

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

In the Matter of

**CERTAIN DC-DC CONTROLLERS AND
PRODUCTS CONTAINING SAME**

**Investigation No. 337-TA-698
(Remand Enforcement Proceeding)**

**NOTICE OF A COMMISSION DETERMINATION TO ADOPT A RECOMMENDED
REMAND DETERMINATION ADDING ELEVEN DAYS TO TOTAL NUMBER OF
DAYS IN VIOLATION OF AUGUST 13, 2010, CONSENT ORDER; ISSUANCE OF
MODIFIED CIVIL PENALTY ORDER AND TERMINATION OF REMAND
ENFORCEMENT PROCEEDING**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to adopt a remand recommended determination (“RRD”) of the presiding administrative law judge (“ALJ”) adding eleven (11) days to the total number of days enforcement respondent uPI Semiconductor Corporation (“uPI”) of Hsinchu, Taiwan, violated the August 13, 2010 consent order (“the Consent Order”). The Commission has adopted the RRD as a final determination of the Commission, issued a modified civil penalty order in the amount of \$650,000 directed against uPI, and has terminated the remand enforcement proceeding.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. 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 ordered this remand enforcement

proceeding on April 8, 2015, in view of the Federal Circuit's decision in *uPI Semiconductor Corp. v. ITC and Richtek Technology Corp. v. ITC*, 767 F.3d 1372 (Fed. Cir. 2014). See Comm'n Order (Apr. 8, 2015). The Commission instituted the original enforcement proceeding on September 6, 2011, based on an enforcement complaint filed by Richtek Technology Corp. of Hsinchu, Taiwan, and Richtek USA, Inc. of San Jose, California (collectively *ARichtek@*). 76 Fed. Reg. 55109-10. The complaint alleged violations of the August 13, 2010, consent orders issued in the underlying investigation by the continued practice of prohibited activities such as importing, offering for sale, and selling for importation into the United States DC-DC controllers or products containing the same that infringe one or more of U.S. Patent Nos. 7,315,190 (*Athe =190 patent@*); 6,414,470 (*Athe =470 patent@*); and 7,132,717 ("the '717 patent"); or that contain or use Richtek's asserted trade secrets. The Commission's notice of institution of enforcement proceedings named uPI and Sapphire Technology Limited (*ASapphire@*) of Shatin, Hong Kong as respondents. The Office of Unfair Import Investigations participated in the enforcement proceeding. Sapphire was later terminated from the enforcement proceeding based on a settlement agreement.

On June 8, 2012, the presiding administrative law judge ("ALJ") issued his enforcement initial determination ("EID") finding a violation of the Consent Order by uPI. The ALJ found importation and sale of accused products that infringe all asserted claims of the patents at issue, and importation and sale of formerly accused products that contain or use Richtek's asserted trade secrets. He found that uPI's products developed after the consent order issued ("post-Consent Order products") did not misappropriate Richtek's asserted trade secrets. Also, he recommended enforcement measures for uPI's violation that included the following: (1) modifying the Consent Order to clarify that the Order applies (and has always applied) to all uPI affiliates, past, present, or future; and (2) imposing a civil penalty of \$750,000 against uPI.

The Commission did not review the EID with respect to the trade secret allegations, but did review the EID as to certain patent infringement allegations and the number of violation days. On November 14, 2012, after review, the Commission determined to affirm-in-part, reverse-in-part, modify-in-part, and vacate-in-part the EID's findings under review. The Commission affirmed the ALJ's finding that uPI violated the consent order, and imposed a civil penalty of \$620,000 on respondent uPI for violation of the Consent Order on 62 days. The Commission also affirmed the ALJ's finding of direct infringement of claims 1-11 and 26-27 of the =190 patent with respect to uPI's formerly accused products. The Commission also vacated the ALJ's finding that uPI does not induce infringement of claims 1-11 and 26-27 of the =190 patent. The Commission also determined to reverse the ALJ's finding that claims 29 and 34 of the =470 patent are directly infringed by respondent uPI's accused DC-DC controllers and products containing the same, and determined that Richtek waived any allegations of indirect infringement with respect to the '470 patent. This action resulted in a finding of no violation of the Consent Order with respect to the =470 patent. Further, the Commission vacated as moot the portion of the EID relating to the '717 patent because the asserted claims 1-3 and 6-9 were cancelled by issuance of Ex Parte Reexamination Certificate No. U.S. 7,132,717 C1 on October 3, 2012. The Commission also affirmed the ALJ's finding that uPI's formerly accused products contained or used Richtek's asserted trade secrets to violate the Consent Order, but that uPI's post-Consent Order products did

not misappropriate Richtek's asserted trade secrets.

Both uPI and Richtek timely appealed the Commission's final determination. The Federal Circuit issued its opinion in the two appeals on September 25, 2014. *See* 767 F.3d 1372. The Court affirmed the Commission's findings regarding uPI's appeal with a slight modification, but regarding Richtek's appeal, the Court reversed the Commission's determination that uPI did not violate the Consent Order based on trade secret misappropriation with respect to uPI's post-Consent Order products. *Id.* Specifically, the Court found that, on the record provided, substantial evidence did not support the Commission's conclusion that uPI's post-Consent Order products were independently developed. *Id.* at 1383. Also specifically, regarding uPI's appeal and before deciding Richtek's appeal, the Court reduced the number of days of violation by eight (8) days to fifty-four (54) days. *Id.* at 1380. The Court remanded the case to the Commission for further proceedings with respect to violation of the Consent Order. *Id.* at 1383. On December 1, 2014, the Court denied uPI's petition for rehearing of the Court's finding of no independent development of uPI's post-Consent Order products. The mandate of the Court issued on November 17, 2014, with respect to uPI's appeal (Appeal No. 13-1157) and on December 8, 2014, with respect to Richtek's appeal (Appeal No. 13-1159).

In its order of April 8, 2015, the Commission remanded the case to a presiding administrative law judge and ordered the presiding ALJ to:

make findings and issue a remand recommended determination ("RRD") concerning the total number of days an importation or sale in the United States occurred in violation of the Consent Order in accordance with the Federal Circuit decision in *uPI Semiconductor Corp. v. ITC* and *Richtek Technology Corp. v. ITC*, 767 F.3d 1372 (Fed. Cir. 2014), taking into account (1) any additional violation days with respect to the post-Consent Order products Richtek specifically accused (*see* EID at 9 n.6); and (2) the subtraction of eight (8) violation days with respect to the formerly accused products. The RRD will also recommend a total civil penalty amount based on the previous daily penalty of \$10,000 per day of violation.

Comm'n Order. On April 20, 2015, Richtek filed a motion for reconsideration of the Commission's Remand Order with respect to the amount of the daily penalty and on May 7, 2015, the motion was denied. *See* Comm'n Order Denying Motion. On October 8, 2015, the presiding ALJ issued his RRD finding that after the eight-day subtraction, eleven (11) days, associated with post-Consent Order products, should be added to the number of days (54) uPI violated the Consent Order to make the total sixty-five (65) days in violation, and accordingly increased the total civil penalty amount to \$650,000 based on the daily penalty of \$10,000. On October 19, 2015, Richtek submitted comments regarding the RRD which reiterated the same arguments made in its denied motion for reconsideration. *Id.* On October 26, 2015, uPI and the Commission investigative attorney each filed a reply to Richtek's comments.

The Commission has determined to adopt the RRD as a final determination of the Commission and has issued a modified civil penalty order in the amount of \$650,000 directed

against uPI. The Commission has rejected the arguments regarding the amount of the daily penalty made by Richtek in its submitted comments for the same reasons given in the Commission's Order denying Richtek's motion for reconsideration. The Commission has terminated the remand enforcement proceeding.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, and in Part 210 of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

By order of the Commission.

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

Lisa R. Barton
Secretary to the Commission

Issued: January 6, 2016