

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

In the Matter of

**CERTAIN MAGNETIC TAPE
CARTRIDGES AND COMPONENTS
THEREOF**

Investigation No. 337-TA-1058

**NOTICE OF A COMMISSION FINAL DETERMINATION FINDING A VIOLATION
OF SECTION 337; ISSUANCE OF A LIMITED EXCLUSION ORDER AND CEASE
AND DESIST ORDERS; TERMINATION OF THE INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has found a violation of section 337 in this investigation and has issued a limited exclusion order and cease and desist orders. The remedial orders are suspended as to claim 17 of U.S. Patent No. 7,029,774 pending final resolution of a validity issue. The investigation is terminated.

FOR FURTHER INFORMATION CONTACT: Cathy Chen, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-2392. 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 SW, Washington, DC 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on June 1, 2017, based on a complaint, as amended, filed by Sony Corporation of Tokyo, Japan; Sony Storage Media Solutions Corporation of Tokyo, Japan; Sony Storage Media Manufacturing Corporation of Miyagi, Japan; Sony DADC US Inc. of Terre Haute, Indiana; and Sony Latin America Inc. of Miami, Florida (collectively "Sony"). 82 FR 25333 (Jun. 1, 2017). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain magnetic tape cartridges and components thereof by reason of infringement of claims 1-11 and 15-20 of U.S. Patent No. 7,029,774 ("the '774 patent"); claims 1-19 of U.S. Patent No. 6,674,596 ("the '596 patent"); and claims 1-6, and 8 of

U.S. Patent No. 6,979,501 (“the ’501 patent”). *Id.* The complaint further alleges that an industry in the United States exists as required by 19 U.S.C. § 1337(a)(2). *Id.* The notice of investigation named Fujifilm Holdings Corporation of Tokyo, Japan; Fujifilm Corporation of Tokyo, Japan; Fujifilm Media Manufacturing Co., Ltd. of Kanagawa, Japan; Fujifilm Holdings America Corporation of Valhalla, New York; and Fujifilm Recording Media U.S.A., Inc. of Bedford, Massachusetts (collectively “Fujifilm”), as respondents. *Id.* at 25334. The Office of Unfair Import Investigations is also a party in this investigation. *Id.*

On March 22, 2018, the administrative law judge (“ALJ”) granted Sony’s motion to terminate claims 2-4, 9, 11, 15, and 18-20 of the ’774 patent, claim 3 of the ’501 patent, and claims 14-19 of the ’596 patent from the investigation. *See* Order No. 26; Comm’n Notice of Non-Review (Apr. 23, 2018).

The ALJ held an evidentiary hearing on May 8-11, 2018, and thereafter received post-hearing briefs.

On August 17, 2018, the ALJ issued his final initial determination (“ID”), finding a violation of section 337 by Fujifilm in connection with claims 1, 5-8, 10, 16, and 17 of the ’774 patent, and claims 1-13 of the ’596 patent, but not in connection with claims 1, 2, 4-6, and 8 of the ’501 patent. Specifically, the ID found that Fujifilm’s accused products infringe the asserted claims of the ’774 and the ’596 patents; that the asserted claims of the ’774 and ’596 patents are not invalid; and that a domestic industry exists with respect to both patents. Although the ID also found that Fujifilm’s accused products infringe the asserted claims of the ’501 patent, and that a domestic industry exists with respect to that patent, the ID found no violation as to the ’501 patent because Fujifilm established that the asserted claims are invalid.

On August 17, 2018, the ALJ also issued his recommended determination on remedy and bonding. As instructed by the Commission, the ALJ made findings of fact and recommendations concerning the public interest factors set forth in 19 U.S.C. 1337(d)(1) and (f)(1). 82 FR 25334; 19 CFR 210.10(b), 210.42(a)(1)(ii)(C). The ALJ recommended that the appropriate remedy is a limited exclusion order and cease and desist orders directed to Fujifilm. The ALJ also recommended that the Commission require no bond during the period of Presidential review. The ALJ further recommended, based on the evidence presented, that public interest factors do not weigh against or warrant tailoring any remedy.

On September 4, 2018, Sony, Fujifilm, and the Commission’s Investigative Attorney each filed a timely petition for review of the final ID. Thereafter, the parties filed timely responses to the petitions for review and public interest comments pursuant to Commission Rule 210.50(a)(4).

On October 18, 2018, the Commission determined to review the final ID in part and requested the parties to brief certain issues under review and to brief issues of remedy, bonding, and the public interest. The Commission determined to review the ID’s finding that the economic prong of the domestic industry requirement has been satisfied for all three asserted patents under sections 337(a)(3)(B) and (C) based on the domestic activities of Sony’s licensee. In addition, with respect to the ’774 patent, the Commission determined to review the ID’s findings that the

asserted claims are not invalid for lack of enablement and are not invalid for lack of written description, and the ID's finding that certain prior art tapes do not anticipate claim 17. The Commission also determined to review the ID's findings with respect to the '596 patent in their entirety. Other than the ID's economic prong finding, the Commission did not review any other finding related to the '501 patent.

On October 23, 2018, the Patent Trial and Appeal Board ("PTAB") of the U.S. Patent and Trademark Office issued a Final Written Decision in an *inter partes* review finding claims 15 and 17 of the '774 patent unpatentable.

On November 1, 2018, the parties filed submissions to the Commission's questions and also briefed the issues of remedy, bonding, and the public interest. As part of its submission, Fujifilm requested that the Commission stay the enforcement of any remedial orders should the Commission find a violation of section 337 in connection with claims 15 and 17 of the '774 patent in view of the PTAB's Final Written Decision finding those claims invalid. On November 8, 2018, the parties filed responses to the initial submissions. That same day, Sony and Fujifilm also filed a joint unopposed motion to submit certain replacement pages to their respective initial written submission.

Having examined the record of this investigation, including the final ID, and the parties' submissions, the Commission has determined to (1) affirm the ID's findings that the asserted claims of the '774 patent are not invalid for lack of enablement and are not invalid for lack of written description; (2) affirm with modifications the ID's finding that certain prior art tapes do not anticipate claim 17 of the '774 patent; (3) affirm with modifications the ID's finding that Fujifilm has not proven that the asserted claims of the '596 patent are obvious over Platte and Kano; (4) take no position on whether Fujifilm's own acts of direct infringement can form a basis for a violation of section 337 with respect to the '596 patent, and whether Fujifilm contributorily infringes the '596 patent; (5) affirm with modifications the ID's finding that the economic prong of the domestic industry requirement has been satisfied for the '596 patent under sections 337(a)(3)(B) and (C) based on the domestic activities of Sony's licensee; (6) affirm with modifications the ID's finding that the economic prong of the domestic industry requirement has been satisfied with respect to the '774 and the '501 patents under section 337(a)(3)(B) based on the domestic activities of Sony's licensee; and (7) take no position on whether the economic prong of the domestic industry requirement has been satisfied with respect to the '774 and the '501 patents under section 337(a)(3)(C) based on the domestic activities of Sony's licensee. The Commission adopts the ID's findings to the extent that they are not inconsistent with the Commission opinion issued herewith. The Commission action results in a violation of section 337 as to claims 1, 5-8, 10, 16, and 17 of the '774 patent, and claims 1-13 of the '596 patent, but not as to claims 1, 2, 4-6, and 8 of the '501 patent.

The Commission has also determined to grant Sony's and Fujifilm's joint motion to submit certain replacement pages to their respective initial written submission.

Having found a violation of section 337 in this investigation, the Commission has determined that the appropriate form of relief is: (1) a limited exclusion order prohibiting the unlicensed entry of magnetic tape cartridges and components thereof that infringe one or more of

claims 1, 5-8, 10, 16, and 17 of the '774 patent, and claims 1-13 of the '596, and (2) cease and desist orders directed to the domestic Fujifilm respondents. The Commission has also determined that the public interest factors enumerated in section 337(d) and (f) (19 U.S.C. 1337(d) and (f)) do not preclude issuance of the limited exclusion order or cease and desist orders. The Commission has, however, determined to exempt Fujifilm's magnetic tape cartridges and components thereof that are imported or used for the purpose of compliance verification testing.

In view of the PTAB's Final Written Decision finding claim 17 of the '774 patent unpatentable, the Commission has determined to suspend the enforcement of the limited exclusion order and cease and desist orders as to that claim pending final resolution of the PTAB's Final Written Decision. *See* 35 U.S.C. § 318(b).

The Commission has further determined to set a bond at zero (0) percent of entered value during the period of Presidential review (19 U.S.C. 1337(j)). The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

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

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: March 25, 2019