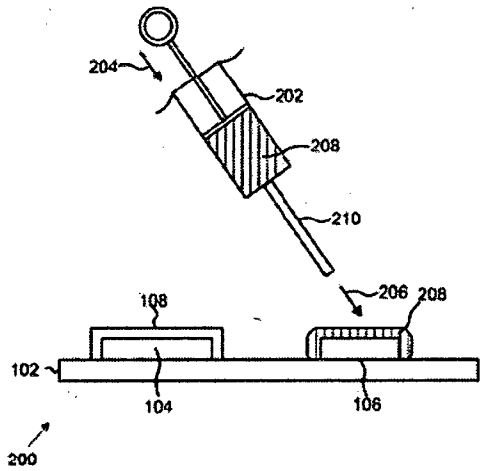


FIG. 2

'811 Patent, Fig. 2

The patent teaches that the material used to form the protective coating may be "an ultraviolet ('UV') curable adhesive or other material." *Id.* at col. 4:34-36. Examples of UV curable materials that are suitable for the protective coating "include Loctite® coatings produced by Henkel & Co AG of Dusseldorf, Germany such as, for example, Loctite® 5083 curable coating." *Id.* at col. 4:47-50. The '811 patent further teaches that the overmolding can be formed in multiple layers (*e.g.*, an inner molding and an outer molding). *Id.* at col. 5:9-14; 5:47-49. The patent further teaches that the protective coating can be applied at a low pressure. *Id.* at 4:32-34; Tr. (Tulkoff) at 1167:18-23 ("So low pressure molding is a molding process which uses temperatures and pressures that are much lower than those used by standard injection molding. Typically, they can be in the 20 to 100 PSI range, and at temperatures below 260 degrees Celsius."). Tr. (Drysdale) at 926:1-3.[9]

[9] Mr. Drysdale is a co-inventor of the '811 patent. CX-2888C (Drysdale DWS) at Q/A 2; '811 patent, cover.

After the protective coating is applied, the overmoldings can be applied on top of the electronic components. Figure 3 "illustrates a cross-sectional view of an exemplary process for forming an inner molding in data-capable strapband overmolding:"

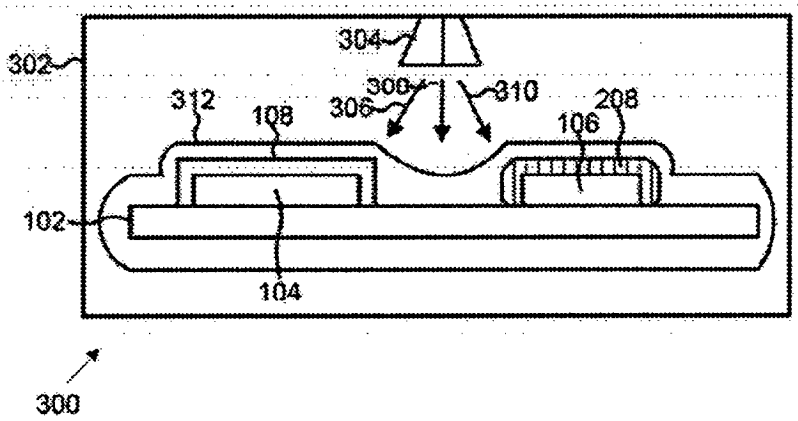


FIG. 3

'811 Patent, Fig. 3

'811 patent, col. 5:9-11. Element 312 in Figure 3 is an "inner molding," which can be formed using "an injection molding machine . . . to inject a thermoplastic polymer elastomer ('TPE') into mold cavity 302 . . . . under temperature (*e.g.*, 400 to 460 degrees Fahrenheit) and pressure (*e.g.*, 200 to 600 psi, but which may be adjusted to higher or lower pressure, without limitation)." *Id.* at col. 5:23-34. Suitable materials for the inner molding include "TPEs such as Versaflex 9545-1 as manufactured by PolyOne Corporation of McHenry, Ill.," as well as "[o]ther types of materials such as epoxies, polymers, elastomers, thermoplastics, thermoplastic polymers, thermoplastic polymer elastomers, and others." *Id.* at col. 5:37-43. The inner molding "provid[es] a layer of additional protective material (*e.g.*, inner molding 312), which may completely or incompletely surround an object (*e.g.*, framework 102)" and "may be formed to

provide a watertight or hermetic seal around framework 102 and elements 104-106." *Id.* at col. 5:26-36.

Figure 4 "illustrates another cross-sectional view of an exemplary process for forming an outer molding in data-capable strapband overmolding":

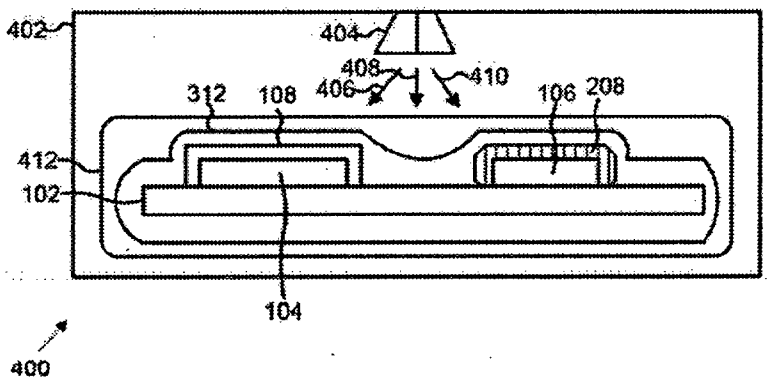


FIG. 4

'811 Patent, Fig. 4

Id. at col. 5:47-49. The outer molding can be formed using injection molding techniques to apply TPE or other suitable materials. *Id.* at 5:47-61.

Figures 7, 8, and 9 depict Jawbone's UP band as "an exemplary data-capable strapband configured to receive an overmolding," "having a first molding," and "having a second molding," respectively:

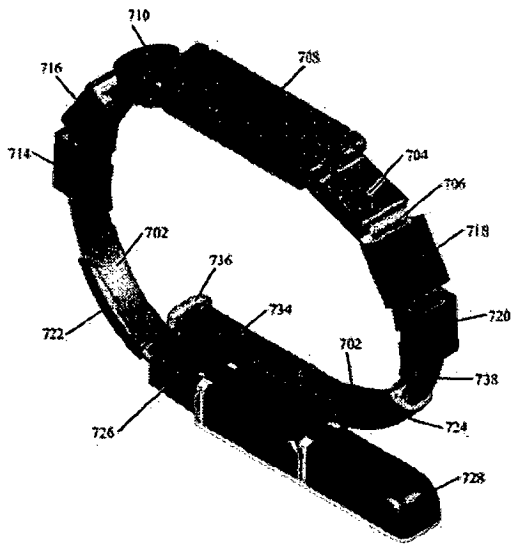


FIG. 7

'811 Patent, Fig. 7

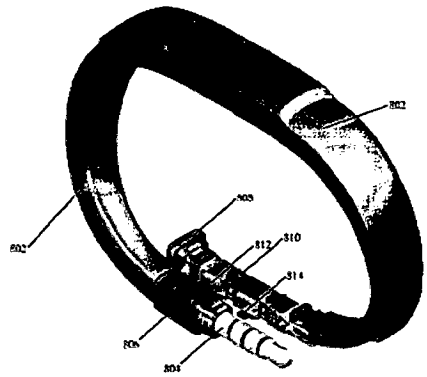


FIG. 8

'811 Patent, Fig. 7

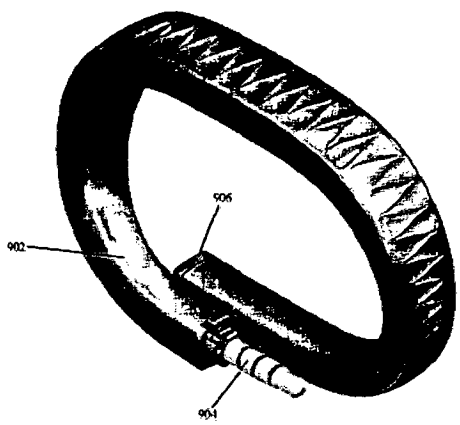


FIG. 9

'811 Patent, Fig. 9

'811 patent, col. 2:60-65; Tr. (Drysdale) at 931:5-7. Given the disclosure of the alleged trade secret in the '811 patent, Complainants cannot demonstrate a misappropriation

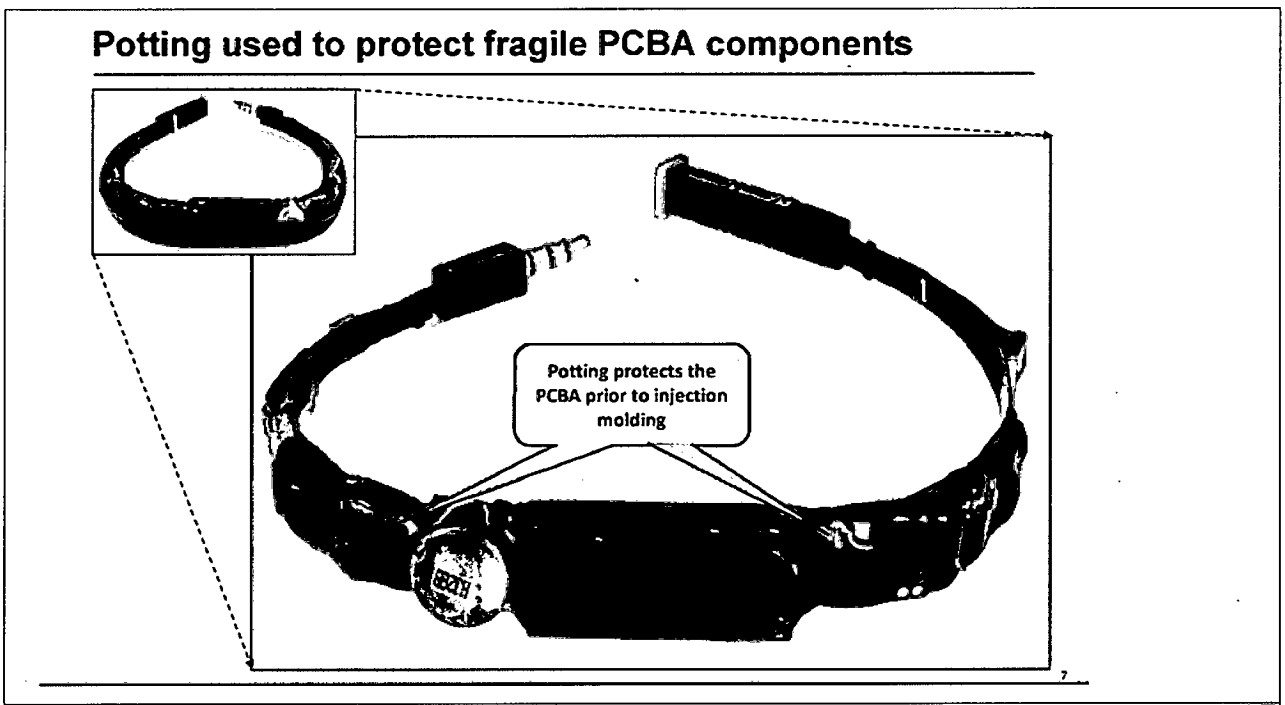
b. The use of [redacted] is reasonably ascertainable through reverse engineering.

Jawbone's use of [redacted] is not a trade secret because it would have been readily ascertainable through reverse engineering Jawbone's UP band. Information that can be readily ascertainable through reverse engineering a commercial product is not a trade secret. *Sausage Casings,* 1984 WL 273789, at *106; *Rubber Resins,* 2014 WL 7497801, at *11 (finding that there was no trade secret because "reverse-engineering demonstrates that the use of [***] was readily ascertainable from the infrared examination by analytical chemists"); 18 U.S.C. § 1839(3); *see also* UTSA § 1(4)(i) (same).

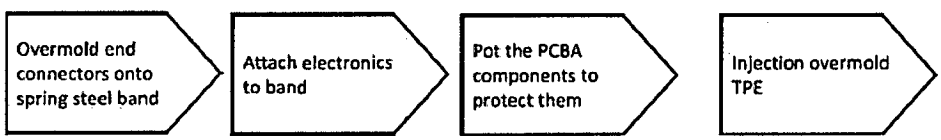
Jawbone released the original version of the UP band in November 2011 and a redesigned version in November 2012. CX-2890C (Chakravarthula DWS) at Q/A 10; CX-2887C (Lara DWS) at Q/A 13. Thus, both versions of the UP band were released before Flextronics had access to Jawbone confidential materials. As acknowledged by Complainants' own witnesses, the process flow used to build the UP band would have been ascertainable by Jawbone's competitors and other interested parties, such as Flextronics, through reverse engineering the UP band. CX-2888C (Drydale DWS) at Q/A 15 (testifying that reverse engineering would allow a competitor to determine that Jawbone "[redacted]"); CX-2895C (Tulkoff DWS) at Q/A 109 ("Reverse engineering is able to identify some of the general flow. . . .").

Moreover, not only could a company such as Flextronics learn the process flow used to manufacture the UP band from reverse engineering, Flextronics in fact did so.

A Flextronics's presentation dated February 28, 2012, before the start of Flextronics's and Jawbone's relationship, details the results of an analysis of the UP band. RX-1618C-1; Tr. (Tulkoff) at 1177:17-1178:7, 1179:20-24. As shown in the presentation, Flextronics determined that after being attached to the band, "to protect" them from the overmolding process, the electronic components were "potted:"



RX-1618C-7



RX-1618C-9

Flextronics also determined that the overmolding consisted of TPE resin and was applied using injection molding. RX-1618C-6, -9.

"Abbreviated teardowns" conducted by Fitbit's expert, Dr. Scott, show the information that can be readily obtained from the UP and UP24 bands. RX-1558C (Scott RWS) at Q/A 63. Through his abbreviated teardowns, Dr. Scott determined that the outermost layer of the UP and UP24 bands was a thermoplastic polyurethane ("TPU") material. *Id.* at Q/A 119-23, 160-61. The presence of mold parting lines and flash indicated that this layer was applied by molding processes. *Id.* at Q/A 122, Q/A 160-61. Consistent with Dr. Scott's analysis of the composition of the outermolding, Jawbone's website discloses that the UP24 is "encased non-latex, medical-grade hypoallergenic TPU rubber." RX-2070 at 1. "TPU" is an abbreviation for "thermoplastic polyurethane." RX-1558C (Scott RWS) at Q/A 126.

Removing the outer overmolding, Dr. Scott uncovered a layer of material formed from "a thermoplastic elastomer including ethylene, propylene, and other co-monomers." *Id.* at Q/A 129, 160-61. The layer had mold parting lines and flash indicating that this layer was also applied by a molding process. *Id.* at Q/A 131, Q/A 160-61. Dr. Scott's analysis is consistent with a New York Times article, published on March 14, 2013, showing a blow out of the UP band and highlighting various features. RX-1953 at 1. Among the features highlighted is the "Bracelet Exterior" which is described as being a "molded thermoplastic core." *Id.*

Removing the intermediate overmolding layer, Scott uncovered a steel band with various electronic components attached. RX-1558C (Scott RWS) at Q/A 133, 160-61. Some of the components were covered by red, black, transparent, and colorless translucent moldings. *Id.* at Q/A 134, 160-61. Both the red material and the colorless transparent material were polycarbonate. *Id.* at Q/A 136, 140, 160-61. Some of the black moldings were comprised of

polycarbonate reinforced with glass fibers, while others were formed from polycarbonate "with some evidence of additional additive." *Id.* at Q/A 136-38, 160-61. A black polymeric material consisting primarily of an aliphatic polyamide with evidence of a block polyether covered some of the electronic components, including the PCB with the antenna. *Id.* at Q/A 142, 160-61. Flash and mold parting lines indicated that this material had been applied by a molding process. *Id.*

The electronic components were attached to the PCB using a yellow tape wrapped around a black pad. *Id.* at Q/A 147-48, 160-61. The yellow tape was a film similar to Kapton® with a silicone-based adhesive, and the black pad was silicone-based material with an adhesive on one side. *Id.* The adhesive on the black pad was an acrylate adhesive with non-woven cellulose fibers. *Id.* Two types of underfill were used on in UP and UP24 bands. *Id.* at Q/A 149, 160-61. The first type was a hard, black coating consisted of an epoxy/acrylic material with silica filler, consistent with the composition of [redacted]. *Id.* at Q/A 149-50, 160-61. The second type was a soft, clear coating consisted of polyurethane with evidence of acrylic compounds. *Id.* at Q/A 149, 160-61.

Dr. Scott testified that he "readily understood that the purpose of the underfill and adhesive material was to insulate the electrical components from the injection molding processes that was performed on top of the electrical components." *Id.* at Q/A 194. Dr. Scott's testimony on this point is supported by Flextronics's independent determination that after the electronic components were attached to the steel band of the UP band, they were "pot[ted]" in order "to protect them" from the overmolding process. RX-1618C-7, -9.

Dr. Scott's analysis of the UP and UP24 bands took between 8 to 10 hours and required approximately 16 hours of laboratory sessions and analysis. RX-1558C (Scott RWS) at Q/A

163-64. The results of Dr. Scott's abbreviated teardowns are fully consistent with the testimony of Complainants' expert witness. CX-2895C (Tulkoff DWS) at Q/A 109 (admitting that The "proprietary process flow" is not a trade secret.

Complainants challenge Dr. Scott's conclusions because he had a vendor (Analytical Answers, Inc.) perform the FT-IR (Fourier-transform infrared spectroscopy) and SEM/EDXS (scanning electron microscopy and energy dispersive x-ray spectroscopy) analyses. CIB at 67-68. Complainants do not explain why this is relevant. The services provided to Scott by Analytical Answers, Inc. are generally available to the public, including Jawbone's competitors. Tr. (Scott) at 1512:24-1513:7.

B. Jawbone's selection of equipment and manufacturing parameters are not used to manufacture the accused Fitbit products.

Complainants also allege that the alleged trade secrets include the specific equipment and parameters used to manufacture the UP and UP24 bands. The equipment and parameters used to manufacture the Jawbone products, however, are simply not used to manufacture the accused products. As discussed above, [redacted] is not applied to the accused products' electronic components and therefore the equipment and manufacturing parameters used to manufacture Jawbone's products would have no applicability to the Fitbit products. In her witness statement, the only evidence that Ms. Tulkoff identified in support of her opinion that alleged trade secret nos. 92 and 92-A were being used in the Fitbit manufacturing process was her belief that a [redacted] was being used in the Fitbit process:

> Q: What evidence did you see of Jawbone's production methods trade secrets in Fitbit's products?
>
> A: Jawbone had to research and recommend specific manufacturing equipment to enable Flextronics to execute the [redacted] with the desired precision and

> accuracy. Jawbone researched, quoted, and recommended a [redacted] which Flextronics Zhuhai then procured for the project. The [redacted] was the subject of Quote RC2013071600B Jawbone China dated July 19, 2013, to Mr. Alex Lee of Jawbone. This [redacted] is still in use by Flextronics Zhuhai and is used for Fitbit wearables.

CX-2895C (Tulkoff DWS as originally submitted on March 30, 2016) at Q/A 181.[10] According to Ms. Tulkoff, the [redacted] was the only "visible visual manifestation" of the alleged misappropriation "that could be visually seen in a process flow or a recipe." Tr. (Tulkoff) at 1197:19-1198:12. The Fitbit manufacturing process, however, does not use the [redacted], and Ms. Tulkoff retracted her testimony at the hearing. Tr. (Tulkoff) at 1160:17-1161:2 (withdrawing her response to Question No. 181 of her direct witness statement in its entirety).

Moreover, because the Fitbit process uses different equipment than the Jawbone process, the settings and parameters disclosed in CX-0529C cannot be used in the Fitbit process. Tr. (Tulkoff) at 1214:12-17 (admitting that she was unable to cite evidence of the parameters being used to make the Fitbit products, because the "process parameters would have to be modified for the equipment that was actually in use"). In a footnote in their reply brief, Complainants argue that this portion of Ms. Tulkoff's testimony is irrelevant, because she was testifying about alleged trade secret no. 91, which is no longer being asserted. CRB at 50 n. 12.

The testimony, however, is clearly relevant. Complainants relied on CX-0529C's disclosure of equipment, material, and parameters to define alleged trade secret no. 91, as well as

[10] After the hearing, Complainants submitted a final version of CX-2895C redacting Question and Answer No. 181 in its entirety and indicating that it had been "withdrawn."

alleged trade secret nos. 92 and 92-A. CX-2895C (Tulkoff DWS) at Q/A 117, 121.[11] In the cited testimony, Ms. Tulkoff was asked if there was any evidence of the parameters disclosed in CX-0529C being used in the manufacture of Fitbit products, and she responded that "the actual settings would be different," because "[t]he process parameters would have to be modified for the equipment that was actually in use at Flextronics." Tr. (Tulkoff) at 1214:12-17. Ms. Tulkoff has acknowledged that the Fitbit manufacturing process uses different equipment that the Foxlink process. *Id.* at 1197:19-1198:12. Complainants do not explain why the same parameters that Ms. Tulkoff testified could not be used in the Fitbit process with respect to alleged trade secret no. 91, can be used in the Fitbit process with respect to alleged trade secret nos. 92 and 92-A.

Further, Complainants have not cited any evidence that the parameters disclosed in CX-0529C are being used in the Fitbit process. In response to my questions at the hearing, Ms. Tulkoff confirmed that she saw no evidence of "Jawbone parameters" being used in the Fitbit process. Tr. (Tulkoff) at 1245:3-13.

C. There is no evidence showing that Flextronics had access to the information comprising the alleged trade secrets.

Complainants rely on CX-0529C to identify the equipment and manufacturing parameters comprising the alleged trade secrets. CX-2895C (Tulkoff DWS) at Q/A 102; 110. This is the only document identified by Complainants as disclosing the equipment and parameters used in Jawbone's manufacturing process. As discussed below, it is undisputed that Flextronics was not

[11] The second paragraph of Ms. Tulkoff's three-paragraph response to question number 121 is numbered "122." CX-2895C (Tulkoff DWS) at Q/A 121.

given CX-0529C and there is no evidence that Flextronics would have received the information contained in CX-0529C through other documents or from Jawbone employees.

1. CX-0529C is the only document identified by Complainants as disclosing the equipment and manufacturing parameters used to manufacture the UP and UP24 bands.

Although Complainants argue that CX-0529C is but an "exemplary document" and that "Jawbone's trade secret also includes the documents that Jawbone provided to Flextronics concerning the Jawbone UP product, as well as the knowledge transfer provided by the approximately 30 employees of Jawbone who worked side by side with Flextronics personnel at Flextronics's Zhuhai facility," Complainants fail to identify these other documents or this knowledge transfer with any specificity. CIB at 58 n. 6.

In support of their argument, Complainants cite CX-1665C and the testimony of Ms. Tulkoff and Mr. Drysdale. CIB at 58. CX-1665C is a spreadsheet listing Jawbone documents to which Flextronics had access. CX-2895C (Tulkoff DWS) at Q/A 45; CX-2888C (Drysdale DWS) at Q/A 32. In the portions of Ms. Tulkoff's testimony cited by Complainants, Ms. Tulkoff testified that the "files listed on [CX-1665C] would contain some of the confidential information such as engineering drawings, process documents, *etc.*, that I discussed in my previous answer." CX-2895C (Tulkoff DWS) at Q/A 45-46. CX-1665C has over 11,000 entries. The only document Tulkoff discusses that is listed in CX-1655C is CX-1649C, which she described as containing "highly confidential technical information." *Id.* Ms. Tulkoff, however, did not opine whether that "highly confidential technical information" relates to the alleged trade secrets. *Id.* Relying on statements from Mr. Drysdale, Ms. Tulkoff also testified that the 30 Jawbone employees who went to Flextronics's Zhuhai facility to assist Flextronics "were in effect 'living documents' as a result of their experience setting up the process with Foxlink, and the knowledge

transferred by these employees was invaluable." *Id.* at Q/A 65. Ms. Tulkoff, however, neither described the "invaluable" knowledge transferred by these "living documents" nor explained how that knowledge was related to the alleged trade secrets. *Id.*

In the portion of his testimony cited by Complainants, Mr. Drysdale testified that Jawbone gave Flextronics the "full document package" and "sent a number of our people over to Zhuhai to work side-by-side with Flextronics on the factory floor." CX-2888C (Drysdale DWS) at Q/A 31-33. Mr. Drysdale did not link specific information contained in the "full document package" or conveyed by the Jawbone employees to the alleged trade secrets.

In addition, a significant portion of the information in the documents to which Flextronics had access as well as the information conveyed by the 30 Jawbone employees sent to work with Flextronics appears to be unrelated to the alleged trade secrets. While Complainants claim that the alleged trade secrets relate to the manufacturing steps for the UP and UP24 bands, the documents listed in CX-1665C include documents relating to the UP2 and UP3 bands, Jawbone's [redacted], audio products, and a [redacted]. CX-2888C (Drysdale DWS) at Q/A 32. Similarly, the Jawbone employees sent to work with Flextronics were not limited to only those persons knowledgeable about the manufacturing processes constituting the alleged trade secrets. They "covered all disciplines and included mechanical engineers, tooling engineers, program management, IT, materials, and reliability/quality assurance personnel." *Id.* at Q/A 34.

Rather than identify the specific documents and information describing the alleged trade secrets, Complainants point to a large mass of information—much of which is irrelevant—and ask that it be assumed that the alleged trade secrets are somewhere within. Defining the trade secret at issue, however, is Complainants' burden. Restatement § 39 cmt. d ("A person claiming

rights in a trade secret bears the burden of defining the information for which protection is sought with sufficient definiteness to permit a court to apply the criteria for protection described in this Section and to determine the fact of an appropriation."); *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511 522-23 (9th Cir. 1993) ("Since the trade secrets are not specifically identified, we cannot determine whether Peak has misappropriated any trade secrets by running the MAI operating software and/or diagnostic software in maintaining MAI systems for its customers. . . .") (applying California law). The only document identified by Complainants' witnesses as describing the alleged trade secrets is CX-0529C. Accordingly, my analysis of the alleged trade secrets will be confined to CX-0529C.

a. Complainants have not shown that Flextronics had access to CX-0529C and the information contained therein.

CX-0529C discloses equipment and manufacturing parameters for the process steps used by Foxlink, not Flextronics, to manufacture the UP and UP24.bands. CX-2895C (Tulkoff DWS) at Q/A 117 ("Yes, this internal Jawbone document [(CX-529C)] details the process flow, material, tools, and recipe settings which were in place at Foxlink to manufacture the UP."). There is no dispute that Flextronics did not receive CX-0529C. Tr. (Tulkoff) at 1211:8-21 ("Flextronics did not get this document, no.").

Moreover, it cannot be assumed that the information disclosed in CX-0529C was transmitted to Flextronics through other Jawbone documents or by Jawbone employees. Mr. Winters testified that Jawbone "did not have and did not deliver to Flextronics the kind of detailed documentation it would have needed to copy the Foxlink process," and that Flextronics had to develop a new manufacturing process to make the UP band. RX-2001C (Winters RWS) at Q/A 9-10. Consistent with this testimony is that Flextronics, in conjunction with Jawbone,

had to reverse engineer a UP band in order to develop a manufacturing process for the UP band. RX-1941 (Winters DWS) at Q/A 30. In reverse engineering the UP band, Flextronics was not merely seeking to replicate the Foxlink processes, but was seeking to "find better ways to assemble its UP product and optimize the manufacturing process alter[]" and "improve[]" the Foxlink processes. RX-2001C (Winters RWS) at Q/A 12; see also CX-2888C (Drydale DWS) at Q/A 30 ("[redacted]"); Tr. (Winters) at 1442:5-16, 1445:8-19.

Complainants' own expert admitted that she would not expect Flextronics to use the same process used by Foxlink. CX-2895C (Tulkoff DWS) at Q/A 33 ("I should note that different manufacturers have different capabilities, so no processes will be exactly the same between two different CMs."). Nor have Complainants attempted to establish that the process flow developed by Flextronics in conjunction with Jawbone uses the equipment and settings recited in the CX-0529C.

In short, Complainants have failed to show that Flextronics had access to the information concerning the settings and equipment set forth in CX-0529C. Accordingly, Complainants have failed to show that they "disclosed the trade secret to respondent while in a confidential relationship or that the respondent wrongfully took the trade secret by unfair means." *Copper Rod*, 1979 WL 4457810529C, at *19; *see also Crawler Cranes* at 34.

2. There is no circumstantial evidence that Jawbone information was used to accelerate development of Fitbit's manufacturing process.

Even after their expert conceded that the Fitbit manufacturing process did not incorporate equipment and manufacturing parameters from Jawbone's processes in any "visible" way, Tr. Tulkoff) at 1197:12-1198:25, Complainants argue that the information was used "to accelerate

the development, avoid problems, [and] to speed up development" of the Fitbit products. *Id.* There is no evidence of Jawbone's information being so used. When asked to identify instances where Fitbit product's development was "actually accelerated" through the use of Jawbone's trade secret information, Complainants' expert admitted that she was unaware of any "actual time savings specific to a product." *Id.* at 1255:25-1256:20.

Despite the testimony of their expert, Complainants argue that there is "strong circumstantial evidence that Flextronics used Jawbone's trade secrets for Fitbit." CIB at 105. In making this argument Complainants allege that Flextronics failed to segregate the staffing of the Jawbone project from that of the Fitbit project and that Flextronics's employees mishandled Jawbone's information. These allegations are irrelevant because Complainants fail to tie them to any actual use of Jawbone information.

Complainants argue that Flextronics breached an agreement [redacted]

Complainants fail to identify any misuse of Jawbone information. It cannot be assumed that because a former employee has been retained by a competitor that the former employee has improperly used or disclosed his or her former employer's confidential information. *Litton Sys. Inc. v. Sundstrand Corp. Eyeglasses*, 750 F.2d 952, 957 (Fed. Cir. 1984).[12] Similarly, it would

[12] For the reasons above, without evidence that information was misappropriated, whether Flextronics agreed to [redacted] is irrelevant. To the extent that the Commission deems it to be relevant, however, I find that Complainants failed to meet their burden of establishing its existence. The only fact witness asserting that Jawbone and Flextronics agreed to [redacted] is unable to recount the [redacted]. CX-2888C (Drysdale

be improper to assume without evidence that Flextronics employees, who were reassigned from a Jawbone project, used Jawbone's confidential information to assist Fitbit.

The only employee cross-staffed between Jawbone and Fitbit projects who Complainants allege disclosed Jawbone information to aid Fitbit is Harry Wind. Complainants cite two emails from Mr. Wind in which Mr. Wind "drew on his experience from Jawbone to provide input on Fitbit technical issues." CIB at 103. Mr. Wind's "experience" is not a Jawbone trade secret, even if his experience was gained on a Jawbone project. *See, e.g.*, Restatement § 42 cmt. d ("Information that forms the general skill, knowledge, training, and experience of an employee cannot be claimed as a trade secret by a former employer even when the information is directly attributable to an investment of resources by the employer in the employee."); *AMP Inc. v. Fleischhacker*, 823 F.2d 1199, 1202 (7th Cir.1987) ("One who has worked in a particular field cannot be compelled to erase from his mind all of the general skills, knowledge and expertise acquired through his experience.") (applying Illinois law) (internal citation and quotation marks omitted*), superceded by statute as stated in Pepsico, Inc. v. Redmond*, 54 F.3d 1262, 1268 (7th Cir. 1995) (noting that the statute codifying common law trade secret law does not "represent a major deviation from the Illinois common law of unfair trade practices"). In both instances, Mr. Wind was merely providing his general opinion regarding non-trade secret information. JX-0211C.0001 (recommending against using [redacted]); JX-0210C.0001 (recommending using [redacted]). Moreover, there is no evidence that the advice contained in these two emails aided the Fitbit project in any way.

DWS) at Q/A 39. There is no Jawbone or Flextronics document indicating [redacted]. I find it highly unlikely that Flextronics would have agreed to [redacted].

Complainants also point to a number of alleged breaches regarding the handling of Jawbone information by Flextronics employees. CIB at 96-100. Complainants, however, fail to tie the information allegedly mishandled to the alleged trade secrets and fail to allege that the information was used to aid Fitbit.

Similarly, Complainants' allege that Flextronics breached its agreement [redacted]. Because Complainants fail to demonstrate that the alleged concurrent cross-staffing led to a misappropriation of Jawbone information, these allegations are irrelevant. Moreover, there is no evidence that Flextronics improperly staffed employees on Jawbone and Fitbit projects at the same time.

Complainants allege that two Flextronics employees were concurrently assigned to both Jawbone and Fitbit projects, Mr. Wind and C.T. Toh. With regard to Mr. Wind, his *curriculum vitae* indicates that he was not concurrently cross-staffed on Jawbone and Fitbit projects. JX-0206C.0001. The only evidence that Complainants cite is an [redacted] email from Tom Chen. [redacted] JX-0206C.0001. Mr. Chen's email is not inconsistent with Mr. Wind being recently reassigned from the Jawbone project to the Fitbit project.

[redacted]

[redacted]

Finally, Complainants allege that "Flextronics employees used Jawbone confidential data for purposes which did not benefit Jawbone." CIB at 101. [redacted]

[redacted]

VII. Testing Trade Secret (Alleged Trade Secret No. 129)

As with alleged secret nos. 92 and 92-A, Complainants allege that Flextronics gained access to alleged trade secret no. 129 and used it to aid testing of the accused products. As with alleged trade secret nos. 92 and 92-A, Complainants have no evidence that the information comprising alleged trade secret no. 129 was misappropriated. Moreover, their theory of how such a misappropriation may have occurred is highly speculative.

Complainants assert that "Jawbone's specific tests, testing equipment and pass/fail criteria for manufacturing quality control of [Jawbone's] UP and UP24 products constitute a trade secret." CIB at 63. According to Complainants, "[t]he testing was created specifically by Jawbone to manufacture a robust, reliable product. Jawbone requires that its UP and UP24 products [redacted]." *Id.* at 63-64.

A. There is no evidence that Flextronics used alleged trade secret no. 129 to benefit Fitbit.

Flextronics tested the Fitbit and Jawbone products in the same laboratory. RX-1991C (Zebe RWS) Q/A 86. Complainants speculate that because the testing was performed in the same laboratory "[l]ab staff could readily see the differences between Jawbone's proprietary

tests and tests being conducted for Fitbit products and could make recommendations on how to improve testing protocols to their other customers based on what they saw on Jawbone's project." CIB at 102. Such speculation is not evidence.

Fitbit not Jawbone provided Flextronics with the testing procedures for Fitbit's products. CIB at 102 ("Each customer provided test procedures. . . ."); RX-1991C (Zebe RWS) Q/A 84. There is no evidence that Fitbit had access to Jawbone's testing procedures. Accordingly, Fitbit could not have used Jawbone's testing protocol to develop its testing procedures for its devices. Rather Complainants allege that "Flextronics would sometimes request changes to those tests" and that "[t]his indicates that potentially valuable information, such as shortening the duration of a test, could be transferred to other customers." CIB at 102. Complainants do not identify any changes or any instances of Flextronics recommending changes to Fitbit's testing procedures stemming from misuse of Jawbone information.

B. Complainants' theory of how an alleged misappropriation may have occurred is highly speculative.

Complainants' speculation that because Jawbone and Fitbit products were tested in the same facility "[l]ab staff could readily see the differences between Jawbone's proprietary tests and tests being conducted for Fitbit products and could make recommendations on how to improve testing protocols to their other customers based on what they saw on Jawbone's project," is based on a faulty premise. CIB at 102. The only document identified by Complainants' witnesses as reciting the testing procedures comprising alleged trade secret no. 129 is JX-0052C. CX-2895C (Tulkoff DWS) at Q/A 123-127; CX-2895C (Tulkoff DWS) at Q/A 124. JX-0052C is the "[redacted]." CX-2895C at Q/A 124. Flextronics never tested [redacted], however, and Complainants only allege that Flextronics

may have seen this document when providing a quote for the project. CX-2888C (Drysdale DWS) at Q/A 18. The product that Flextronics tested was [redacted].

Although it is thus undisputed that Flextronics never implemented the testing plan described in JX-0052, Complainants attempt to get around this by arguing that JX-0052C is an "exemplary document." CIB at 64. It is Complainants' burden to define the trade secret at issue. Restatement § 39 cmt. d; *MAI*, 991 F.2d at 522-23. As discussed above with respect to CX-0529C and alleged trade secrets nos. 92 and 92-A, Complainants cannot simply point to a large mass of information and ask that it be assumed that the alleged trade secret is somewhere within. The only document identified by Complainants' witnesses as describing the alleged trade secret is JX-0052C. Although Complainants identify a document listed in CX-1665C that relates to [redacted], this document does not appear to be in evidence. CIB at 64. For the foregoing reasons, I find that Complainants have not shown that Flextronics used or disclosed alleged trade secret no. 129 with respect to the accused Fitbit Products.

VIII. Domestic Industry

A. Applicable Law

Unfair practices in import trade are unlawful if the "threat or effect" is, *inter alia*, "to destroy or substantially injure an industry in the United States." 19 U.S.C. § 1337(a)(1)(A)(i). A complainant must establish a causal relationship between the unfair acts and the injury. *Certain Ink Markers*, Inv. No. 337-TA-522, Non-Final Initial Dermination, 2005 WL 2866049, at *27 (Jul. 25, 2005) (citations omitted), *unreviewed* Comm'n Notice (Sep. 8, 2005). The required showing can be made in a variety of ways, and the injury requirement also can be met by a showing of probable future injury. *Id.* However, the future injury cannot be speculative and must be "substantive and clearly foreseen." *Certain Digital Multimeters,* Inv. No. 337-TA-588

Initial Determination, 2010 WL 5642165, at *33 (Jan. 14, 2008) ("*Digital Multimeters*"). ("Additionally, the threatened injury must be 'substantive and clearly foreseen' and the complainant must show a causal connection between the respondent's unfair act and the alleged future injury."), *unreviewed* Comm'n Notice, 2010 WL 5642165, at *18-21 (Feb. 12, 2008).

B. Existence of Domestic Industry

In order to prove the existence of a domestic industry, Complainants rely on Jawbone's domestic investments in research and development and engineering that were presented through the direct witness statement of Dr. Kenneth Button (CX-3027C). CIB at 107-08. Neither Staff nor Respondents dispute that Complainants have an industry in the United States in the development of wearable activity trackers.

C. Substantial Threat of Future Injury

Jawbone's injury claims are based on the substantial threat of future injury. *See* CRB at 31-34; 43-44; 61-63.[13] Relying on the expert testimony of Dr. Neels, Complainants contend that the alleged misappropriation of trade secrets provided Fitbit with significant cost and time advantages, which gives Fitbit a cost advantage over Jawbone. CIB at 111-116. According to Dr. Neels, these advantages threaten injury to Jawbone because the two companies are competitors in the market for wearable activity trackers. CX-2898C (Neels DWS) at Q/A 79. Dr. Neels describes a "self-reinforcing cycle" that would benefit Fitbit at the expense of Jawbone, causing lost sales that would degrade Jawbone's ability to fund its investments in

[13] Complainants' initial post-hearing brief states that "Respondents' unfair acts have caused and threaten to cause substantial injury," but Jawbone does not cite any present or past injury. CIB at 106. Complainants' expert did not rely on any actual decline in Jawbone's research and development investments as a basis for his opinion on injury. Tr. (Neels) at 1026:14-1027:7; CIB at 115-16.

research and development. *Id.* Jawbone argues that the wearable activity tracking market is an emerging industry, which magnifies the threat of injury. CIB at 108-111. Complainants further argue that the there is a low threshold for injury under section 337. CIB at 106-07.

Respondents argue that Jawbone has failed to carry its burden to show that the alleged threat of injury is "substantial." RIB at 60-63. Staff agrees with Respondents that Jawbone's evidence falls short of the requirements to show a threat of substantial injury. SIB at 31-33. Dr. Neels admitted at the hearing that he did not assess the injury to Jawbone in quantitative terms. Tr. (Neels) at 1005:22-1007:20, 1014:2-9 ("My understanding was that in an ITC proceeding, one needs to establish the fact of injury, not to establish its measure. So I didn't establish its measure."). He did, however, opine that the injury was "substantial" because Fitbit and Jawbone were in direct competition in a market with a small number of products, and he understood that the alleged trade secrets were valuable. *Id.* at 1006:17-1007:20.

Recognizing that Dr. Neels provides little substantiation for the degree of injury, Complainants cite several cases where the Commission has found a low threshold for substantial injury under section 337. CIB at 107; CRB at 32-33. In these cases, however, the connection between the alleged unfair act and the domestic industry was more direct than it is here. In a typical section 337 investigation, the asserted intellectual property right is embodied in infringing products that are competing against domestic industry products, and the Commission has applied a liberal test for injury: "Where the unfair practice is the importation of products that infringe a domestic industry's . . . patent right, even a relatively small loss of sales may establish, under section 337(a), the requisite injury . . . ." *Bally/Midway Mfg. Co. v. U.S. Int'l Trade*

Comm'n, 714 F.2d 1117, 1124 (Fed.Cir.1983).[14] In this case, however, Complainants' case for injury is not based on a straightforward argument that the importation of infringing products will cause a loss of sales for domestic industry products. Complainants rely on a series of inferences to prove injury: (1) The alleged trade secrets provide "cost and time avoidance" for Fitbit that allows products to be released earlier than expected; (2) the earlier release and lower cost of Fitbit products will impact the sales of Jawbone products; and (3) the lower sales of Jawbone products will injure Jawbone's domestic investments in research and development.[15] Although Complainants offer conclusory expert testimony to support their arguments, there is no reliable evidence to support these inferences or to connect them to each other.

Dr. Neels alleges that the misappropriation of Jawbone's trade secrets provide cost and time advantages to Fitbit, but there is no way to determine whether these alleged advantages will impact sales of Jawbone's products, because he fails to quantify these advantages. CX-2898C at Q/A 79-84. Dr. Neels merely alleges that "Fitbit's use of this information *could* result in price erosion and *could* increase sales of Fitbit's products while decreasing sales of Jawbone's products." CX-2898C at Q/A 79 (emphasis added). This falls far short of the evidence

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[14] Prior to the 1988 amendments to Section 337, an injury requirement applied to all violations of Section 337, including patent infringement. *See TianRui*, 661 F.3d at 1335-37 (discussing 1988 amendments to Section 337). The amendment also changed the statutory language from "effect or tendency" to "threat or effect," but this was intended to codify the existing Commission practice without changing the standard for proving injury. H.R.Rep. No. 100-576 at 633 (Apr. 20, 1988) (reprinted in 1988 U.S.C.A.N. 1547).

[15] Complainants do not rely on the traditional *indicia* for determining whether a threat to substantially injure exists, which are predicated on a domestic industry based on manufacturing: (1) substantial foreign manufacturing capacity; (2) ability of imported product to undersell the domestic product; (3) explicit intention to enter into the U.S. market; (4) the inability of the domestic industry to compete with the foreign products because of vastly lower foreign costs of production and lower prices; and (5) the significant negative impact this would have on the domestic industry. *Rubber Resins*, 2014 WL 7497801, at *32.

considered in prior Commission decisions cited by Jawbone, where the complainants at least presented actual evidence regarding pricing, volume of imports, or lost sales. *See Certain Surveying Devices*, Inv. No. 337-TA-68, Comm'n Op., 0080 WL 594364, at *15-17 (Jul. 7, 1980) (finding injury to a domestic industry in the production of surveying products where there was a declining rate of sales and the complainant identified specific customers that had been lost to the respondent); *Certain Feathered Fur Coats,* Initial Determination, 0088 WL 1572173, at *7-9, *13-14 (May 1988) (excluding the foreign production of fur coats from the domestic industry and finding a tendency to injure based on "[s]ubstantial foreign cost advantages, underselling, production capacity, and demonstrated potential and intention to penetrate the United States market"); *Certain Minoxidil Powder*, Inv. No. 337-TA-267, Initial Determination, 1988 WL 582867, at *30 (Feb. 16, 1988) (finding "a *prima facie* showing of capacity, intent, and ability to penetrate the domestic market on the part of the respondents and others, with predictably injurious effect upon the domestic industry"); *Copper Rod*, 1979 WL 445781, *at 30 (1979) ("The evidence presented demonstrates the amount of profits and employment that were lost by Southwire due to the importation of the two Krupp systems.").

In Dr. Neels's witness statement, he identifies the retail prices for several Jawbone and Fitbit products, but he does not explain how any of these products compete with each other or how the sales of any specific Jawbone product are affected by the sales of any Fitbit product. CX-2898C at Q/A 43-70. Dr. Neels provides no opinion on how the pricing of any Fitbit product has been affected by the alleged misappropriation of any trade secret, or whether the release of any Fitbit product was accelerated because of the misappropriation of any trade secret. *Id.* He only speculates that this "could" happen and it "could" affect sales of Jawbone products. CX-2898C at Q/A 79.

In their reply brief, Complainants cite the Initial Determination in *Certain Optical Waveguide Fibers*, but in that investigation the administrative law judge found no tendency to substantially injure the domestic industry because the forecast for future importation of accused products was low, and "[a]ny further attempt to quantify such imports would be mere speculation." Inv. No. 337-TA-189 ("*Waveguide Fibers*"), Initial Determination, 1985 WL 303606, at *55 (Jan. 22, 1985). This finding was affirmed by the Commission, which cited the Federal Circuit precedent in *Textron*:[16] "*Textron* permits a lower quantum of proof for showing substantial injury or tendency to substantially injure in intellectual-property-based section 337 cases; it does not, however, permit speculation." *Waveguide Fibers*, Comm'n Op., 1985 WL 303610, at *9 (Apr. 19, 1985), *aff'd sub nom. Corning Glass Works v. U.S. Int'l Trade Comm'n*, 799 F.2d 1559 (Fed. Cir. 1986). Dr. Neels fails to provide any concrete projections regarding Fitbit's sales or Jawbone's lost sales, and any opinion regarding future injury is thus merely speculation.

Compounding Complainants' failure to tie Fitbit's alleged trade secret misappropriation to any decline in the sale of Jawbone's products, there is no evidence connecting Jawbone's sales to the alleged domestic industry in research and development. [redacted] Tr. at 677:18-22. Without some quantification of the effects of the

[16] In *Textron*, the Federal Circuit acknowledged that "the quantum of proof of injury is less in the context of patent, trademark, or copyright infringement," but nevertheless upheld a finding of no injury where the Commission found that the unfair acts "did not result in a substantial loss of sales." 753 F.2d at 1028-29.

alleged trade secret misappropriation, it is impossible to make the series of inferences necessary to determine whether there is any foreseeable impact on Jawbone's research and development expenditures.

An additional problem with Jawbone's evidence of injury is that Dr. Neels addressed all 38 trade secrets from the hearing collectively, breaking them down only into broad categories of "technological information," "manufacturing information," and "consumer research information." CX-2898C at Q/A 81-83. On cross-examination, he admitted that his "focus was on the entire set of trade secrets." Tr. at 1008:7-15. Dr. Neels specifically admitted that he had no specific opinion on the extent of injury that could be attributed to an individual trade secret. Tr. at 1009:4-1010:6. As discussed above, there has been no misappropriation of any trade secret, but even if Jawbone had proven misappropriation of the five asserted trade secrets, there is no way to decide on this record what specific injury is attributable to these trade secrets, and whether the injury is substantial.

Accordingly, even if there were misappropriation of any trade secret, there is no violation of section 337 because Jawbone has failed to prove a threat of substantial injury to a domestic industry.

IX. Remedy & Bonding

A. Limited Exclusion Order

Complainants seek a limited exclusion order covering Respondents' products that use or benefit from the alleged trade secrets. CIB at 116-118. The Commission has generally applied a rule that the duration of an exclusion order is "the time it would have taken to independently develop the trade secrets." *Rubber Resins*, 2014 WL 7497801, at *43. Complainants do not advocate for a strict application of this rule, however, contending that the asserted trade secrets

would take three to six years to develop but seeking an exclusion order of only one or two years as a "compromise." CIB at 117-118.

Alleged trade secret no. 98: The only trade secret that Jawbone alleges to be used in an accused product is [redacted] trade secret, and any exclusion order for the accused Laryon product should be based on the development time for this trade secret. Complainants argue that it would require four and half years for Respondents to independently develop [redacted] trade secret. CIB at 117 (citing CX-2896C (Jafari DWS) at Q/A 103). Fitbit contends that the proper timeframe is a few weeks, corresponding to the length of time it took Amphenol to design [redacted] for the Laryon prototype. RIB at 77 (citing RX-1547C (Bowen WS) at Q/A 100-104; RX-2089C at 1-8). Complainants' position is unsupported by any evidence. Dr. Jafari estimated an independent development time of 4.5 years for a group of trade secrets related to the UP, UP24, UP2, UP3, and UP4. CX-2896C (Jafari DWS) at Q/A 103. None of these products, however, uses [redacted], and Jawbone cites no evidence supporting a timeframe specific to the development of alleged trade secret no. 98. Complainants argue that the timeframe for a third-party's design of [redacted] does not reflect the development time for trade secret no. 98, but this is the only reliable evidence in the record regarding the time required for the development of antenna technology. Accordingly, if the Commission finds a violation based on misappropriation of trade secret no. 98, I recommend a limited exclusion order of one month for the Laryon product.

Alleged trade secret no. 128: Complainants allege that it would take six years to independently develop its trade secret regarding vendor contacts. CIB at 117-118. Respondents argue that it would only take a few hours to compile this information. RIB at 76; RRB at 66-68. The time for independent development is irrelevant regarding this trade secret, because Fitbit did

not actually use any of these vendors for any accused product. Even if it were true that Jawbone took several years to gain experience working with the vendors identified in Ms. Weiden's emails, it would be unfair to exclude products based on this timeframe when none of those vendors were used in the design or manufacture of the excluded products. In this circumstance, the more appropriate duration for an exclusion order would be the time advantage that Fitbit gained as a result of the alleged trade secret misappropriation.[17] As discussed above, however, Jawbone provided no quantification for this time advantage and Jawbone's expert on injury failed to provide a separate discussion of trade secret no. 128. *See* CX-2898C (Neels DWS) at Q/A 79. Fitbit's contention that it would take only take a few hours to search the internet for vendor information is a more reliable estimate of the actual time advantage that Fitbit gained from the vendor information that Jawbone alleges was misappropriated, because Ms. Weiden may have saved a few hours by relying on the information in her emails rather than searching for publicly available vendors. Given the trivial impact of excluding products for a few hours, I recommend no exclusion order if the Commission finds a violation based only upon misappropriation of trade secret no. 128.

Alleged trade secret nos. 92, 92-A, and 129: Relying on the testimony of Ms. Tulkoff, Complainants allege that it would take three years to independently develop alleged trade secret

[17] This would be consistent with the Commission's approach in *Certain Processes for the Manufacture of Skinless Sausage Casings and Resulting Product*, where the duration of an exclusion order was determined by considering the impact of the trade secrets on "the entire machine, system, or set of standards." Inv. No. 337-TA-148/169, Comm'n Op. at 19, USITC Pub. No. 1624, 1984 WL 273326, *11 (Dec. 1984), *aff'd by Viscofan, S.A. v. U.S. Int'l Trade Comm'n*, 787 F.2d 544, 550 (Fed. Cir. 1986) ("The Commission concluded that in the circumstances of this case the basis for determining the development time was the time it would have taken Viscofan to create the manufacturing processes involving the misappropriated trade secrets and not, as Viscofan urged, the time it would have required Viscofan to discover each particular trade secret independently and without regard to the total process.").

nos. 92 and 129, and five years to develop alleged trade secret no. 92-A. CX-2895C (Tulkoff DWS) at Q/A 131-132. Respondents offer rebuttal testimony from Dr. Scott explaining that alleged trade secret nos. 92 and 92-A could be independently developed in three to five months. RX-1558C (Scott RWS) at Q/A 170. Dr. Paradiso testified that alleged trade secret no. 129 could be independently developed in one to two weeks. RX-1557C (Paradiso WS) at Q/A 148. As discussed above, an independent development time is not the appropriate duration for an exclusion order with respect to these trade secrets because the products that Jawbone seeks to exclude are not alleged to have been manufactured or tested using any of these trade secrets. The duration of an exclusion order should be limited to the time advantage that Respondents gained as a result of the alleged trade secret misappropriation. As with alleged trade secret no. 128, Jawbone has not specified the length of any alleged time advantage, although that is the basis for its claim of injury. *See* CX-2898C (Neels DWS) at Q/A 79-84. As discussed in the substantive discussion of these trade secrets, *supra*, the only evidence that Jawbone's alleged trade secrets may have impacted the manufacture of a Fitbit product are internal discussions and suggestions regarding manufacturing techniques that were not actually used to make any Fitbit product. To the extent that this resulted in any time savings in the manufacturing of those products, the benefit is likely on the order of a few weeks, consistent with Dr. Paradiso's testimony about the timeframe for developing testing parameters. *See* RX-1557C (Paradiso RWS) at Q/A 148. If the Commission finds a violation based on misappropriation of trade secret nos. 92, 92-A, or 129, I recommend a limited exclusion order of no more than two weeks for any products found to have benefited from the misappropriation.

B. Cease and Desist Order

The Commission may, in *lieu* of or in addition to an exclusion order, issue a cease and desist order directing persons found to have violated section 337 "to cease and desist from engaging in the unfair methods or acts involved." 19 U.S.C. § 1337(f)(1). Cease and desist orders "are generally issued when there is a 'commercially significant' amount of infringing, imported product in the United States that could be sold by an infringing respondent thereby resulting in evasion of the remedy provided by the exclusion order." *Certain Optoelectronic Devices for Fiber Optic Commc'ns*, Inv. No. 337-TA-860, Comm'n Op. ("*Optoelectronic Devices*") at 36 (May 9, 2014).

Jawbone and Fitbit entered into stipulations regarding Fitbit's importation and inventory of products, and Fitbit does not dispute that this inventory is significant for its commercial products. Stipulation of Material Facts Relating to Importation and Inventory (Feb. 4, 2016), Ex. A (inventories of Fitbit Surge, Charge, and Charge HR); Stipulation of Material Facts Relating to Importation and Inventory (May 3, 2016), Ex. A (inventory of Fitbit Blaze); RRB at 72. With respect to trade secret nos. 98 and 128, the only accused product is a prototype, and there is no significant inventory. Stipulation of Material Facts Relating to Importation and Inventory (May 3, 2016). If the Commission finds a violation based on trade secret nos. 92, 92-A, or 129, a cease and desist order would be appropriate, and I recommend that the duration of such an order be the same as that of any exclusion order.

C. Bonding

If the Commission decides to enter remedial orders, the affected articles still are entitled to entry under bond during the 60-day Presidential review period. 19 U.S.C. § 1337(j)(3). Commission Rule 210.50(a)(3) specifies that the amount of a bond must be "sufficient to protect

the complainant from any injury." 19 C.F.R. § 210.50(a)(3). The Commission has set the bond based on the price difference between the infringing imports and the domestic industry products or on a reasonable royalty the respondent would otherwise pay to the complainant. *See Certain Inkjet Ink Supplies*, Inv. No. 337-TA-691, Comm'n Op., 2011 WL 7464367, at *16 (Nov. 1, 2011). "Where there is neither information on the price of the subject merchandise nor information which would allow one to determine a reasonable royalty, the Commission has set the bond at 100% of the entered value of the imported infringing products." *Id.*

Complainants argue for a 100% bond because the competing Jawbone and Fitbit products at issue are multi-attribute differentiated products, and a price comparison is impractical. CIB at 122. Respondents and Staff maintain that no bond should be required, because Complainants have failed to show the need for a bond. RIB at 79-80; SIB at 72-73. I agree that Complainants have not made the necessary showing that a bond would be needed in these circumstances, and I therefore recommend that none be imposed. *See Certain Rubber Antidegradants*, Inv. No. 337-TA-533, Comm'n Op., 2008 WL 1727623, at *25 (Apr. 1, 2008) (noting that "the complainant has the burden of supporting any proposition it advances, including the amount of the bond."), *vacated in part on other grounds sub nom. Sinorgchem Co. v. Int'l Trade Comm'n*, 511 F.3d 1132 (Fed. Cir. 2007). Complainants have not demonstrated that a price comparison is impossible. The record evidence shows that Fitbit's pricing is generally greater than or equal to Jawbone's. RX-1943C (Mody RWS) at Q/A 91, *see also* CX-2898C (Neels DWS) at Q/A 43-70. In these circumstances, there is no danger that Jawbone will be injured by the sale of Fitbit products during the 60-day Presidential review period, and thus no bond is necessary.

X. INITIAL DETERMINATION

Based on the foregoing, and the record as a whole, it is my Final Initial Determination that there is no violation 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/or the sale within the United States after importation of certain activity tracking devices, systems, and components thereof. I hereby certify the record in this Investigation to the Commission with my Final Initial Determination. Pursuant to Commission Rule 210.38, the record further comprises the Complaint and exhibits thereto filed with the Secretary, the *Markman* order, and the exhibits attached to Complainants' summary determination motion and the Staff's response thereto. 19 C.F.R. § 210.38(a).

Pursuant to Commission Rule 210.42(c), this Initial Determination shall become the determination of the Commission 45 days after the service thereof, unless a party files a petition for review pursuant to Commission Rule 210.43(a), the Commission orders its own review pursuant to Commission Rule 210.44, or the Commission changes the effective date of the initial determination. 19 C.F.R. § 210.42(h)(6).

Within ten (10) days of the date of this Initial Determination, each party shall submit to the Administrative Law Judge a statement as to whether or not it seeks to have any portion of this document deleted from the public version. *See* 19 C.F.R. § 210.5(f). A party seeking to have a portion of the order deleted from the public version thereof must attach to its submission a copy of the order with red brackets indicating the portion(s) asserted to contain confidential business information.[18] The parties' submissions under this subsection need not be filed with the

[18] To avoid depriving the public of the basis for understanding the result and reasoning underlying the decision, redactions should be limited. Parties who submit excessive redactions

Commission Secretary but shall be submitted by paper copy to the Administrative Law Judge and by e-mail to the Administrative Law Judge's attorney advisor.

SO ORDERED.

Dee Lord

Dee Lord
Administrative Law Judge

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may be required to provide an additional written statement, supported by declarations from individuals with personal knowledge, justifying each proposed redaction and specifically explaining why the information sought to be redacted meets the definition for confidential business information set forth in Commission Rule 201.6(a). 19 C.F.R. § 201.6(a).

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **INITIAL DETERMINATION** has been served by hand upon the Commission Investigative Attorney, **Peter Sawert, Esq.**, and the following parties as indicated, on **September 22, 2016**

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

On Behalf of Complainants AliphCom d/b/a Jawbone & BodyMedia, Inc.:

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On Behalf of Respondents Flextronics International Inc. & Flextronics Sales & Marketing (A-P) Ltd.:

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of **CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF**	**Investigation No. 337-TA-963**

NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW AN INITIAL DETERMINATION GRANTING RESPONDENTS' MOTION FOR SUMMARY DETERMINATION THAT CERTAIN ASSERTED CLAIMS ARE DIRECTED TO INELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 54) of the presiding administrative law judge ("ALJ") granting a motion for summary determination that the asserted claims of U.S. Patent Nos. 8,961,413 ("the '413 patent) and 8,073,707 ("the '707 patent") are directed to ineligible subject matter under 35 U.S.C. § 101.

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 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 Inv. No. 337-TA-963 on August 21, 2015, based on a complaint filed by AliphCom d/b/a Jawbone of San Francisco, California and BodyMedia, Inc. of Pittsburgh, Pennsylvania (collectively, "Jawbone"). 80 *Fed. Reg.* 50870-71 (Aug. 21, 2015). 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 activity tracking devices, systems, and components thereof by reason of infringement of certain claims of

U.S. Patent No. 8,529,811 (subsequently terminated from the investigation); U.S. Patent No. 8,398,546 (subsequently terminated from the investigation); U.S. Patent No. 8,793,522 (subsequently terminated from the investigation); U.S. Patent No. 8,446,275 (subsequently terminated from the investigation); the '413 patent; and the '707 patent. The complaint further alleges misappropriation of trade secrets, the threat or effect of which is to destroy or substantially injure an industry in the United States. The notice of investigation named the following respondents: Fitbit, Inc. of San Francisco, California; Flextronics International Ltd. of San Jose, California; and Flextronics Sales & Marketing (A–P) Ltd. of Port Louis, Mauritius (collectively, "Fitbit"). The Office of Unfair Import Investigations ("OUII") is a party to the investigation.

On March 11, 2016, Fitbit filed a motion for summary determination that the '413 and '707 patents are directed to ineligible subject matter under 35 U.S.C. § 101. On March 23, 2016, Jawbone filed an opposition to the motion. That same day, the Commission investigative attorney ("IA") filed an opposition to the motion as to the '413 patent. On March 28, 2016, Fitbit filed a reply.

On April 27, 2016, the ALJ issued the subject ID (Order No. 54) granting Fitbit's motion for summary determination that the '413 and '707 patents are directed to ineligible subject matter under 35 U.S.C. § 101. The ID found there was no genuine issue of material fact in dispute as to the asserted claims of '413 and '707 patents. On May 5, 2016, Jawbone petitioned for review of the ID. On May 12, 2016, Fitbit filed an opposition to Jawbone's petition. On May 20, 2016, the IA filed an opposition to Jawbone's petition (the Commission granted the IA's motion for extension of time to file its response).

Having examined the record of this investigation, including the subject ID and the submissions of the parties, the Commission has determined not to review the ID.

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.

Lisa R. Barton
Secretary to the Commission

Issued: June 2, 2016

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, **Peter J. Sawert, Esq.**, and the following parties as indicated, on **June 3, 2016.**

Lisa R. Barton, Secretary
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On Behalf of Respondent Fitbit, Inc. :

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of	Inv. No. 337-TA-963
CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF	

ORDER NO. 54: INITIAL DETERMINATION GRANTING RESPONDENTS' MOTION FOR SUMMARY DETERMINATION THAT THE '413 AND '707 PATENTS ARE DIRECTED TO INELIGIBLE SUBJECT MATTER

(April 27, 2016)

I. INTRODUCTION

A. Procedural Summary

On March 16, 2016, Respondents Fitbit, Inc. ("Fitbit"), Flextronics International Ltd. and Flextronics Sales & Marketing (A-P) Ltd. (Flextronics") (collectively, "Fitbit") filed a motion for summary determination that U.S. Patent Nos. 8,961,413 (the "'413 patent") and 8,073,707 (the "'707 patent") are directed to ineligible subject matter under 35 U.S.C. § 101 (the "motion"). Motion Docket No. 963-047.[1] On March 23, 2016, Complainants AliphCom d/b/a/ Jawbone and BodyMedia, Inc. (collectively, "Jawbone") filed their opposition. On the same date, Commission Investigative Staff ("Staff") filed its response. On March 28, 2016, Fitbit filed a reply brief.

In a related development, on April 4, 2016, the Commission reviewed and affirmed with modification Order No. 40, which terminated U.S. Patent Nos. 8,398,546 (the "'546 patent") and 8,446,275 (the "'275 patent") from this Investigation. Notice of Commission Determination (1)

[1] On March 11, 2016, Fitbit filed an unopposed motion for leave to file its summary determination motions out of time, which was granted pursuant to Order No. 43.

to Review an Initial Determination Granting Respondents' Motion for Summary Determination that Certain Asserted Claims are Directed to Ineligible Subject Matter Under 35 U.S.C. § 101; and (2) on Review to Affirm the Initial Determination with Modification, Inv. No. 337-TA-963 (Apr. 4, 2016) ("Notice") at 2.[2]

B. Introduction and Overview

The patents subject to the instant motion and the '546 patent, which was found to be ineligible in Order No. 40, are in the same patent family and claim priority as direct or indirect continuations or continuations in parts to U.S. Patent No. 7,689,437.[3] The '413 patent covers sleep monitoring, as opposed to weight monitoring, the subject of the '546 patent.[4] The '707 patent adds an output step to the generic version of the computerized system using sensors for monitoring health and wellness data that is described in the other patents. Identical portions of the specification of the '707 and '413 patents describe this system. *See* '707 patent at 4:20-20:55; '413 patent at 4:14-20:54.

The claims of the '413 and '707 patents seek a monopoly on the abstract ideas of collecting and monitoring sleep and other health-related data, and are therefore ineligible under section 101. No innovative concept is claimed in either patent. Specifically with respect to systems for organizing human activity, the courts have determined that a patent is not eligible

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[2] In reviewing Order No. 40, the Commission recognized that "the law remains unsettled as to whether the presumption of patent validity under 35 U.S.C. § 282 applies to subject matter eligibility challenges under 35 U.S.C. § 101." Notice at 2. In other respects, Order No. 40 was affirmed.

[3] Although not genealogically related to the '707, '413, and '546 patents, the subject matter disclosed and claimed by the '275 patent, which was also found ineligible in Order No. 40, is closely related to that of the other patents.

[4] The '707 patent is attached to the motion as Exhibit 1; the '413 patent was later attached as Corrected Exhibit 2.

when it claims the use of computer technology to accomplish tasks that were in the past performed by human beings. *See Alice*, 134 S. Ct. at 2356. "[M]ethods which can be performed mentally, or which are the equivalent of human mental work, are unpatentable abstract ideas ...." *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011). Granting a patent on an abstract idea would improperly tie up the "building blocks of human ingenuity." *Alice*, 134 S. Ct. at 2354 (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1301 (2012) (citing *O'Reilly v. Morse*, 15 How. 62, 113 (1954)).

C. Background

1. '413 patent

The '413 patent is entitled "Wireless Communications Device and Personal Monitor." '413 Patent at Cover. Jawbone asserts claims 1, 2, 3, 9, 11 and 12 of the '413 patent.[5]

Asserted claim 1 of the '413 patent is an independent claim from which the other asserted claims depend. It states:

> 1. A system for monitoring and reporting a human status parameter of an individual, said system comprising:
>
> a. a sole, unitary housing configured to be removably mounted on said individual's body;
>
> b. a first physiological sensor which automatically generates a first electronic sensor signal representative of a first physiological parameter of said individual, said sensor mounted within said housing;
>
> c. a second sensor, mounted within said housing, which automatically generates a second electronic sensor signal representative of at least one of a contextual and a second physiological parameter of said individual;
>
> d. a processing unit, mounted within said housing and in electronic communication with said sensors to receive said first and second electronic output signal representative of said individual's sleep-related analytical status data from at least one of said first and second electronic

[5] Claims 5, 7, and 8 of the '413 patent were withdrawn. *See* Order No. 32; Order No. 53.

sensor signals, wherein the sleep-related analytical status data includes sleep onset and wake information that is derived from the at least one of said first and second electronic sensor signals; and

e. a transceiver unit, mounted within said housing and in electronic communication with said processing unit which receives said electronic output signal from said processing unit, said transceiver unit generating an electronic transmission output signal for reception by another device.

'413 patent at 26:17-45.

The '413 patent describes the invention as "a wireless communications device, such as a cellular telephone, having sensors to generate data indicative of a physiological or contextual parameters [sic] of a user." *Id.* at Abstract. "A processor on the wireless communications device is adapted [to] derive physiological state information of the user from the contextual or physiological parameters. The apparatus may include a central monitoring unit remote from the sensors for storing data and transmitting data to a recipient." *Id.* As noted above, the system for collecting and manipulating data is described identically in the specifications of both the '413 and '707 patents. The drawings that illustrate the system also are the same in both patents. *See* '413 patent, '707 patent, Figs. 1-11. Additional figures in the '413 patent show various aspects of the sensor device. *Id.* at 3:61-4:12.

The '413 patent describes several alternative embodiments. One alternative embodiment discloses "a housing adapted to be worn on the individual's body, wherein the housing supports the sensors or wherein at least one of the sensors is separately located from the housing." *Id.* at 2:40-44. The apparatus, the patent states, may include a central monitoring unit remote from the sensors that includes a data storage device which "receives the derived data from the processor and retrievably stores the derived data therein." *Id.* at 2:52-56. The apparatus includes means for transmitting the information to a recipient or third party. *Id.* at 2:56-60. Other adaptations of

the apparatus may collect data on the individual's life activities, provide feedback to a recipient, and make suggestions for modifying the individual's behavior. *Id.* at 2:64-3:12.

The '413 patent says the processor "may be a microprocessor, a microcontroller, or any other processing device that can be adapted to perform the functionality described herein." *Id.* at 24:1-4. The patent describes how the generic microprocessor functions in combination with other generic components, such as accelerometers, amplifiers, receivers, antennae, transceivers, vibrating motors, heart rate monitors, drivers, switches, rechargeable batteries and flash memory. *Id.* at 24:4-25:40.

2. The '707 patent

Jawbone asserts claims 23 and 24 of the '707 patent.[6] Each of those claims incorporates the system of claim 1. Claim 1 is an independent claim from which the other claims in the patent depend. Claim 1 states:

> A system for detecting, monitoring, and reporting a status of an individual to a user, the system comprising:
>
> a first sensor adapted to generate data indicative of a first physiological parameter of the individual if said first sensor is in proximity to the individual;
>
> a second sensor adapted to generate data indicative of a second physiological parameter of the individual if said second sensor is in proximity to the individual;
>
> a processing unit in electronic communication with said first sensor and said second sensor;
>
> a central monitoring unit in electronic communication with at least one of said sensors and said processing unit; and
>
> an output device in electronic communication with at least one of said processing unit and said central monitoring unit, wherein at least

[6] Claim 19 of the '707 patent was withdrawn from the Investigation. *See* Order No. 53.

> one of said processing unit and said central monitoring unit is programmed
>
> (a) to generate at least one of a derived physiological status parameter of the individual and a derived parameter related to an activity in which the individual has engaged said derived parameters based on both of said data indicative of said first physiological parameter of the individual and (ii) said data indicative of said second physiological parameter of the individual, and
>
> (b) to cause said output device to present to a user indicators of at least one of said derived parameters of the individual in relation to indicators of a least one of said derived parameters of the individual in relation to indicators of at least one of (i) said data indicative of said first physiological parameter of the individual, and (ii) said data indicative of said second physiological parameter of the individual.

'707 patent at 21:1-31.

The '707 patent discloses a system "for monitoring health, wellness and fitness" and making data from the system available to the individual, "preferably over an electronic network." *Id.* at 1:15-16, 20-21. The system's parts are a sensor device, a central monitoring unit ("CMU"), means for establishing electronic communication between the sensor device and the CMU, and means for transmitting the data to a recipient, such as the individual user. *Id.* at 1:59-2:17. "The central monitoring unit may be adapted to generate one or more web pages containing the data indicative of one or more physiological parameters, the derived data, and/or the analytical status data," which may be communicated electronically or by physical means. *Id.* at 2:43-52. The system "may also obtain life activities data" and "contextual parameters of the individual," and disclose "the degree to which an individual has followed a suggested routine." *Id.* at 2:43-54, 56-57, 61-62. "The suggested routine may include a plurality of categories, wherein the feedback is generated and provided with respect to each of the categories. Examples of the categories include nutrition, activity level, mind centering, sleep, and daily activities." *Id.* at 3:33-38.

The patent states that "[m]ethods for generating data indicative of various physiological parameters and sensors to be used therefor are well known." *Id.* at 4:60-63. The patent recites that the microprocessor is programmed to derive information using "known methods." *Id.* at 6:43-47. Any form of processor may be used, "such as a microcontroller, or any other device that can be programmed to perform the functionality described herein." *Id.* at 7:55-57.

The data collected can be stored in memory and uploaded "in various ways," *Id.* at 8:34-35, to a personal computer "or any computing device that has access to and that can transmit and receive data through the electronic network." *Id.* at 8:54-57. Once the data is received, "it is optionally compressed and encrypted by any one of a variety of well known methods and then sent out over a local or global electronic network, preferably the Internet," to the CMU or to a wireless device. *Id.* at 8:50-54, 8:60-62.

The electronic components of the system are off-the-shelf items available for purchase, such as "the F5 ServerIron product sold by Foundry Networks, Inc. of San Jose, Calif.;" *id.* at 10:61-65; a storage area network device such as "the Symmetrix load balancer sold by EMC Corporation of Hopkinton, Mass," *id.* at 11:3-10; a software server component such as "the 8/8i component sold by Oracle Corporation of Redwood City, Calif., or the 506.7 component sold by Microsoft Corporation of Redmond, Wash.," *id.* at 11:15-20; and middleware servers such as the "22OR Dual processor sold by Sun Microsystems, Inc., of Palo Alto, Calif.," *id.* at 11: 27-31. The patent specifies other aspects of the system, none of which is identified as an advance over existing technology. *See, e.g.*, *id.* at 12:59-60 (referring to "part of a write-through cache system which is well known in the art"); *id.* at 13:3-5 ("The chosen middleware server authenticates the user using any one of many well known methods.").

The specification describes the system for collecting, tracking, and communicating a multitude of data points about an individual. Thus:

> The specific information to be surveyed may include: key individual temperamental characteristics, including activity level, regularity of eating, sleeping, and bowel habits, initial response to situations, adaptability, persistence, threshold of responsiveness, intensity of reaction, and quality of mood; the user's level of independent functioning, i.e., self-organization and management, socialization, memory, and academic achievement skills; the user's level of arousal, cognitive tempo, ability to filter distractions, vigilance, and self-monitoring; the user's current health status including current weight, height, and blood pressure, most recent general physician visit, gynecological exam, and other applicable physician/healthcare contacts, current medications and supplements, allergies, and a review of current symptoms and/or health-related behaviors; the user's past health history, i.e., illnesses/surgeries, family history, and social stress events, such as divorce or loss of a job, that have required adjustment by the individual; the user's beliefs, values and opinions about health priorities, their ability to alter their behavior and, what might contribute to stress in their life, and how they manage it; the user's degrees of self-awareness, empathy, empowerment, and self-esteem, and the user's current daily routines for eating, sleeping, exercise, relaxation and completing activities of daily living; and the user's perception of the temperamental characteristics of two key persons in their life, for example, their spouse, a friend, a co-worker, or their boss, and whether there are clashes present in their relationships that might interfere with a healthy lifestyle or contribute to stress.

Id. at 14:3-33.

The system includes various web pages, which are described in the specification: the Health Manager web page is the "main workspace." The Health Manager web page provides data about the user. *See Id.* at 14:37-47. This "analytical status data" is converted "by the application of certain utilities or algorithms" into "calculated health, wellness and lifestyle indicators." *Id.* at 14:47-54. Targets are set and feedback is given to the user on various web pages based on the data the user puts into the system and the data collected by the sensors. *Id.* at 15:26-20:55.

II. DISCUSSION

A. The Issue Is Ripe for Summary Determination.

Commission Rule 210.18 governing summary determination states, in part:

> The determination sought by the moving party shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.

19 C.F.R. § 210.18(b).

By analogy to Fed. R. Civ. P. 56 (a), in deciding whether to grant summary determination, the evidence "must be viewed in the light most favorable to the party opposing the motion ...with doubts resolved in favor of the nonmovant." *Crown Operations Int'l, Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1375 (Fed. Cir. 2002) (citations omitted); *see also Xerox Corp. v. 3Com Corp.*, 267 F.3d 1361, 1364 (Fed. Cir. 2001) ("When ruling on a motion for summary judgment, all of the nonmovant's evidence is to be credited, and all justifiable inferences are to be drawn in the nonmovant's favor."). The trier of fact should "assure itself that there is no reasonable version of the facts, on the summary judgment record, whereby the nonmovant could prevail, recognizing that the purpose of summary judgment is not to deprive a litigant of a fair hearing, but to avoid an unnecessary trial." *EMI Group N. Am., Inc. v. Intel Corp.*, 157 F.3d 887, 891 (Fed. Cir. 1998) (citations omitted). "In other words, '[s]ummary judgment is authorized when it is quite clear what the truth is,', and the law requires judgment in favor of the movant based upon facts not in genuine dispute." *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1185 (Fed. Cir. 1993) (citations omitted).

Jawbone asserts that summary determination is inappropriate because there is a dispute between the parties' experts as to whether the claims of the '413 and '707 patents include a technologically innovative concept, but unsupported experts' opinions do not create facts

sufficient to withstand a motion under Rule 56.[7] Patent eligibility under 35 U.S.C. § 101 is a question of law. *Genetic Technologies Ltd. v. Merial L.L.C.*, Nos. 2015-1202, 2015-1203, 2016 WL 1393573, at *3 (Fed. Cir. Apr. 8, 2016); *see Mortgage Grader, Inc. v. First Choice Loan Servs., Inc.*, No. 2015-1415, 2016 WL 362415 at *8 (Fed. Cir. Jan. 20, 2016) (affirming summary judgment under section 101 where the district court relied solely on the claims and specification.) Ineligibility in *Alice*, for example, was decided on a motion for summary judgment. *See* 134 S. Ct. at 2353. Given the absence of any genuinely disputed issue of material fact, this matter is suitable for summary determination.

B. Burden of Proof

"[T]he law remains unsettled as to whether the presumption of patent validity under 35 U.S.C. § 282 applies to subject matter eligibility challenges under 35 U.S.C. § 101." Notice at 2. In its Notice, the Commission held that: "Regardless of whether or not such a presumption applies, the record here warrants a finding that the asserted patent claims are directed to ineligible subject matter." *Id.* The same is true with regard to the instant motion – even under a clear and convincing burden of proof, the patents in issue claim ineligible subject matter.[8]

[7] In this case Jawbone's expert, Dr. Rhyne, presents no facts in support of his bare opinion echoing the arguments of Jawbone's counsel. *See* Opp. Ex. D. "A party cannot create a genuine issue of fact merely by presenting an expert witness who is willing to express an unsupported opinion that favors the party's position." *Porter v. Whitehall Laboratories, Inc.*, 791 F. Supp. 1335, 1347 (S.D. Ind. 1992) (citing *Merit Motors, Inc. v. Chrysler Corp.*, 569 F.2d 666, 673 (D.C. Cir. 1977). "Without factual support, opinions are no more probative than the conclusory allegations of a party's pleading." *Id.* (citing *Evers v. General Motors Corp.*, 770 F.2d 984, 986 (11th Cir. 1985)).

[8] For the reasons discussed below, I do not agree with Staff that the eligibility of the '413 patent is a close question. Under even the most generous view of the law, it is clear that the patent is ineligible.

C. Section 101 – Ineligible Subject Matter

Section 101 of the Patent Act sets forth four categories of patentable inventions, stating: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title." 35 U.S.C. §101. *Intellectual Ventures*, 792 F.3d at 1366. The Supreme Court has recognized three exceptions to section 101, holding ineligible for patenting "'[l]aws of nature, physical phenomena, and abstract ideas.'" *Ultramercial*, 772 F.3d at 714 (quoting *Alice*, 134 S. Ct. at 2354). "Patents that merely claim well-established, fundamental concepts fall within the category of abstract ideas." *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.,* 558 Fed. Appx. 988, 991 (Fed. Cir. 2014) (citing *Bilski v. Kappos*, 561 U.S. 593, 611-12 (2010)).

An invention, however, "is not rendered ineligible for patent simply because it involves an abstract concept." *Alice*, 134 S. Ct. at 2354 (citing *Diehr*, 450 U.S. at 187). The courts have recognized that "'[a]t some level,' all inventions . . . embody, use reflect, rest upon, or apply laws of nature, natural phenomena or abstract ideas.'" *Ultramercial*, 772 F.3d at 715 (quoting *Alice*, 134 S. Ct. at 2354) (quoting *Mayo,* 132 S. Ct. at 1293).

To identify claims that are ineligible, the Supreme Court has articulated a two-step test. *Genetic Technologies*, 2016 WL 1393573 at *4. In the first step, the court must decide whether a patent is drawn to an abstract idea. *Id.* (citing *Alice*, 134 S. Ct. at 2355) (citing *Mayo*, 132 S. Ct. at 1296-97). If the patent claims an abstract idea, the court in the second step seeks to identify an "'inventive concept' sufficient to 'transform' the claimed abstract idea into patent-eligible subject matter." *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1294, 1298). The claim limitations must disclose additional features indicating more than "well-understood, routine, conventional activity." *Mayo*, 132 S. Ct. at 1292. The limitations must "'narrow, confine, or

otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.'" *Cyberfone*, 558 Fed. Appx. at 992 (quoting *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 2871 (Jun. 30, 2014)).

Configuring a standard, computerized system to implement an abstract idea does not make the configuration patent-eligible. Manipulation of abstractions on a computer "'cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances.'" *Ultramercial,* 772 F.3d at 717 (quoting *Bilski*, 545 F.3d at 963); *see also Bancorp Services, LLC v. Sun Life Assur. Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012), *cert. denied*, 134 S. Ct. 2870 (2014) ("[A]dding a 'computer aided' limitation to a claim covering an abstract concept, without more, is insufficient to render the claim patent eligible.'") (quoting *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). The use of sensors does not render such a system patent-eligible. "[M]onitoring, recording, and inputting information represent insignificant "'data-gathering steps,'" and "thus add nothing of practical significance to the underlying abstract idea." *Wireless Media*, 100 F. Supp.3d at 416 (quoting *CyberSource*, 654 F.3d at 1370); *see also OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1364 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (Dec. 14, 2015) (invalidating patent implementing the abstract idea of price optimization on a generic computer).

D. The Patents at Issue Seek Protection of an Abstract Idea.

1. The '413 patent

Step One: Claim 1 of the '413 patent describes steps and means for collecting and recording information about an individual's sleep status using conventional electronic components housed in a wearable device. Utilizing conventional electronic devices to obtain and manipulate sleep-related data of an individual is an abstract idea bereft of any innovative

technological concept and, as such, cannot be monopolized by Jawbone. This type of information can be and has been collected and recorded by human minds and hands. "The abstract-idea exception precludes patents that 'would pre-empt use of [a particular] approach in all fields, and would effectively grant a monopoly over an abstract idea." *Wireless Media*, 100 F. Supp.3d at 412 (citing *Bilski*, 561 U.S. at 611-12). The '413 patent, like other "methods of organizing human activity" that collect and manipulate data using a general-purpose computer, discloses an abstract idea "directed towards ineligible subject-matter." *Intellectual Ventures*, 792 F.3d at 1367-68. *See Alice,* 134 S. Ct. at 2356 (noting that the concept of risk hedging and intermediated settlement are methods of "organizing human activity.")

In *Intellectual Ventures*, for example, the patent claims were "directed to an abstract idea: tracking financial transactions to determine whether they exceed a pre-set spending limit (*i.e.*, budgeting). 792 F.3d at 1367. The Federal Circuit found that "budgeting" is an abstract idea and that "using a 'communication medium' (broadly including the Internet and telephone networks) . . . does not render the claims any less abstract." *Id.*; *see also, e.g., Planet Bingo, LLC v. VKGS LLC*, 576 Fed. Appx. 1005, 1008 (Fed. Cir. 2014) (finding patents for computer-aided management of bingo games ineligible). In the present case, monitoring sleep patterns similarly is an abstract idea, and using generic sensors and computer processors does not make claim 1 of the '413 patent less abstract. As set forth in the *Ultramercial* decision, the process of collecting data, organizing it in a computer database, and generating reports from the database to be communicated to the product's user is "an abstraction." 772 F.3d at 715 (finding ineligible a method for advertising and distributing content over the Internet).

The Commission has affirmed that the idea of obtaining, manipulating and transmitting data about a person's weight by attaching sensors to the individual and sending the signals to a

processor to be manipulated is abstract. *See* Order No. 40 at 20-24; Comm'n Notice at 2. The same system related to a person's sleep habits, as described in the '413 patent, is equally abstract. Recording times of sleep and wakefulness is a function that can be carried out in the human brain by an individual or by someone observing the individual, with or without the use of sensors. "[M]ethods which can be performed mentally, or which are the equivalent of human mental work, are unpatentable abstract ideas . . . ." *CyberSource,* 654 F.3d at 1371. In this instance, simply using electronic media to obtain and report the same information that could be gathered, maintained and transmitted without electronic media does not satisfy the requirement of section 101.

To illustrate: Human beings have recorded their sleep patterns for ages. The 17th-century English diarist Samuel Pepys began nearly every entry with the observation that he was "up betimes."[9] Typically, the entry for Wednesday, 15 April 1663 begins: "Up betimes, and after talking with my father awhile, I to my office, and there hard at it till almost noon . . . ." www.pepysdiary.com. Pepys recorded this fact using quill and paper, and he passed it on to generations of readers over the centuries by means of print media.

Even assuming that Pepys were the first person on earth to invent the idea of organizing the events of his life and recording them in a diary, Pepys would not be permitted under *Alice* to patent his system so as to preclude others from using a quill and paper to record, for example, the time they awoke each day. Moreover, if Pepys used a ball point pen to record his diary entries more quickly and easily than with his quill, he still could not patent his system of organizing and recording the events of his daily life by writing them down on paper, so as to compel other diarists to pay him when they recorded, using a ball point pen, the time they awoke. It follows

[9] "Betimes" means in good time, *i.e.*, early. Merriam-Webster Online Dictionary, http://www.merriam-webster.com/dictionary/betimes

that, even if Pepys owned a unitary, wearable housing containing electronic components that could organize the events of his daily life and enable him to blog on the Internet that he was "up betimes" (which is exactly the sort of thing Pepys would do), he still would not be allowed under *Alice* to obtain a patent to exclude others from using computers to organize, record and transmit data about their own sleep habits. Obviously, if Pepys had invented quill, paper, pen, electronic sensors, processors, and transceivers, he could patent his inventions and prevent others from using these devices without a license during the statutory period to make a record of the days of their lives, but he did not. Similarly, Jawbone did not invent any of the means for monitoring sleep recited in the patent, and Jawbone cannot patent the idea of monitoring sleep using those means.

That the '413 patent claims physical components does not rescue it from ineligibility. Following *Alice*, many courts have held that computer-implemented systems are ineligible for patent because they are abstract, notwithstanding the use of physical components. "[A]n abstract idea is not rendered patentable [] just because of connections to the physical world," and "the mere presence of a physical step, such as inputting information into a computer, to collect data, will not render a claim patent eligible." *Wireless Media*, 100 F. Supp. 3d at 415 (citing *In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989)); *see also Bilski*, 561 U.S. at 611.

Nor does it matter that the claims of the '413 patent are limited to certain physiological data sensors within a housing. "An abstract idea does not become nonabstract by limiting the invention to a particular field of use or technological environment . . . ." *Intellectual Ventures*, 792 F.3d at 1366 (citing *Alice*, 134 S. Ct. at 2358). Nor does it matter that computers are more accurate, efficient and economical than humans at observing and recording data about sleep. Jawbone made the same argument with respect to the system for monitoring weight in the '546

patent. The argument was rejected because "[e]limination of vagaries in data collection and storage due to manual input by humans may be an improvement, but that does make the idea of managing weight through monitoring caloric consumption and expenditures any less abstract." Order No. 40 at 22. Jawbone's argument is no more persuasive with regard to sleep than it was with regard to weight.

That the generic components of the patented system are housed within a single unit "configured to be removably mounted" on the individual's body, '413 patent at 26:20-21, also fails to render the purported invention less abstract. Staff agrees with Jawbone that the addition of the wearable device saves the '413 patent, but I am not persuaded for the following reasons.

First, *Alice* teaches that inclusion of a concrete article of manufacture in a system that is no more than an abstract idea does not render the subject matter concrete. At issue in *Alice* were (1) method claims, (2) computer-readable medium claims, and (3) system claims. 134 S. Ct. at 2353. The method claims were directed to "'[a] method of exchanging obligations as between parties.'" *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1285 (Fed. Cir. 2013) (Lourie, concurring) (quoting claim 33 of the '479 patent). The computer-readable medium claims "formally recite a tangible article of manufacture—a computer-readable medium, such as a computer disk or other data storage device—but such claims also require the device to contain a computer program for directing a computer to carry out a specified process." *Id.* at 1287. The system claims "recite 'data processing systems' configured to enable the exchange of mutual obligations through an intermediary." *Id.* at 1289 (quoting claim 1 of the '720 patent).

The Supreme Court addressed the method claims separately from the system and computer-readable medium claims. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct. 2347, 2359-60 (2014). After determining that the method claims were directed to ineligible subject

matter, the Supreme Court analyzed the computer-readable medium and system claims. Noting that it "has long warn[ed] ... against interpreting § 101 in ways that make patent eligibility depend simply on the draftsman's art," the Supreme Court held that

> the system claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea.

Alice, 134 S. Ct. at 2360 (internal citations and quotation marks omitted).

Here, as in *Alice*, the recitation of a system consisting of "a handful of generic computer components" and a wearable device to house them is in substance no different than the abstract idea itself. Notwithstanding that the draftsman of the '413 patent included a wearable device as part of the claimed system, the abstract idea of tracking sleep remains unchanged. The conclusion that such an abstract idea is unpatentable in these circumstances flows ineluctably from the recent decisions under section 101, in particular, *Alice*.

Second, Staff points to the wearable device as providing sufficient "structure" to overcome the objection of abstractness. Staff's approach conflicts with the case law. *Alice* and its progeny deem patents ineligible not because they lack structural limitations—the ineligible patent in *Alice*, as discussed above, included machines like data processors with plenty of physical structure. The patents are ineligible because they are drawn to abstract ideas and the physical structures that implement the patented systems provide no meaningful limitation on the scope of those abstract ideas.[10] To overcome abstractness, limitations must "'narrow, confine, or

[10] The mere fact that a computer exists in the physical rather than the conceptual realm is "beside the point." *Alice*, 134 S. Ct. at 2358. As the Supreme Court stated: "There is no dispute that a computer is a tangible system (in § 101 terms, a "machine"), or that many computer-implemented claims are formally addressed to patent-eligible subject matter. But if that were the end of the §101 inquiry, an applicant could claim any principle of the physical or social sciences by reciting a computer system configured to implement the relevant concept. Such a result would make the determination of patent eligibility 'depend simply on the draftsman's art' . . . .

otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.'" *Cyberfone*, 558 Fed. Appx. at 992 (quoting *Accenture*, 728 F.3d 1336, 1341. That is the problem with the wearable device in '413; it simply houses components that implement the idea described in the patent without meaningfully limiting that abstract idea.

Third, the argument that the concept of novelty has no place under section 101 conflicts with *Alice* and the cases applying it. Staff voices the concern that by rejecting the patentability of the '413 patent's wearable device, the concept of novelty will be conflated with the concept of eligibility. Staff says that a car has components that are not new but no one would claim that a car was ineligible for patent. That concern is easily allayed. The familiar concept of novelty in terms of prior art under section 102 of the Patent Act certainly is distinct and is not relevant under Section 101. But other aspects of novelty play a significant role in deciding cases under the framework set forth in *Alice*: under step one, in deciding whether an invention seeks to patent an abstract idea, and under step two, in deciding whether the abstract idea is technologically innovative. In the first step, courts ask whether the patent discloses an activity that can be and has been performed without computers. In short, the courts apply the pen and paper test. *See CyberSource,* 654 at 1372 (invalidating a patent for a process that "can be performed in the human mind, or by a human using a pen and paper"). *Alice* says such activity cannot be monopolized by performing the same mental steps using a computer. The second step of the *Alice* test asks whether the abstract idea is nevertheless used in an innovative way, as in *Diehr*. *See* discussion, *infra*. In *Diehr*, the Supreme Court recognized that the mathematical equation used in the patented rubber-curing process was an abstract idea but held that the claims were eligible "because they improved an existing technological process, not because they were

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thereby eviscerating the rule that '[l]aws of nature, natural phenomena, and abstract ideas are not patentable.'" 134 S. Ct. at 2358-2359 (citations omitted).

implemented on a computer." *Alice*, 134 S. Ct. at 2358. These critical aspects of novelty under the *Alice* test are distinct from the concept of novelty in section 102.

Staff's analogy to a car is problematic for another reason. Staff challenges the result that flows from the decision in *Alice* by expanding its application beyond the context of computer-implemented abstract ideas. To be sure, as the Supreme Court has recognized, on some level every invention is an abstract idea: to make a carriage mounted on wheels and powered by an internal combustion engine is an idea. But a car is not an abstract idea implemented on a computer, and the patentability of a car is not the question before me. *See* 134 S. Ct. at 2357 (["W]e need not labor to delimit the precise contours of the 'abstract ideas' category in this case.'") In contrast, it clearly is appropriate to apply *Alice* to a wearable device comprised of generic electronic sensors and processors to be used for recording, monitoring and transmitting sleep data; that is exactly the type of abstract idea that *Alice* and its progeny hold is ineligible under section 101.

Step Two: When the first step of the analysis reveals that a patented system is only an abstract idea, step two of the test for ineligibility requires examination of the patent to determine whether the claims add significantly to the abstract system described. "[T]here must be an 'inventive concept' to take the claim into the realm of patent-eligibility." *Intellectual Ventures*, 792 F.3d at 1367 (quoting *Alice*, 134 S. Ct. at 2358). The invention must "'transform' the claimed abstract idea into patent-eligible subject matter." *Ultramercial*, 772 F.3d at 715 (citing *Alice*, 134 S. Ct. at 2357).

None of the elements disclosed in the '413 patent is innovative or transformative. The '413 patent claims deriving data from sensors and transmitting data to processors where it is manipulated and sent on to other electronic devices. "[W]holly generic computer

implementation is not generally the sort of 'additional featur[e]' that provides any 'practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.'" *Alice*, 134 S. Ct. at 2358 (quoting *Mayo*, 132 S. Ct. at 1297). The dependent claims of the '413 patent describe only specific sensors and types of data to be used within the system recited in claim 1 and also disclose no innovative aspects of the invention.[11]

Contrary to Jawbone's arguments, it is established that under step two of the eligibility analysis, "claiming the improved speed or efficiency inherent with applying the abstract idea on a computer" does not provide "a sufficient inventive concept." *See Intellectual Ventures*, 792 F.3d at 1367 (citing *Bancorp*, 687 F.3d at 1278; *Ultramercial*, 772 F.3d at 717 (citing *Alice*, 134 S. Ct. at 2357)). As the Federal Circuit explained in *Ultramercial*: "Any transformation from the use of computers or the transfer of content between computers is merely what computers do and does not change the analysis." 772 F.3d at 717 (emphasis added). Using computer technology "simply instruct[s] the practitioner to implement the abstract idea with routine, conventional activity." *Id.* at 715; *see Mayo*, 132 S. Ct. at 1298.

The '413 patent merely combines conventional elements without adding any technological innovation. The patentees do not claim to have invented the compact sensors, processors, and transceivers that permit systems to be housed in a wearable device. The generic, off-the-shelf components included in the '413 patent's system lack any inventive aspect. *See Cyberfone*, 558 Fed. Appx. at 993 (holding that a patent specifying a range of different machines

[11] "The Federal Circuit has held that an extended claim-by-claim analysis is not necessary where multiple claims are "'substantially similar and linked to the same abstract idea.'" *See Wireless Media*, 100 F. Supp. 3d at 409 (quoting *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343, 1348 (Fed. Cir. 2014), *cert. denied*, 136 S. Ct. 119 (Oct. 5, 2015). For this reason, analysis of the individual dependent claims is not necessary with respect to the '413 patent.

that can be used in the method "adds nothing of significance to the claimed abstract idea."). Nor does the '413 patent combine these off-the-shelf components in new and unexpected ways; it uses them instead for their intended purposes. Even if the wearable device were new to the health care industry, that fact alone would not transform an abstract idea into patentable subject matter. *See Ultramercial*, 772 F.3d at 716 ("That some of the eleven steps were not previously employed in this art is not enough – standing alone – to confer patent eligibility . . . .") The rewards of the patent system "do not flow to ideas – even good ones – outside of the technological arena." *Id.* at 721 (Mayer, J., concurring).

Jawbone's reliance on *Diehr* is unavailing. In that case the patented process involved the use of a mathematical formula to transform uncured synthetic rubber "into a different state or thing" and solved a specific, technological problem: the over- or under- curing of rubber. *See* 450 U.S. at 184 ("that respondents' claims involve the transformation of an article, in this case raw, uncured synthetic rubber, into a different state or thing cannot be disputed."), 187 ("computer use incorporated in the process patent significantly lessens the possibility of "overcuring" or "undercuring"). No such transformation occurs in the '413 patent and no such solution to a specific, technological problem appears therein.

Jawbone also cites *Motio*, where a district court found that the patent-at-issue expanded the functionality of existing computer software by providing "an automated agent to solve the problem of a business intelligence system lacking native version control." 2016 WL 26043 at *3. The improvement, the court said, "amounts to significantly more than a patent on the idea of maintaining versions of electronic documents itself." *Id.* The *Motio* court cited *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1249 (Fed. Cir. 2014), in which the Federal Circuit found that the second step of the eligibility test was met where "the claimed solution is

necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." 2016 WL 26043 at *4. The same cannot be said of the '413 patent, which addresses a problem in human existence—tracking sleep patterns—not a problem in computer technology. The elements of the system described in the '413 patent, like the patent in *Wireless Media*, "merely require generic computer functions that are not inventive," 100 F. Supp. 3d at 417, and hence, are ineligible for patent protection under section 101.

2. The '707 Patent

The general principles discussed above also support summary determination with respect to the '707 patent.

Step One: The independent claim of the '707 patent claims an abstract idea: collecting information about an individual's health status and presenting information to the individual based on the data obtained. The asserted dependent claims add certain features but are linked to the same abstract idea.[12]

The functions described in the patented system generally can be performed by human beings without computers (perhaps less quickly and efficiently). Jawbone says human beings cannot perform the functions of its patented system; but there is nothing to stop human beings from making the same calculations that a computer can perform using data derived from conventional sensors. Doctors and nurses, for example, routinely do so when charting medical data using pen and paper. Jawbone claims that the system "transforms" the quality of the data but the actual claims do not encompass any transformation: the data inputs are manipulated in conventional, programmable devices that present the results to the user. The data remain data, and the patent describes only the use of generic computer functions using known methods. The

[12] *See* note 11, *supra*.

reference to a "baseline parameter" in claim 23, '707 patent at 22:65-67, relates to the same abstract idea of presenting information to the user. Claim 24 claims the additional step of providing suggestions based on derived parameters, '707 patent at 23:1-24:3, but this same idea was found to be abstract in Order No. 40; a human being monitoring health status using conventional sensors also can make suggestions based on such information. Order No. 40 at 20-24.

Step Two: The '707 patent describes no technological advance and relies purely on conventional electronic devices. There are no limitations on the high-level description of the claimed invention, and Jawbone points to no technological components that would transform the patented system into anything other than an idea for collecting data about an individual and using it in a computer program to present information about his or her health. As set forth in Order No. 40, machines used in patented systems do not save a patent from ineligibility when they are used in a conventional manner. Order No. 40 at 24-28.

The specification of the '707 patent underscores the lack of any inventive step. The patented system's off-the-shelf electronic components are sold by third parties and utilized in an entirely conventional manner. *See* '707 patent at 10:63-11:31. As discussed above, section 101 requires "'an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon' the [ineligible concept] itself.'" *Wireless Media*, 100 Fed. Supp. 3d at 412 (quoting *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S.C Ct. at 1294)). The '707 patent claims the use of conventional electronic and computing technology to implement an abstract idea: using sensors to collect and present certain health data to a user. Under the legal precedent discussed above and in Order No. 40, the claims of the '707

patent describe no "new and useful process, machine, manufacture, or composition of matter" that is eligible under 35 U.S.C. § 101.

III. CONCLUSION

For the foregoing reasons, Motion Docket No. 963-047 is GRANTED. The asserted claims of U.S. Patent Nos. 8,961,413 and 8,073,707 are directed to ineligible subject matter under 35 U.S.C. § 101, and it is my Initial Determination that these patents are terminated from the Investigation.

This Initial Determination, along with supporting documentation, is hereby certified to the Commission. This Initial Determination shall become the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to Commission Rule 210.43(a), or the Commission, pursuant to Commission Rule 210.44, orders, on its own motion, a review of the Initial Determination or certain issues contained herein. 19 C.F.R. § 210.42(d).

SO ORDERED.

Dee Lord
Administrative Law Judge

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorney, **Peter Sawert, Esq.**, and the following parties as indicated, on **April 27, 2016.**

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

On Behalf of Complainants AliphCom d/b/a Jawbone & BodyMedia, Inc.:

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SUSMAN GODFREY L.L.P.
1901 Avenue of the Stars, Suite 950
Los Angeles, CA 90067-6029

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Josh A. Krevitt
GIBSON, DUNN & CRUTCHER LLP
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On Behalf of Respondents Flextronics International Inc. & Flextronics Sales & Marketing (A-P) Ltd.:

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1900 K Street, NW
Washington, DC 20006

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- ☐ Other:_____

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF	Investigation No. 337-TA-963

NOTICE OF COMMISSION DETERMINATION (1) TO REVIEW AN INITIAL DETERMINATION GRANTING RESPONDENTS' MOTION FOR SUMMARY DETERMINATION THAT CERTAIN ASSERTED CLAIMS ARE DIRECTED TO INELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101; AND (2) ON REVIEW TO AFFIRM THE INITIAL DETERMINATION WITH MODIFICATION

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review an initial determination ("ID") (Order No. 40) of the presiding administrative law judge ("ALJ") granting a motion for summary determination that the asserted claims of U.S. Patent Nos. 8,398,546 ("the '546 patent) and 8,446,275 ("the '275 patent") are directed to ineligible subject matter under 35 U.S.C. § 101; on review, the Commission has determined to affirm the ID with modification.

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 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 Inv. No. 337-TA-963 on August 21, 2015, based on a complaint filed by AliphCom d/b/a Jawbone of San Francisco, California and BodyMedia, Inc. of Pittsburgh, Pennsylvania (collectively, "Jawbone"). 80 *Fed. Reg.* 50870-71 (Aug. 21, 2015). 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 activity tracking devices, systems, and components thereof by reason of infringement of certain claims of

U.S. Patent Nos. 8,073,707; 8,793,522 ("the '522 patent"); 8,529,811; 8,961,413; the '275 patent; and the '546 patent. The complaint further alleges misappropriation of trade secrets, the threat or effect of which is to destroy or substantially injure an industry in the United States. The notice of investigation named the following respondents: Fitbit, Inc. of San Francisco, California; Flextronics International Ltd. of San Jose, California; and Flextronics Sales & Marketing (A–P) Ltd. of Port Louis, Mauritius (collectively, "Fitbit"). The Office of Unfair Import Investigations (OUII) is a party to the investigation.

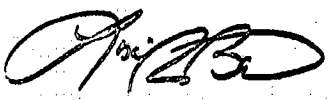
On January 8, 2016, Fitbit moved for summary determination that the '275 patent, '546 patent, and '522 patent (subsequently terminated from the investigation) are directed to ineligible subject matter under 35 U.S.C. § 101. On January 19, 2016, Jawbone filed an opposition to the motion. On January 20, 2016, the Commission Investigative Attorney ("IA") filed a response in support of the motion.

On March 3, 2016, the ALJ issued the subject ID (Order No. 40) granting Fitbit's motion for summary determination that the '275 and '546 patents are directed to ineligible subject matter under 35 U.S.C. § 101. The ID found there was no genuine issue of material fact in dispute as to the asserted claims of the'275 and '546 patents. On March 10, 2016, Jawbone petitioned for review of the ID. On March 17, 2016, Fitbit and the IA filed oppositions to Jawbone's petition.

Having examined the record of this investigation, including the subject ID and the submissions of the parties, the Commission has determined to review the ID. On review, the Commission has determined to affirm the ID with the following modification. The Commission recognizes that the law remains unsettled as to whether the presumption of patent validity under 35 U.S.C. § 282 applies to subject matter eligibility challenges under 35 U.S.C. § 101. *See In re TLI Commins. LLC Patent Litig.*, 87 F. Supp. 3d 773, 797 (E.D. Va Feb. 6, 2015) (observing that neither the Supreme Court nor the Federal Circuit has addressed the issue and that "[a]s a result of this deafening silence, district courts, not surprisingly, are split over the standard of proof applicable to §101 challenges."). Indeed, the parties did not cite, nor is the Commission aware of, any definitive case law holding that the presumption applies in § 101 eligibility challenges. Regardless of whether or not such a presumption applies, the record here warrants a finding that the asserted patent claims are directed to ineligible subject matter. Commissioner Schmidtlein observes that because the outcome is the same either way, she need not reach the legal question of whether the presumption is required to be applied.

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.



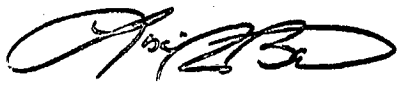
Lisa R. Barton
Secretary to the Commission

Issued: April 4, 2016

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Peter J. Sawert, Esq., and the following parties as indicated, on **April 4, 2016.**



Lisa R. Barton, Secretary
U.S. International Trade Commission
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UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF	Inv. No. 337-TA-963

ORDER NO. 40: INITIAL DETERMINATION GRANTING RESPONDENTS' MOTION FOR SUMMARY DETERMINATION THAT THE '546 AND '275 PATENTS ARE DIRECTED TO INELIGIBLE SUBJECT MATTER

(March 3, 2016)

I. INTRODUCTION

A. Procedural Summary

On January 8, 2016, Respondents Fitbit, Inc. ("Fitbit"), Flextronics International Ltd. and Flextronics Sales & Marketing (A-P) Ltd. (Flextronics") (collectively, "Fitbit") filed a motion for summary determination that the U.S. Patent Nos. 8,398,546 (the "'546 patent"), 8,446,275 (the "'275 patent"), and 8,793,522 (the "'522 patent),[1] are directed to ineligible subject matter under 35 U.S.C. § 101. Motion Docket No. 963-028. On January 19, 2016, Complainants AliphCom d/b/a/ Jawbone and BodyMedia, Inc. (collectively, "Jawbone") filed their opposition. On January 20, 2016, Commission Investigative Staff filed their Response. On January 22, 2016, Fitbit filed a reply brief.

B. Legal Background

For decades, courts have struggled to decide whether "software and business methods, or computer-related processes," constitute patent eligible subject matter under 35 U.S.C. § 101.

[1] On February 22, 2016, Order No. 32 terminated the '522 patent from this Investigation. Accordingly, this opinion does not address Respondents' motion regarding the '522 patent's eligibility.

Mark Patrick, *The Federal Circuit And Ultramercial: Software And Business Method Patents Tumble Further Down The Rabbit Hole*, 64 Am. U. L. Rev. 1089, 1092 (2015). "The concern" is "one of pre-emption." *Alice Corp. v. CLS Bank International,* 134 S. Ct. 2347, 2354 (2014) (citing *Bilski v. Kappos*, 561 U.S. 593, 611-612 (2010)). In interpreting section 101, courts seek to avoid granting a monopoly on "'the basic tools of scientific and technological work.'" *Id.* (citing *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013). The Supreme Court has "'repeatedly emphasized this . . . concern that patent law not inhibit further discovery by improperly tying up the future use of'" the "building blocks of human ingenuity." *Alice*, 134 S. Ct. at 2354 (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.,* 132 S. Ct. 1289, 1301 (2012) (citing *O'Reilly v. Morse*, 15 How. 62, 113 (1854)). The Court's concern has manifested itself in a series of decisions invalidating method patents that implement abstract ideas on a computer.

At the same time, an invention "is not rendered ineligible for patent simply because it involves an abstract concept." *Alice*, 134 S. Ct. at 2354 (citing *Diamond v. Diehr*, 450 U.S. 175, 187 (1981). *Alice* recognized that "'[a]t some level,' all inventions . . . embody, use reflect, rest upon, or apply laws of nature, natural phenomena or abstract ideas.'" *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014), *cert. denied sub nom., Ultramercial, LLC v. WildTangent, Inc.*, 135 S.Ct. 2907 (Jun. 29, 2015) (quoting *Alice*, 134 S. Ct. at 2354) (quoting *Mayo*, 132 S. Ct. at 1293)). Applications of abstract concepts "'to a new and useful end,'" remain patent-eligible. *Alice*, 134 S. Ct. at 2354 (citing *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

Rather than identifying particular factors that distinguish abstract ideas that are patentable from abstract ideas that are not patentable, the Supreme Court based its decision in *Alice* on

"prior cases, and *Bilski* in particular." 134 S. Ct. at 2356. The Court in *Alice* compared the "method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk," to the claimed method in *Bilski* for hedging risk in financial transactions. *Id.* at 2355-56. The Court also pointed to its decisions in *Benson*, where it "rejected as ineligible patent claims involving an algorithm for converting binary-coded decimal numerals into pure binary form," and *Parker v. Flook*, 437 U.S. 584, 594-595 (1978), where the Court "held that a mathematical formula for computing 'alarm limits' in a catalytic conversion process was also a patent-ineligible abstract idea." *Id.* at 2355.

Having determined that the patented method embodied an abstract idea, the Court in *Alice* asked a second question: whether the method's claims "transform that abstract idea into a patent-eligible application." 134 S. Ct. at 2357. This second step demands an "'inventive concept,'" or "'additional features" to ensure that the patent does not seek simply to monopolize the abstract idea. *Id.* (citing *Mayo*, 132 S. Ct. at 1294, 1298, 1297). At this step, courts look for limitations on the claimed method that narrow its applicability and establish that something new has been achieved.

As stated in *Alice*, the *Mayo* decision is "instructive." 134 S. Ct. at 2357. The patents in *Mayo* "claimed a method for measuring metabolites in the bloodstream in order to calibrate the appropriate dosage of thiopurine drugs in the treatment of autoimmune diseases." *Id.* The Court held the patent ineligible because the "methods for determining metabolite methods were already 'well known in the art,' and the process at issue amounted to 'nothing significantly more than an instruction to doctors to apply the applicable laws when treating their patents.'" *Id.* (citing *Mayo*, 132 S. Ct. at 1298). "'Simply appending conventional steps, specified at a high level of generality,' was not '*enough*' to supply an 'inventive concept.'" *Id.* (citing *Mayo*, 132 S. Ct. at

1300, 1297, 1294). Again, "introduction of a computer into the claims does not alter the analysis . . . ." *Id.; see also Bancorp Services, LLC v. Sun Life Assur. Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012), *cert. denied*, 134 S. Ct. 2870 (2014) ("[A]dding a 'computer aided' limitation to a claim covering an abstract concept, without more, is insufficient to render the claim patent eligible.'") (quoting *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). Significantly for the case at bar, *Alice* also stands for the principle that "a method of organizing human activity" may be ineligible for patent protection notwithstanding that it is "not a 'truth' about the natural world 'that has always existed.'" *Alice*, 134 S. Ct. at 2356 (citing Brief for Petitioner 22 (quoting *Flook*, 437 U.S. at 593 n. 15)).

Alice has spawned a multitude of cases in which patents for business methods relying on computer technology have been challenged successfully.[2] *See* Patrick, *supra*, at 1109. While we have no definitive answer to the question of which methods are patent-eligible under section 101, we do know, based on the current case law, that a method that (1) uses conventional technology in a computerized system, (2) does not purport to improve known technology, and (3) does not transform any object or substance in a way that enhances its usefulness, is probably not eligible for protection.[3]

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[2] For example, in *Ultramercial,* the Federal Circuit, following *Alice*, held ineligible a patent (that it had twice previously approved) claiming a method for distribution of media products over the Internet. 772 F.3d at 709.

[3] It appears that patent eligibility has not been addressed by the Commission since the Supreme Court's decision in *Alice*. In a pre-*Alice* opinion, the Commission held ineligible, under the "'machine or-transformation'" test, method claims for "generating, receiving, analyzing, providing, comparing, and computing," on the ground that "neither they nor the patent specification limit the claims to patentable industrial processes." *Certain Machine Vision Software, Machine Vision Systems, and Prods. Containing Same*, Inv. No. 337-TA-680, Commission Op. at 2, 4 (Nov. 16, 2010). In *Bilski*, the Supreme Court held that the "machine or transformation test is not the sole test for determining eligibility of a method patent, but that the test is "a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101." 561 U.S. at 604.

C. The Patents At Issue

The '546 Patent

The '546 patent issued on March 19, 2013 to BodyMedia, Inc. It has a filing date of September 13, 2004 and claims priority to various provisional applications and continuation-in-part applications. *See* Mot. Ex. 1 ('546 patent). It is entitled "System for Monitoring and Managing Body Weight And Other Physiological Conditions Including Iterative and Personalized Planning, Intervention and Reporting Capability." *Id.*

The patent discloses a nutrition and activity management system that monitors energy expenditure through the use of a body-mounted sensing apparatus. *Id.* at Abstract. The weight management system is directed to "achieving an optimum or preselected energy balance between calories consumed and energy expended by the user." *Id.* The system uses "an adaptable computerized nutritional tracking system to provide the user with "relevant and predictive feedback" regarding progress toward weight loss. *Id.*

According to the specification, the system is an improvement on previous programs because it does not depend on manual input of data and instead utilizes "an apparatus on the body that continuously monitors the heat given off by a user's body in addition to motion, skin temperature and conductivity." *Id.* at 4:38-40. "The data collected by the apparatus is uploaded to the software platform for determining the number of calories burned, the number of steps taken and the duration of physical activity." *Id.* at 4:52-55. The advantage of the system is faster and easier entry of relevant data and the ability "to provide feedback information regarding the user's progress and recommendations for reaching dietary goals." *Id.* at 4:56-5:21. The embodiments include an apparatus that includes a processor "adapted to generate data" indicative of various characteristics of the individual, *e.g.*, "ovulation state, sleep state, calories burned,

basic metabolic rate, basal temperature, physical activity level, stress level, relaxation level, oxygen consumption rate, rise time, time in zone, recovery time, and nutrition activity." *Id.* at 5: 54-67. The patent describes many applications of the claimed system that are unrelated to weight loss management, *e.g.*, sleep disorders, personal hygiene, medication compliance, paying bills, and performing household chores. *Id.* at 32:5-10, 30: 34-52.

Complainants assert claims 1-18 and 20-28 of the '546 patent. Independent Claim 1, which is representative, states:

What is claimed is:

1. A system to provide feedback for an individual's weight-loss goal, said system comprising:
   a. a wearable sensor device for detecting data; and
   b. a processing unit in electronic communication with said sensor device, said processing unit configured to accomplish the following steps, thus providing said feedback:
      (i) derive physiological and contextual data of the individual from data detected by said sensor device;
      (ii) prompt said individual to establish a weight-loss goal;
      (iii)generate a first suggestion to engage in an activity to assist said individual to achieve said weight-loss goal;
      (iv)determine weight-loss;
      (v) generate a second suggestion to engage in an activity to assist said individual to achieve said weight-loss goal if said weight-loss goal is not progressing toward the goal;
      wherein said second suggestion is based upon a determination of whether or not the individual complied with said first suggestion; and
      wherein said determination of whether or not the individual complied with said first suggestion is based on said derived physiological and contextual data of the individual.

Id. at 60:14-38.

Other asserted claims in the '546 patent are directed to various uses of the data collected, *e.g.*, determining an "energy balance" using caloric intake and expenditure (claims 2-5), identifying and recording a pattern of behavior (claims 6-9); storing the information collected in

a database (claims 10-13), analyzing the stored data in a "processing unit," (claims 14-17), reporting results (claims 18-21), and using an algorithm to calculate weight loss and gain (claim 25).

The Parties' Arguments

Fitbit argues that the '546 patent claims the abstract idea of providing weight loss suggestions based on an individual's activity levels, and that the claims merely implement abstract concepts on a computing device. Fitbit asserts that the '546 patent includes no technological advances, consisting only of a wearable computing device that makes it "easier and more convenient to keep track of the data, by using well-known technology (preexisting sensors and processors) to do so." Mot. at 13.

Fitbit states that the '546 patent fails the "pen and paper" test. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011) (invalidating a patent for a process that "can be performed in the human mind, or by a human using a pen and paper"). Fitbit says the dependent claims only add detail, but not inventiveness, to the abstract idea embodied in the '546 patent. *See* Mot. at 15-16 (citing *Ultramercial* and *Alice).*

Fitbit asserts that wearable data sensors are not innovations but are well known in the prior art, citing examples in the '546 patent itself. Fitbit states that the '546 patent's reduction of the need for manual entry of data by the user does not confer patent eligibility. *See* Mot. at 18 (citing *Intellectual Ventures 1 LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015); *Planet Bingo, LLC v. VKGS LLC*, 576 Fed. Appx. 1005, 1007 (Fed. Cir. 2014).

Fitbit also states that a process using mathematical algorithms to manipulate data to generate a report is not patent eligible. *Id.* at 18 (citing *Digitech Image Techs., LLC v. Elecs. For Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014)). Fitbit asserts that the '546 patent employs

"a highly similar" process to the one found unpatentable in *Digitech*: "applying equations to sensor data (*e.g.*, accelerometer data used to measure steps walked) in order to calculate a more specific weight-loss target (*e.g.*, number of calories burned), as well as generate status reports with suggested activities." *Id.* at 18. Fitbit states that the '546 patent uses a standard computing unit that contains no element of inventiveness.

In response, Jawbone claims as "essential innovative elements – wearable data sensors that provide continuous and accurate feedback free of human reporting error and respond, without the requirement of human input, to changes in physiological and contextual data by updating the weight loss and activity suggestions based, in part, on the acquired data." Opp. at 12. Jawbone does not argue that any of the dependent claims, standing alone, discloses a patentable invention, but that the '546 patent "viewed as a whole" "discloses a significant technological improvement." *Id.* Jawbone relies on *Diamond* and a recent district court case, *Motio v. BSP Software LLC*, No. 4:12-CV-647, 2016 WL 26043 (E.D. Tex. January 4, 2016), contending that the "specific, technologic solution" identified by Jawbone for the problem of obtaining accurate information on caloric intake and output is "a system of sensors that can collect the necessary data accurately and continuously and, in conjunction with a processor, use that data to provide weight-loss suggestions." Opp. at 14, 15. Jawbone adds that the dependent claims 10-18 add the "ability to predict future data" providing a "more complete and comprehensive picture from which to monitor compliance with, and efficacy of weight loss suggestions." *Id.* at 15.

Jawbone asserts that the '546 patent does not utilize a generic computer, because "*no* device was previously able to combine all of this data *and* generate iterative feedback." *Id.* at 16. Jawbone says human beings cannot do this. Jawbone asserts that summary determination is

inappropriate because the issues concerning whether a human could do the calculations indicated in the '546 patent are factual. Opp. at 17 (citing *France Telecom S.A. v. Marvell Semiconductor Inc.*, 39 F. Supp. 3d 1080, 1096 (N.D. Cal. 2014). Jawbone asserts that the '546 patent does not simply state an abstract idea while adding the words "apply it," *see Mayo*, 132 S. Ct. at 1294, because it "provides a solution to a problem that humans could not solve, by hand or with a generic computer, through implementation of a specific wearable technological device that is part of a detailed system." *Id.* at 18.

Staff says the '546 patent is ineligible, noting that the methods for data collection are well known, as described in the patent itself. Staff stays the system also lacks specificity, in that the processing may be performed "by not only a 'microprocessor' but also a 'microcontroller, or any other device that can be programmed to perform the functionality described therein.'" Staff Response at 7 (citing '546 patent at 13:34-40).

Staff asserts that the idea of using information about the user and providing feedback in a weight loss program is abstract, and that none of the claimed elements limit the abstract idea through inclusion of an inventive concept. Staff notes that there are no limitations in the '546 patent on the combination of sensors that collect data or the type of sensor to be used. There is "almost no limitation on how the data is manipulated or how the results are applied so long as 'physiological and contextual data of the individual' is derived." *Id.* at 8. In sum, Staff says, "[T]here is no indication that the inventors went beyond anything routine and ordinary in the field in describing how to use a general purpose computer and a standard sensor to apply known weight loss techniques." *Id.* at 9.

The '275 Patent

The '275 patent was filed April 23, 2012 and is entitled "General Health and Wellness Management Method and Apparatus for A Wellness Application Using Data from a Data-Capable Band." Mot. Ex. 2 ('275 patent). The Abstract discloses "[g]eneral health and wellness management techniques and devices" configured for use with a "data-capable personal worn or carried device." *Id.* at Abstract. One embodiment is described as "a method receiving data representing a profile upon which a target score is established based on one or more health-related activities, and acquiring data representing a profile upon which a target score is established based on one or more health-related activities, and acquiring data representing one or more subsets of acquired parameters based on, for example, one or more sensors disposed in a wearable computing device." *Id.* The patent describes many variations. "Various embodiments or examples may be implemented in numerous ways, including as a system, a process, an apparatus, a user interface, or a series of program instructions on a computer readable medium such as a computer readable storage medium or a computer network where the program instructions are sent over optical, electronic, or wireless communications links," the patent states. Id. at 11:66-12:5. Moreover, the patent is not limited to such variations. "The scope is limited only by the claims and numerous alternatives, modifications, and equivalents are encompassed." *Id.* at 12:11-13.

Jawbone originally asserted claims 1, 2, 4, 5, 8, 9, 10, 13, 14, 15, 18, and 19. Pursuant to Order No. 32 (February 22, 2016), Jawbone withdrew all claims of the '275 patent except 1-7, 15, and 19. Independent Claim 1 states:

> A method comprising:
> receiving data representing a profile defining parameters upon which a target score is established based on one or more health-related activities;

acquiring data representing one or more subsets of acquired parameters based on one or more sensors disposed in a wearable computing device;
determining data representing values for the one or more subsets of the acquired parameters based on reference values for the parameters set forth in the profile;
calculating at a first processor a score based on data representing the values, the score representing an attained portion of the one or more health-related activities;
causing presentation of a representation of the score relative to the target score; and
adjusting a determination upon which to modify the target score,
wherein the target score is indicative of one or more standards against which to compare one or more groups of the values aggregated to form the score.

'275 patent at 47:25-44.

Except for claim 19 (discussed below), the remaining claims depend from claim 1. These dependent claims place additional requirements on the data collection, processing, and reporting set forth in claim 1, *i.e.*, calculating a score that indicates the ability of the user to "achieve a targeted level of health and wellness" (claim 2), using sleep, nutrition, or movement data (claim 4), aggregating a "sleep score," "nutrition score," and/or "activity score" (claim 5), and providing feedback in the form of a specific visual interface or a vibration signal (claim 15). '275 patent at 47:45-48:59.

Independent Claim 19 discloses:

A device comprising:
a first interface configured to receive data representing acquired parameters from one or more sensors, at least one sensor being disposed in a wearable computing device;
an aggregation engine comprising:
a repository configured to store data representing a profile defining parameters upon which a target score is established; and
one or more managers including one or more processors, at least one manager being configured to receive data representing a subset of the acquired parameters and further configured to determine data representing values for the subset of the acquired parameters, the values representing a point value relative to reference values for the parameters set forth in the profile;

a score generator configured to:
calculate a score based on data representing the values; and
adjust the score based on threshold amounts for one or more of the values to form an adjusted score;
a general health and wellness module configured to facilitate modification of a value of an acquired parameter associated with a state of a user to change the target score; and
a status manager configured to cause presentation of a representation of the target score, wherein the score is indicative of relative proximity to the target score.

'275 patent at 49:14-50:21.

The Parties' Arguments

Fitbit argues that aggregating a variety of health-related data to calculate a score and presenting the score to the individual as feedback "is a basic and abstract concept." Mot. at 19. Fitbit maintains that these types of calculations can be performed "in the head, even without the aid of pen and paper." *Id.* at 20 (citing '275 patent at 44:6-21). Fitbit asserts that the '275 patent, like the '546 patent, attempts to claim an abstract idea. Fitbit says the '275 patent describes routine, conventional steps and "'contains no restriction on how the result is accomplished.'" *Id.* (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1348 (Fed. Cir. 2015)). Fitbit notes that "no specific formulas or algorithms are disclosed or claimed in any part of the '275 patent." *Id.*

Fitbit says that claim 19 comprises elements that "have vague and generic descriptions that do not suggest inventive concepts." *Id.* at 21. Fitbit asserts that the "listed computing components do not constitute, individually or collectively, the claimed invention itself, but instead serve as conventional means to carry out the abstract tasks" of collecting and storing data, calculating scores "by the use of formulas and other manipulations that are not disclosed in the patent," alerting the user, and displaying the score. *Id.*

Citing *Alice*, 134 S. Ct. at 2359, Fitbit maintains that adding computer functionality to tasks that could be carried out by humans without the aid of computers does not make abstract ideas eligible for patent protection. Fitbit says, "[T]he '275 patent is not patent eligible because it reflects the abstract idea of assigning a 'score' to a person's health status and comparing it with an aggregate 'target score,' and this concept is merely applied on a generic computing device with preexisting sensor technology," without effecting any technological advance. *Id.* at 22-23.

In its opposition, Jawbone says the '275 patent "does not claim the abstract concept of aggregating data to calculate a health score. Rather, it solves the significant problem in the health industry of getting individuals to be accurate and consistent in their reporting of the relevant data so that such data can be compiled and used to provide individuals with information about their health and to set goals for improvement." Opp. at 19. Jawbone asserts that the '275 patent is eligible because the method "collects, without user input, a wide variety of data, on a single wearable device, which is then aggregated with input data to calculate a health score *and* to modify the target score that was calculated based on input data." *Id.* at 19-20 (comparing *Digitech*, 758 F.3d at 1351). Jawbone says the requirement for input from a wearable sensor device confers eligibility, and that the aggregation of data "does not invalidate the method as a whole, which comprises much more." *Id.* Jawbone argues that the method is appropriately limited because the "wearable sensors permit compilation and analysis of personal data in a manner that is unavailable through use of a generic computer." *Id.* Jawbone relies on *Diamond*, arguing that while the "calculation of health-related target and actual scores – is a known industry process," the "innovation of the '275 is that it enables improved measurement of the

data . . . through the use of wearable sensors, and then uses that data to calculate *and adjust* health related target scores, better enabling the user to reach his or her health-related goals." *Id.*[4]

Staff says claim 1 of the '275 patent is "generally directed to a system for wellness monitoring based on upon the generation and monitoring of a target score for a health parameter. This is quite clearly an abstract idea for health maintenance." Staff's response at 11. Staff says that the description of the invention is broad and general, without meaningful limitations. Staff says that the patent lacks an inventive concept, noting that the only hardware elements recited are a processor and one or more sensors disposed in a wearable computing device. For the same reasons as the '546 patent, Staff says, claim 1 of the '275 patent is ineligible for patent protection. The dependent claims, according to Staff, add no significant limitation to the abstract idea described in claim 1 and simply involve "'well-understood, routine, conventional activity.'" *Id.* at 12 (citing *Mayo*, 132 S. Ct. at 1298). Staff says independent claim 19 is similarly ineligible, notwithstanding that it "applies some different functional labels to the claim elements." *Id.* at 12. Claim 19, Staff says, claims "the abstract idea of a target score for health and wellness management." *Id.*

II. DISCUSSION

A. The Issue Is Ripe for Summary Determination.

Commission Rule 210.18 governing summary determination states, in part:

> The determination sought by the moving party shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.

[4] Jawbone says Fitbit's arguments in support of its motion conflict with statements made by Fitbit in connection with Fitbit's own patents. *Id.* at 21. Jawbone cites no support for its argument that this should be considered in connection with the instant motion.

19 C.F.R. § 210.18(b).

By analogy to Fed. R. Civ. P. 56 (a), in deciding whether to grant summary determination, the evidence "must be viewed in the light most favorable to the party opposing the motion ...with doubts resolved in favor of the nonmovant." *Crown Operations Int'l, Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1375 (Fed. Cir. 2002) (citations omitted); *see also Xerox Corp. v. 3Com Corp.*, 267 F.3d 1361, 1364 (Fed. Cir. 2001) ("When ruling on a motion for summary judgment, all of the nonmovant's evidence is to be credited, and all justifiable inferences are to be drawn in the nonmovant's favor."). "Issues of fact are genuine only 'if the evidence is such that a reasonable [fact finder] could return a verdict for the nonmoving party.'" *Crown Operations Int'l*, 289 F.3d at 1375 (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). The trier of fact should "assure itself that there is no reasonable version of the facts, on the summary judgment record, whereby the nonmovant could prevail, recognizing that the purpose of summary judgment is not to deprive a litigant of a fair hearing, but to avoid an unnecessary trial." *EMI Group N. Am., Inc. v. Intel Corp.*, 157 F.3d 887, 891 (Fed. Cir. 1998) (citations omitted). "In other words, '[s]ummary judgment is authorized when it is quite clear what the truth is,', and the law requires judgment in favor of the movant based upon facts not in genuine dispute." *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1185 (Fed. Cir. 1993) (citations omitted).

Jawbone asserts that deciding patent eligibility at the summary determination stage is premature, but Jawbone has not established that there is any genuine issue of material fact that precludes summary determination. Several courts have held, moreover, that patent eligibility can be decided as early as the pleadings stage. *See Wireless Media Innovations, LLC v. Maher Terminals, LLC*, 100 F. Supp. 3d 405, 410 (D.N.J. 2015), *aff'd*, ___ Fed. Appx. ___, Nos. 2015-

1634, 2015-1635, 2016 WL 463218 (Fed. Cir. Feb. 8, 2016). The issue certainly can be decided upon motion for summary judgment when, as in this instance, there are no genuinely disputed issues of material fact. *See Mortgage Grader, Inc. v. First Choice Loan Servs., Inc.*, No. 2015-1415, 2016 WL 362415 at *8 (Fed. Cir. Jan. 20, 2016) (affirming summary judgment under section 101 where the district court relied solely on the claims and specification, without resolving disputed factual issues.)

There are no disputed claim constructions that would affect the determination as to satisfaction of section 101. Fitbit states that for the purpose of deciding this motion, Jawbone's proposed claim constructions can be used; and, in any event, claim construction has been completed. Indeed, there was no disputed claim construction with respect to the '546 patent or the '275 patent that could affect the section 101 determination. *See* Order No. 31 (Feb. 17, 2016).

Jawbone asserts that determining whether a human being could perform the system set forth in the '546 patent presents a factual dispute. This argument misconstrues the law. "[T]he category of patent-ineligible abstract ideas is not limited to methods that can be performed in the human mind." *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.,* 558 Fed. Appx. 988, 992 (Fed. Cir. 2014) (citing *Bilski*, 130 S. Ct. at 3230). It is obvious, moreover, that human beings cannot do what computers do, but the case law is by now well established that the greater speed and efficiency gained by computerizing mental functions does not warrant patent protection. The system that is described in the '546 patent collects and analyzes various kinds of data to determine an individual's caloric intake and expenditure, in order to devise a weight loss program. Human beings, if they had the time and training, could monitor caloric intake and expenditure based on these same measurements, *e.g.*, heart rate, activities, food consumption, in

order to devise a plan for losing weight. More esoteric measurements mentioned in the '546 patent, such as time of ovulation, also can be taken by human beings having the technological means to do so. Critically, those technological means are not claimed in the '546 patent.

"'Patentability is a question of law 'that may be informed by subsidiary factual issues.'" *Wireless Media*, 100 F. Supp. 3d at 410 (quoting *Cyberfone,* 885 F. Supp. 2d at 715 (D.Del. 2012) (citing *In re Comiskey*, 554 F.3d 967, 976 (Fed. Cir. 2009))). In this instance, there are no genuinely disputed facts that need to be resolved in order to determine patentability.

B. Burden of Proof

For purposes of deciding whether the claims meet the demands of section 101, no presumption of eligibility applies. *See Wireless Media*, 100 F. Supp. at 411. "'[T]he Supreme Court has taken up several section 101 cases in recent years, [but] it has never mentioned – much less applied – any presumption of eligibility.'" *Id.* (quoting *Ultramercial*, 772 F.3d 720-721 (Mayer, J., concurring).

C. Section 101 – Ineligible Subject Matter

Section 101 of the Patent Act sets forth four categories of patentable inventions, stating: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title." 35 U.S.C. §101. *Intellectual Ventures I LLC v. Capital One Bank (USA),* 792 F.3d 1363, 1366 (Fed. Cir. 2015). The Supreme Court has recognized three exceptions to section 101, holding ineligible for patenting "'[l]aws of nature, physical phenomena, and abstract ideas.'" *Ultramercial*, 772 F.3d at 714 (quoting *Alice*, 134 S. Ct. at 2354).

"Patents that merely claim well-established, fundamental concepts fall within the category of abstract ideas." *Cyberfone*, 558 Fed. Appx. 988, 991 (Fed. Cir. 2014) (citing *Bilski*, 130 S.Ct. at 3231). A two-part test determines whether claims are patent-ineligible "abstract ideas." *See Wireless Media,* 100 F. Supp. 3d at 412 (citing *Alice).* The first step requires the court to determine whether the claims at issue actually do recite an abstract idea. If not, there is no question of subject matter ineligibility. If the answer is affirmative, however, the court in the second step determines whether the claims contain "'an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon' the [ineligible concept] itself.'" *Id. (*quoting *Alice,* 134 S. Ct. at 2355 *(*quoting *Mayo*, 132 S.Ct. at 1294)).

"[M]ethods which can be performed mentally, or which are the equivalent of human mental work, are unpatentable abstract ideas ...." *CyberSource,* 654 F.3d at 1371. While application of an abstract idea to a known structure or process may well be deserving of patent protection, *see Diamond*, 450 U.S. at 187, the idea must have "a particular concrete or tangible form," *Wireless Media*, 100 F. Supp. 3d at 414. Many decisions have by now made clear that "an abstract idea is not rendered patentable [] just because of connections to the physical world, " and "the mere presence of a physical step, such as inputting information into a computer, to collect data, will not render a claim patent eligible." *Id.* at 415 (citing *In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989); *see also Bilski*, 561 U.S. at 611).

The second step in the analysis requires identification of an "'inventive concept' sufficient to 'transform' the claimed abstract idea into patent-eligible subject matter." *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1294, 1298). The claim limitations must disclose additional features indicating more than "well-understood, routine, conventional activity" as part

of the patented subject matter. *Mayo*, 132 S.Ct. at 1292. The limitations must "'narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.'" *Cyberfone*, 558 Fed. Appx. at 992 (quoting *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 2871 (Jun. 30, 2014)).

Configuring a standard computerized system to implement an abstract idea does not make the configuration patent-eligible. "[M]onitoring, recording, and inputting information represent insignificant "'data-gathering steps,'" *Wireless Media*, 100 F. Supp.3d at 416 (quoting *CyberSource*, 654 F.3d at 1370), and "thus add nothing of practical significance to the underlying abstract idea." *Id.*, *see OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1364 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (Dec. 14, 2015) (invalidating patent implementing the abstract idea of price optimization on a generic computer).

The second step includes the machine-or-transformation test, although it is not the sole test, as a "clue" to whether a claimed process is patent-eligible. *See Bancorp*, 687 F.3d at 1278 (citing *Bilski*, 130 S. Ct. at 3227). Using this analytical tool, the court inquires whether the claimed process "(1) is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008), *aff'd on other grounds sub nom. Bilski v. Kappos*, 561 U.S. 593 (2010). Again, the use of computers as such does not satisfy the machine-or-transformation test. *See Wireless Media*, 100 F. Supp.3d at 417 (holding that generic computer functions are not inventive). Manipulation of abstractions on a computer "'cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances.'" *Ultramercial,* 772 F.3d at 717 (quoting *Bilski*, 545 F.3d at 963).

D. The Patents at Issue Seek Protection of An Abstract Idea.

1. The '546 patent

Summary determination is appropriate because there is no issue of material fact in dispute and the law regarding ineligibility in these circumstances is clear. The '546 patent, like other "methods of organizing human activity" that collect and manipulate data using a general-purpose computer, discloses an abstract idea "directed towards ineligible subject-matter." *Intellectual Ventures,* 792 F.3d at 1367-68. Managing a weight loss program certainly qualifies as organizing human activity.

Step One: The system described in the '546 patent is an abstract idea. The patent's claims describe general steps and means for collecting and recording information that has, in the past, been collected and recorded by human minds and hands. Indeed, a system for making suggestions based on calculating and comparing caloric intake and expenditure using nutrition and activity levels describes the core of any realistic weight loss program, and cannot be monopolized by Jawbone.[5]

Intellectual Ventures provides a useful comparison. In that case, the patent claims were "directed to an abstract idea: tracking financial transactions to determine whether they exceed a pre-set spending limit (*i.e.*, budgeting). 792 F.3d at 1367. The Federal Circuit found that "budgeting" is an abstract idea and that "using a "communication medium" (broadly including the Internet and telephone networks) . . . does not render the claims any less abstract." *Id.* In the present case weight loss management is a similarly abstract idea, and using generic sensors and computer processors does not make the '546 patent's claims less abstract. *See also, e.g., Planet*

[5] The discussion of the law that follows applies as well to the '275 patent and is not repeated in the consideration of that patent's validity.

Bingo, 576 Fed. Appx. at 1008) (finding patents for computer-aided management of bingo games ineligible).

The *Wireless Media* decision, which recently was affirmed by the Federal Circuit without opinion, also provides a good example of an ineligible abstract idea. The patents in that case were directed to the abstract idea of "monitoring locations, movement, and load status of shipping containers within a container-receiving yard, and storing, reporting and communicating this information in various forms through generic computer functions." 100 F. Supp. 3d at 414. The system described in *Wireless Media* is comparable to the system and method described in the '546 patents, which are directed to monitoring activities in the human body, storing and reporting information derived from these activities, and communicating the results in various forms to the system's user through generic computer functions. These are all abstract ideas.

Ultramercial provides another useful model. The patent at issue in *Ultramercial* involved 11 steps for distributing products over the Internet via a "facilitator." 772 F.3d at 712, 714. The patent owner argued that the claims were "directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before." *Id.* at 714. The Federal Circuit disagreed, holding that "the addition of merely novel or non-routine components to the claimed idea [does not] necessarily turn [] an abstraction into something concrete." *Id.* at 715. "In any event," the Circuit continued, "any novelty in implementation of the idea is a factor to be considered only in the second step of the Alice analysis." *Id.*

Like the patent-at-issue in *Ultramercial*, the '546 patent consists of an "ordered combination of steps [that] recites an abstraction . . . an idea, having no particular concrete or tangible form." 772 F.3d at 715. In substance, the '546 patent recites a system of using a

wearable sensor device for detecting data and a processing unit to (1) derive data detected by the sensor; (2) prompt the individual to establish a weight-loss goal; (3) generate a suggestion to engage in activity; (4) determine weight loss; and (5) generate a second suggestion based on whether the individual complied with the first suggestion. '546 patent at 60:15-38. As set forth in the *Ultramercial* decision, the process of collecting data, organizing it in a computer database, and generating reports from the database to be communicated to the product's user, "recites an abstraction." *Id.*

Jawbone's arguments that the '546 patent does not disclose an abstract idea are unpersuasive. Jawbone notes that the patent discloses "a management system that can accurately and automatically monitor daily activity and energy expenditure . . . to reduce the need for strict compliance with and the repetitive nature of manual data entry of information." '546 patent at 4:7-11. Elimination of vagaries in data collection and storage due to manual input by humans may be an improvement, but that does not make the idea of managing weight through monitoring caloric consumption and expenditure any less abstract.

Jawbone identifies as a significant advance the '546 patent's use of sensors linked to computer processors to detect and manipulate various measurements related to physical activity. *See* Opp. at 16, 18. The abstract idea of using sensors in a computerized weight loss system is not patentable, however. "[A]n abstract idea is not rendered patentable [] just because of connections to the physical world, " and "the mere presence of a physical step, such as inputting information into a computer, to collect data, will not render a claim patent eligible." *Wireless Media*, 100 F. Supp. 3d at 415 (citing *Grams*, 888 F.2d at 840; *Bilski*, 561 U.S. at 611).

Importantly, the '546 patent does not claim to have invented wearable sensing devices. The '546 patent claims instead an idea—its nutrition and activity management system—for using

a wearable sensing device. Using sensors "in conjunction with a software platform for monitoring caloric consumption and/or caloric expenditure of an individual," '546 patent at 1:27-29, is just an idea. The abstract idea exception precludes patents that "'would pre-empt use of [a particular] approach in all fields, and would effectively grant a monopoly over an abstract idea.'" *Wireless Media*, 100 F. Supp.3d at 412 (citing *Bilski*, 130 S. Ct. at 3231); *see also, Ultramercial, supra* (novel use of the Internet is abstract). Under the law, Jawbone may be permitted to patent a particular physical apparatus, but not a generic system for using an apparatus it did not invent – which is exactly what the '546 patent describes.

Similarly, Jawbone asserts that the '546 patent "discloses a significant technological improvement in the health and fitness industry in the form of a system of wearable sensors . . . ." Opp. at 12-13. Again, the patent does not claim the sensors, and "improvement in the health and fitness industry" is an abstraction. "An abstract idea does not become nonabstract by limiting the invention to a particular field of use or technological environment . . . ." *Intellectual Ventures*, 792 F.3d at 1366 (citing *Alice*, 134 S. Ct. at 2358). As in *Wireless Devices*, which involved a system for monitoring and moving shipping containers, the '546 patent "articulates nothing more than the process of monitoring, recording, sorting, communicating, and generating information . . . These are all abstract ideas themselves." 100 F. Supp. 3d at 414.

In *Cyberfone*, the Federal Circuit noted that although the method claims required a telephone, which played "an integral role in the method," the function of the phone was not claimed as part of the invention. 558 Fed. Appx. at 992. In addition, the Circuit held, the claim recited "a range of different" telephones that could be used, leading the court to conclude that the telephone "is not a specific machine, and adds nothing of significance to the claimed abstract idea." *Id.* The telephone discussed in *Cyberfone* parallels the sensors and processors used in the

'546 and '275 patents, which also lack specific, innovative technological limitations and innovations that would add substance to the patent's abstract ideas.

Step Two: When the first step of the analysis reveals that a patented system is only an abstract idea, step two of the test for ineligibility requires examination of the patent to determine whether the claims add significantly to the abstract system described. "[T]here must be an 'inventive concept' to take the claim into the realm of patent-eligibility." *Intellectual Ventures*, 792 F.3d at 1367 (quoting *Alice*, 134 S. Ct. at 2358). The invention must "'transform' the claimed abstract idea into patent-eligible subject matter." *Ultramercial*, 772 F.3d at 715 (citing *Alice*, 134 S. Ct. at 2357).

Claim 1 of the '546 patent discloses no inventive concept – describing only deriving data, prompting an individual, generating suggestions, determining weight loss, and determining compliance. As set forth above, the dependent claims describe specific aspects of the '546 patent's system, in particular data-gathering, but at a high level of generality, without indicating that there are technological aspects of the system that add "practical significance to the underlying abstract idea." *See Ultramercial*, 772 F.3d at 716 (citing *Alice*, 134 S. Ct. at 2357) (rejecting the idea that an "active" rather than "passive" data management system confers eligibility). Jawbone only references the dependent claims to contend that "[d]ependent claims 10-18 add to Claim 1 elements whereby through continuous data monitoring the system is able to 'predict future data,'" Opp. at 15, but these dependent claims only describe "routine additional steps," which are insufficient to supply an "inventive concept." *Ultramercial*, 772 F.3d at 716 (citing *Alice*, 134 S. Ct. at 2357). None of the other asserted claims of the '546 patent adds

meaningful limitations to the abstract concepts.[6] As in *Ultramercial*, the limitations of the '546 claims "do not transform the abstract idea that they recite into patent-eligible subject matter because the claims simply instruct the practitioner to implement the abstract idea with routine, conventional activity." *Id.* at 715; *see Mayo*, 132 S. Ct. at 1298. Even if some of the steps in the process were new to the industry, that fact alone would not transform an abstract idea into patentable subject matter. *Ultramercial*, 772 F.3d at 716 ("That some of the eleven steps were not previously employed in this art is not enough – standing alone – to confer patent eligibility . . . .") The rewards of the patent system "do not flow to ideas – even good ones – outside of the technological arena." *Ultramercial,* 772 F.3d at 721 (Mayer, J., concurring).[7]

Although the system described in the '546 patent includes an electronic apparatus, the patent's subject matter is not the apparatus but a system in which the apparatus is used. The system's processor lacks specific limitations; its functions may be performed by a microprocessor, "a microcontroller, or any other device that can be programmed to perform the functionality described herein." '546 patent 1 at 13:36-40. *See Cyberfone*, 558 Fed. Appx. at 993 (holding that a patent specifying a range of different machines that can be used in the

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[6] "The Federal Circuit has held that an extended claim-by-claim analysis is not necessary where multiple claims are "'substantially similar and linked to the same abstract idea.'" *See Wireless Media*, 100 F. Supp. 3d at 409 (quoting *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343, 1348 (Fed. Cir. 2014), *cert. denied*, 136 S. Ct. 119 (Oct. 5, 2015). For this reason, analysis of the individual dependent claims is not necessary with respect to the '546 patent.

[7] Jawbone cites a portion of the *Alice* decision recognizing that application of abstract concepts "to a new and useful end" remain eligible for patent protection. Opp. at 12-13 (citing *Alice*, 134 S. Ct. at 2354). The only way to read this *dictum* consistently with the Supreme Court's decision in *Alice* and the significant case law developed since *Alice* is to say that the abstract concept must satisfy the requirement of step two, which requires an appropriately limited disclosure and/or a concrete technological advance. *See OIP Technologies*, 788 F.3d at 1364 ("[W]e must read *Diehr* in light of *Alice*, which emphasized that *Diehr* does not stand for the general proposition that a claim implemented on a computer elevates an otherwise ineligible claim into a patent-eligible improvement.") (citing *Alice*, 134 S. Ct. at 2358).

method "adds nothing of significance to the claimed abstract idea."); *Internet Patents*, 790 F.3d at 1348 (rejecting a patent embodying the abstract idea of "retaining information in the navigation of online forms"). The Circuit observed in *Internet Patents* that where the claims at issue did not sufficiently restrict the method for achieving the result achieved, the patent was invalid. "The mechanism [] is not described, although this is stated to be the essential innovation." *Id.*

The processors used in the system described in the '546 patent similarly do not specify any mechanism for achieving the patent's purported innovations. As for the sensors, the '546 patent describes a wearable (only "preferably" worn on the body, it can also be part of a garment, *see* '546 patent at 10:12-15) device such as an armband. Again, the use of a generic device fails to make specific and tangible what is abstract and general.

In sum, the subject matter of the '546 patent is the collection and manipulation of information, not any specific, innovative technological means for performing these functions. "In general, according to the present invention, data relating to the physiological state, the lifestyle and certain contextual parameters of an individual is collected and transmitted either subsequently or in real-time, to a site, preferably remote from the individual, where it is stored for later manipulation and presentation to the recipient, preferably over an electronic network such as the Internet." '546 patent at 9:42-10:5. The '546 patent nowhere claims invention of the process through which the information is obtained (by the sensors) or manipulated (by the processor). In fact, the patent points out examples of many well-known methods "for generating data indicative of various physiological parameters and sensors to be used therefor." '546 patent at 10:36-38.

It is clear, moreover, that the claims of the '546 patent disclose no transformation of any article described in the '546 system into "a different state or thing." *In re Bilski*, 545 F.3d at 954 (citing *Benson*, 409 U.S. at 70). The data collected and manipulated remain just that – data. "Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101." *Digitech*, 758 F.3d at 1350.

In addition, it is established that under step two of the eligibility analysis, "claiming the improved speed or efficiency inherent with applying the abstract idea on a computer" does not provide "a sufficient inventive concept." *See Intellectual Ventures*, 792 F.3d at 1367 (citing *Bancorp*, 687 F.3d at 1278; *Ultramercial*, 772 F.3d at 717 (citing *Alice*, 134 S. Ct. at 2357)). As the Circuit explained in *Ultramercial*, "Any transformation from the use of computers or the transfer of content between computers is merely what computers do and does not change the analysis." *Id.* at 717 (emphasis added). The verdict on eligibility of the court in the *Intellectual Ventures* decision applies here as well: "[N]owhere does [the patentee] assert that it invented an interactive interface that manages web site content. Rather, the interactive interface limitation is a generic computer element." 792 F.3d at 1370.

In light of the discussion above, Jawbone's reliance on *Diamond* is unavailing. In that case the patented process involved the use of a mathematical formula to transform uncured synthetic rubber "into a different state or thing" and solved a technological problem: the over- or under- curing of rubber. *See* 450 U.S. at 184 ("that respondents' claims involve the transformation of an article, in this case raw, uncured synthetic rubber, into a different state or thing cannot be disputed."), 187 ("computer use incorporated in the process patent significantly lessens the possibility of "overcuring" or "undercuring"). There is no such transformation in the '546 patent and no such solution to a specific technological problem.

Jawbone cites *Motio*, where a district court found that the patent-at-issue expanded the functionality of existing computer software by providing "an automated agent to solve the problem of a business intelligence system lacking native version control." 2016 WL 26043 at *3. The improvement, the court said, "amounts to significantly more than a patent on the idea of maintaining versions of electronic documents itself." *Id.* The *Motio* court cited *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1249 (Fed. Cir. 2014), in which the Federal Circuit found that the second step of the eligibility test was met where "the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." 2016 WL 26043 at *4. The same cannot be said of the '546 patent. Rather, the elements of the system described in the '546 patent, like the patent in *Wireless Media*, "merely require generic computer functions that are not inventive," 100 F. Supp. 3d at 417, and hence, are ineligible for patent protection under section 101.

Jawbone asserts that "*no* device was previously able to combine all of this data *and* generate iterative feedback," Opp. at 16, but the claims do not require any specific computer technology that constitutes an improvement over previous methods. A method that combines data in a computer, when the combination adds nothing "'that is not already present when the steps are considered separately,'" is still ineligible. *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1298).

2. The '275 patent[8]

The general principles discussed above also support summary determination with respect to the '275 patent.

[8] Pursuant to Order No. 32 (February 22, 2016), Jawbone withdrew claims 8, 9, 10, 13, 14, and 18 of the '275 patent. Those that remain are 1-7, 15, and 19.

Claim 1 of the '275 patent sets forth a "method." *Id.* at 47:25. The steps in the method are (1) "receiving data representing a profile" based on health-related activities, (2) "acquiring data" based on sensors in a wearable computing device (3) "determining data representing values" based on the profile, (4) "calculating at a first processor a score" based on the values, (5) presenting a "representation of the score relative to the target score," and (6) "adjusting" the score. *Id.* at 47: 26-41.

Step One: Like the '546 patent, the '275 patent claims an abstract idea: collecting information about an individual's health status, assigning a score to the individual, and then comparing that to a target score to provide feedback on various purported measures of health and wellness. '275 patent claims 1-7.[9] Claims 2-7 describe additional manipulation of the target scores as well as calculations resulting in other scores, all relating to the abstract idea set forth in Claim 1. Claim 15 adds a graphic or haptic interface. '275 patent at 48:53-59. The patentees do not claim that they invented graphic and haptic interfaces, but only teach that an interface can be used as part of the method for deriving a health and wellness target score.

The activities described generally can be performed by human beings without computers (albeit less quickly and efficiently). Configuring a computer to perform the functions set forth in the '275 patent does not change the abstract nature of method described. Jawbone claims that the "wearable sensors permit compilation and analysis of personal data in a manner that is unavailable through use of a generic computer." Opp. at 20. Using wearable sensors to collect data for transmission to a computer cannot be described as anything other than an abstract idea, however, and the mere use of wearable sensors does not describe a patentable invention. To the

[9] As noted above, extended analysis is not necessary where multiple claims are linked to the same abstract idea. *See* note 6, *supra*.

contrary, the functions set forth involving sensors constitute "well-understood, routine, conventional activity." *Mayo*, 132 S. Ct. at 1298.

Independent Claim 19 describes a device, but the '275 patent nowhere discloses any specific physical or technological attributes of the device. Independent Claim 19 does not describe any specific technological innovation. Claimed are an "interface," an "aggregation engine," "one or more managers including one or more processors," a "score generator," a "general health and wellness module" and a "status manager." '275 patent at 49:14-50:18. These are generic labels indicating functions that can be carried out by means of conventional computing technology, according to the '275 patent. As Staff points out, claim 19 essentially re-labels the same abstract ideas set forth in the claims: receiving, storing, and configuring data, performing calculations, and presenting the results.

Step Two: A discussed, claim 1 describes no technological means for achieving any of the functions comprising the method. The dependent claims recite steps carried out by sensors connected to processors that calculate and manipulate data to generate numbers relating to health and wellness measures. The claims provide no meaningful limitations on the high-level description of the claimed invention, and Jawbone in its opposition points to no technological disclosure that would take the invention beyond the abstract idea of calculating target health and wellness scores using electronic media. The Federal Circuit has held that a machine that is part of a claimed method does not save a patent from ineligibility when the machine is used in a conventional manner.[10]

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[10] Jawbone relies on *France Telecom*. Opp. at 20. Apart from the fact that this district court decision has not been reviewed and affirmed by the Federal Circuit, and that the district court applies an unwarranted presumption of validity, *see* 39 F. Supp. 3d at 1084-85, *France Telecom* is factually distinguishable. The district court found that the claims at issue in *France Telecom* provide "'inventive concepts' that exceed the prior art, namely, coding in parallel and a novel

The specification of the '275 patent underscores the lack of any inventive step. The '275 patent states that conventional devices are unable to "capture, analyze, communicate, or use data in a contextually-meaningful, comprehensive, and efficient manner," '275 patent at 9:64-66, but the specification never discloses how, technologically, its "data-capable" band works better to perform these tasks than other computerized equipment. The patent states that previous devices for performing the functions disclosed in the patent are expensive to manufacture and purchase. *Id.* at 10:13-14. The asserted claims, however, disclose no specific technological invention that would make such devices less expensive to make and buy. There is no support for the notion that simply combining a number of conventional elements in a method will transform an abstract idea into a patentable invention. As discussed above, an element or combination of elements must amount to significantly more than a patent upon the ineligible concept itself to satisfy section 101. *See Wireless Media* , 100 Fed. Supp. 3d at 412 (section 101 requires "'an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon' the [ineligible concept] itself'") (quoting *Alice,* 134 S. Ct. at 2355 (quoting *Mayo*, 132 S.Ct. at 1294)).

In a nutshell, the '275 patent claims the use of conventional electronic and computing technology to implement an abstract idea (among many other abstract ideas): using target scores to monitor health and wellness. All the florid verbiage in the specification fails to describe a patentable invention. Under the legal precedent discussed in detail above, the claims of the '275 patent describe no "new and useful process, machine, manufacture, or composition of matter" that is eligible under 35 U.S.C. § 101.

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method of iterative coding," and further that the claimed method "takes digital data elements and turns them into a 'distinct series of coded data elements.'" 39 F. Supp. 3d at 1093-94. In contrast, the '275 patent does not claim any specific technological innovation or any specific transformation of data.

III. CONCLUSION

For the foregoing reasons, Motion Docket No. 963-028 is GRANTED. The asserted claims of U.S. Patent Nos. 8,398,546 and 8,446,275 are directed to ineligible subject matter under 35 U.S.C. § 101, and it is my Initial Determination that these patents are terminated from the Investigation.

This Initial Determination, along with supporting documentation, is hereby certified to the Commission. This Initial Determination shall become the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to Commission Rule 210.43(a), or the Commission, pursuant to Commission Rule 210.44, orders, on its own motion, a review of the Initial Determination or certain issues contained herein. 19 C.F.R. § 210.42(d).

SO ORDERED.

Dee Lord

Dee Lord
Administrative Law Judge

CERTAIN ACTIVITY TRACKING DEVICES, SYSTEMS, AND COMPONENTS THEREOF **Inv. No. 337-TA-963**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorney, **Peter Sawert, Esq.**, and the following parties as indicated, on **March 3, 2016.**

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