

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN LITHIUM METAL OXIDE
CATHODE MATERIALS, LITHIUM-
ION BATTERIES FOR POWER TOOL
PRODUCTS CONTAINING SAME, AND
POWER TOOL PRODUCTS WITH
LITHIUM-ION BATTERIES
CONTAINING SAME**

Investigation No. 337-TA-951

**NOTICE OF THE COMMISSION'S FINAL DETERMINATION; ISSUANCE OF A
LIMITED EXCLUSION ORDER; TERMINATION OF THE INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has found a violation of section 337 in this investigation and has issued a limited exclusion order prohibiting importation of infringing lithium metal oxide cathode materials for consumption in the United States.

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 this investigation on March 30, 2015, based on a complaint filed by BASF Corporation of Florham Park, New Jersey and UChicago Argonne LLC of Lemont, Illinois (collectively, "Complainants"). 80 *Fed. Reg.* 16696 (Mar. 30, 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 lithium metal oxide cathode materials, lithium-ion batteries for power tool products containing same, and power tool

products with lithium-ion batteries containing same by reason of infringement of one or more of claims 1-4, 7, 13, and 14 of U.S. Patent No. 6,677,082 (“the ’082 patent”) and claims 1-4, 8, 9, and 17 of U.S. Patent No. 6,680,143 (“the ’143 patent”). *Id.* The notice of investigation named the following respondents: Umicore N.V. of Brussels, Belgium; Umicore USA Inc. of Raleigh, North Carolina (collectively, “Umicore”); Makita Corporation of Anjo, Japan; Makita Corporation of America of Buford, Georgia; and Makita U.S.A. Inc. of La Mirada, California (collectively, “Makita”). *Id.* The Office of Unfair Import Investigations is a party to the investigation.

On November 5, 2015, the ALJ granted a joint motion by Complainants and Makita to terminate the investigation as to Makita based upon settlement. *See* Order No. 32 (Nov. 5, 2015). The Commission determined not to review. *See* Notice (Nov. 23, 2015).

On December 1, 2015, the ALJ granted an unopposed motion by Complainants to terminate the investigation as to claim 8 of the ’082 patent. *See* Order No. 35 (Dec. 1, 2015). The Commission determined not to review Order No. 35. *See* Notice (Dec. 22, 2015).

On February 29, 2016, the ALJ issued his final ID, finding a violation of section 337 by Umicore in connection with claims 1-4, 7, 13, and 14 of the ’082 patent and claims 1-4, 8, 9, and 17 of the ’143 patent. Specifically, the ID found that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Umicore. ID at 10-11. The ID found that Complainants satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* at 9-10. The ID found that the accused products directly infringe asserted claims 1-4, 7, 13, and 14 of the ’082 patent; and asserted claims 1-4, 8, 9, and 17 of the ’143 patent, and that Umicore contributorily infringes those claims. *See* ID at 65-71, 83-85. The ID, however, found that Complainants failed to show that Umicore induces infringement of the asserted claims. *Id.* at 79-83. The ID further found that Umicore failed to establish that the asserted claims of the ’082 or ’143 patents are invalid for lack of enablement or incorrect inventorship. ID at 118-20. The ID also found that Umicore’s laches defense fails as a matter of law (ID at 122-124) and also fails on the merits (ID at 124-126). Finally, the ID found that Complainants established the existence of a domestic industry that practices the asserted patents under 19 U.S.C. § 1337(a)(2). *See* ID at 18, 24.

On March 14, 2016, Umicore filed a petition for review of the ID and a motion for a Commission hearing. Also on March 14, 2016, the Commission investigative attorney (“IA”) petitioned for review of the ID’s finding that a laches defense fails as a matter of law in section 337 investigations. Further on March 14, 2016, Complainants filed a contingent petition for review of the ID. On March 22, 2016, the parties filed responses to the petitions for review.

On April 8, 2016, 3M Corporation (“3M”) filed a motion to intervene under Commission Rule 210.19. 3M requested that the Commission grant it “with full participation rights in this Investigation in order to protect its significant interests in the accused materials.”

On May 11, 2016, the Commission determined to review the final ID in part. 81 *Fed. Reg.* 30548-50 (May 17, 2016). Specifically, the Commission determined to review (1) the ID’s contributory and induced infringement findings; (2) the ID’s domestic industry findings under 19

U.S.C. § 1337(a)(3)(C); and (3) the ID's findings on laches. The Commission determined to deny 3M's motion to intervene, but stated that it would consider 3M's comments in considering remedy, bonding and the public interest this investigation if a violation of Section 337 is found. Pursuant to Commission rule 210.45 (19 C.F.R. § 210.45), Umicore's request for a Commission hearing was granted.

The Commission requested the parties to brief their positions on the issues under review with reference to the applicable law and the evidentiary record, and posed specific briefing questions. On May 23, 2016, the parties filed submissions to the Commission's questions. On June 3, 2016, the parties filed responses to the initial submissions. Interested public entities, including 3M and the Belgian Ambassador also submitted comments on the public interest.

On August 2, 2016, Complainants filed a motion pursuant to 19 C.F.R. § 210.15(a)(2) and 19 C.F.R. § 210.38(a) for the Commission to reopen the record in this Investigation to admit a July 6, 2016 news article that allegedly includes statements by Umicore Greater China Senior Vice President Chuxian Feng as to this investigation. On August 11 & 12, 2016, Umicore and the IA filed respective oppositions to the motion. The Commission has determined to deny Complainants motion to reopen the record.

The Commission was interested in hearing presentations concerning the appropriate remedy (if any) and the effect that such remedy would have upon the public interest. The Commission invited Government agencies, public-interest groups, and interested members of the public to make oral presentations on the issues of remedy and the public interest. The Commission held a public hearing on Thursday, November 17, 2016, in the USITC Main Hearing Room. The hearing was limited to the issues of laches, contributory infringement, and the public interest. The hearing consisted of two panels. The first panel was limited to the parties (*i.e.*, complainants, respondents, and the IA), who were given an opportunity to comment on the issues identified above. The second panel consisted of non-party witnesses on the public interest.

The Commission thanks the various entities who appeared to testify on the public interest.

Having examined the record of this investigation, including the final ID, the petitions for review, responses thereto, and all other appropriate submissions, the Commission has determined to reverse the ALJ's finding that Umicore does not induce infringement. The Commission finds that the record evidence fails to support the ALJ's finding that Umicore had a good faith belief of non-infringement. The Commission has determined to affirm the ALJ's finding that Umicore's laches defense fails on the merits. The Commission vacates and takes no position on the legal question of whether laches is an available defense at the Commission. The Commission has determined to vacate and take no position on the ALJ's finding that Complainants established the existence of a domestic industry under 19 U.S.C. § 1337(a)(3)(C) with respect to BASF.

Having found a violation of section 337 in this investigation, the Commission has determined that the appropriate form of relief is a limited exclusion order prohibiting the unlicensed entry of lithium metal oxide cathode materials that infringe one or more of claims 1-

4, 7, 13, and 14 of the '082 patent, or claims 1-4, 8, 9, and 17 of the '143 patent that are manufactured by, or on behalf of, or imported by or on behalf of Umicore N.V. and Umicore USA Inc. or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns.

The Commission has also determined that the public interest factors enumerated in section 337(d) (19 U.S.C. § 1337(d)) does not preclude issuance of the limited exclusion order. Finally, the Commission has determined that a bond in the amount of three percent of entered value is required to permit temporary importation during the period of Presidential review (19 U.S.C. § 1337(j)) of lithium metal oxide cathode materials that are subject to the limited exclusion order. The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

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

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', with a stylized flourish at the end.

Lisa R. Barton
Secretary to the Commission

Issued: December 16, 2016