337 Reporter Monthly Round-Up

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Last Month at the Commission:

5 New Investigations or Ancillaries,
2 Terminations, 5 Complaints Pending Institution

Initial Determination issued in: 1091, 1093 (Confidential)

Commission Opinion Issued in: 1058, 1065 (Confidential)

OUII: High

Total New Investigations for 2019: 7

No CAFC opinions in March

ANALYSIS: Apple-Qualcomm Investigations Shed New Light on Public Interest Inquiry

In the Matter of CERTAIN MOBILE ELECTRONIC DEVICES AND RADIO FREQENCY AND PROCESSING COMPONENTS THEREOF (I AND II), Inv. Nos. 337-TA-1065 and 1093

Before the Commission and ALJ McNamara

Summary: Two recent decisions provide new guidance on how the statutory public interest factors should be applied and demonstrate the ongoing importance of the public interest inquiry at the Commission.

In the 1065 investigation brought by Qualcomm against Apple, Administrative Law Judge Pender found that Apple infringed a valid patent claim and that all jurisdictional requirements were met. Nevertheless, Judge Pender recommended that no exclusion order be issued because such an order would be contrary to the public interest, the first time any ALJ has ever recommended no remedy for a violation. To date, the Commission has denied an exclusion order on public interest grounds only three times. The President, who also has the power to deny such orders, has done so only four times.

Judge Pender reasoned that an exclusion order the accused Apple phones with Intel-made processor chips would effectively eliminate Intel from the U.S. smartphone market, thereby giving Qualcomm monopoly power in that lucrative market. And although national security is not one of the enumerated public interest factors, Judge Pender found that eliminating Intel from the U.S. smartphone market would harm the ability of the United States to develop emerging 5G technology, harming U.S. national security and competitiveness.

On review, the Commission asked the parties to address what type of remedy should issue if it were to uphold Judge Pender's infringement and validity findings, and whether delaying implementation of an exclusion order for some period of time would balance enforcement of Qualcomm's patent rights against the adverse consequences alleged by the parties with respect to industry competition, monopolization, and the development of 5G technology. Ultimately, the Commission's March 26 opinion did not reach these questions because it reversed the finding of a violation on the grounds that Apple had shown that the single claim at issue was invalid.

Also on March 26, Administrative Law Judge McNamara issued an ID in the 1093 counter-investigation brought by Qualcomm against Apple. Judge McNamara found that Apple had violated Section 337 and indicated that while her recommended determination would issue separately, she would recommend that remedial orders with certification provisions should issue. Judge McNamara issued her recommended determination on April 16, and the public version is not yet available.

Qualcomm and Apple recently reached a settlement of all their patent disputes, so the Commission will not weigh in on whether an exclusion order in the 1093 investigation would be against the public interest. However, we expect that the public version of Judge McNamara's recommended determination will provide additional guidance on the interpretation and application of the statutory public interest factors.

(By Michael Renaud, Aarti Shah, Sandra Badin, and Matthew Galica, Mintz Levin)

Following Case Dispositive Claim Construction Ruling, ALJ Lord Grants Summary Determination of Non-Infringement

In the Matter of CERTAIN TONER CARTRIDGES AND COMPONENTS THEREOF, Inv. No. 337-TA-1106, Initial Determination Granting Motions for Summary Determination of Non-Infringement and Terminating Investigation in its Entirety

Before ALJ Lord

Summary: On March 13, 2019, ALJ Issued an Initial Determination granting summary judgment of non-infringement for Respondents Ninestar, Asert, and Print-Rite. Judge Lord's analysis turned entirely on her prior construction of the limitation "movable." In the prior claim construction order, Judge Lord determined that the patentees disavowed certain claim scope and that the "movable" limitation requires a coupling member that is "movable between (i) a first **angular** position in which a tip of the at least one projection is a first distance away from the photosensitive drum as measured in the direction of the axis L1 and (ii) a second **angular** position in which the tip of the at least one projection is a second distance away from the photosensitive drug as measure in the direction of the axis L1." Order No. 40 at 7 (emphasis in original). Under this construction, all parties agreed that the accused products did not infringe any asserted claims.

Because all other pending motions for summary determination (invalidity and infringement) were premised under a broader construction of the term "movable," ALJ Lord found the motions moot in view of the prior claim construction order.

(prepared by Jon Bachand, Partner, Knobbe Martens)

ALJ Bullock Grants Motion to Amend Response to Complaint & Notice of Investigation

In the Matter of CERTAIN HUMAN MILK OLIGOSACCHARIDES AND METHODS OF PRODUCING THE SAME, Inv. No. 337-TA-1120, Order No. 29 (March 22, 2019)

Before Chief ALJ Bullock

Summary: On March 22, 2019, ALJ Bullock issued an order in this investigation filed by Complainant Glycosyn LLC granting Respondent Jennewein Biotechnologie GMBH's motion to amend its response to the complaint and notice of investigation to add an inequitable conduct affirmative defense.

Jennewein argued that it became aware of facts supporting the new affirmative defense during the deposition of a third party, who was the prosecuting attorney for the asserted patents. Specifically, Jennewein explained that the witness indicated that the named inventor was responsible for what information was shared with the USPTO and would have been aware of his duty to disclose certain material information. Jennewein also alleged that the deposition confirmed that the named inventor alone was responsible for drafting the declaration of technical information provided to the USPTO. Jennewein argued that this new discovery contradicted other statements submitted to the USPTO, and that these facts met the requirements for pleading inequitable conduct.

Jennewein explained that its motion was timely, as it was filed less than a week after the third party deposition, and that Glycosyn had been on notice of Jennewin's intent to present a defense of inequitable conduct via deposition topics as well as preliminary prehearing briefs. Jennewein also pointed out that final prehearing briefs were not due until April 8, giving the parties the time and opportunity to address the defense.

Jennewin's motion was opposed by Glycosyn and the Staff. Both argued that there was no good cause to Jennewein to file its motion so late in the investigation, that Jennewein had all of the information it needed for this defense at the end of September 2018, and that Glycosyn would be prejudiced by the late amendment. Glycosyn also faulted Jennewein for not asking the named inventors about the document at issue, which was disclosed in September.

ALJ Bullock granted the motion, holding that the proposed amendment consisted of a new defense with sufficient factual support and a persuasive explanation of how the new information allowed Jennewein to focus its defense. He also found the claim of prejudice unpersuasive as Glycosyn was on notice as early as November that Jennewein planned to present the defense.

(prepared by Lauren E. Peterson, Counsel, Adduci Mastriani & Schaumberg LLP)

ALJ Shaw Denies Unopposed Motion for Termination by Consent Order Because of Failure to Admit All Jurisdictional Facts

In the Matter of CERTAIN ELECTRONIC NICOTINE DELIVERY SYSTEMS AND COMPONENTS THEREOF, Inv. No. 337-TA-1139, Order No. 12

Before ALJ Shaw

Summary: On March 12, 2018, ALJ Shaw issued Order No. 12 denying respondent Infinite-N Technology Limited's ("INTL") unopposed motion to terminate this investigation as to INTL because the proposed consent order upon which INTL based its motion did not contain "[a]n admission of all jurisdictional facts."

As one of twenty-one respondents in this investigation initiated by Juul Labs, Inc. ("JLI"), INTL filed a motion pursuant to Commission Rule 210.21(c) to terminate the investigation as to INTL based on a consent order stipulation and proposed consent order. JLI did not oppose, and the Commission Investigative Staff supported, INTL's motion. However, ALJ Shaw denied the motion because the proposed consent order did not contain "[a]n admission of all jurisdictional facts" as required by Commission Rule 210.21(c)(4)(xi).

(prepared by Gerar Mazarakis, Associate, Pepper Hamilton LLP)

ALJ Lord Declines Motions to Terminate and Orders Parties to Show Cause Why Redactions in Settlement Agreements Are Appropriate Under the Commission Rules

In the matter of CERTAIN CARTRIDGES FOR ELECTRONIC NICOTINE DELIVERY SYSTEMS AND COMPONENTS THEREOF, Inv. No. 337-TA-1141, Order No. 18 (March 26, 2019)

Before ALJ Lord

Summary: In her recent order, ALJ Lord reminds parties that motions to terminate an investigation on the basis of settlement must be accompanied by appropriately redacted public versions of the settlement agreements that redact only information that meets the definition of confidential business information under Commission Rule 201.6(a).

Last month, Complainant Juul Labs, Inc. ("Juul") filed three joint motions to terminate the investigation on the basis of settlement as to Respondents The Electronic Tobacconist, LLC ("ET"), MistHub, LLC ("MistHub"), and Lan & Mike International Trading, Inc. d/b/a/ VaporDNA ("Lan & Mike). All of the motions were filed pursuant to Commission Rule 210.21(b). The Staff filed a response to one of these motions arguing that the excessive redactions to the public version of the settlement agreement were contrary to the requirements of Commission Rule 210.21(b) and should be corrected. ALJ Lord agreed, and similarly found that the redactions contained in the public versions of the other two settlement agreements were equally excessive. Based on this, she declined to rule on the pending motions and ordered the parties to file revised public versions of the settlement agreements, including declarations justifying each proposed redaction.

Commission Rule 210.21(b) requires that motions to terminate on the basis of settlement include public and confidential copies of the settlement or other agreements. The rule permits redactions of confidential business information that falls within the definitions set forth in the Commission's rules. Thus, to prevent delay in terminating an investigation on the basis of settlement, the settling parties ought to remain mindful that redactions to their settlement agreements should meet the requirements for confidential business information as set forth in Commission Rule 201.6(a).

(prepared by Paulina M. Starostka, Associate, Adduci Mastriani & Schaumberg LLP)

No Early Disposition When The Key Issue Is Too Complex Or Not Case Dispositive

In the Matter of CERTAIN DATA TRANSMISSION DEVICES, COMPONENTS THEREOF, ASSOCIATED SOFTWARE, AND PRODUCTS CONTAINING THE SAME, Inv. No. 337-TA-1150, Order Denying Requests For Entry Into Early Disposition Program

Before the Commission

Summary: Commission Rule § 210.10(b)(3) allows the Commission to "order the administrative law judge to issue an initial determination within 100 days of institution of an investigation … ruling on a potentially dispositive issue….," a procedure known as the "Early Disposition Program." 19 C.F.R. § 210.10(b)(3). In March, various respondents in Investigation No. 337-TA-1150 requested that the Commission utilize the Early Disposition Program, arguing that the asserted claims are invalid as being directed to unpatentable subject matter under 35 U.S.C. § 101, and that one of the two complainants could not satisfy the economic prong of the domestic industry requirement as it is allegedly a non-practicing entity. The Commission denied the respondents' requests because they did not make it clear that the key issue of subject matter eligibility under § 101 is "likely to be dispositive with respect to all (and not just some) of the asserted claims." And the Commission declined to take up the issue of the economic prong of the domestic industry requirement because it was too complex to resolve in the 100-day period.

(Prepared by Jason Balich, Wolf Greenfield)

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