

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

In the Matter of

**CERTAIN ELECTRONIC IMAGING
DEVICES**

Investigation No. 337-TA-726

**NOTICE OF COMMISSION DETERMINATION TO REVIEW-IN-PART A FINAL
DETERMINATION OF NO VIOLATION OF SECTION 337; SCHEDULE FOR FILING
WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW AND ON REMEDY,
THE 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 to review certain portions of the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on December 16, 2010 finding no violation of section 337 in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Jia Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-4737. 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 at <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 July 8, 2010, based on a complaint filed by Flashpoint Technology, Inc. (“Flashpoint”) of Peterborough, New Hampshire. *75 Fed. Reg.* 39971 (Jul. 8, 2010). The complaint alleges violations of Section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain electronic imaging devices by reason of infringement of claims 1, 11, and 21 of U.S. Patent No. 6,134,606 (“the ’606 patent”), claims 1-7, 11-13, 16-23, 26, 30-32, 40, and 41 of U.S. Patent No. 6,262,769 (“the ’769 patent”), and claims 1-14 and 16 of U.S. Patent No. 6,163,816 (“the ’816 patent”). On April 7, 2011, the ALJ issued Order No. 36 terminating the investigation as to all claims of the ’606 patent. The proposed respondents are Nokia Corporation of Espoo, Finland and Nokia, Inc. of Irving, Texas

(collectively, “Nokia”); Research In Motion of Waterloo, Ontario, Canada and Research In Motion Corp. of Irving, Texas (collectively, “RIM”); LG Electronics, Inc. of South Korea, LG Electronic U.S.A., Inc. of Englewood Cliffs, New Jersey, and LG Electronics MobileComm U.S.A. of San Diego, CA (collectively, “LG”); and HTC Corporation of Taiwan and HTC America, Inc. of Bellevue, Washington (collectively, “HTC”). Nokia, RIM, and LG were terminated from the investigation on the basis of settlement agreements.

On March 8, 2011, the Commission determined not to review the ALJ’s Order No. 18 granting Flashpoint’s motion for summary determination that it has satisfied the economic prong of the domestic industry requirement. On July 28, 2011, the ALJ issued the subject ID finding no violation of Section 337 by HTC. Specifically, the ALJ found that the accused HTC Android smartphones and the accused HTC Windows Phone 7 (“WP7”) smartphones do not infringe the asserted claims of the ’769 patent or the asserted claims of the ’816 patent. The ALJ also found that HTC has not established that the asserted claims of the ’769 patent are invalid for obviousness in view of the prior art and that Flashpoint has not established that the asserted claims of the ’769 patent are entitled to an earlier date of invention than that of the patent’s filing date. The ALJ further found that HTC has not established that the asserted claims of the ’816 patent are anticipated by the prior art, but that HTC has established that the asserted claims of the ’816 patent are invalid under the on-sale bar of 35 U.S.C. § 102(b). On July 10, 2011, Flashpoint, HTC and the Commission investigative attorney each filed a petition for review.

Having examined the record of this investigation, including the ALJ’s final ID and the submissions of the parties, the Commission has determined to review (1) infringement of the asserted claims of the ’769 patent by the accused HTC Android smartphones, (2) infringement of the asserted claims of the ’769 patent by the accused HTC WP7 smartphones, (3) the technical prong of the domestic industry requirement for the ’769 patent with respect to the licensed Motorola smartphones, (4) the technical prong of the domestic industry requirement for the ’769 patent with respect to the licensed Apple smartphones, and (5) the enforceability of the asserted patents under the doctrines of implied license and exhaustion. The Commission has also determined to review and to take no position on (a) anticipation of the asserted claims of the ’816 patent under 35 U.S.C. § 102 in view of the prior art references and (b) obviousness of the asserted claims of the ’816 patent under 35 U.S.C. § 103 in view of the prior art references. Finally, the Commission has determined to deny complainant’s request for oral argument.

The parties should brief their positions on the issues on review with reference to the applicable law and the evidentiary record. In connection with its review, the Commission is particularly interested in responses to the following questions:

Question 1: The ALJ construed “a first orientation associated with the image” of claims 1 and 18 as “a first direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape) associated with the image based on the orientation of the image capture unit.” *See* ID at 25. The ALJ construed “at capturing of the image” of claims 1 and 18 as “the time period following the determination by the image capture unit that an image is to be captured and before the completion of generating image data from the image sensor.” *Id.* Assume that the accused EVO

4G smartphones determine “a first direction with respect to an axis” associated with the image based on the orientation of the image capture unit during the time period of “at capturing of the image” under the ALJ’s construction of the time period. Does the EVO 4G also determine “a landscape or portrait aspect ratio” associated with the image based on the orientation of the image capture unit during the time period of “at capturing of the image” under the ALJ’s construction of the time period? Please cite to the evidentiary record.

Question 2: The ALJ found that “the accused Android products do not determine a first direction with respect to an axis with a portrait or landscape aspect ratio . . . associated with the image *based on the orientation of the image capture unit at capturing of the image.*” See ID at 61 (emphasis added). One basis for this finding was the ALJ’s finding that “there *could be* up to a 200 millisecond delay” between when the Android products’ determine the orientation of the image capture unit and when the picture is taken. See ID at 61 (emphasis added). Is the more relevant question for infringement purposes whether the Android products “could” take a picture without such a delay (*e.g.*, if the timing of the Android’s orientation determination in a given case fell within the time period of image capture)? Please cite to the evidentiary record as appropriate.

Question 3: The ALJ construed the limitation “storing the information relating to the first orientation” as “saving an indication of the first orientation to memory.” See ID at 27. Assume that the EVO 4G determines “a first orientation associated with the image at capturing of the image” under the ALJ’s construction of “first orientation” and “at capturing of the image.” See ID at 27. Does the EVO 4G also “sav[e] an indication” of the “first orientation” to memory? Specifically, does the EVO 4G save an indication of “a direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape) associated with the image based on the orientation of the image capture unit?” Include discussion of whether the EVO 4G saves “right”, “left”, “upright”, and “inverted” of the ALJ’s construction, and whether saving this information is required to satisfy the claim. Please cite to the evidentiary record.

Question 4: Does the EVO 4G “determin[e] whether the third orientation is different from the second orientation, the first orientation, or both” under the ALJ’s construction of the term “orientation,” *i.e.*, “a direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape).” See ID at 22 and 28. Please cite to the evidentiary record.

Question 5: Does the EVO 4G “rotat[e] the image to be displayed in the third orientation” under the ALJ’s construction of the claim limitation, *i.e.*, “stor[e] the image data in a buffer in one of two directions such that the orientation of the image is the same as the orientation of the image capture unit?” See ID at 35. Please cite to the evidentiary record.

Question 6: Complainant argues in its petition for review that “should a construction that relies on pre-rotation be adopted . . . both the initial determination and the ALJ’s ruling in Order No. 26 on these points should be reversed and remanded for further proceedings, including instruction that additional discovery from Microsoft regarding its source code be compelled consistent with Flashpoint’s previous requests to the ALJ.” Comp. Pet. at 33. Considering that the ALJ ordered Microsoft to allow Complainant’s expert to inspect an electronic copy of the source code, and to proceed with its offer to provide complainant with a signed witness declaration for authentication (Order No. 26 at 2-3), and that Microsoft allowed that “any code used at trial can be submitted to the Court for judicial review,” (Microsoft March 2, 2011 Opposition at 4) what is the basis for arguing that the ALJ abused his discretion or committed clear error? Even if the denial of the request to produce a paper printout of the source code did not facilitate the presentation of complainant’s case, were not alternative avenues available to Complainant that it failed to pursue? See HTC’s Response to OUII’s Petition for Review and Flashpoint’s Petition for Review at 24-27.

Question 7: Does the HD7 determine “a first direction with respect to an axis . . . associated with the image based on the orientation of the image capture unit” during the time period of “at capturing of the image” under the ALJ’s construction of the time period, *i.e.*, “the time period following the determination by the image capture unit that an image is to be captured and before the completion of generating image data from the image sensor.” See ID at 25. Does the HD7 also determine “a landscape or portrait aspect ratio . . . associated with the image based on the orientation of the image capture unit” during the time period of “at capturing of the image” under the ALJ’s construction of the time period? See *Id.* Please cite to the evidentiary record.

Question 8: Does the HD7 “save an indication of” a first direction with respect to an axis with a landscape or aspect ratio associated with the image based on the orientation of the image capture unit, as required by the claims under the ALJ’s construction of the limitations “first orientation” and “storing the image, including storing information relating to the first orientation associated with the image.” See ID at 25 and 27. Please cite to the evidentiary record.

Question 9: Does the HD7 “determin[e] whether the third orientation is different from the second orientation, the first orientation, or both” under the ALJ’s construction of the term “orientation,” *i.e.*, “a direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape)?” See ID at 22 and 28. Please cite to the evidentiary record.

Question 10: Does the HD7 “rotat[e] the image to be displayed in the third orientation” under the ALJ’s construction of the claim limitation, *i.e.*, “storing the

image data in a buffer in one of two directions such that the orientation of the image is the same as the orientation of the image capture unit?” *See* ID at 35. Please cite to the evidentiary record.

Question 11: Do the licensed Motorola smartphones “determin[e] whether the third orientation is different from the second orientation, the first orientation, or both” under the ALJ’s construction of the term “orientation,” *i.e.*, “a direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape)?” *See* ID at 22 and 28. Please cite to the evidentiary record.

Question 12: Do the licensed Motorola smartphones “rotat[e] the image to be displayed in the third orientation” under the ALJ’s construction of the claim limitation, *i.e.*, “storing the image data in a buffer in one of two directions such that the orientation of the image is the same as the orientation of the image capture unit.” *See* ID at 35. Please cite to the evidentiary record.

Question 13: Do the licensed Apple smartphones determine “a first direction with respect to an axis . . . associated with the image based on the orientation of the image capture unit” during the time period of “at capturing of the image” under the ALJ’s construction of the time period, *i.e.*, “the time period following the determination by the image capture unit that an image is to be captured and before the completion of generating image data from the image sensor?” *See* ID at 25. Do the licensed Apple smartphones also determine “a landscape or portrait aspect ratio . . . associated with the image based on the orientation of the image capture unit” during the time period of “at capturing of the image” under the ALJ’s construction of the time period? *See Id.* Please cite to the evidentiary record. In your responses to Questions 12-15, as appropriate, include discussion of the significance, if any, of the testimony of Mr. Jirman.

Question 14: Do the licensed Apple smartphones “save an indication of” a first direction with respect to an axis with a landscape or aspect ratio associated with the image based on the orientation of the image capture unit, as required by the claims under the ALJ’s construction of the limitations “first orientation” and “storing the image, including storing information relating to the first orientation associated with the image?” *See* ID at 25 and 27. Please cite to the evidentiary record.

Question 15: Do the licensed Apple smartphones “determin[e] whether the third orientation is different from the second orientation, the first orientation, or both” under the ALJ’s construction of the term “orientation,” *i.e.*, “a direction with respect to an axis with a portrait or landscape aspect ratio (*i.e.*, right portrait, left portrait, upright landscape, or inverted landscape)?” *See* ID at 22 and 28. Please cite to the evidentiary record.

Question 16: Do the licensed Apple smartphones “rotat[e] the image to be displayed in the third orientation” under the ALJ’s construction of the claim limitation, *i.e.*, “storing the image data in a buffer in one of two directions such that the orientation of the image is the same as the orientation of the image capture unit?” *See* ID at 35. Please cite to the evidentiary record.

Question 17: Were Flashpoint’s rights to the ’716 patent and the ’816 patent with respect to the accused WP7 products exhausted by an “authorized sale” of an article that “substantially embodies” the ’716 patent and the ’816 patent? *See Quanta Computer, Inc. v. LG Elec., Inc.*, 128 S.Ct. 2109, 2122 (2008).

Question 18: Assume that there was an authorized sale of an article that substantially embodies the asserted patent, did the first sale take place in the United States? *See Jazz Photo Corp. v. Int’l Trade Comm’n*, 264 F.3d 1094, 1105 (Fed. Cir. 2001). How does the law of contracts determine where a first sale took place for purposes of the exhaustion doctrine? What state’s law of contracts governs this determination?

Question 19: Does the WP7 software sold to HTC have “non-infringing uses” with respect to the ’716 patent and the ’816 patent and do circumstances of the sale “plainly indicate that the grant of a license should be inferred” with respect to the ’716 patent and the ’816 patent? *See Met-Doil Systems Corp. v. Korners Unlimited, Inc.*, 803 F.2d 684, 686 (Fed. Cir. 1986).

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 a respondent 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 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 United States 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 and prescribed by the Secretary of the Treasury. 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 are requested to file written submissions on the issues identified in this notice. 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. Complainant and the Commission investigative attorney are also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to state the date that the patent expires 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 Monday, October 10, 2011. Reply submissions must be filed no later than the close of business on Monday, October 17, 2011. The written submissions must be no longer than 50 pages and the reply submissions must be no longer than 25 pages. 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 non-confidential 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.

/s/
James R. Holbein
Secretary to the Commission

Issued: September 26, 2011