



# 337 Reporter Monthly Round-Up

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## JULY AT THE COMMISSION:

New Investigations or Ancillaries: 3  
Initial Determinations Issued: 2  
(1318, 1328)  
Commission Opinions Issued: 2  
(1286, 1293)  
Terminations: 11  
Complaints Pending Institution: 1  
OUII Complaint Activity: Light  
Total New Investigations for 2023: 18  
No New CAFC Opinions



### **p2** Commissioner Karpel Disputes “Per Se Exclusion” of Post-Sale Technical Customer Support Activities

The Commission affirmed ALJ Bhattacharyya’s Initial Determination of no violation after reviewing the findings on the economic prong despite Commissioner Karpel’s disagreement that post-sale technical investments should have been credited.  
*(Prepared by John W. McGrath, Associate, Wolf, Greenfield and Sacks, P.C.)*

### **p3** ALJ Bhattacharyya Finds Economic Prong of Domestic Industry Satisfied Where Virtually All Activities Were Conducted in the US

ALJ Bhattacharyya granted Complainant’s unopposed motion for summary determination that it satisfied the economic prong of domestic industry where Complainant conducted virtually all activities in Georgia.  
*(Prepared by Gerar Mazarakis, Associate, Norton Rose Fulbright)*

### **p4** The Commission *Sua Sponte* Reviews and Remands the Initial Determination Terminating the 1342 Investigation After Complainant Fails to Submit Non-Party Agreement

The Commission vacated and remanded the initial determination terminating the 1342 investigation as premature because Complainant failed to file a copy of its agreement with a non-party.  
*(Prepared by Members of the Editorial Board)*

### **p5** The Complainant Moves for Summary Determination of Invalidity to Permit Commission Review of Adverse Claim Construction Orders

After two adverse decisions finding the three asserted claims U.S. Patent No. 7,445,887 indefinite, Complainant Sartorius BioAnalytical Instruments, Inc. moved for summary determination of invalidity without opposition from Respondent Gator Bio, Inc. and the Staff to allow Commission review of the underlying claim construction orders. The matter is now before the Commission for review.  
*(Prepared by Nicholas H. Jackson, Partner, Dentons)*

### **p6** ALJ Elliot Grants in Part Respondents’ Motion for a Summary Determination of Invalidity Based on Anticipation by a Prior Product Sold by Complainant

ALJ Elliot issued an initial determination granting in part Respondents’ motion for a summary determination of invalidity based on anticipation by a prior product sold by Complainant for a subset of the asserted claims of the single asserted patent. The ALJ relied on photographs, an owner’s manual, and a YouTube video of that prior product in reaching this initial determination  
*(Prepared by Eda Stark, Associate, Hughes Hubbard & Reed LLP)*



## Commissioner Karpel Disputes “Per Se Exclusion” of Post-Sale Technical Customer Support Activities

*In the Matter of CERTAIN POWER SEMICONDUCTORS, AND MOBILE DEVICES AND COMPUTERS CONTAINING THE SAME, Inv. No. 337-TA-1308, Notice of Commission Determination To Review in Part and, On Review, To Affirm a Final Initial Determination Finding No Violation of Section 337 (July 17, 2023)*

Before the Commission

**Summary:** On July 17, 2023, the Commission issued a Notice electing to review in part and, on review, to affirm ALJ Bhattacharyya’s Initial Determination finding no violation of Section 337. At the issuance of the Initial Determination only Apple—one of thirteen Respondents originally named in the Complaint—remained in the Investigation. The remaining Accused Products included Apple iPhone, iPad, and Watch products containing “envelope tracking” chips manufactured by third-parties Qualcomm and Qorvo. Complainant Arigna asserted a single patent and claimed a domestic industry existed under prongs A and B through the investments of its licensee, third-party Microchip. Arigna alleged Microchip’s domestic investments included post-sale customer service and support, which ALJ Bhattacharyya declined to credit. The Commission affirmed these findings, but Commissioner Karpel issued a footnote in the Commission’s Notice disagreeing with the Initial Determination’s “*per se* exclusion” of Arigna’s post-sale investments.

### **Arigna’s Prong B (Labor and Capital) Investments:**

Complainant Arigna asserted that a domestic industry existed under prong B through licensee Microchip’s investments in engineering, research and development, and technical (“post-sale”) customer support. Apple argued, *inter alia*, that Arigna improperly characterized sales and marketing expenditures to bolster its domestic industry and further that Arigna could not rely on domestic industry expenditures that pre-date Arigna’s licensee Microchip’s license to the patent.

ALJ Bhattacharyya declined to credit Arigna’s post-sale technical service and support investments. Citing the 1153 Investigation she explained that, although “technical **assistance**” investments may be credited, “technical **marketing**” activities are sales-related and should be excluded. In her view, Arigna was partially engaged in technical marketing analogous to activity

which the Commission declined to credit in the 1046 Investigation. ALJ Bhattacharyya did not credit these investments because Arigna failed to allocate between technical assistance and technical marketing. ALJ Bhattacharyya also declined to credit Microchip’s pre-license expenses, explaining that Arigna did not cite any Commission precedent allowing reliance on the expenditures of a licensee before the license period—and that the Commission consistently excludes them. ALJ Bhattacharyya also found that Arigna did not demonstrate a domestic industry exists under prong A noting that it suffered from the same issues as its prong B domestic industry.

### **Commissioner Karpel’s Footnote on Post-Sale Activity:**

Although the Commission affirmed ALJ Bhattacharyya’s economic prong analysis, Commissioner Karpel disagreed with the Initial Determination’s exclusion of investments in post-sale technical service and support which she described as including “field engineering and product line marketers, who engage in customer-facing engineering activities.” In Commissioner Karpel’s view, Section 337 does not require the “*per se* exclusion” of customer-facing engineering activities regardless of whether they are characterized as sales and marketing. She noted that in the past, although the Commission has declined to find a domestic industry where only sales and marketing activity exist, it has nevertheless considered these investments as part of an overall domestic industry.

*(Prepared by John W. McGrath, Associate, Wolf, Greenfield and Sacks, P.C.)*



## ALJ Bhattacharyya Finds Economic Prong of Domestic Industry Satisfied Where Virtually All Activities Were Conducted in the US

*In the Matter of CERTAIN OUTDOOR AND SEMI-OUTDOOR ELECTRONIC DISPLAYS, PRODUCTS CONTAINING SAME, AND COMPONENTS THEREOF*, Inv. No. 337-TA-1331, Order No. 19 (June 15, 2023)

Before ALJ Bhattacharyya

**Summary:** On June 14, 2023, ALJ Bhattacharyya issued an Initial Determination granting Complainant's unopposed motion for summary determination that it satisfied the domestic industry requirement's economic prong with its sales-based allocation methodology. Regarding domestic investments in plant and equipment, the ALJ found that Complainant demonstrated investments in its facilities in Georgia as well as investments in equipment in that facility because among other things, Complainant submitted that it has no other physical facilities anywhere in the world and conducts all manufacturing, engineering, general corporate administration, and customer service activities at its Georgia headquarters. As for domestic investments in labor or capital, Complainant provided a declaration indicating that almost all individuals at its headquarters work in the engineering and manufacture of the domestic industry ("DI") products with an accompanying table showing related labor expenditures, which ALJ Bhattacharyya found were qualitatively significant as discussed below.

Complainant relied on investments in facilities and engineering and manufacturing labor for establishing domestic investments in research and development. ALJ Bhattacharyya found Complainant showed a nexus between the research and development and the asserted patents, which are directed to electronic displays, because the DI products are such displays. Regarding the significance analysis, ALJ Bhattacharyya found that Complainant showed its domestic investments are qualitatively significant when viewed in the context of its business because, for example, Complainant conducts virtually all of its engineering, manufacturing, design, development, packaging, and shipping activities for the DI products in its Georgia headquarters, including building each component of the DI products. Moreover,

Complainant's ongoing research and development activities were significant to the DI products because Complainant was continuously customizing existing versions of such products for individual customer needs as well as updating all product versions.

ALJ Bhattacharyya found that Complainant's domestic industry investments were quantitatively significant when viewed in comparison to foreign investments because Complainant's domestic investments in research and development efforts supporting to the DI products represented almost the entirety of Complainant's worldwide research and development efforts supporting the DI products. For example, Complainant's domestic plant and equipment expenditures represented the entirety of its worldwide plant and equipment expenditures related to R&D and manufacturing. Furthermore, Complainant's domestic labor and capital expenditures related to the design, development, manufacture, fabrication, assembly, and testing for the DI products represented almost the entirety of worldwide labor and capital expenditures for those activities.

*(Prepared by Gerar Mazarakis, Associate, Norton Rose Fulbright)*





## The Commission *Sua Sponte* Reviews and Remands the Initial Determination Terminating the 1342 Investigation After Complainant Fails to Submit Non-Party Agreement

*In the Matter of CERTAIN SEMICONDUCTOR DEVICES HAVING LAYERED DUMMY FILL, ELECTRONIC DEVICES, AND COMPONENTS THEREOF*, Inv. No. 337-TA-1342, Notice of the Commission's Determination to Review and, On Review, to Vacate and Remand an Initial Determination Terminating the Investigation (July 11, 2023)

**Summary:** The 1342 complaint named fifteen respondents—twelve of these respondents were terminated from the investigation without Commission review. On May 8, 2023, Complainant Bell Semiconductor, LLC moved to terminate the investigation in its entirety because an agreement with non-party Siemens Industry Software, Inc. fully resolved Complainants' infringement allegations with respect to the Respondents. Respondents did not oppose the motion for termination but noted that Complainants should be required to file a copy of the agreement with Siemens. On June 9, 2023, the Chief Administrative Law Judge issued an initial determination terminating the investigation, finding Rule 210.21(a)(1) only required an agreement "between the parties." No party petitioned for a review of the initial determination terminating the investigation.

On July 11, 2023, the Commission issued a Notice electing to *sua sponte* review the initial determination terminating the 1342 investigation, and, on review, to vacate the termination of the investigation and remand for further proceedings because termination was premature. The Commission's order, filed concurrently, explained that Complainant's failure to file the agreement with non-party Siemens did not comply with Commission Rule 210.21(a)(1). Specifically, the Commission found "that the identification and filing of agreements required by Commission Rule 210.21(a)(1) is not limited

to agreements 'between the parties.'" First, the Commission noted requiring the filing of "any agreements concerning the subject matter of the investigation," including non-party agreements, is consistent with the Commission's stated public policy interest in reviewing settlement agreements that form the basis for terminating an investigation, which "should not be dependent upon a party's choice to designate the termination as one based on withdrawal of the complaint or as one based on a settlement agreement." *See* 72 Fed. Reg. 72280, 72286 (Dec. 20, 2007). The Commission also noted similar precedent where Rule 210.21(a)(1), and the similar Rule 210.21(b)(1), were not limited to agreements between the parties. *See Certain Mobile Handset Devices & Related Touch keyboard Software*, Inv. No. 337-TA-864, Order No. 14 (Jul. 30, 2013); *see also, Certain Active-Matrix OLED Display Devices & Components Thereof*, Inv. No. 337-TA-1243, Comm'n Notice (Sept. 16, 2021).

Accordingly, the Commission vacated the initial termination and remanded for additional proceedings. The Commission specifically noted that if Complainant seeks to terminate the investigation per to Rule 210.21(a)(1) by complaint withdrawal, it must file a copy of its agreement with non-party Siemens both in confidential and redacted form.

*(Prepared by Members of the Editorial Board)*



## The Complainant Moves for Summary Determination of Invalidity to Permit Commission Review of Adverse Claim Construction Orders

*In the Matter of Certain Bio-Layer Interferometers and Components Thereof*, Inv. No. 337-TA-1344, Order Nos. 16, 22, and 27 (May 31; June 26; and June 30, 2023) (ALJ Hines)

**Summary:** In an investigation to determine whether certain of Respondent’s bio-layer interferometers infringe four patents asserted by Complainant, ALJ Hines issued an initial claim construction order on May 31, which was later supplemented on June 26. After the claim construction orders issued, Sartorius withdrew three of the asserted patents, leaving the ’887 Patent as the sole asserted patent in the investigation. The ’887 Patent is directed to assaying enzyme activity using optical fiber interferometry (a technique using interference of light waves transmitted by an optical fiber to perform a measurement). In analyzing the asserted patents, ALJ Hines considered several key issues.

**Assignor Estoppel.** First, before determining if the Respondent and Staff could even be permitted to advance an indefiniteness argument, ALJ Hines considered whether assignor estoppel barred **Staff** from alleging indefiniteness. Assignor estoppel is a legal tenet that prohibits an assignor of a patent from later claiming that the patent is invalid. Sartorius alleged that assignor estoppel prohibits the Staff from claiming invalidity when the Respondent would be prohibited from advancing the same theory; “serv[ing] as a mouthpiece for arguments developed by Gator Bio.” Order 16 at 10. ALJ Hines found that no such restriction exists. Instead, “[a]s a separate party, the Staff is not tied to the position of the other parties.” Accordingly, Staff may raise any challenge to the patents’ validity, irrespective as to whether the Respondent may do so.

### **Invalidity Based on Mixed Apparatus/Method Claims.**

While three of the asserted patents were later withdrawn by the Complainant, ALJ Hines evaluated these patents and determined that these three patents were not invalid by virtue of reciting mixed apparatus/method claims. Relying on the Federal Circuit’s reasoning in *IPXL Holdings, LLC v. Amazon.com, Inc.*, the ALJ determined that, based on a plain reading of the claims, “[f]unctional properties are claimed; actual use is not.” Order No. 16 at 13. The

relevant consideration is whether there is confusion if the infringement occurs when the apparatus is used or when a party creates the apparatus.

**Correction of Errors in an Asserted Patent.** Finally, ALJ Hines considered whether the Commission has the authority to correct an error in the claim. Claim 8, the lone independent asserted claim of the ’887 Patent, recites “the layer of enzyme binding molecules” without antecedent basis. The parties agreed that the claim contained an error as issued but disputed its intended meaning. Sartorius contended that the ALJ should correct this during claim construction to read “the layer of **analyte** binding molecules.” Alternatively, Gator Bio and Staff contended the claim was indefinite because it could mean as Sartorius proposed, or it could be corrected to read “**a** layer of enzyme binding molecules.” Finding that the Commission may only correct an “obvious error,” ALJ Hines determined that both proposed constructions were plausible based on a reading of the specification and dependent claims, which recite both a layer of enzyme binding molecules and a layer of analyte binding molecules. Because ALJ Hines found “a reasonable debate” as to which interpretation is the correct construction, she concluded that the claim contained a “major error” that cannot be corrected by the Commission. Order No. 22 at 5. To further support this conclusion, ALJ Hines concluded that the correction proposed by Sartorius would broaden the claim, which is not permitted under **Certain Multiple Mode Outdoor Grills and Parts Thereof**, Inv. No. 337-TA-895, Comm’n Op. at 23–26 (Feb. 20, 2015). As a result, ALJ Hines found claim 8 to be invalid as indefinite.

*(Prepared by Nicholas H. Jackson, Partner, Dentons)*



## ALJ Elliot Grants in Part Respondents' Motion for a Summary Determination of Invalidity Based on Anticipation by a Prior Product Sold by Complainant

*In the Matter of CERTAIN MARINE AIR CONDITIONING SYSTEMS, COMPONENTS THEREOF, AND PRODUCTS CONTAINING THE SAME*, Inv. No. 337-TA-1346, Initial Determination

Before ALJ Elliot

**Summary:** On June 12, 2023, Respondents moved for summary determination of invalidity based on anticipation and/or obviousness for the asserted claims of the single asserted patent. Respondents' motion also sought a finding of no violation of Section 337 and termination of the investigation in its entirety. On July 18, 2023, ALJ Elliot granted in part Respondents' motion. Because the motion was granted only in part, and otherwise found genuine issues

of material fact, ALJ Elliot found neither granting summary determination regarding domestic industry technical prong nor terminating the investigation was appropriate.

Respondents presented three bases for summary determination of invalidity: (1) the asserted claims are anticipated under 35 U.S.C. § 102 by two prior products sold by Complainant; (2) any claim not found anticipated is invalid under 35 U.S.C. § 103 as obvious based on one or more combinations of those two prior products sold by Complainant, an earlier U.S. patent issued to Complainant, and a third-party product; and (3) the single asserted patent is invalid as anticipated by a third prior product sold by Complainant, if Complainant can succeed in demonstrating a technical domestic industry.

Relying on photographs, an owner's manual, and a YouTube video of a first prior product sold by Complainant, ALJ Elliot found that Respondents have shown by clear and convincing

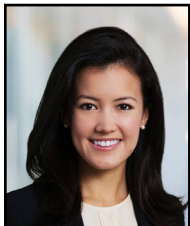
evidence that this prior product anticipates a subset of the asserted claims of the single asserted patent. As to the second prior product sold by Complainant, ALJ Elliot rejected Respondents' assumption that this product is representative of the first product and concluded that summary determination of invalidity based on the second product was inappropriate. As to the third product sold by Complainant, ALJ Elliot found that genuine issues of material fact exist over the prior art status of that product under 35 U.S.C. § 102(b) (pre-AIA) and criticized Respondents for misstating the law under 35 U.S.C. § 102(a) (pre-AIA).

Finally, as to obviousness, ALJ Elliot found that triable issues of fact exist regarding at least two issues: (1) motivation to combine and (2) objective indicia of non-obviousness.

*(Prepared by Eda Stark, Associate, Hughes Hubbard & Reed LLP)*



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