



337 Reporter Monthly Round-Up

Published by the ITC Trial Lawyers Association

JUN. 2022

JUNE AT THE COMMISSION:

New Investigations or Ancillaries: 6

Terminations: 6

Complaints Pending Institution: 2

Total New Investigations for 2022: 33

Initial Determination issued in: 1263, 1266 (Confidential)

Commission Opinions Issued in:
1258 (Confidential)

No new CAFC opinions

OUII Complaint Activity: Moderate

On June 13, Chair Kearns announced in a letter on the Commission website that "Commission staff returned to on-site activities last month, with increased telework flexibility, and the Commission expects to re-open to the public and resume in-person hearings this fall, no earlier than September 6, 2022." The Commission will provide additional guidance as this date approaches regarding procedures for the resumption of in-person hearings.



p2 Commission Terminates Investigation Over Objection of Respondent

The Commission granted Complainant's motion to terminate the Investigation on remand and rescinded the remedial orders over the objection of a Respondent seeking the equivalent of a declaratory judgment of non-infringement.

(Prepared by Claire Schuster, Associate, Wolf Greenfield)

p3 Commission Denied Respondent's Motion to Stay Modified Remedial Orders that Merely Clarified the Scope of the Original Orders

The Commission denied Respondent's motion to stay modified remedial orders that confirmed certain products as within the scope of the investigation, because, among other reasons, Respondent acquiesced to the inclusion of those products during the investigation and the modified remedial orders did not raise an admittedly difficult legal question.

(Prepared by Li Guo, Associate, Steptoe & Johnson)

p4 ALJ Shaw Recommends LEO and CDOs with 12-Month Delay in View of Public Interest Concerns

ALJ Shaw issued a recommended determination in which he recommended an LEO and CDOs with a 12-month delay for entry in view of the public interest concerns arising out of the COVID-19 pandemic and the worldwide semiconductor shortage.

(Prepared by Tommy Martin, Special Counsel, Baker Botts L.L.P.)

p5 ALJ Elliot Grants-In-Part Motion for Summary Determination, Finding that Complainant Lacked Standing for Asserted Patent which was Unenforceable when it Filed the Complaint

ALJ Elliot issued an initial determination finding that Complainant lacked standing for one of its asserted patents because it was unenforceable at the time of filing due to a terminal disclaimer.

(Prepared by Sean Wesp, Associate, AMS Trade LLP)

p6 CAFC Dismisses Lashify Appeal for Lack of Jurisdiction over Non-Final Commission Determination

The CAFC dismissed Lashify's appeal for lack of jurisdiction because the Commission had not issued a final, appealable determination.

(Prepared by Davin B. Guinn, Associate, Sterne, Kessler, Goldstein, & Fox PLLC)

p7 PTO Issues Interim Guidance For Discretionary Denials In Post-Grant Proceedings With Parallel Litigation

The PTO issued interim guidance that the PTAB will no longer discretionarily deny institution of an IPR or PGR under *Fintiv* when a request for denial is based on a parallel ITC proceeding; when a petition presents compelling evidence of unpatentability; or when a petitioner stipulates not to pursue the same or any grounds that could have reasonably been raised in the petition in a parallel district court proceeding. Additionally, the PTAB will consider the median time to trial in the district in which a parallel litigation resides when applying the *Fintiv* factors.

(Prepared by Elizabeth Connors, Associate, Desmarais LLP)



Commission Terminates Investigation Over Objection of Respondent

In the Matter of Certain Gas Spring Nailer Products and Components Thereof, Inv. No. 337-TA-1082 (CAFC Remand), Notice of Commission Decision to Grant Complainant's Motion to Terminate the Investigation on Remand; Rescission of Remedial Orders and Termination of the Investigation (June 15, 2022)

Before the Commission

Summary: The 1082 Investigation was initially filed on November 20, 2017, and asserted five patents. On March 5, 2020, the Commission issued a final determination finding asserted claims 1, 10, and 16 of U.S. Patent No. 8,387,718 (the "718 patent") infringed and not invalid, a domestic industry established, therefore finding a violation of section 337. The Commission simultaneously issued a limited exclusion order and a cease and desist order against the Respondent. There was no finding of violation for the remaining four originally asserted patents, based on the claim construction ruling and an evidentiary ruling excluding Complainant's expert's testimony regarding infringement under the doctrine of equivalents as opposed to literal infringement.

Both Complainant and Respondent appealed to the Federal Circuit on four separate issues. The Federal Circuit held that 1) Complainant's expert's testimony should be excluded for both doctrine of equivalents and literal infringement, 2) one construed claim term ("lifter member") was not a means plus function term, 3) a particular claim limitation could not be met in a particular configuration, and 4) the Commission's final determination was otherwise affirmed. The case was remanded to the Commission.

On remand, the Commission issued an order requesting comments regarding what further proceedings were required. Complainant filed a

motion to terminate the remand proceeding and withdrew its complaint. Respondent opposed Complainant's motion to terminate.

The Commission terminated the Investigation because the Complainant no longer sought any relief, and rescinded the remedial orders. The Commission noted that by opposing Complainant's motion to terminate, Respondent was effectively requesting the Commission rule on a declaratory judgment of non-infringement for Respondent.

The Commission was clear; it does not have authority to adjudicate declaratory judgment or any type of counterclaims. The Commission determined that it would be premature to adjudicate a hypothetical future complaint in the absence of any currently asserted complaint ("the Commission need not and does not now decide what action it may take, or what conditions may apply, should Kyocera in the future file a complaint based on the same or similar alleged violations of section 337 by Koki."). The Commission declined to determine whether and how the record from the present investigation might be used in a future investigation.

(Prepared by Claire Schuster, Associate, Wolf Greenfield)



Commission Denied Respondent's Motion to Stay Modified Remedial Orders that Merely Clarified the Scope of the Original Orders

In the Matter of CERTAIN MOVABLE BARRIER OPERATOR SYSTEMS AND COMPONENTS THEREOF, Inv. No. 337-TA-1209, Commission Opinion (May 13, 2022)

Before the Commission

Summary: After the Commission found a violation and issued remedial orders, Complainant filed a motion for clarification, or in the alternative, a petition for modification, to confirm that the remedial orders covered certain products. The Commission confirmed those products were covered, and issued modified remedial orders. Respondent appealed the Commission's determinations to the Federal Circuit. At the same time, Respondent filed a motion to stay the modified remedial orders pending appeal. The Commission denied the motion.

In denying the motion, the Commission explained that it considers motions for stay under a four-factor test: (1) whether the agency has ruled on an admittedly difficult legal question; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies. The Commission's denial of the motion focused heavily on the analysis of factor (1).

Before turning to the individual stay factors, the Commission determined that Respondent itself was responsible for the situation, through its acquiescence to the inclusion of the products at issue as within the scope of the investigation. The Commission cited pervasive evidence: those products were identified as accused products in the complaint, the parties litigated the products' infringement and Respondent provided extensive discovery relating to them, Respondent filed an unsuccessful motion *in limine* to exclude testimony related to those products as outside the scope of the investigation, Respondent argued that those products were outside the scope of the investigation in its post-hearing brief, and Respondent did not petition for Commission review of the ALJ's finding that those products were within the scope of the investigation. Additionally, Respondent even briefed the public

interest implications as to those products, and discussed those products with USTR before the issuance of the modified remedial orders.

Then turning to factor (1), the Commission decided that the modified remedial orders did not raise an admittedly difficult legal question. The Commission explained that it is permitted under section 337(k)(1) and under Commission Rule 210.76 to modify the remedial orders to clarify their scope when there is a changed circumstance. Here, the changed circumstance was Respondents' changed position regarding the scope of the investigation and the confusion it caused.

The Commission decided that Respondent also failed to demonstrate an admittedly difficult legal question with respect to the Commission's institution and termination of the modification proceeding in a single step. Neither section 337, the APA, nor Commission Rule 210.76 required referral of a modification proceeding to the ALJ. Further, the Commission found that the period of presidential review did not restart with modified orders that merely clarified their scope, which was consistent with the Commission's longstanding practice. Additionally, the Commission found that Respondent was not prejudiced because it already discussed those products with USTR after the issuance of the original remedial orders.

Regarding the other three factors, Respondent failed to establish irreparable harm, the balance of hardships did not weigh in favor of a stay, and the public interest did not weigh in favor of a stay. Therefore, the Commission denied Respondent's motion to stay the modified remedial orders pending appeal.

(Prepared by Li Guo, Associate, Steptoe & Johnson)



ALJ Shaw Recommends LEO and CDOs with 12-Month Delay in View of Public Interest Concerns

In the Matter of Certain UMTS and LTE Cellular Communication Modules and Products Containing the Same, Inv. No. 337-TA-1240, Recommended Determination on Remedy and Bond (April 15, 2022)

Before ALJ Shaw

Summary: On April 15, 2022, ALJ Shaw issued his Recommended Determination in this investigation between Koninklijke Philips N.V. and Philips RS North America LLC (collectively, “Complainants”) and six groups of respondents. After finding that no violation had occurred in his Final Initial Determination on April 1, 2022, ALJ Shaw recommended that, if the Commission disagreed, it should issue an LEO as to all six groups of respondents and CDOs as to three of the six groups of respondents. But ALJ Shaw recommended that the LEO and CDOs be delayed 12 months “to accommodate the public interest.” ALJ Shaw also recommended zero bond.

The articles potentially subject to exclusion are cellular communications modules that, among other things, are used in “connected” respiratory devices, such as respirators, bilevel positive airway pressure (“BiPAP”) machines, and continuous positive airway pressure (“CPAP”) machines. ALJ Shaw cited to evidence that the global pandemic is driving increased demand for these products in finding that the requested remedy would have an adverse effect on public health and welfare. ALJ Shaw also cited to evidence that it could take more than a year for manufacturers to switch suppliers because cellular communication modules generally are not interchangeable. He therefore found that it would take between 12 and 18 months to

mitigate the negative impact of the requested relief—a problem ALJ Shaw found to be exacerbated by the worldwide semiconductor shortage.

ALJ Shaw ultimately recommended a 12-month delay for entry of his recommended remedial order, despite finding that none of the other public interest factors weighed against their issuance. In arriving at his recommendations, ALJ Shaw also concluded that the remedial orders were not precluded by FRAND obligations, that three of the six groups of respondents held commercially significant inventory of accused products that warranted CDOs, and that complainants failed to present sufficient evidence to support assessing a bond against any of the respondents.

On June 17, 2022, the Commission determined to extend its deadline for determining whether to review ALJ Shaw’s Final Initial Determination.

(Prepared by Tommy Martin, Special Counsel, Baker Botts L.L.P.)



ALJ Elliot Grants-In-Part Motion for Summary Determination, Finding that Complainant Lacked Standing for Asserted Patent which was Unenforceable when it Filed the Complaint

In the Matter of CERTAIN LAPTOPS, DESKTOPS, SERVERS, MOBILE PHONES, TABLETS, AND COMPONENTS THEREOF, Inv. No. 337-TA-1280, Order 27 (May 3, 2022)

Before ALJ Elliot

Summary: On May 3, 2022, ALJ Elliot issued an Initial Determination Granting-In-Part Respondents' Motion for Summary Determination. In it, ALJ Elliot agreed with Respondents that Complainant Sonrai Memory Ltd. lacked standing to assert the '766 patent because a terminal disclaimer of the '766 patent made it unenforceable when Complainant filed its complaint.

In 2006, Standard Microsystems Corporation filed two patent applications with identical specifications, the '766 patent and the '583 patent. The '583 patent issued while the '766 application was pending and the '766 examiner requested that Standard Microsystems file a terminal disclaimer for the '766 patent. This disclaimed any patent term extending beyond the '583 patent term and stated that the '766 patent "shall be enforceable only for and during such period that it and [the '583 patent] are commonly owned." Both patents were assigned to Microchip Technology Incorporated ("Microchip") in 2012. Microchip assigned the '766 patent to Complainant in December 2019 as part of a patent sale and assignment agreement ("Agreement") for several patents, but the '583 patent was not mentioned in the Agreement. Microchip later filed four security interest assignments for the '583 patent. Complainant filed its complaint in July 2021.

Complainant argued that the unenforceability of

the '766 patent at the time of filing is immaterial to standing, relying on Federal Circuit precedent which allowed standing for patent assignees who did not possess all substantive rights in the asserted patent. *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225 (Fed. Cir. 2019). ALJ Elliot agreed that federal standing precedent applied at the Commission, but he explained that some "exclusionary rights" are still required to demonstrate constitutional standing under *Lone Star*. In contrast here, the terminal disclaimer removed all of Complainant's exclusionary rights in the '766 patent while the patents were not under common ownership, thus Complainant "lacked any rights, substantial or otherwise, that could have been vindicated by the Commission at the time the investigation began, and so did not have standing of any kind at the crucial time." While Complainant attempted to cure the defect by executing an Addendum to the Agreement with Microchip in February 2022, ALJ Elliot found that "[l]ack of standing cannot be cured by a retroactive assignment."

(Prepared by Sean Wesp, Associate, AMS Trade LLP)



CAFC Dismisses Lashify Appeal for Lack of Jurisdiction over Non-Final Commission Determination

Lashify, Inc. v. ITC, Appeal No. 2022-1566 (Fed. Cir. June 1, 2022)

Before Lourie, Taranto, and Hughes, Circuit Judges

Summary: On June 1, 2022, the CAFC dismissed a pending Lashify appeal. Lashify had filed the now dismissed appeal seeking review of the Commission's decision not to review certain non-infringement findings in an ongoing underlying investigation: *Certain Artificial Eyelash Extension Systems, Products, and Components Thereof*, Inv. No. 337-TA-1226. In dismissing the appeal, the CAFC determined it lacked jurisdiction because there was no final determination by the Commission in the underlying investigation.

The CAFC was prompted to dismiss the appeal based on a motion to dismiss filed by the Commission, arguing that the underlying decision was not final because the Commission had determined to review issues concerning all three of the asserted patents, and Lashify could not obtain an exclusion order with respect to any of the asserted patents until after the Commission completed its analyses of all remaining issues, including certain unresolved domestic industry and validity issues. Lashify opposed the motion, requesting instead that the appeal be held in abeyance. But the Commission argued in its reply that to stay or otherwise hold the appeal in abeyance would effectively treat the appeal as though jurisdiction existed, thereby inviting similar premature filings in the future.

After reviewing the parties' arguments, the CAFC observed that Lashify's own notice of

appeal characterized the Commission's decision as not "final" for purposes of judicial review under *Tessera, Inc. v. ITC*, 646 F.3d 1357, 1367-69 (Fed. Cir. 2011) (citing 19 U.S.C. § 1337(c)), given the Commission's pending consideration of "certain other issues in the investigation." Under *Tessera*, the CAFC previously established that it lacks jurisdiction until the Commission renders a final determination or appealable order.

In view of these considerations, the CAFC dismissed Lashify's appeal for lack of jurisdiction subject to reinstatement within 60 days should Lashify appeal from a final determination by the Commission.

(Prepared by Davin B. Guinn, Associate, Sterne, Kessler, Goldstein, & Fox PLLC)



PTO Issues Interim Guidance For Discretionary Denials In Post-Grant Proceedings With Parallel Litigation

U.S. Patent and Trademark Office, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings With Parallel District Court Litigation (June 21, 2022)

Summary: On June 21, 2022, the PTO issued interim guidance on discretionary denials of IPRs and PGRs based on parallel district court proceedings when applying the *Fintiv* factors. See *Apple Inc. v. Fintiv, Inc.* IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020) (listing the six factors as (1) whether the court granted a stay or evidence exists that one may be granted; (2) proximity of the trial date to projected deadline for a final written decision; (3) investment in the parallel proceeding by the court and the parties; (4) overlap between issues raised in the petition and the parallel proceeding; (5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other circumstances that impact the PTAB's exercise of discretion). This guidance will remain in effect until further notice.

According to the interim guidance, the PTAB will no longer rely on the *Fintiv* factors to discretionarily deny institution where a petition presents compelling evidence of unpatentability—compelling evidence being evidence that, if unrebutted at trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence. Further, the PTAB will not discretionarily deny institution where a petitioner presents a stipulation not to pursue the same or any grounds that could have

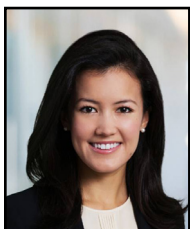
reasonably been raised before the PTAB in a parallel proceeding. And, when considering the proximity of the district court trial date to the date when the final written decision will be due, the PTAB will consider the median time from filing to disposition of the civil trial for the district in which the parallel litigation resides, not the parallel district court proceeding's scheduled trial date.

With respect to ITC proceedings, the new guidance notes that, while the PTAB has denied petitions based on parallel ITC investigations in the past, the *Fintiv* factors are directed at district court litigation. The *Fintiv* factors seek to avoid duplicative efforts between the PTAB and federal district courts. Unlike a district court, however, the ITC lacks authority to invalidate a patent, and an ITC investigation cannot conclusively resolve an assertion of patent invalidity. Thus, an ITC investigation cannot necessarily minimize the potential conflict between a PTAB proceeding and district court litigation. Accordingly, the PTAB will no longer discretionarily deny petitions based on applying the *Fintiv* factors to parallel ITC proceedings.

(Prepared by Elizabeth Connors, Associate, Desmarais LLP)



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