

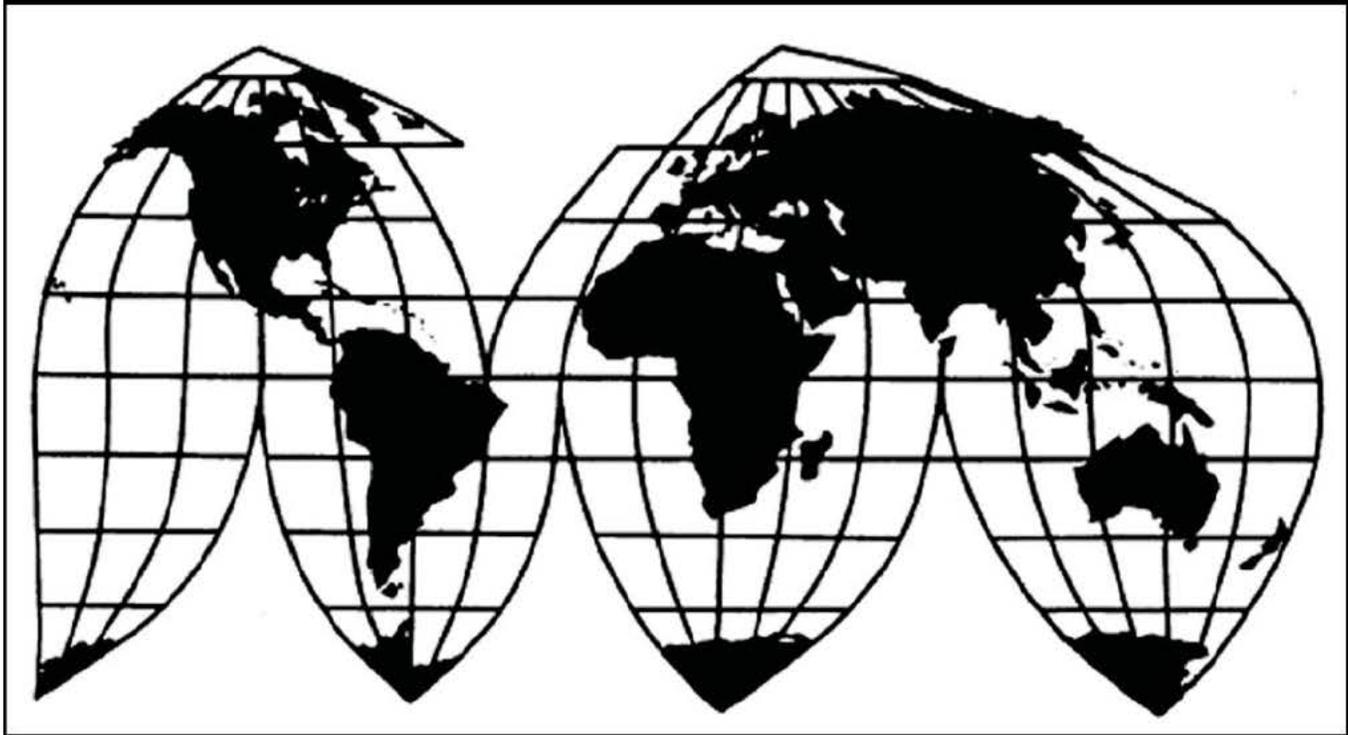
In the Matter of
**Certain Inkjet Ink Supplies
and Components Thereof**

Investigation No. 337-TA-691

Publication 4290

November 2011

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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United States International Trade Commission
Washington, DC 20436**

U.S. International Trade Commission

Washington, DC 20436
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In the Matter of

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Investigation No. 337-TA-691



UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

**CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF**

Investigation No. 337-TA-691

**NOTICE OF COMMISSION ISSUANCE OF A GENERAL EXCLUSION ORDER AND
A CEASE AND DESIST ORDER; TERMINATION OF INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has issued a general exclusion order and a cease and desist order in the above-captioned investigation under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("section 337"), and has terminated the investigation.

FOR FURTHER INFORMATION CONTACT: James A. Worth, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3065. 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 (<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 instituted this investigation on October 29, 2009, based on a complaint filed by Hewlett-Packard Company of Palo Alto, California ("HP"). 74 *Fed. Reg.* 55856-7 (Oct. 29, 2009). The complaint alleged violations of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain inkjet ink supplies or components thereof that infringe one or more of claims 1-7 and 22-28 of United States Patent No. 6,959,985; claims 1-10, 11, 12, 14, 18-20, 22, 26, 27, and 28-35 of United States Patent No. 7,104,630; claims 6, 7, 9, and 10 of U.S. Patent No. 6,089,687 ("the '687 patent"); and claims 1-3, 5, and 6 of U. S. Patent No. 6,264,301 ("the '301 patent"). The complaint named as respondents Zhuhai Gree Magneto-Electric Co. Ltd. of Guangdong, China ("Zhuhai"); InkPlusToner.com of Canoga Park, California ("InkPlusToner"); Mipo International Ltd. of Kowloon, Hong Kong ("Mipo International"); Mextec Group, Inc. d/b/a Mipo America Ltd. of Miami, Florida ("Mextec");

Shanghai Angel Printer Supplies Co. Ltd. of Shanghai, China (“Shanghai Angel”); SmartOne Services LLC d/b/a InkForSale.net of Hayward, California (“Smart One”); Shenzhen Print Media Co., Ltd. of Shenzhen, China (“Shenzhen Print Media”); Comptree Ink d/b/a Meritline, ABCInk, EZ Label, and CDR DVDR Media of City of Industry, California (“Comptree”); Zhuhai National Resources & Jingjie Imaging Products Co., Ltd. of Guangdong, China (“Zhuhai National”); Tatrix International of Guangdong, China (“Tatrix”); and Ourway Image Co., of Guangdong China (“Ourway”).

Seven respondents, Mipo International, Mextec, Shanghai Angel, Shenzhen Print Media, Zhuhai National, Tatrix, and Ourway (collectively, “Defaulting Respondents”), failed to answer the Complaint and Notice of Investigation. The ALJ granted default determinations against the Defaulting Respondents (Order No. 9), and the Commission determined not to review the order. See Notice of Commission Determination Not to Review an Initial Determination Finding Seven Respondents in Default (February 17, 2010). Three respondents, Comptree, InkPlusToner, and SmartOne, reached settlement agreements with HP and were terminated from the investigation (Order Nos. 11, 13, and 14), and the Commission determined not to review those orders. One respondent, Zhuhai was terminated from the investigation on the basis of a consent order (Order No. 12), and the Commission determined not to review that order.

On May 7, 2010, HP moved for summary determination that a domestic industry exists and that the Defaulting Respondents have violated section 337. The ALJ granted HP's motion and issued his final ID (Order No. 18) on August 30, 2010, finding substantial, reliable and probative evidence of violation by the Defaulting Respondents with respect to claims 6 and 9 of the ‘687 patent and claims 1, 5, and 6 of the ‘301 patent. The ID included the ALJ's recommended determination (“RD”) on remedy and bonding. The ALJ recommended that in the event the Commission finds a violation of section 337, the Commission should issue a general exclusion order and a cease and desist order directed to domestic respondent Mextec. The ALJ also recommended that the Commission set a bond of 100 percent for products imported during the period of Presidential review.

On October 7, 2010, the Commission issued notice of its determination not to review the final ID, and to solicit submissions on remedy, the public interest, and bonding. On October 28, 2010, HP and the Commission investigative attorney filed submissions with respect thereto. After reviewing the relevant portions of the record, the Commission has determined to issue a general exclusion order with respect to claims 6 and 9 of the ‘687 patent and claims 1, 5, and 6 of the ‘301 patent, and a cease and desist order against Mextec with respect to the same claims.

The Commission has therefore terminated this investigation. 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 sections 210.16(c), 210.41-42, and 210.50 of the Commission's Rules of Practice and Procedure (19 CFR §§ 210.16(c), 210.41-42, and 210.50).

By order of the Commission.

A handwritten signature in black ink, appearing to read "Marilyn R. Abbott". The signature is fluid and cursive, with the first name being the most prominent.

Marilyn R. Abbott
Secretary to the Commission

Issued: January 11, 2011

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

**CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF**

Inv. No. 337-TA-691

GENERAL EXCLUSION ORDER

The Commission has determined that there is a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the unlawful importation and sale of certain inkjet ink supplies and components thereof that infringe claims 6 and 9 of U.S. Patent No. 6,089,687 (“the ‘687 patent”) and claims 1, 5, and 6 of U.S. Patent No. 6,264,301 (“the ‘301 patent”).

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determinations on the issues of remedy, the public interest, and bonding. The Commission has determined that a general exclusion from entry for consumption is necessary, and accordingly, the Commission has determined to issue a general exclusion order prohibiting the unlicensed importation of infringing inkjet ink supplies and components thereof.

The Commission has also determined that the public interest factors enumerated in 19 U.S.C. §§ 1337(d) do not preclude the issuance of the general exclusion order, and that there should be a 100% bond during the Presidential review period.

Accordingly, the Commission hereby ORDERS that:

1. Inkjet ink supplies and components thereof covered by one or more of claims 6 and 9 of the '687 patent and claims 1, 5, and 6 of the '301 patent are excluded from entry into the United States for consumption, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining terms of the patents, except under license of the patent owner or as provided by law.
2. Notwithstanding paragraph 1 of this Order, the aforesaid inkjet ink supplies and components thereof are entitled to entry into the United States for consumption, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption under bond in the amount of 100% of the entered value of the products pursuant to subsection (j) of Section 337 (19 U.S.C. § 1337(j)) and the Presidential memorandum for the United States Trade Representative of July 21, 2005 (70 *Fed. Reg.* 43251 (July 21, 2005)), from the day after this Order is received by the United States Trade Representative until such time as the United States Trade Representative notifies the Commission that this Order is approved or disapproved but, in any event, not later than sixty (60) days after the date of receipt of this Order.
3. At the discretion of U.S. Customs and Border Protection ("CBP") and pursuant to procedures it establishes, persons seeking to import inkjet ink supplies and components thereof that are potentially subject to this Order may be required to

certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraph 1 of this Order. At its discretion, CBP may require persons who have provided the certification described in this paragraph to furnish such records or analyses as are necessary to substantiate the certification.

4. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to inkjet ink supplies and components thereof imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.
5. The Commission may modify this Order in accordance with the procedure described in section 210.76 of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.76).
6. The Commission Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and U.S. Customs and Border Protection.

7. Notice of this Order shall be published in the *Federal Register*.

By order of the Commission.

A handwritten signature in black ink, appearing to read "Marilyn R. Abbott". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Marilyn R. Abbott
Secretary to the Commission

Issued: January 11, 2011

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF**

Inv. No. 337-TA-691

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Mextec Group, Inc. d/b/a Mipo America Ltd., of Miami Beach, Florida, cease and desist from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, offering for sale, transferring (except for exportation), and soliciting U.S. agents or distributors for, inkjet ink supplies and components thereof that infringe one or more of claims 6 and 9 of U.S. Patent No. 6,089,687 and claims 1, 5, and 6 of U.S. Patent No. 6,264,301 in violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337.

I.

Definitions

As used in this Order:

- (A) "Commission" shall mean the United States International Trade Commission.
- (B) "Complainant" shall mean Hewlett-Packard Company of Palo Alto, California.
- (C) "Respondent" means Mextec Group, Inc. d/b/a Mipo America Ltd., of Miami Beach, Florida.

(D) "Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or business entity other than Respondent or its majority owned or controlled subsidiaries, successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia, and Puerto Rico.

(F) The terms "import" and "importation" refer to importation for entry for consumption under the Customs laws of the United States.

(G) The term "covered products" shall mean inkjet ink supplies and components thereof that infringe one or more of claims 6 and 9 of U.S. Patent No. 6,089,687 and claims 1, 5, and 6 of U.S. Patent No. 6,264,301.

II.

Applicability

The provisions of this Cease and Desist Order shall apply to Respondent and to any of its principals, stockholders, officers, directors, employees, agents, licensees, distributors, controlled (whether by stock ownership or otherwise) and majority-owned business entities, successors, and assigns, and to each of them, insofar as they are engaging in conduct prohibited by Section III, *infra*, for, with, or otherwise on behalf of Respondent.

III.

Conduct Prohibited

The following conduct of Respondent in the United States is prohibited by this Order.

For the remaining term of the relevant one or more of U.S. Patent No. 6,089,687 and U.S. Patent No. 6,264,301, Respondent shall not:

(A) import or sell for importation into the United States covered products;

(B) market, distribute, offer for sale, sell, or otherwise transfer (except for exportation), in the United States imported covered products;

(C) advertise imported covered products;

(D) solicit U.S. agents or distributors for imported covered products; or

(E) aid or abet other entities in the importation, sale for importation, sale after importation, transfer, or distribution of covered products.

IV.

Conduct Permitted

Notwithstanding any other provision of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, the owner of U.S. Patent Nos. 6,089,687 and 6,264,301 licenses or authorizes such specific conduct, or such specific conduct is related to the importation or sale of covered products by or for the United States.

V.

Reporting

For purposes of this reporting requirement, the reporting periods shall commence on June 1 of each year and shall end on the subsequent May 31. However, the first report required under this section shall cover the period from the date of issuance of this Order through May 31, 2012.

This reporting requirement shall continue in force until such time as Respondent will have truthfully reported, in two consecutive timely filed reports, that it has no inventory of covered products in the United States.

Within thirty (30) days of the last day of the reporting period, Respondent shall report to the Commission (a) the quantity in units and the value in dollars of covered products that Respondent has (i) imported and/or (ii) sold in the United States after importation during the reporting period, and (b) the quantity in units and value in dollars of reported covered products that remain in inventory in the United States at the end of the reporting period. Respondents filing written submissions must file the original document and two copies with the Office of the Secretary. Any Respondent desiring to submit a document to the Commission in confidence must file the original and a public version of the original with the Office of the Secretary and serve a copy of the confidential version on Complainant's counsel.¹

Any failure to make the required report or the filing of any false or inaccurate report shall constitute a violation of this Order, and the submission of a false or inaccurate report may be referred to the U.S. Department of Justice as a possible criminal violation of 18 U.S.C. § 1001.

VI.

Record-keeping and Inspection

(A) For the purpose of securing compliance with this Order, Respondent shall retain any and all records relating to the sale, offer for sale, marketing, or distribution in the United States

¹ Complainant must file a letter with the Secretary identifying the attorney to receive the reports or bond information. The designated attorney must be on the protective order entered in the investigation.

of covered products, made and received in the usual and ordinary course of business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by the federal courts of the United States, duly authorized representatives of the Commission, upon reasonable written notice by the Commission or its staff, shall be permitted access and the right to inspect and copy in Respondent's principal offices during office hours, and in the presence of counsel or other representatives if Respondent so chooses, all books, ledgers, accounts, correspondence, memoranda, and other records and documents, both in detail and in summary form as are required to be retained by subparagraph VI(A) of this Order.

VII.

Service of Cease and Desist Order

Respondent is ordered and directed to:

(A) Serve, within fifteen (15) days after the effective date of this Order, a copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the importation, marketing, distribution, or sale of imported covered products in the United States;

(B) Serve, within fifteen (15) days after the succession of any persons referred to in subparagraph VII (A) of this Order, a copy of the Order upon each successor; and

(C) Maintain such records as will show the name, title, and address of each person upon whom the Order has been served, as described in subparagraphs VII(A) and VII(B) of this Order, together with the date on which service was made.

The obligations set forth in subparagraphs VII(B) and VII(C) shall remain in effect until the date of expiration of U.S. Patent Nos. 6,089,687 and 6,264,301.

VIII.

Confidentiality

Any request for confidential treatment of information obtained by the Commission pursuant to Sections V and VI of this Order should be in accordance with Commission Rule 201.6, 19 C.F.R. § 201.6. For all reports for which confidential treatment is sought, Respondent must provide a public version of such report with confidential information redacted.

IX.

Enforcement

Violation of this Order may result in any of the actions specified in section 210.75 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.75, including an action for civil penalties in accordance with section 337(f) of the Tariff Act of 1930, 19 U.S.C. § 1337(f), and any other action as the Commission may deem appropriate. In determining whether Respondent is in violation of this Order, the Commission may infer facts adverse to Respondent if Respondent fails to provide adequate or timely information.

X.

Modification

The Commission may amend this Order on its own motion or in accordance with the procedure described in section 210.76 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.76.

XI.

Bonding

The conduct prohibited by Section III of this Order may be continued during the sixty (60) day period in which this Order is under review by the United States Trade Representative as delegated by the President, 70 *Fed Reg* 43251 (July 21, 2005), subject to Respondent posting a bond of in the amount of 100% of entered value of the covered products. This bond provision does not apply to conduct that is otherwise permitted by Section IV of this Order. Covered products imported on or after the date of issuance of this order are subject to the entry bond as set forth in the limited exclusion order issued by the Commission, and are not subject to this bond provision.

The bond is to be posted in accordance with the procedures established by the Commission for the posting of bonds by complainants in connection with the issuance of temporary exclusion orders. *See* Commission Rule 210.68, 19 C.F.R. § 210.68. The bond and any accompanying documentation is to be provided to and approved by the Commission prior to the commencement of conduct which is otherwise prohibited by Section III of this Order. Upon acceptance of the bond by the Secretary, (a) the Secretary will serve an acceptance letter on all

parties and (b) the Respondent must serve a copy of the bond and any accompanying documentation on Complainant's counsel.¹

The bond is to be forfeited in the event that the United States Trade Representative approves, or does not disapprove within the review period, this Order, unless the U.S. Court of Appeals for the Federal Circuit, in a final judgment, reverses any Commission final determination and order as to Respondent on appeal, or unless Respondent exports the products subject to this bond or destroys them and provides certification to that effect satisfactory to the Commission.

The bond is to be released in the event the United States Trade Representative disapproves this Order and no subsequent order is issued by the Commission and approved, or not disapproved, by the United States Trade Representative, upon service on Respondent of an order issued by the Commission based upon application therefore made by Respondent to the Commission.

By Order of the Commission.



Marilyn R. Abbott
Secretary to the Commission

Issued: January 11, 2011

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION ISSUANCE OF A GENERAL EXCLUSION ORDER AND A CEASE AND DESIST ORDER; TERMINATION OF INVESTIGATION** has been served by hand upon the Commission Investigative Attorney, Benjamin Levi, Esq., and the following parties as indicated, on January 11, 2011.



Marilyn R. Abbott, Secretary *JWL*
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Other:

Mextec Group Inc. d/b/a Mipo America Ltd.
3100 N.W. 72nd Avenue #106
Miami, Florida 33122

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

On Behalf of Complainant Hewlett-Packard Company:

Ruffin B. Cordell, Esq.
FISH & RICHARDSON P.C.
1425 K Street, NW, 11th Floor
Washington, DC 20005

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

Government Agencies:

Edward T. Hand, Chief
Foreign Commerce Section
Antitrust Division
U.S. Department of Justice
450 5th Street NW – Room 11000
Washington, DC 20530

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

U.S. Bureau of Customs and Border Protection
Intellectual Property Rights Branch
Mint Annex Building
799 9th Street, NW -7th floor
Washington, DC 20229-1177

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

Elizabeth Kraus, Deputy Director
International Antitrust, Office of
International Affairs
Federal Trade Commission
600 Pennsylvania Avenue, Room 498
Washington, DC 20580

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

Richard Lambert, Esq.
Office of Technology Development Services
Dept. of Health & Human Services
National Institutes of Health
6610 Rockledge Drive - Room 2800, MSC 6606
Bethesda, MD 20892

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

PUBLIC VERSION

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

In the Matter of

**CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF**

Investigation No. 337-TA-691

COMMISSION OPINION ON REMEDY, THE PUBLIC INTEREST, AND BONDING

PUBLIC VERSION

In this investigation, the Commission has found a violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 (“section 337”), by certain defaulting respondents with respect to inkjet ink supplies and components thereof that infringe claims 6 and 9 of U.S. Patent No. 6,089,687 (“the ‘687 patent”) and claims 1, 5, and 6 of U.S. Patent No. 6,264,301 (“the ‘301 patent”). The Commission has determined to issue a general exclusion order with respect to claims 6 and 9 of the ‘687 patent and claims 1, 5, and 6 of the ‘301 patent, and a cease and desist order against Mextec Group, Inc. d/b/a Mipo America Ltd. of Miami, Florida (“Mextec”) with respect to the same claims. The Commission has also determined that consideration of the public interest factors does not preclude issuance of these remedial orders and that the bond to permit importation of the subject articles during the Presidential review period should be set at 100 percent of entered value. This opinion sets forth the reasons for the Commission’s determinations.

I. BACKGROUND

The Commission instituted this investigation on October 29, 2009, based on a complaint filed by Hewlett-Packard Company of Palo Alto, California (“HP”). 74 *Fed. Reg.* 55856-7 (Oct. 29, 2009). The complaint alleged violations of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain inkjet ink supplies or components thereof that infringe one or more of claims 1-7 and 22-28 of United States Patent No. 6,959,985 (“the ‘985 patent”); claims 1-12, 14, 18-20, 22, and 26-35 of United States Patent No. 7,104,630 (“the ‘630 patent”); claims 6, 7, 9, and 10 of the ‘687 patent; and claims 1-3, 5, and 6 of the ‘301 patent. The complaint named the following entities as respondents: Zhuhai Gree Magneto-Electric Co. Ltd. of Guangdong, China (“Zhuhai”); InkPlusToner.com of Canoga Park, California (“InkPlusToner”); Mipo International Ltd. of

PUBLIC VERSION

Kowloon, Hong Kong (“Mipo International”); Mextec; Shanghai Angel Printer Supplies Co. Ltd. of Shanghai, China (“Shanghai Angel”); SmartOne Services LLC d/b/a InkForSale.net of Hayward, California (“SmartOne”); Shenzhen Print Media Co., Ltd. of Shenzhen, China (“Shenzhen Print Media”); Comptree Ink d/b/a Meritline, ABCInk, EZ Label, and CDR DVDR Media of City of Industry, California (“Comptree”); Zhuhai National Resources & Jingjie Imaging Products Co., Ltd. of Guangdong, China (“Zhuhai National”); Tatrix International of Guangdong, China (“Tatrix”); and Ourway Image Co., of Guangdong China (“Ourway”). *Id.*

Seven respondents, Mipo International, Mextec, Shanghai Angel, Shenzhen Print Media, Zhuhai National, Tatrix, and Ourway (collectively, “Defaulting Respondents”), failed to answer the Complaint and Notice of Investigation. The ALJ granted default determinations against the Defaulting Respondents (Order No. 9), and the Commission determined not to review that order. *See* Notice of Commission Determination Not to Review an Initial Determination Finding Seven Respondents in Default (February 17, 2010).

Three respondents, Comptree, InkPlusToner, and SmartOne, reached settlement agreements with HP and were terminated from the investigation (Order Nos. 11, 13, and 14), and the Commission determined not to review those orders. *See* Notice of Commission Determination Terminating the Investigation as to Respondent Comptree Ink d/b/a Meritline, ABCInk, EZ Label, and CDR DVDR Media on the Basis of a Settlement Agreement (March 19, 2010); Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation as to Respondent InkPlusToner.com on the Basis of a Settlement Agreement (March 31, 2010); Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation as to Respondent SmartOne Services LLC d/b/a InkForSale.net on the Basis of Settlement Agreement (June 7, 2010)). One Respondent, Zhuhai, entered into a

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consent order and was terminated from the investigation (Order No. 12), and the Commission determined not to review that order. *See* Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation as to a Respondent on the Basis of a Consent Order; Issuance of Consent Order (March 19, 2010)).

On June 1, 2010, HP moved to terminate the investigation with respect to the '985 patent and the '630 patent. The ALJ granted the motion on June 3, 2010 (Order No. 17), and the Commission determined not to review that order. *See* Notice Of Commission Determination Not To Review An Initial Determination Terminating The Investigation As To U.S. Patent Nos. 6,959,985 And 7,104,630 (June 29, 2010).

On June 17, 2010, HP filed an unopposed motion to terminate the investigation with respect to claims 7 and 10 of the '687 patent and claims 2 and 3 of the '301 patent. The ALJ granted HP's motion in the subject ID on August 30, 2010 (Order No. 18). Thus, the remaining claims and patents at issue in this investigation are claims 6 and 9 of the '687 patent and claims 1, 5, and 6 of the '301 patent.

On May 7, 2010, HP moved for summary determination that a domestic industry exists and that the Defaulting Respondents have violated section 337. *See* Complainant Hewlett Packard Company's Motion for Summary Determination that a Domestic Industry Exists and that There Have Been Violations of Section 337 of The Tariff Act of 1930 (Amended) by the Defaulting Respondents and Its Request for a General Exclusion Order and for a Cease and Desist Order. On June 2, 2010, the Commission investigative attorney ("IA") submitted a response in support of a finding that the defaulting respondents, Mipo International, Mextec, Shanghai Angel, Shenzhen Print Media, Zhuhai National, Tatrix, and Ourway have violated section 337 by infringing claims 6 and 9 of the '687 patent and claims 1, 5, and 6 of the '301

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patent, and that HP has established the existence of a domestic industry. *See* Commission Investigative Staff's Response to Complainant Hewlett-Packard Company's Motion for Summary Determination That A Domestic Industry Exists and That There Have Been Violations of 19 U.S.C. § 1337 by the Defaulting Respondents and Its Requests for General Exclusion and Cease and Desist Orders. The ALJ granted HP's motion and issued his final ID (Order No. 18) on August 30, 2010.

The final ID included the ALJ's recommended determination ("RD") on remedy and bonding. The ALJ recommended that in the event the Commission found a violation of section 337, the Commission should issue a general exclusion order and a cease and desist order directed to domestic respondent Mextec. The ALJ also recommended that the Commission set a bond of 100 percent for products imported during the period of Presidential review.

On October 7, 2010, the Commission issued notice of its determination not to review the final ID, and to solicit submissions on remedy, the public interest, and bonding. On October 28, 2010, HP and the IA filed submissions with respect thereto.

II. DISCUSSION

A. *Relevant Law of Remedy and the Public Interest*

The Commission is authorized to issue a limited exclusion order excluding the goods of the person(s) found in violation. If certain criteria are met, the Commission may issue a general exclusion order excluding all infringing goods regardless of the source. Because the Commission has already determined not to review the ALJ's finding of substantial, reliable, and

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probative evidence of violation, the question of remedy for a general exclusion order focuses on whether the requirements of section 337(d) are met.¹

The Commission's authority to issue a general exclusion order in this investigation is found in section 337(d)(2), which provides:

The authority of the Commission to issue an exclusion from entry of articles shall be limited to persons determined by the Commission to be violating this section unless the Commission determines that—

- (A) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named persons; or
- (B) there is a pattern of violation of this section and it is difficult to identify the source of infringing products.

19 U.S.C. § 1337(d)(2). As emphasized by the Federal Circuit, a party must meet the “heightened requirements of Section 337(d)(2)(A) or (d)(2)(B)” before the ITC has authority to issue a general exclusion order against products of non-respondents. *Kyocera Wireless Corp. v. Int'l Trade Commission*, 545 F.3d 1340, 1538 (Fed. Cir. 2008).

The Commission may also issue a cease and desist order against any person violating section 337, *i.e.*, to order such persons to cease and desist from engaging in the unfair methods or acts involved. 19 U.S.C. §1337 (f)(1). The Commission has issued such orders on persons or corporations that have a “commercially significant” domestic inventory of subject articles that have already been imported, in order to prevent distribution of violating articles. *See, e.g., Certain Integrated Repeaters*, Inv. No. 337-TA-435, Comm'n Op. on Remedy, the Public Interest, and Bonding at 27 (Aug. 16, 2002).

¹ The Commission has previously determined that issuance of a general exclusion order at the conclusion of an investigation in which certain of the respondents appeared and certain defaulted is governed by section 337(d)(2). *Certain Purple Protective Gloves*, Inv. No. 337-TA-500, Comm'n Op. on Remedy, the Public Interest, and Bonding at 5 (Dec. 22, 2004).

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Finally, as with any remedial order, the statute requires that the Commission consider whether issuance of an order would have an adverse effect on public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers. 19 U.S.C. §1337(d)(1), (f)(1). The public interest analysis does not concern whether there is a public interest in issuing a remedial order, but whether issuance of such an order will adversely affect the public interest. *Certain Agricultural Vehicles and Components Thereof*, Inv. No. 337-TA-487, Comm'n Op. at 17 (Dec. 2004).

B. Remedy

1. General Exclusion Order

a. The ALJ's Recommended Determination

The ALJ addressed the factors set forth in *Airless Paint Spray Pumps and Components Thereof*, Inv. No. 337-TA-90, Comm'n Op. at 18-19 (1981), and the language of the statutory text in section 337(d)(2)(B). ID/RD at 29-32.² The ALJ found appropriate grounds for issuing a general exclusion order. *Id.* For example, the ALJ observed that continuing investigations by HP have led to finding at least nine previously unidentified manufacturers of apparently infringing ink supplies, where some of the manufacturers appear to be the same respondents in the original complaint and who appear to have changed the product boxing and/or imported product. *Id.* at 30. The ALJ noted that continuing investigations have led to finding at least twenty previously unidentified manufacturers that produce, import, distribute and/or sell aftermarket infringing ink supplies, including some that appear to be original equipment

² The ALJ did not address the statutory requirements for issuance of a general exclusion order under section 337(d)(2)(A).

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manufacturers capable of producing hundreds of thousands of ink cartridges on a monthly basis. *Id.* at 30. The ALJ also noted that continued infringing activities have occurred even after previous enforcement efforts, including infringing activities by previous respondents in previous investigations. *Id.* at 31. In addition, the ALJ noted that complainants have filed multiple cases in federal district courts against various of the respondents in this investigation, investigated and sought discovery from numerous third parties, and sent cease-and-desist letters to and entered into negotiations with such third parties. *Id.* at 43.

The ALJ also found that business conditions support entry of a general exclusion order, including difficulty in identifying sources of infringing products. ID/RD at 31. First, the ALJ observed that there is a strong demand for HP02 inkjet cartridges, the cost of producing the cartridges is low, and there are extensive distribution networks which allow foreign manufacturers to widely distribute cartridges throughout the United States. *Id.* at 32. The ALJ observed that there are large online marketplaces which serve as a flexible way to sell ink cartridges. *Id.* For example, a search on Amazon.com yielded 50 cartridges advertised as “HP02 compatible,” including several shipped from foreign locations. Moreover, the ALJ noted the difficulty in identifying the sources of infringing products by packaging infringing ink cartridges in unmarked, generic packaging, including the use of contract manufacturing or private label services. *Id.* (citing Barkley Declaration, ¶¶ 33-34, Ex. Y).

Based on these findings, the ALJ recommended the entry of a general exclusion order directed to certain inkjet ink supplies and components thereof that infringe claims 6 and 9 of the ‘687 patent and claims 1, 5, and 6 of the ‘301 patent. *Id.*

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b. Submissions of the Parties

The remaining respondents in this investigation were found to be in default, and did not file any submissions regarding remedy, bonding, and the public interest. Complainant HP has requested a general exclusion order and the IA agrees that with the ALJ's recommendation that the Commission should issue a general exclusion order in this investigation. *See* Complainant Hewlett-Packard Company's Written Submission on the Issues of Remedy, the Public Interest, and Bonding ("HP Submission"); Office of Unfair Import Investigations' Brief on the Issues of Remedy, the Public Interest, and Bonding ("IA Submission"). Citing the relevant findings of the ALJ, HP and the IA both submit that there is a widespread pattern of unauthorized use of the technology covered by the patent claims at issue, that it is difficult to identify the source of the infringing products, and that a general exclusion order is necessary to prevent circumvention. HP Submission at 18-19; IA Submission at 1.

HP's Submission

HP argued that its efforts to identify specified or unknown sources of importation revealed at least twenty additional manufacturers, including three with large production capacities: [[

]]. HP

Submission at 7. HP argues that these particular manufacturers represent just a small portion of the total foreign manufacturers that contribute to the widespread pattern of unauthorized use. *Id.* HP notes the finding in a previous, related investigation that "there are as many as 200 ink cartridge manufacturers in China alone." *Id.* at 7 (citing *Certain Ink Cartridges and Components Thereof* ("Ink Cartridges"), Inv. No. 337-TA-565, ID at 359 (June 1, 2007)). HP points to industry publications that show well over 400 Chinese printing supplies companies which it

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believes are currently involved or likely involved in the manufacturing of infringing HP02 clones. *Id.* at 8 (citing Barkely Decl. ¶22, Exh. T). HP also discussed the business conditions that lend themselves to widespread unauthorized use and difficulty in identifying sources. *Id.* at 13. HP argues that this creates strong incentives for foreign manufacturers. *Id.* at 13-14. These include established demand and high profitability in the U.S. market and the availability of marketing and distribution networks in the United States, including Internet searches, industry publications, and attending trade shows. *Id.* at 14-15. HP points to sales on Amazon, eBay, and Craigslist, including fifty offers for sale of HP02 compatible ink cartridges on Amazon. *Id.* at 16 (citing Barkley Decl. ¶13, Exhs. W, X)

HP states that there is ongoing violation with respect to the '687 and '301 patents, which were asserted in an earlier ink cartridge investigation *Certain Inkjet Supplies and Components Thereof*, Inv. No. 337-TA-581 (2006). *Id.* at 12. HP contends that although it reached a settlement with [[]], numerous online retailers continued to sell infringing [[]] clones on the internet. *Id.* at 13 (citing Davis Decl. ¶117-18).

HP provided evidence of difficulty in identifying sources, including generic boxing that makes it difficult to establish the source with confidence, and the fact that certain cartridges arrived with no box at all. *Id.* at 17. HP believes that some of the unidentified products it has found may be manufactured by the respondents in default, but states that, in other cases, product specifics are so vague that it is not possible to effectively track back to the original manufacturers. *Id.* at 6. HP states that several respondents offer private label services which labels the product with the name of the customer and provides no indication of the manufacturer. *Id.* at 18 (citing Barkley Decl. ¶ 34). HP submits that certain internet retailers obtain ink

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cartridges from different foreign manufacturers and resell them in substantially the same packaging. *Id.*

HP observes that an individual can create multiple websites and corporate entities, and may shutdown and re-establish operations. *Id.* at 9. HP points to the testimony of [

]].

The IA's Submission

The IA's submission was largely cumulative of the ALJ's ID/RD. The IA pointed out that there are indications that the difficulty in identifying the source of infringing product is intentional and includes entities who changed the identity of their business and even information that the [[]], all in an apparent effort to continue to sell infringing products. IA Submission at 4 n.2 (citing Barkley Decl. ¶¶ 20-24; Mizzo Decl., Exhs. H, N, and P).

c. Analysis

Section 337 sets forth the statutory requirements for the grant of a general exclusion order in a default case. A party must meet the "heightened requirements of Section 337(d)(2)(A) or (d)(2)(B)" before the ITC has authority to issue a general exclusion order against products of non-respondents. *Kyocera Wireless Corp. v. Int'l Trade Commission*, 545 F.3d 1340, 1538 (Fed. Cir. 2008). In this case, a general exclusion order is warranted under 19 U.S.C. § 1337(d)(2)(B). The Commission may issue a general exclusion order under that provision if there is (i) a pattern

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of violation and (ii) difficulty in identifying the source of the products. 19 U.S.C. § 1337(d)(2)(B).

We agree with the ALJ, HP, and the IA that the factual requirements for the issuance of a general exclusion order under section 337(d)(2)(B) have been met. With respect to the “pattern of violation,” this is not the first section 337 investigation relating to ink cartridges, and in this investigation HP has identified a wide array of entities in addition to respondents that manufacture infringing ink cartridges and sell them on the Internet as being compatible with the HP02 model. *See* Barkley Decl. ¶¶ 31-32, Exhs. W, X. As noted by the ALJ, this includes twenty entities other than respondents that import infringing ink cartridges. ID/RD at 30; Barkley Declaration ¶¶ 21, Exhs. Q, R, S, T.

HP has also met its burden to establish that it is difficult to identify the source of infringing products. As noted by the ALJ, products are packaged in unmarked, generic packaging, including the use of private label services. ID/RD at 32; Barkley Declaration, ¶¶ 33-34, Ex. Y. HP and the IA also noted that the [[

]].

Based on the foregoing, we agree with the ALJ that the statutory requirements for a general exclusion order have been satisfied under Section 337(d)(2)(B). Because only section 337(d)(2)(A) or (d)(2)(B) has to be satisfied in order to satisfy section 337(d)(2) we do not believe it is necessary to analyze section 337(d)(2)(A).³ *See* 19 U.S.C. § 1337(d)(2); *Certain Cigarettes and Packaging Thereof*, Inv. No. 337-TA-643, Comm’n Op. at 25 (Oct. 2009). Thus,

³ There is also evidence of attempted and potential circumvention of an order, which could fulfill the requirement for a general exclusion order under section 337(d)(2)(A). For example, [[

]].

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issuance of a general exclusion order is appropriate, if it is not against the public interest. *See* Section II.C., *infra*.

2. Cease and Desist Order

a. The ALJ's Recommended Determination

The ALJ recommended a cease and desist order against Respondent Mextec. ID/RD at 33. The ALJ found that Mextec is located within the United States, has received imports, and, because it has defaulted, is presumed to maintain commercially significant inventories of infringing inkjet ink supplies. *Id.* (citing Order No. 9; Complaint ¶3.4; Mizzo Decl., Exh.F.)

b. Comments of HP and the IA

The IA submits that entry of a cease and desist order against Mextec is appropriate because Mextec has commercially significant inventories of subject articles. IA Submission at 5-6. HP did not comment on the issuance of a cease and desist order in its submission, but argued before the ALJ for a cease and desist order against Mextec. *See* ID/RD at 33. HP stated that it was appropriate to presume that Mextec maintains a commercially significant inventory because it defaulted. *Id.*

c. Analysis

The Commission infers from the complaint and Mextec's default with respect thereto that Mextec maintains a domestic inventory. *See* Complaint at 19-20; 26-29; Commission Rule 210.16, 19 C.F.R. § 210.16(c)(1) (allegations in complaint accepted as true where respondent defaults with respect thereto); *Certain Agricultural Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof*, Inv. No. 337-TA-486, Comm'n Op., at 18 ("The Commission has inferred that a defaulting domestic respondent maintains commercially significant inventory in the United States."). In this connection, we agree with the ALJ and the

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IA that issuance of a cease and desist order is appropriate, if it is not against the public interest.

See Section II.C., *infra*.

C. Public Interest Considerations

The Commission may issue remedial orders if the requirements for the remedial orders are met – in this case, a general exclusion order and a cease and desist order – unless it finds that issuance of the orders would have an adverse effect on public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers. 19 U.S.C. §1337(d)(1), (f)(1).

1. The ALJ's Recommended Determination

Public interest was beyond the scope of the ALJ's RD, as with most investigations. *See* Commission Rule 210.50, 19 C.F.R. § 210.50 (public interest is the unique province of the Commission unless the Commission asks the ALJ to take evidence on this topic). In this connection, the Commission solicited submissions from the public on remedy, the public interest, and bonding in the notice of its determination not to review the ALJ's finding of violation. 75 *Fed. Reg.* 63201 (Oct. 14, 2010). HP and the IA filed submissions with respect thereto.

2. Comments of HP and the IA

HP and the IA both contend that entry of a general exclusion order would not adversely affect the public interest. *See* HP Submission at 20; IA Submission at 6-7.

HP's Submission

HP states that there is no evidence of undue burden on public health and welfare, competitive conditions in the United States, or on U.S. consumers. HP Submission at 20. HP

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further argues that continued infringement would harm HP's intellectual property rights, and that the public interest favors protection of valid intellectual property rights. *Id.*

The IA's Submission

The IA states that he does not believe that there are any public interest concerns that would preclude issuance of a general exclusion order. IA Submission at 6. The IA adds that there is no indication that HP does not have sufficient capacity to supply the inkjet ink supplies at issue, which are replacement parts for the printers it makes and sells. *Id.* The IA further argues that the products to be excluded, inkjet ink supplies, do not have any major public health and welfare implications "at least under the record that has been created here." *Id.* (citing *Certain Compact Multipurpose Tools*, Inv. No. 337-TA-416, USITC Pub. No. 3239, Comm. Op. at 9 (Sept. 1999)).

3. Analysis

We agree with HP and the IA that a general exclusion order and a cease and desist order would not harm the public interest. There is no evidence that domestic demand for HP inkjet cartridges cannot be met by HP and its legitimate competitors, *i.e.*, manufacturers and retailers of inkjet cartridges who do not infringe the patent claims at issue. Thus, the record does not support a finding that issuance the remedial orders is precluded by consideration of the public interest factors set out in section 337(d)(1).

Accordingly, the Commission has determined to issue a general exclusion order and a cease and desist order directed to Mextec.

D. Bond During Period of Presidential Review

During the 60-day period of Presidential review, imported articles otherwise subject to a remedial order are entitled to conditional entry under bond, pursuant to section 337(j)(3). The

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amount of the bond is specified by the Commission and must be an amount “sufficient to protect the complainant from any injury.” 19 U.S.C. § 1337(j)(3); 19 C.F.R. § 210.50.

The Commission often considers the differential in sales price between the patented product made by the domestic industry and the lower price of the infringing imported product.

Certain Microsphere Adhesives, Processes for Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes, Inv. No. 337-TA-336, Comm’n Op. at 24 (1995).

Where reliable price comparison is impossible, the Commission has set the bond at a reasonable

royalty. *Certain Digital Televisions and Certain Products Containing Same and Methods of*

Using Same, Inv. No. 337-TA-617, Comm’n Op. at 18-19 (Apr. 23, 2009).⁴ Where there is

neither information on the price of the subject merchandise nor information which would allow

one to determine a reasonable royalty, the Commission has set the bond at 100% of the entered

value of the imported infringing products. *Certain Energy Drink Products*, Inv. No. 337-TA-

678, Comm’n Op. on Remedy, the Public Interest, and Bonding (Sept. 8, 2010).

1. The ALJ’s Recommended Determination

In the present investigation, the ALJ stated that reliable price information is not available

because none of the defaulting respondents participated in discovery. ID/RD at 34. The ALJ

concluded that a bond of 100 percent of entered value would be appropriate under these

circumstances. *Id.*

⁴ This is especially appropriate where the technology is expensive, where the asserted patent claim is directed to a component of an expensive product, or where there is information on royalties from previous license agreements in the absence of information on price of the subject merchandise. *See id.*

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2. *HP and the IA's Submissions*

HP and the IA both agreed with the ALJ that reliable information on price is not available and that a bond of 100% of entered value is appropriate because none of the defaulting respondents participated in discovery. HP Submission at 20-21; IA Submission at 7.

3. *Analysis*

Where reliable price comparison is impossible, the Commission has set the bond at a reasonable royalty. *Certain Digital Televisions and Certain Products Containing Same and Methods of Using Same*, Inv. No. 337-TA-617, Comm'n Op. at 18-19 (Apr. 23, 2009). Where there is neither information on the price of the subject merchandise nor information which would allow one to determine a reasonable royalty, the Commission has set the bond at 100% of the entered value of the imported infringing products. *Certain Energy Drink Products*, Inv. No. 337-TA-678, Comm'n Op. on Remedy, the Public Interest, and Bonding (Sept. 8, 2010).

The ALJ stated that there is no reliable price information in the record, and HP and the IA concurred in this statement. HP did provide information on prices (in the exhibits to its submission on remedy, the public interest, and bonding) on Internet retail sales, *i.e.*, HP submitted offers for sale, *inter alia*, from internet websites as part of its request for a general exclusion order. However, there is marked variation in the price of units, and in the combinations in which units are sold. Mizzo Decl., Exhs. G, K, L, M; Barkley Decl., Exhs. C, G, M, N, O, W, X, Y. Because the units of sale differ, making comparison of units difficult, and because there is a great deal of variability in price, it is difficult to state a reliable price for the subject articles.

Because it is not possible to ascertain a reliable price of subject imports, we next examine whether there is information in the record which would allow the Commission to ascertain a

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reasonable royalty. The settlement agreements between HP and the respondents that have already been terminated each involved [[

]]. Therefore, the settlement agreements do not establish a reasonable royalty.

In the absence of reliable information on price or a reasonable royalty, especially through no fault of the complainant, the Commission has set the bond at 100% of entered value. *See, e.g., Certain Energy Drink Products*, Inv. No. 337-TA-678, Comm'n Op. on Remedy, the Public Interest, and Bonding (Sept. 8, 2010).

Accordingly, the Commission determines to set the bond at 100% percent of the entered value of the infringing inkjet ink supplies and components thereof to prevent any harm to HP during the period of Presidential review.

III. CONCLUSION

For the foregoing reasons, the Commission has determined to issue a general exclusion order and a cease and desist order directed to Mextec, that consideration of the public interest factors does not preclude issuance of these remedial orders, and that the bond to permit importation during the Presidential review period should be set at 100 percent of the entered value of the subject articles.

By order of the Commission.



Marilyn R. Abbott
Secretary to the Commission

Issued: January 28, 2011

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **COMMISSION OPINION ON REMEDY, THE PUBLIC INTEREST, AND BONDING** has been served by hand upon the Commission Investigative Attorney, Benjamin Levi, Esq., and the following parties as indicated, on January 28, 2011.



Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

OTHER:

Mextec Group Inc. d/b/a Mipo America Ltd.
3100 N.W. 72nd Avenue #106
Miami, Florida 33122

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

On Behalf of Complainant Hewlett-Packard Company:

Ruffin B. Cordell, Esq.
FISH & RICHARDSON P.C.
1425 K Street, NW, 11th Floor
Washington, DC 20005

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
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GOVERNMENT AGENCIES:

Edward T. Hand, Chief
Foreign Commerce Section
Antitrust Division
U.S. Department of Justice
450 5th Street NW – Room 11000
Washington, DC 20530

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

U.S. Bureau of Customs and Border Protection
Intellectual Property Rights Branch
Mint Annex Building
799 9th Street, NW -7th floor
Washington, DC 20229-1177

Via Hand Delivery
 Via Overnight Mail
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 Other: _____

Elizabeth Kraus, Deputy Director
International Antitrust, Office of
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Dept. of Health & Human Services
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 Via Overnight Mail
 Via First Class Mail
 Other: _____

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

**CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF**

Investigation No. 337-TA-691

**NOTICE OF COMMISSION DECISION NOT TO REVIEW AN INITIAL
DETERMINATION TERMINATING THE INVESTIGATION AS TO CLAIMS 7 AND
10 OF U.S. PATENT NO. 6,089,687 AND CLAIMS 2 AND 3 OF U.S. PATENT NO.
6,264,301 AND FINDING A VIOLATION OF SECTION 337; SCHEDULE FOR
SUBMISSIONS ON REMEDY, PUBLIC INTEREST, AND BONDING**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 18) issued by the presiding administrative law judge ("ALJ") terminating the investigation as to claims 7 and 10 of U.S. Patent No. 6,089,687 and claims 2 and 3 of U.S. Patent No. 6,264,301 and finding a violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in this investigation.

FOR FURTHER INFORMATION CONTACT: 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 (<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: This investigation was instituted on October 29, 2009, based upon a complaint filed by Hewlett-Packard Company of Palo Alto, California ("HP") on September 23, 2009, and supplemented on October 7, 2009. 74 *Fed. Reg.* 55856 (Oct. 29, 2009). The complaint alleged violations of section 337 of the Tariff Act of 1930 (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 inkjet ink supplies and components thereof that infringe certain claims of U.S. Patent Nos. 6,959,985 ("the '985 patent"); 7,104,630 ("the '630 patent"); 6,089,687 ("the '687 patent"); and 6,264,301 ("the '301 patent"). The complaint named as

respondents Zhuhai Gree Magneto-Electric Co. Ltd. of Guangdong, China (“Zhuhai”); InkPlusToner.com of Canoga Park, California (“InkPlusToner”); Mipo International Ltd. of Kowloon, Hong Kong (“Mipo International”); Mextec Group, Inc. d/b/a Mipo America Ltd. of Miami, Florida (“Mextec”); Shanghai Angel Printer Supplies Co. Ltd. of Shanghai, China (“Shanghai Angel”); SmartOne Services LLC d/b/a InkForSale.net of Hayward, California (“SmartOne”); Shenzhen Print Media Co., Ltd. of Shenzhen, China (“Shenzhen Print Media”); Comptree Ink d/b/a Meritline, ABCInk, EZ Label, and CDR DVDR Media of City of Industry, California (“Comptree”); Zhuhai National Resources & Jingjie Imaging Products Co., Ltd. of Guangdong, China (“Zhuhai National”); Tatrix International of Guangdong, China (“Tatrix”); and Ourway Image Co., of Guangdong China (“Ourway”).

On February 17, 2010, the Commission determined not to review an ID (Order No. 9) finding seven respondents, Mipo International, Mextec, Shanghai Angel, Shenzhen Print Media, Zhuhai National, Tatrix, and Ourway in default pursuant to Commission Rule 210.16. On March 19, 2010, the Commission determined not to review an ID (Order No. 11) terminating the investigation as to respondent Comptree based upon a settlement agreement. Also on March 19, 2010, the Commission determined not to review an ID (Order No. 12) terminating the investigation as to respondent Zhuhai based upon a consent order. On March 31, 2010, the Commission determined not to review an ID (Order No. 13) terminating the investigation as to respondent InkPlusToner based upon a settlement agreement. On June 7, 2010, the Commission determined not to review an ID (Order No. 14) terminating the investigation as to respondent SmartOne based upon a settlement agreement.

On June 3, 2010, the Commission determined not to review an ID (Order No. 17) terminating the investigation as to the '985 patent and the '630 patent.

On June 17, 2010, HP filed an unopposed motion pursuant to Commission Rule 210.21(a) to withdraw all allegations related to claims 7 and 10 of the '687 patent and claims 2 and 3 of the '301 patent from the complaint, and to terminate the investigation with respect to those claims.

On May 7, 2010, HP moved for summary determination on the issues of domestic industry, importation, and violation of section 337. Pursuant to Commission Rule 210.16(c)(2), 19 C.F.R. § 216(c)(2), HP also stated that it was seeking a general exclusion order and a cease and desist order against Mextec. On June 2, 2010, the Commission investigative attorney submitted a response in support of a finding that a domestic industry exists and that the defaulting respondents, Mipo International, Mextec, Shanghai Angel, Shenzhen Print Media, Zhuhai National, Tatrix, and Ourway have violated section 337 by infringing claims 6 and 9 of the '687 patent and claims 1, 5, and 6 of the '301 patent.

On August 30, 2010, the presiding administrative law judge issued the subject ID, Order No. 18, granting: (1) HP's motion to terminate the investigation as to claims 7 and 10 of the '687 patent and claims 2 and 3 of the '301 patent, and (2) HP's motion for summary

determination of violation of section 337 with respect to the defaulting respondents. He also recommended a general exclusion order, a cease and desist order directed to domestic respondent Mextec, and a 100 percent bond to permit importation during the period of Presidential review.

No petitions for review were filed. The Commission has determined not to review the subject ID.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or are likely to do so. For background, *see In the Matter of Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainants and the IA are also requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the dates that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on Thursday, October 28, 2010. Reply submissions must be filed no later than the close of business on Thursday, November 4, 2010. No further submissions

on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document and 12 true copies thereof on or before the deadlines stated above with the Office of the Secretary. Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

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 sections 210.42-46 and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Marilyn R. Abbott', with a long horizontal flourish extending to the right.

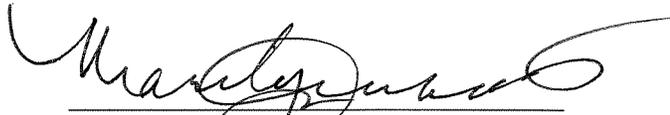
Marilyn R. Abbott
Secretary to the Commission

Issued: October 7, 2010

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION DECISION NOT TO REVIEW AN INITIAL DETERMINATION TERMINATING THE INVESTIGATION AS TO CLAIMS 7 AND 10 OF U.S. PATENT NO. 6,089,687 AND CLAIMS 2 AND 3 OF U.S. PATENT NO. 6,264,301 AND FINDING A VIOLATION OF SECTION 337; SCHEDULE FOR SUBMISSIONS ON REMEDY, PUBLIC INTEREST, AND BONDING** has been served by hand upon the Commission Investigative Attorney, Benjamin Levi, Esq., and the following parties as indicated, on

October 8, 2010



Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

On Behalf of Complainant Hewlett-Packard Company:

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- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN INKJET INK SUPPLIES AND
COMPONENTS THEREOF

Inv. No. 337-TA-691

ORDER NO. 18 : INITIAL DETERMINATION GRANTING COMPLAINANT'S MOTION FOR SUMMARY DETERMINATION THAT A DOMESTIC INDUSTRY EXISTS AND THAT THERE HAVE BEEN VIOLATIONS OF SECTION 337 OF THE TARIFF ACT OF 1930 (AMENDED) BY THE DEFAULTING RESPONDENTS AND ITS REQUEST FOR A GENERAL EXCUSION ORDER AND FOR A CEASE AND DESIST ORDER; AND

INITIAL DETERMINATION GRANTING COMPLAINANT HEWLETT-PACKARD COMPANY'S UNOPPOSED MOTION TO TERMINATE THE INVESTIGATION AS TO CLAIMS 7 AND 10 OF U.S. PATENT NO. 6,089,687 AND CLAIMS 2 AND 3 OF U.S. PATENT NO. 6,264,301

(August 30, 2010)

On May 7, 2010, complainant Hewlett-Packard Company ("HP") filed a Motion for Summary Determination That a Domestic Industry Exists and That There Have Been Violations of Section 337 of the Tariff Act of 1930 (Amended) By the Defaulting Respondents and Its Request for a General Exclusion Order and for a Cease and Desist Order. (Motion Docket No. 691-011.) HP seeks a determination that a domestic industry exists, that there has been a violation of Section 337, for entry of a general exclusion order, and for entry of a cease and desist order against the one defaulting domestic respondent.

I. BACKGROUND

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A. Institution and Procedural History of This Investigation

By publication of a notice in the *Federal Register* on October 29, 2009, pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, the Commission instituted Investigation No. 337-TA-691 with respect to U.S. Patent No.6,959,985; 7,104,630; 6,089,687; and 6,264,301. *See* 74 Fed. Reg. 55866-7 (Oct. 29, 2009). On May 12, 2010, the Commission Investigative Staff (“Staff”) filed a motion to amend the Notice of Investigation to add certain claims to the Notice of Investigation that were inadvertently omitted. (Motion Docket No. 691-013.) On May 14, 2010, the unopposed motion was granted and the Notice of Investigation was amended to read as follows:

Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain inkjet ink supplies or components thereof that infringe one or more of claims 1-7 and 22-28 of U.S. Patent No.6,959,985; claims 1-10, 11, 12, 14, 18-20, 22, 26, 27 and 28-35 of U. S. Patent No.7,104,630; claims 6, 7, 9, and 10 of U.S. Patent No. 6,089,687; and claims 1-3, 5 and 6 of U.S. Patent No. 6,264,301 and whether an industry in the United States exists as required by subsection (a)(2) of section 337.

(*See* Order No. 15.) On June 7, 2010, the Commission determined not to review the order. (*See* Notice of Commission Determination Not to Review an Initial Determination Granting Motion to Amend the Notice of Investigation) (June 7, 2010).

HP of Palo Alto, California is the complainant. 74 Fed. Reg. 55866. The respondents named in the Notice of Investigation were: Zhuhai Gree Magneto-Electric Co. Ltd. of Guangdong, China; InkPlusToner.com of Canoga Park, California; Mipo International Ltd. of Kowloon, Hong

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Kong; Mextec Group Inc. d/b/a Mipo America of Miami, Florida; Shanghai Angel Printer Supplies Co. Ltd. of Shanghai, China; SmartOne Services LLC d/b/a InkForSale.net of Hayward, California; Shenzhen Print Media Co., Ltd. of Shenzhen, China; Comptree Ink d/b/a Meritline of City of Industry, California; Zhuhai National Resources & Jingjie Imaging, Products Co., Ltd. of Guangdong, China; Tatrix International of Guangdong, China; and Ourway Image Co., Ltd. of Guangdong, China. *Id.*

Seven of the named respondents, namely Mipo International Ltd. (“Mipo International”) Mextec Group Inc. d/b/a Mipo America Ltd. (“Mextec”) (collectively “Mipo”), Shanghai Angel Printer Supplies Co. Ltd. (“Shanghai Angel”), Shenzhen Print Media Co., Ltd. (“Shenzhen Print Media”), Zhuhai National Resources & JingJie Imaging Products Co., Ltd. (“Zhuhai National”), Tatrix International (“Tatrix”), and Ourway Image Co., Ltd. (“Ourway”) (all collectively “Defaulting Respondents”), failed to answer the Complaint and Notice of Investigation and default judgments were granted against all the Defaulting Respondents. (*See* Order No. 9.) The Commission determined not to review the order. (*See* Notice of Commission Determination Not to Review an Initial Determination Finding Seven Respondents in Default (February 17, 2010).)

Three respondents, namely Comptree Inc. d/b/a Meritline (“Comptree”), InkPlusToner.com (“InkPlusToner”), and SmartOne Services LLC d/b/a InkForSale.net (“SmartOne”), have reached settlement agreements with HP and have been terminated from the investigation. (*See* Order Nos. 11, 13 and 14.) The Commission determined not to review the orders. (*See* Notice of Commission Determination Terminating the Investigation as to Respondent Comptree Ink d/b/a Meritline, ABCInk, EZ Label, and CDR DVDR Media on the Basis of a

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Settlement Agreement (March 19, 2010); Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation as to Respondent InkPlusToner.com on the Basis of a Settlement Agreement (March 31, 2010); Notice of Commission Decision Not to Review an Initial Determination Terminating the Investigation as to Respondent SmartOne Services LLC d/b/a Inforsale.net [sic] on the Basis of Settlement Agreement (June 7, 2010).) The final named respondent, Zhuhai Gree Magneto-Electric Co. Ltd., entered into a consent order and has been terminated from the investigation. (See Order No. 12.) The Commission determined not to review this order. (See Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation as to a Respondent on the Basis of a Consent Order; Issuance of Consent Order (March 19, 2010).)

Pending the ruling on HP's Motion for Summary Determination That a Domestic Industry Exists and That There Have Been Violations of Section 337 of the Tariff Act of 1930 (Amended) By the Defaulting Respondents, the procedural schedule was suspended. (See Order No. 16.)

On June 1, 2010, HP filed an unopposed motion to terminate the investigation as U.S. Patent Nos. 6,959,985 ("the '985 Patent") and 7,104,630 ("the '630 Patent"). On June 3, 2010, the ALJ granted the motion. (See Order No. 17.) The Commission determined not to review the order. (See Notice Of Commission Determination Not To Review An Initial Determination Terminating The Investigation As To U.S. Patent Nos. 6,959,985 And 7,104,630) (June 29, 2010).

On June 17, 2010, HP filed an unopposed motion to terminate the investigation as to claims 7 and 10 of U.S. Patent No. 6,089,687 ("the '687 Patent") and claims 2 and 3 of U.S. Patent No. 6,264,301 ("the '301 Patent"). (Motion Docket No. 691-018.) HP seeks to withdraw all

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allegations related to these claims and further states that Staff does not oppose the motion. The Commission's Rules provide that

Any party may move at any time prior to the issuance of an initial determination on violation of section 337 of the Tariff Act of 1930 for an order to terminate an investigation in whole or in part as to any or all respondents, on the basis of withdrawal of the complaint or certain allegations contained therein, or for good cause other than the grounds listed in paragraph (a)(2) of this section. The presiding administrative law judge may grant the motion in an initial determination upon such terms and conditions as he deems proper.

The ALJ finds no extraordinary circumstances that would prevent the requested termination of claims 7 and 10 of U.S. Patent No. 6,089,687 and claims 2 and 3 of U.S. Patent No. 6,264,301 from the investigation. Accordingly, good cause having been shown, and there being no opposition, the Motion No. 691-018 is hereby GRANTED.

Thus, the remaining claims and patents at issue in this investigation are claims 6 and 9 of the '687 Patent and claims 1, 5 and 6 of the '301 Patent.

B. The Parties

HP is a company in the business of manufacturing and selling products that span the areas of printing, personal computing, software, services and IT infrastructure. HP's Inkjet and Web Solutions Group is responsible for the HP products that practice each of the patents-in-suit. (Statement of Undisputed Material Facts ("SUMF") ¶¶ 1, 3.)

Respondent Mipo International manufactures "Mipo" brand HP 02 compatible ink supplies. (SUMF. ¶ 52; Barkely Decl., Exhibit A.) Public import records indicate that, since at least 2007, Mipo International has imported "ink cartridges" and "printer accessories" into the United States.

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(SUMF. ¶ 52; Mizzo Decl., Exhibit F.) Mipo International failed to answer the Complaint and Notice of Investigation and was found to be in default. (*See* Order No. 9.)

Respondent Shanghai Angel manufactures “Handsome” brand HP 02 compatible ink supplies. (SUMF. ¶ 59; Barkely Decl., Exhibit A.) Public import records indicate that, since at least 2006, Shanghai Angel has imported “printer p[ar]ts” into the United States. (SUMF. ¶ 62; Mizzo Decl., Exhibit F.) Shanghai Angel failed to answer the Complaint and Notice of Investigation and was found to be in default. (*See* Order No. 9.)

Respondent Shenzhen Print Media manufactures “Merax” brand HP 02 compatible ink supplies. (SUMF. ¶ 66; Barkely Decl., Exhibit A.) Merax brand ink cartridges have been purchased within the United States. (SUMF. ¶ 66; Barkely Decl., Exhibit F.) Shenzhen Print Media failed to answer the Complaint and Notice of Investigation and was found to be in default. (*See* Order No. 9.)

Respondent Zhuhai National manufactures “InkTank” brand HP 02 compatible ink supplies. (SUMF. ¶ 71; Barkely Decl., Exhibit A.) Public import records indicate that, since at least 2006, Zhuhai National has imported “ink cartridges,” “printer accessories,” and “printer consumables” into the United States. (SUMF. ¶ 76; Mizzo Decl., Exhibit F.) Zhuhai National failed to answer the Complaint and Notice of Investigation and was found to be in default. (*See* Order No. 9.)

Respondent Tatrix sells cartridges identical to “InkTank” under the label “PerfectCLR.” (SUMF. ¶ 71; Barkely Decl., Exhibit I.) Public import records indicate that, in 2009, Tatrix imported “printer consumables” into the United States. (SUMF. ¶ 76; Mizzo Decl., Exhibit F.)

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Tatrix failed to answer the Complaint and Notice of Investigation and was found to be in default. (See Order No. 9.)

Respondent Ourway manufactures “DigitalSt@r” brand HP 02 compatible ink supplies. (SUMF. ¶ 81; Barkely Decl., Exhibit A.) DigitalSt@r brand ink cartridges have been purchased within the United States. (SUMF. ¶ 87; Barkely Decl., ¶ 19.) Ourway failed to answer the Complaint and Notice of Investigation and was found to be in default. (See Order No. 9.)

Respondent Mextec is a Florida corporation that has been a consignee of Mipo International “ink cartridge” imports. (SUMF. ¶ 56; Mizzo Decl., Exhibit F.) Mextec failed to answer the Complaint and Notice of Investigation and was found to be in default. (See Order No. 9.)

C. The Products at Issue

The products at issue in this investigation are numerous aftermarket inkjet supplies and components thereof. See 74 Fed. Reg. 55866-7. Specifically, the aftermarket products are interchangeable with the “HP 02” product line and potentially infringe specific claims of several HP patents. (SUMF. ¶ 4; Order No. 15.)

II. SUMMARY DETERMINATION STANDARD

Pursuant to Commission Rule 210.18, summary determination “... shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.” 19 C.F.R. § 210.18(b); see also *DeMarini Sports, Inc. v. Worth, Inc.*, 239 F.3d 1314, 1322 (Fed. Cir. 2001); *Wenger Mfg., Inc. v.*

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Coating Machinery Systems, Inc., 239 F.3d 1225, 1231 (Fed. Cir. 2001). The evidence “must viewed in the light most favorable to the party opposing the motion . . . with doubt resolved in favor of the nonmovant.” *Crown Operations Int’l, Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1375 (Fed. Cir. 2002); *see also Xerox Corp. v. 3Com Corp.*, 267 F.3d 1361, 1364 (Fed. Cir. 2001) (“When ruling on a motion for summary judgment, all of the nonmovant’s evidence is to be credited, and all justifiable inferences are to be drawn in the nonmovant’s favor.”). “Issues of fact are genuine only if the evidence is such that a reasonable [fact finder] could return a verdict for the nonmoving party.” *Id.* at 1375 (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). The trier of fact should “assure itself that there is no reasonable version of the facts, on the summary judgment record, whereby the nonmovant could prevail, recognizing that the purpose of summary judgment is not to deprive a litigant of a fair hearing, but to avoid an unnecessary trial.” *EMI Group North America, Inc. v. Intel Corp.*, 157 F.3d 887, 891 (Fed. Cir. 1998). “Where an issue as to a material fact cannot be resolved without observation of the demeanor of witnesses in order to evaluate their credibility, summary judgment is not appropriate.” *Sandt Technology, Ltd. v. Resco Metal and Plastics Corp.*, 264 F.3d 1344, 1357 (Fed. Cir. 2001) (Dyk, C.J., concurring). “In other words, ‘[s]ummary judgment is authorized when it is quite clear what the truth is,’ [citations omitted], and the law requires judgment in favor of the movant based upon facts not in genuine dispute.” *Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*, 984 F.2d 1182, 1185 (Fed. Cir. 1993).

A violation of Section 337 may not be found unless supported by “reliable, probative, and substantial evidence.” 35 U.S.C. § 559; *see also Certain Sildenafil or any Pharmaceutically*

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Acceptable Salt Thereof, Such as Sildenafil Citrate and Products Containing Same, Inv. No. 337-TA-489, Com. Op. Remedy, the Public Interest, and Bonding at 4-5 (July 2004).

III. VALIDITY AND ENFORCEABILITY

A patent is presumed valid under 35 U.S.C. § 282. Therefore, “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” *Id.*, see also *Certain Devices for Connecting Computers Via Telephone Lines*, ITC Inv. No. 337-TA-360, Initial Determination at 2 (May 24, 1994).

Here, HP has submitted certified copies of the patents-in-suit as well as the assignments granting HP the entire right, title and interest in the patents. (Mizzo Decl., Exhibits A-D; Exhibit 5.) Further, no previous court of law has determined that the patents are invalid or unenforceable. (Memo at 15.)

Staff does not challenge the validity or enforceability of the ‘687 or ‘301 Patents. (Staff Resp. at 16.)

There is no evidence before the ALJ that the ‘687 and ‘301 Patents are invalid and/or unenforceable nor are there any arguments to that effect. Therefore, the ALJ finds that the ‘687 and the ‘301 Patents are valid and enforceable.

IV. IMPORTATION

Section 337(a)(1)(C) declares unlawful "the importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946." 19 U.S.C. § 1337(a)(1)(C).

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HP must establish that the Defaulting Respondents' products were imported into the United States, sold for importation, or sold within the United States after importation. 19 U.S.C. § 1337(a)(1)(B). HP argues that the accused products were manufactured abroad and were sold in the United States. (Memo. at 16-25.) Staff does not dispute the evidence and argues that HP has satisfied the importation requirement. (Staff Resp. at 9.)

1. Mipo and Mextec

Mipo's website indicates that its manufacturing facilities are located in Guangzhou, China. (SUMF ¶ 54; Mizzo Decl., Exhibit E.) Further, all boxes containing Mipo brand products were marked "ISO Certified" further indicating that they were manufactured in their Guangzhou-based ISO Certified manufacturing facility. (SUMF ¶ 55; Mizzo Decl., Exhibit E.) Public import records indicate that, since at least 2007, Mipo International has imported "ink cartridges" and "printer accessories" into the United States to various consignees, including defaulting respondent Mextec (d/b/a Mipo America). (SUMF. ¶ 52; Mizzo Decl., Exhibit F.) Finally, HP has provided evidence of purchases in the United States of Mipo brand ink cartridges. (SUMF ¶ 57; Barkley Decl. ¶ 7, Exhibit B; Mizzo Decl. ¶ 7, Exhibit G.)

Thus, the evidence shows that Mipo and Mextec have imported, sold for importation, and/or sold after importation into the United States the accused products.

2. Shanghai Angel

Shanghai Angel's website indicates that the manufacturing facilities for its "Handsome" brand printer supplies are located in Qingpu Industrial Zone in mainland China and boxes

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containing Shanghai Angel's "Handsome" brand ink cartridges were printed with the location of the Qingpu Industrial Zone manufacturing facility. (SUMF ¶ 60, 61; Barkley Decl. ¶ 9, 10; Exhibit D, E.) Public import records indicate that, since at least 2006, Shanghai Angel has imported "printer p[ar]ts" into the United States. (SUMF. ¶ 62; Mizzo Decl., Exhibit F). Finally, HP has provided evidence of purchases in the United States of Handsome brand ink cartridges. (SUMF ¶ 63; Barkley Decl. ¶ 8, Exhibit C; Mizzo Decl. ¶ 9, Exhibit I.)

Thus, the evidence shows that Shanghai Angel has imported, sold for importation, and/or sold after importation into the United States the accused products.

3. Shenzhen Print Media

Boxes containing Shenzhen Print Media's "Merax" brand ink cartridges were printed with the words "Made in China." (SUMF ¶66; Barkley Decl., Exhibit G.) Further, HP has provided evidence of purchases in the United States of Merax brand ink cartridges through several websites. (SUMF ¶ 68; Barkley Decl. ¶ 11, Exhibit F; Mizzo Decl. ¶ 10, Exhibit J.)

Thus, the evidence shows that Shenzhen Print Media has imported, sold for importation, and/or sold after importation into the United States the accused products.

4. Zhuhai National Resources

Zhuhai National's website indicates that the manufacturing facilities for their "InkTank" brand printer supplies are located in Guangdong Province, China. (SUMF ¶ 74; Barkley Decl. ¶ 15, Exhibit J.) Further, all boxes in which Zhuhai National products arrived were marked "ISO Certified" indicating that they were manufactured in their Guangdong-based ISO Certified

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manufacturing facility. (SUMF ¶ 75; Mizzo Decl. ¶18.) Public import records indicate that, since at least 2006, Zhuhai National has imported “ink cartridges,” “printer accessories,” and “printer consumables” into the United States. (SUMF. ¶ 76; Mizzo Decl., Exhibit F). Finally, HP has provided evidence of purchases in the United States of InkTank brand ink cartridges. (SUMF ¶ 79; Barkley Decl. ¶ 17-18; Mizzo Decl. ¶ 11, 13.)

Thus, the evidence shows that Zhuhai National has imported, sold for importation, and/or sold after importation into the United States the accused products.

5. Tatrix

The boxes containing Tatrix’s “PerfectCLR” brand ink cartridges were printed with the words “Cartridges assembled in China.” (SUMF ¶ 77; Barkley Decl. ¶ 16, Exhibit K.) Further, the evidence shows that PerfectCLR cartridges were identical in structure and appearance to Zhuhai National’s InkTank cartridges indicating that Tatrix is likely a distributor/retailer for Zhuhai National. (SUMF ¶ 72; Barkley Decl. ¶ 14.) Public import records show that, since at least 2009, Tatrix has imported “printer consumables” into the United States. (SUMF. ¶ 78; Mizzo Decl., Exhibit F). Finally, HP has provided evidence of purchases in the United States of PerfectCLR brand ink cartridges. (SUMF ¶ 79; Mizzo Decl. ¶ 12-13, Exhibit L, M.)

Thus, the evidence shows that Tatrix has imported, sold for importation, and/or sold after importation into the United States the accused products.

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6. **Ourway**

Ourway's website indicates that they have an ISO-certified manufacturing facility in Guangdong, China, and no other location. (SUMF ¶ 86; Barkley Decl. ¶ 19.) In addition, previous respondent InkPlusToner.com disclosed that the immediate source of its infringing products was Ourway. (SUMF ¶ 83; Mizzo Decl., Exhibit N.) Further, boxes containing Ourway's "DigitalSt@r" brand ink cartridges were printed with the words "Cartridge made in China." (SUMF ¶ 85; Mizzo Decl., Exhibit N.) Finally, HP has provided evidence of purchases in the United States of DigitalSt@r brand ink cartridges. (SUMF ¶ 87; Barkley Decl. ¶ 19, Exhibit N.)

Thus, the evidence shows that Ourway has imported, sold for importation, and/or sold after importation into the United States the accused products.

Therefore, as set forth *supra*, the undisputed evidence shows that each Defaulting Respondent imported into the United States, sold for importation, or sold within the United States after importation the aftermarket inkjet supplies and components thereof at issue. Therefore, the ALJ finds that the importation requirement has been satisfied.

B. Infringement

Pursuant to the Notice of Investigation, this investigation is a patent-based investigation. *See* 74 Fed. Reg. 55866-7 (Oct. 29, 2009). Accordingly, all of the unfair acts alleged by HP to have occurred are instances of infringement of the '687 or '301 Patents.

A finding of infringement or non-infringement requires a two-step analytical approach. First, the asserted patent claims must be construed as a matter of law to determine their proper

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scope.¹ Claim interpretation is a question of law. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (*en banc*), *aff'd*, 517 U.S. 370 (1996); *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998). Second, a factual determination must be made as to whether the properly construed claims read on the accused devices. *Markman*, 52 F.3d at 976.

1. Claim Construction

In construing claims, the ALJ should first look to intrinsic evidence, which consists of the language of the claims, the patent's specification, and the prosecution history, as such evidence "is the most significant source of the legally operative meaning of disputed claim language." *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996); *see also Bell Atl. Network Servs., Inc. v. Covad Comm'n. Group, Inc.*, 262 F.3d 1258, 1267 (Fed. Cir. 2001). The words of the claims "define the scope of the patented invention." *Id.* And, the claims themselves "provide substantial guidance as to the meaning of particular claim terms." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005), *cert. denied*, 546 U.S. 1170 (2006). It is essential to consider a claim as a whole when construing each term, because the context in which a term is used in a claim "can be highly instructive." *Id.* Claim terms are presumed to be used consistently throughout the patent, such that the usage of the term in one claim can often illuminate the meaning of the same term in other claims. *Research Plastics, Inc. v. Federal Pkg. Corp.*, 421 F.3d 1290, 1295 (Fed. Cir. 2005).

Sometimes a claim term will have a specialized meaning in a field of art, in which case it

¹ Only claim terms in controversy need to be construed, and only to the extent necessary to resolve the controversy. *Vanderlande Indus. Nederland BV v. Int'l Trade Comm.*, 366 F.3d 1311, 1323 (Fed. Cir. 2004); *Vivid Tech., Inc. v. American Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

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is necessary to determine what a person of ordinary skill in that field of art would understand the disputed claim language to mean, viewing the claim terms in the context of the entire patent. *Phillips*, 415 F.3d at 1312-14; *Vitronics*, 90 F.3d at 1582. Under such circumstances, the ALJ must conduct an analysis of the words of the claims themselves, the patent specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, as well as the meaning of technical terms and the state of the art. *Id.*

A patentee may deviate from the conventional meaning of claim term by making his or her intended meaning clear (1) in the specification and/or (2) during the patent's prosecution history. *Lear Siegler, Inc. v. Aeroquip Corp.*, 733 F.2d 881, 889 (Fed. Cir. 1984). If a claim term is defined contrary to the meaning given to it by those of ordinary skill in the art, the specification must communicate a deliberate and clear preference for the alternate definition. *Kumar v. Ovonic Battery Co.*, 351 F.3d 1364, 1368 (Fed. Cir. 2003). In other words, the intrinsic evidence must "clearly set forth" or "clearly redefine" a claim term so as to put one reasonably skilled in the art on notice that the patentee intended to so redefine the claim term. *Bell Atl.*, 262 F.3d at 1268.

When the meaning of a claim term is uncertain, the specification is usually the first and best place to look, aside from the claim itself, in order to find that meaning. *Phillips*, 415 F.3d at 1315. The specification of a patent "acts as a dictionary" both "when it expressly defines terms used in the claims" and "when it defines terms by implication." *Vitronics*, 90 F.3d at 1582. For example, the specification "may define claim terms by implication such that the meaning may be found in or ascertained by a reading of the patent documents." *Phillips*, 415 F.3d at 1323. "The construction that stays true to the claim language and most naturally aligns with the patent's

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description of the invention will be, in the end, the correct construction.” *Id.* at 1316. However, as a general rule, particular examples or embodiments discussed in the specification are not to be read into the claims as limitations. *Markman*, 52 F.3d at 979.

a. The ‘687 Patent

The ‘687 Patent is directed to the use of an electrical storage device used to convey information regarding the ink volume in an ink container to the printing system. (SUMF ¶ 134; Mizzo Decl., Exhibit C.) Both HP and Staff argue that the claim terms should be construed using their plain and ordinary meaning. (Memo at 34; Staff Resp. at 11.) In addition, HP argues that two terms, namely “ink scale parameter” and “fill proportion parameter,” be accorded the meaning given in the patent specification. Specifically, HP submits that the term “ink scale parameter” should be construed to mean “an identifier of ink container volume range from a plurality of ink container volume ranges,” and that the term “fill proportion parameter” should be construed to mean “an identifier of the proportion of the selected ink container volume range that represents the ink volume associated with the ink container.” (Memo at 34.)

Here, the meaning of the terms is not in dispute and the ALJ finds that they should be given their plain and ordinary meaning. Furthermore, the ALJ finds that “ink scale parameter” should be construed to mean “an identifier of ink container volume range from a plurality of ink container volume ranges,” and that the term “fill proportion parameter” should be construed to mean “an identifier of the proportion of the selected ink container volume range that represents the ink volume associated with the ink container.”

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b. The '301 Patent

The '301 patent is directed to a method and apparatus for storing information on replaceable printing components “for updating operation parameters of the printer portion.” (SUMF ¶ 148; Mizzo Decl., Exhibit C, '301 patent col.3 ll.11-14.) Both HP and Staff submit that the claim terms should be construed using their plain and ordinary meaning. (Memo at 37; Staff Resp at 14.)

Here, the meaning of the terms is not in dispute and the ALJ finds that they should be given their plain and ordinary meaning.

2. Infringement Determination

In a section 337 investigation, the complainant bears the burden of proving infringement of the asserted patent claims by a preponderance of the evidence. *Certain Flooring Products*, Inv. No. 337-TA-443, Commission Notice of Final Determination of No Violation of Section 337, 2002 WL 448690 at 59, (March 22, 2002); *Enercon GmbH v. Int'l Trade Comm'n*, 151 F.3d 1376 (Fed. Cir. 1998). Each patent claim element or limitation is considered material and essential to an infringement determination. *See London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538 (Fed. Cir. 1991). Literal infringement of a claim occurs when every limitation recited in the claim appears in the accused device, *i.e.*, when the properly construed claim reads on the accused device exactly. *Amhil Enters., Ltd. v. Wawa, Inc.*, 81 F.3d 1554, 1562 (Fed. Cir. 1996); *Southwall Tech. v. Cardinal IG Co.*, 54 F.3d 1570, 1575 (Fed Cir. 1995).

If the accused product does not literally infringe the patent claim, infringement might be found under the doctrine of equivalents. The Supreme Court has described the essential inquiry of

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the doctrine of equivalents analysis in terms of whether the accused product or process contains elements identical or equivalent to each claimed element of the patented invention. *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 40 (1997).

Under the doctrine of equivalents, infringement may be found if the accused product or process performs substantially the same function in substantially the same way to obtain substantially the same result. *Valmont Indus., Inc. v. Reinke Mfg. Co.*, 983 F.2d 1039, 1043 (Fed. Cir. 1993). The doctrine of equivalents does not allow claim limitations to be ignored. Evidence must be presented on a limitation-by-limitation basis, and not for the invention as a whole. *Warner-Jenkinson*, 520 U.S. at 29; *Hughes Aircraft Co. v. U.S.*, 86 F.3d 1566 (Fed. Cir. 1996). Thus, if an element is missing or not satisfied, infringement cannot be found under the doctrine of equivalents as a matter of law. See, e.g., *Wright Medical*, 122 F.3d 1440, 1444 (Fed. Cir. 1997); *Dolly, Inc. v. Spalding & Evenflo Cos., Inc.*, 16 F.3d 394, 398 (Fed. Cir. 1994); *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538-39 (Fed. Cir. 1991); *Becton Dickinson and Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 798 (Fed. Cir. 1990).

a. The '687 Patent

(1) Claim 6

Independent claim 6 of the '687 Patent reads as follows:

6. An ink container for providing ink to an ink-jet printer, the ink container comprising:

a reservoir containing a supply of ink; and

an electrical storage device for providing ink container parameters to the inkjet printer, the electrical storage device containing:

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an ink scale parameter for selecting an ink volume range from a plurality of ink volume ranges; and

a fill proportion parameter for specifying a fill proportion for the selected ink volume range associated with the supply of ink in the reservoir;

wherein an ink volume associated with the supply of ink within the reservoir is determinable based on the fill proportion parameter and the ink scale parameter.

HP argues that the accused product literally infringe claim 6 of the '687 Patent and submitted evidence, including data gathered in analytical testing of the accused products. (Memo. at 34-35.)

Staff agrees arguing that HP has submitted substantial, reliable, and probative evidence demonstrating that the accused products contain each and every limitation of claim 6. (Staff Resp. at 12-13.)

The evidence shows that each of the accused products is an ink container for providing ink to an inkjet printer, including a reservoir containing a supply of ink. (Davis Decl. ¶¶ 74-75, Exhibit G; Helterline Decl. ¶ 21.) Further, each contains an electrical storage device for providing ink container parameters to the inkjet printer. (*Id.*) The evidence shows the presence of an ink scale parameter and a fill proportion parameter that are used to determine the ink volume associated with the supply of ink. (Davis Decl. ¶¶ 76-78, Exhibit E, G; Helterline Decl. ¶¶ 21-23, Exhibit B.) The evidence further shows that these parameters can be used to identify an ink container volume range from a plurality of ranges and the proportion for the selected volume range that represents the ink volume associated with the ink container. (Davis Decl. ¶ 77, Exhibit E, G; Helterline Decl. ¶¶ 21-23, Exhibit B.) Based on these two values, the ink volume of the container can be determined. (Helterline Decl. ¶¶ 24 & 32.)

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Therefore, the ALJ finds that the substantial, reliable, and probative evidence shows that the Defaulting Respondent's accused products contain each and every limitation of claim 6 of the '687 patent. Therefore the ALJ finds that the accused products literally infringe claim 6.

(2) Claim 9

Independent claim 9 of the '687 patent recites:

9. An electrical storage device for use with an ink container for providing information to an ink-jet printer related to an ink volume associated with the ink container, the electrical storage device comprising:

an ink scale parameter for selecting an ink volume range from a plurality of ink volume ranges; and

a fill proportion parameter for specifying a fill proportion for the selected ink volume range;

wherein the ink volume associated with the ink container is determinable based on the fill proportion parameter and the ink scale parameter.

HP argues that the accused product literally infringe claim 9 of the '687 Patent and submitted evidence, including data gathered in analytical testing of the accused products. (Memo. at 34-35.) Staff agrees arguing that HP has submitted substantial, reliable, and probative evidence demonstrating that the accused products contain each and every limitation of claim 9. (Staff Resp. at 12-13.)

The evidence shows that each of the accused products contains an electrical storage device for providing information to an ink-jet printer related to ink volume associated with an ink container. (Davis Decl. ¶¶ 82-83, Exhibit E, G; Helterline Decl. ¶ 29, Exhibit C.) The evidence shows the presence of an ink scale parameter and a fill proportion parameter in the electrical

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storage device that are used to determine the ink volume associated with the supply of ink. (Davis Decl. ¶¶ 76-78, Exhibit E, G; Helterline Decl. ¶¶ 21-23, Exhibit B.) The evidence further shows that these parameters can be used to identify an ink container volume range from a plurality of ranges and the proportion of the selected volume range that represents the ink volume associated with the ink container. (Davis Decl. ¶ 77, Exhibit E, G; Helterline Decl. ¶¶ 21-23, Exhibit B.) Based on these two values, the ink volume of the container can be determined. (Helterline Decl. ¶¶ 24 & 32.)

Therefore, the ALJ finds that the substantial, reliable, and probative evidence shows that the Defaulting Respondent's accused products contain each and every limitation of claim 9 of the '687 Patent. Therefore the ALJ finds that the accused products literally infringe claim 9.

b. The '301 Patent

(1) Claim 1

Independent claim 1 of the '301 patent recites:

1. A replaceable printing component for an ink-jet printing system having at least one replaceable printing component, the replaceable printing component comprising:

an electrical storage device responsive to printing system control signals for transferring information between the printing component and the ink-jet printing system, the electrical storage device including:

a tag family identifier identifying a family of tags of a plurality of families of tags; and

a plurality of tags within the family of tags, each tag of the plurality of tags is associated with a replaceable consumable parameter, with each tag of the plurality of tags having a tag value associated therewith, wherein the ink-jet printing system reads the tag family identifier from the electrical

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storage device to select the family of tags, each tag of the plurality of tags read by the ink-jet printer is identified based on the selected family of tags and is used to identify the associated replaceable consumable parameter.

HP argues that the accused products literally infringe claim 1 of the '301 Patent and submitted evidence, including data gathered in analytical testing of the accused products. (Memo. at 37-38.)

Staff agrees arguing that HP has submitted substantial, reliable, and probative evidence demonstrating that the accused products contain each and every limitation of claim 1. (Staff Resp. at 15.)

The evidence shows that each of the accused products is a replaceable printing component for an inkjet printing system that include an electrical storage device for transferring information between the printing component and the printing system. (Davis Decl. ¶¶ 89-90, Exhibit G; Helterline Decl. ¶ 38.) The evidence shows that each electrical storage device contains a tag family identifier which identifies the appropriate family of tags from a plurality of families of tags for each particular cartridge. (Davis Decl. ¶¶ 92-95, Exhibit E, G; Helterline ¶¶ 39-40, Exhibit B.)

The evidence also shows that the electrical storage device contains a plurality of tags within the families of tags where each tag has a replaceable component parameter and an associated value. (Davis Decl. ¶ 90-96, Exhibit E, G; Helterline ¶ 41-42, Exhibit B.)

Therefore, the ALJ finds that the substantial, reliable, and probative evidence shows that the Defaulting Respondent's accused products contain each and every limitation of claim 1 of the '301 Patent. Therefore the ALJ finds that the accused products literally infringe claim 1.

(2) Claim 5

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Dependent claim 5 of the '301 patent recites:

5. The replaceable printing component of claim 1 wherein the replaceable printing component is a replaceable ink container containing a quantity of ink, the replaceable ink container providing ink to the ink-jet printing system and wherein the tag family identifier corresponds with the replaceable ink container.

HP argues that the accused products literally infringe claim 5 of the '301 Patent and submitted evidence, including data gathered in analytical testing of the accused products. (Memo. at 37-38.)

Staff agrees arguing that HP has submitted substantial, reliable, and probative evidence demonstrating that the accused products contain each and every limitation of claim 1. (Staff Resp. at 15.)

As set forth *supra*, the evidence shows that the accused products meet each and every limitation of claim 1. The evidence shows that each of the accused products is an ink container for providing ink to an inkjet printer, with each containing a quantity of ink. (Davis Decl. ¶ 104, Exhibit G; Helterline ¶ 48.) The evidence further shows that the accused products contain a tag family identifier that corresponds with the specific type of replaceable ink container. (Davis Decl. ¶ 104, Exhibit E, G; Helterline Decl. ¶ 48, Exhibit B.)

Therefore, the ALJ finds that the substantial, reliable, and probative evidence shows that the Defaulting Respondent's accused products contain each and every limitation of claim 5 of the '301 Patent. Therefore the ALJ finds that the accused products literally infringe claim 5.

(3) Claim 6

Independent claim 6 of the '301 patent recites:

6. A method for storing information on an electrical storage device, the electrical storage device for use with a replaceable consumable for an ink-jet printing

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system, the method comprising:

storing a family identification value on the electrical storage device, the family identification value indicative of a particular replaceable consumable of a plurality of different replaceable consumables; and

storing a plurality of parameter identifiers on the electrical storage device, the plurality of parameter identifiers identifying data contained in the electrical storage device, the plurality of parameter identifiers selected based on the family identification value.

HP argues that the accused products literally infringe claim 6 of the '301 Patent and submitted evidence, including data gathered in analytical testing of the accused products. (Memo. at 37-38.)

Staff agrees arguing that HP has submitted substantial, reliable, and probative evidence demonstrating that the accused products contain each and every limitation of claim 6. (Staff Resp. at 15.)

The evidence shows that each of the accused products practice the method described in this claim. (Davis Decl. ¶ 107, Exhibit E, G; Helterline ¶ 50, Exhibit B.) Specifically, each accused product stores a family identification value on the electronic storage device, which indicates a particular replaceable consumable of a plurality of different replaceable consumables. (*Id.*) The evidence further shows that the accused products store a plurality of parameter identifiers identifying data contained in the electrical storage device, which is selected based on the Family identification value. (*Id.*)

Therefore, the ALJ finds that the substantial, reliable, and probative evidence shows that the Defaulting Respondent's accused products contain each and every limitation of claim 6 of the '301 Patent. Therefore the ALJ finds that the accused products literally infringe claim 6.

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V. DOMESTIC INDUSTRY

In patent proceedings under Section 337, a complainant must establish that an industry “relating to the articles protected by the patent...exists or is in the process of being established” in the United States. 19 U.S.C. § 1337(a)(2). Under Commission precedent, the domestic industry requirement of Section 337 consists of two prongs, a “technical prong” and an “economic prong.” *Certain Video Graphic Display Controllers*, ITC Inv. No. 337-TA-412, Initial Determination at 9 (May 17, 1999).

A. Technical Prong

In order to satisfy the technical prong the complainant must show that it practices the patents-in-suit in the United States. *Crocs, Inc. v. International Trade Com’n*, 598 F.3d 1294, 1306-1307 (Fed. Cir. 2010). The test for determining whether the technical prong is met through the practice of the patent “is essentially the same as that for infringement, i.e., a comparison of domestic products to the asserted claims.” *Alloc v. Int’l Trade Com’n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003). Commission precedent only requires that there be one claim of the asserted patent for which there is a domestic industry, not a domestic industry for each patent claim asserted. *Certain Microsphere Adhesives*, ITC Inv. No. 337-TA-336, Comm. Op. at 16 (Jan. 16, 1996), *aff’d sub nom.*.

HP argues that its HP 02 Inkjet Ink Supplies meet the technical prong of the domestic industry requirement. (Memo. at 6-7.) Specifically, HP argues that its C8774W color ink cartridge practices the ‘687 and the ‘301 Patents. (*Id.*). In support of its argument, HP submitted claim charts and the declaration of Mr. H. Brian Davis, Corporate IP Counsel at HP. (*Id.*) Staff agrees

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arguing that HP has submitted undisputed evidence which demonstrates that their C8774W ink cartridge practices claim 6 of the '687 Patent and claim 1 of the '301 Patent. (Staff Resp. at 17.)

The evidence shows that the C8774W ink cartridge practices each and every limitation of claim 6 of the '687 Patent, including, an ink container for providing ink to an inkjet printer where the ink container is comprised of a reservoir containing an ink supply and an electrical storage device that, itself, contains an ink scale parameter and a fill proportion parameter. (Declaration of H. Brian Davis, Esq. ¶¶18-20, Ex. D-E; Helterline Decl. ¶¶ 51-56, Ex. B.) These parameters are used to determine the ink volume. (*Id.*)

Similarly, the evidence shows that the C8774W ink cartridge practices each and every limitation of claim 1 of the '301 Patent, including a replaceable printing component comprised of an electrical storage device with a tag family identifier identifying a family of tags of a plurality of families of tags, with each tag associated with a replaceable consumable parameter. (Declaration of H. Brian Davis, Esq. ¶¶21-25, Ex. E-F; Helterline Decl. ¶¶ 58-63, Ex. B.)

Therefore, the ALJ finds that the HP 02 Inkjet Ink Supplies practice at least one claim of each patent-in-suit and, further, that HP has satisfied the technical prong of the domestic industry requirement.

B. Economic Prong

In order to satisfy the economic prong of the domestic industry requirement it must be determined that one of the economic activities set forth in subsections (A), (B), or (C) of subsection 337(a)(3) have taken place or are taking place with respect to the protected articles. *Certain Adjustable Keyboard Support Sys., Inv. No. 337-TA-670, Order No. 27 (Nov. 4, 2009).*

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Specifically, it must be shown that there is (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in the exploitation, including engineering, research and development, or licensing. 19 U.S.C. § 1337(a)(3).

HP argues that it meets the economic prong of the domestic industry requirement under subsection (C). (Memo. at 9-10.) Specifically, HP relies on its investments in exploiting the patents in suit, namely its investments toward sourcing activities; investments in manufacturing administration and control activities; investments in packaging, distribution, warranty and repair activities; and investments in marketing and sales activities. (*Id.* at 10-12.) Staff agrees arguing that HP has submitted sufficient evidence of domestic investments to satisfy the economic prong. (Staff Resp. at 19-21.)

The evidence shows that HP has made the following investments in the exploitation of its patents:

[REDACTED]



Accordingly, the ALJ finds that HP has satisfied the economic prong of the domestic industry requirement.

The motion for summary determination is hereby GRANTED. It is the INITIAL DETERMINATION of the ALJ that HP has satisfied the domestic industry requirement and that there have been violations of Section 337 of the Tariff Act of 1930 (Amended) by the Defaulting Respondents.

VI. REMEDY

A. General Exclusion Order

Under Section 337(d), the Commission may issue either a limited or a general exclusion order. A limited exclusion order instructs the U.S. Customs and Border Protection (“CBP”) to exclude from entry all articles that are covered by the patent at issue and that originate from a named respondent in the investigation. A general exclusion order instructs the CBP to exclude from entry all articles that are covered by the patent at issue, without regard to source.

A general exclusion order may issue in cases where (a) a general exclusion from entry of

² The costs associated with packaging, distribution, warranty/return, and marketing/sales are estimated based on a volume percent ratio of total dollars to estimate HP’s expenditures on its domestic industry product. (SUMF ¶ 23; Evans Decl. ¶ 23).

³ See *supra* at Note. 2.

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articles is necessary to prevent circumvention of an exclusion order limited to products of named respondents; or (b) there is a widespread pattern of violation of Section 337 and it is difficult to identify the source of infringing products. 19 U.S.C. § 1337(d)(2). The statute essentially codifies Commission practice under *Certain Airless Paint Spray Pumps and Components Thereof*, Inv. No. 337-TA-90, Commission Opinion at 18-19, USITC Pub. 119 (Nov. 1981) (“*Spray Pumps*”). See *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing the Same*, Inv. No. 337-TA-372 (“*Magnets*”), Commission Opinion on Remedy, the Public Interest and Bonding at 5 (USITC Pub. 2964 (1996)) (statutory standards “do not differ significantly” from the standards set forth in *Spray Pumps*). In *Magnets*, the Commission confirmed that there are two requirements for a general exclusion order: a “widespread pattern of unauthorized use;” and “certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles.” The focus now is primarily on the statutory language itself and not an analysis of the *Spray Pump* factors. *Ground Fault Circuit Interrupters and Products Containing Same*, Inv. No. 337-TA-615, Comm’n Op. at 25 (March 9, 2009); *Hydraulic Excavators and Components Thereof*, Inv. No. 337-TA-582, Comm’n Op. at 16-17 (January 21, 2009).

HP argues that a general exclusion order prohibiting the entry of all infringing inkjet ink supplies and components thereof is warranted.

1. Widespread Pattern of Unauthorized Use

HP argues that there is a widespread pattern of unauthorized use as evidenced by (1) the Defaulting Respondents’ and other settled Respondents’ unauthorized importation, offer for sale

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after importation, and sale after importation of infringing inkjet supplies and components; (2) the unauthorized importation of infringing articles by unidentified foreign manufacturers; (3) the existence of numerous online distributors/retailers that sell infringing products in the United States after importation; and (4) the continuation of infringing activities despite HP's ongoing enforcement efforts. (Memo. at 40-47.)

Staff agrees arguing that HP has presented evidence showing a widespread pattern of unauthorized use and difficulty in identifying the sources of infringing products. (Staff Resp. at 23.)

The evidence shows that there is a widespread pattern of unauthorized use:

- A default judgment was entered against the six Defaulting Respondents; (See Order No. 9)
- Continuing investigations have led to finding of at least nine previously unidentified manufacturers of apparently infringing ink supplies, where some of the some of these manufacturers appear to be the same respondents named in the original complaint and who appear to have changed product boxing and/or importation product (Barkley Decl. ¶ 20, Exhibit O, P.)
- Continuing investigations have led to finding at least twenty previously unidentified manufactures that produce, import, distribute and/or sell aftermarket infringing ink supplies, including some that appear to be original equipment manufacturers capable of producing hundreds of thousands of ink cartridges on a monthly basis; (Barkley Decl. ¶ 21, Exhibit Q, R, S and T.)
- Three of these twenty (Orink Info, PTC, and Shenzen Printking) have a combined capacity of 4,850,000 ink cartridges per month based on their own website information; (Barkley Decl. ¶ 21, Exhibit R, S, T.)
- Several entities have engaged in tactics that make it difficult to identify the true source of the online sale and/or distribution of infringing activities, including creating multiple websites and corporate identities; (Complainant

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Memo. at 44-45; Barkley ¶¶ 23-24, Exhibit L; Mizzo Decl. Exhibit G, Q, R, S, and T.); and

- Continued infringing activities have occurred even after previous enforcement efforts, including infringing activities by previous respondents in previous investigations. (Davis Decl. ¶¶ 113-120.)

Based on the foregoing, the ALJ finds that the evidence shows there has been a widespread pattern of unauthorized use of HP patents.

2. Business Conditions

HP argues that certain business conditions exist that warrant a general exclusion order: (1) the established demand and high profitability in the U.S. market; (2) the availability of marketing and distribution networks; and (3) the difficulty of identifying sources of infringing products.

(Memo. at 47-52.) HP further argues that a general exclusion order is consistent with the public interest as there is no evidence that it would be an undue burden on public health and welfare, competitive conditions in the United States or on U.S. customers. (*Id.* at 53-54.) Staff agrees. (Staff Resp. at 23-24.)

The evidence shows that certain business conditions exist that warrant a general exclusion order:

[REDACTED]

- [REDACTED]

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- Preexisting and extensive domestic marketing and distribution networks, which allow foreign manufacturers to widely distribute cartridges throughout the United States; (Barkley Decl. ¶¶ 13, 28-30, Exhibit H.)
- The emergence of large online marketplaces which provide both foreign manufacturers and domestic retailers a dedicated, flexible way to sell to consumers. A recent Amazon.com search yielded at least 50 cartridges advertised as “HP 02 compatible”, several of which shipped from foreign locations; (Barkley Decl. ¶¶ 31-32, Exhibit W, X.)
- Difficulty in identifying the sources of infringing products by packaging infringing ink cartridges in unmarked, generic packaging, including the use of contract manufacturing or private label services; (Barkley Decl. ¶¶ 33-34, Exhibit Y.) and
- The ease with which manufacturers can evade a limited exclusion order by establishing shell offshore distribution companies with unclear ties to the original manufacturer. (Barkley Decl. ¶ 37, Exh. H.)

Based on the foregoing, the ALJ finds that certain business conditions exist that would warrant a general exclusion order.

Therefore, the ALJ finds that the evidence supports the issuance of a general exclusion order for products that infringe on claims 6 and 9 of the ‘687 Patent and claims 1, 5, and 6 of the ‘301 Patent.

B. Cease and Desist

Section 337 provides that in addition to, or in lieu of, the issuance of an exclusion order, the Commission may issue a cease and desist order as a remedy for violation of Section 337. *See* 191. U.S.C. § 1337(f)(1). The Commission generally issues a cease and desist order directed to a domestic respondent when there is a “commercially significant” amount of infringing, imported

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product in the United States that could be sold in order to undercut the remedy provided by the exclusion order. *See Certain Crystalline Cefadroxil Monohydrate*, Inv. No. 337-TA-293, USITC Pub. 2931, Comm'n Op. on Remedy, the Public Interest and Bonding at 37-42 (June 1991). A domestic respondent that has defaulted is presumed to maintain significant inventories of infringing products in the United States. *See Certain Multimeters and Products with Multimeter Functionality*, Inv. No. 337-TA-588, Comm'n Op. at 9 (June 2, 2008).

HP argues that since domestic respondent Mextec d/b/a Mipo America has defaulted it is appropriate to presume they maintain a commercially significant inventory of infringing inkjet ink supplies.

Staff agrees arguing that a cease and desist order should be recommended against Mextec with regard to claims 6 and 9 of the '687 Patent and claims 1, 5, and 6 of the '301 Patent. (Staff Resp. at 25.)

The ALJ finds that a cease and desist order against the defaulting domestic respondent, Mextec d/b/a Mipo America, with regard to claims 6 and 9 of the '687 Patent and claims 1, 5, and 6 of the '301 Patent is warranted. The evidence shows that Mextec is located within the United States, has received imports, and is presumed to maintain commercially significant inventories of infringing inkjet ink supplies. (Order No. 9; Complaint ¶3.4; Mizzo Decl., Exhibit F).

C. Bonding

The ALJ and Commission must determine the amount of bond to be required of a respondent, pursuant to Section 337(j)(3), during the 60-day Presidential review period following the issuance of permanent relief, in the event that the Commission determines to issue such a

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remedy. The purpose of the bond is to protect the complainant from any injury. 19 C.F.R. § 210.42(a)(1)(ii), § 210.50(a)(3).

When reliable price information is available, the Commission has often sent the bond to eliminate the differential between the domestic product and the imported, infringing product. *See Certain Microsphere Adhesives, Processes for Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes*, Inv. No. 337-TA-336, Comm'n Op. at 24 (1995). HP argues that the bond be set at 100%. (Memo. at 55-56.) Staff agrees that a bond of 100% is appropriate where Respondents failed to provide any discovery regarding price. (Staff Resp. at 25-26.)

Since none of the Defaulting Respondents participated in discovery, reliable price information is not available. In similar circumstances the Commission has set the bond at 100% of the entered value of the imported infringing products. *Certain Oscillating Sprinklers, Sprinkler Components and Nozzles*, Inv. No. 337-TA-448, USITC Pub. No. 3498, Limited Exclusion Order at 4-6 (March 2002).

The ALJ finds that there is insufficient reliable price information to set a bond based on price differential. Therefore, the ALJ recommends a bond of 100% during the Presidential review period.

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VII. CONCLUSION

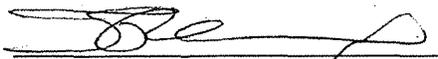
Based on the reasons set forth above, the ALJ finds that HP has shown by reliable, probative and substantial evidence that a domestic industry exists and a violation of Section 337 has occurred. Therefore, HP's motion for summary determination is GRANTED.

The ALJ further recommends that the Commission issue a general exclusion order, a cease and desist order, and a bond of 100% are appropriate.

Pursuant to 19 C.F.R. § 210.42(h), this initial determination shall become the determination of the Commission unless a party files a petition for review of the initial determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders on its own motion a review of the initial determination or certain issues contained herein.

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. Any party seeking to have any portion of this document deleted from the public version thereof shall also submit to this office a copy of this document with red brackets indicating any portion asserted to contain confidential business information. The parties' submissions may be made by facsimile and/or hard copy by the aforementioned date. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.



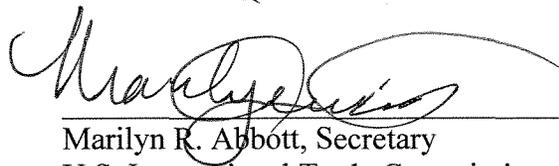
Theodore R. Essex
Administrative Law Judge

**CERTAIN INKJET SUPPLIES AND
COMPONENTS THEREOF**

Inv. No. 337-TA-691

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER 18 INITIAL DETERMINATION (PUBLIC VERSION)** has been served by hand upon, the Commission Investigative Attorney, **Benjamin Levi, Esq.** and the following parties as indicated on **January 13, 2011.**



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