

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN SET-TOP BOXES AND
COMPONENTS THEREOF**

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) **Inv. No. 337-TA-454**
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ORDER

The Commission instituted this patent-based investigation, which concerns allegations of unfair acts in violation of section 337 of the Tariff Act of 1930 in the importation and sale of certain set-top boxes, on March 21, 2001. 66 *Fed. Reg.* 15887 (March 21, 2001). Complainants Gemstar-TV Guide International, Inc. of Pasadena, California, and StarSight Telecast, Inc. of Fremont, California (collectively, “Gemstar”), named Pioneer Corporation, Pioneer North America, Inc., Pioneer Digital Technologies, Inc., and Pioneer New Media Technologies, Inc. (collectively, “Pioneer”); EchoStar Communications Corporation and SCI Systems, Inc. (collectively, “Echostar”); and Scientific-Atlanta, Inc. (“Scientific-Atlanta”) as respondents.

The presiding administrative law judge (“ALJ”) held an evidentiary hearing from December 3, 2001, through December 19, 2001, and issued his final initial determination (“final ID”) on June 21, 2002, in which he concluded that there was no violation of section 337, based on the following findings: (a) complainants had failed to establish that asserted claims 18-24, 26-28, 31-33, 36, 42-43, 48-50, 54, 57, 59-61, and 66 of U.S. Patent No. 4,706,121 (“the ‘121 patent”); claims 1, 3, 8, and 10 of United States Patent No. 5,479,268 (“the ‘268 patent”); and claims 1,3, 8, and 10 of U.S. Patent No. 5,809,204 (“the ‘204 patent”) are infringed by respondents; (b) respondents had failed to establish that the asserted claims are not valid; (c)

respondents had established that the '121 patent is unenforceable for failure to name a co-inventor; (d) complainants had engaged in patent misuse with respect to the '121 patent; (e) no industry exists in the United States, as required by subsection (a)(2) of section 337, that exploits each of the '121, 268, and '204 patents in issue; and (f) there has been an importation of the set-top boxes which are the subject of this investigation.

On July 5, 2002, all parties to this investigation, including the Commission investigative attorney, filed petitions for review of various portions of the final ID. On July 12, 2002, all the parties filed responses to the petitions for review.

On August 29, 2002, the Commission issued notice that it had determined to review in part, to take no position in part, and to not review in part the ALJ's final ID. Specifically, the Commission determined to review the issue of the technical prong of the domestic industry as it relates to claim 42 of '204 patent for the purpose of making a finding as to claim 42 of that patent that was omitted by the ALJ. The Commission also determined to take no position on the issue of patent misuse and to not review the remainder of the final ID. Finally, the Commission determined to affirm three ALJ rulings (involving ALJ Order No. 62, an ALJ ruling excluding evidence concerning the doctrine of equivalents, and an ALJ ruling limiting the testimony time of one witness) that were appealed to the Commission by the complainants. In light of these determinations, the Commission determined that there was no violation of section 337 in this investigation.

Gemstar appealed the Commission's final determination to the United States Court of Appeals for the Federal Circuit ("the Federal Circuit"). During the course of the appeal, Gemstar settled with Pioneer and EchoStar, and they were dismissed from the appeal. On

September 16, 2004, the Federal Circuit issued its decision in the appeal, in which the Commission's final determination was affirmed in part, vacated in part, and reversed in part, and the case remanded for further proceedings consistent with the Court's opinion. *Gemstar-TV Guide International, Inc. v. International Trade Commission*, 383 F.3d 1352 (Fed. Cir. 2004). On November 29, 2004, the Court denied Scientific-Atlanta's petitions for rehearing and rehearing en banc. On January 11, 2005, the Court denied Scientific-Atlanta's motion to stay issuance of the mandate and simultaneously issued its mandate. The case has now returned to the Commission, with Scientific-Atlanta as the sole respondent. Upon consideration of this matter, it is hereby ORDERED that:

1. Within thirty days of service of this Order, the parties shall submit comments on how they believe this investigation should proceed, including how the Commission should proceed with the ALJ's initial determination of patent misuse, which the Commission did not take a position on in its final determination of August 29, 2002.
2. The Secretary shall serve a copy of this Order upon each party to this investigation.

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

Issued: February 8, 2005