

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN DIGITAL VIDEO
RECEIVERS AND HARDWARE AND
SOFTWARE COMPONENTS THEREOF**

Investigation No. 337-TA-1001

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL
INITIAL DETERMINATION FINDING A VIOLATION OF SECTION 337; SCHEDULE
FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER REVIEW AND ON
REMEDY, THE PUBLIC INTEREST, AND BONDING; GRANT OF JOINT
UNOPPOSED MOTION FOR LEAVE TO AMEND THE COMPLAINT AND NOTICE
OF INVESTIGATION TO CORRECT CORPORATE NAMES OF TWO ARRIS
RESPONDENTS**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission (the “Commission”) has determined to review in part the final initial determination (“the Final ID”) issued by the presiding administrative law judge (“ALJ”) on May 26, 2017, finding a violation of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337) (“section 337”) in connection with certain asserted patents. The Commission has also determined to deny Respondents’ motion requesting leave to file a reply to Rovi’s response to Respondents’ petition for review of the Final ID. The Commission has further determined to grant a joint unopposed motion for leave to amend the complaint and notice of investigation to correct the corporate names of certain respondents.

FOR FURTHER INFORMATION CONTACT: Ron Traud, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone 202-205-3427. 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, telephone 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on May 26, 2016, based on a complaint filed on behalf of Rovi Corporation and Rovi Guides, Inc.

(collectively, “Rovi”), both of San Carlos, California. 81 FR 33547-48 (May 26, 2016). The complaint, as amended, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, by reason of infringement of certain claims of U.S. Patent No. 8,006,263 (“the ‘263 patent”); U.S. Patent No. 8,578,413 (“the ‘413 patent”); U.S. Patent No. 8,046,801 (“the ‘801 patent”); U.S. Patent No. 8,621,512 (“the ‘512 patent”); U.S. Patent No. 8,768,147 (“the ‘147 patent”); U.S. Patent No. 8,566,871 (“the ‘871 patent”); and U.S. Patent No. 6,418,556 (“the ‘556 patent”). The complaint further alleges that a domestic industry exists. *Id.* at 33548.

The Commission’s notice of investigation named sixteen respondents. The respondents are Comcast Corporation of Philadelphia, PA; Comcast Cable Communications, LLC of Philadelphia, PA; Comcast Cable Communications Management, LLC of Philadelphia, PA; Comcast Business Communications, LLC of Philadelphia, PA; Comcast Holdings Corporation of Philadelphia, PA; Comcast Shared Services, LLC of Chicago, IL; Technicolor SA of Issy-les-Moulineaux, France; Technicolor USA, Inc. of Indianapolis, IN; Technicolor Connected Home USA LLC of Indianapolis, IN; Pace Ltd. of Saltaire, England (now ARRIS Global Ltd.); Pace Americas, LLC of Boca Raton, FL; ARRIS International plc of Suwanee, GA; ARRIS Group Inc. of Suwanee, GA; ARRIS Technology, Inc. of Horsham, PA; ARRIS Enterprises Inc. of Suwanee, GA (now ARRIS Enterprises LLC); and ARRIS Solutions, Inc. of Suwanee, GA. 81 FR at 33548. The Office of Unfair Import Investigations is not a party to this investigation. *Id.*

Prior to the evidentiary hearing, Rovi withdrew its allegations as to certain patent claims. *See* Notice of Commission Determination Not to Review an Initial Determination Granting Complainants’ Motion to Terminate Certain Asserted Patent Claims from the Investigation (Oct. 21, 2016); Notice of Commission Determination Not to Review an Initial Determination Granting Complainants’ Motion to Terminate Certain Asserted Patent Claims from the Investigation (Dec. 2, 2016); Notice of Commission Determination Not to Review an Initial Determination Terminating U.S. Patent No. 8,768,147 from the Investigation (Dec. 28, 2016). Rovi proceeded at the evidentiary hearing on the following patents and claims: claims 7, 18, and 40 of the ‘556 patent; claims 1, 2, 14, and 17 of the ‘263 patent; claims 1, 5, 10, and 15 of the ‘801 patent; claims 12, 17, and 18 of the ‘871 patent; claims 1, 3, 5, 9, 10, 14, and 18 of the ‘413 patent; and claims 1, 10, 13, and 22 of the ‘512 patent.

On May 26, 2017, the ALJ issued the Final ID, which finds a violation of section 337 by the respondents in connection with the asserted claims of the ‘263 and ‘413 patents. The Final ID finds no violation of section 337 in connection with the asserted claims of the ‘556, ‘801, ‘871, and ‘512 patents. The ALJ recommended that, subject to any public interest determinations of the Commission, the Commission should issue a limited exclusion order directed to the accused products, that cease and desist orders issue to the respondents, and that the Commission should not require any bond during the Presidential review period.

On June 12, 2017, Rovi and the respondents filed petitions for review of the Final ID. The respondents petitioned thirty-two of the Final ID’s conclusions, and Rovi petitioned seven of the Final ID’s conclusions. On June 20, 2017, the parties filed responses to the petitions for review. On July 11, 2017, Rovi and the respondents filed statements on the public interest. The Commission also received numerous comments on the public interest from the public.

On June 26, 2017, Respondents filed a motion requesting leave to file a reply to Rovi's response to Respondents' petition for review, and on June 29, 2017, Rovi filed a response in opposition to that motion. That motion is denied.

On July 5, 2017, Rovi and the ARRIS respondents filed a Joint Unopposed Motion for, and Memorandum in Support of, Leave to Amend the Complaint and Notice of Investigation to Correct Corporate Names of Two ARRIS Respondents. The motion indicates that ARRIS Enterprises, Inc. has changed its name to ARRIS Enterprises LLC and that Pace Ltd. has changed its name to ARRIS Global Ltd. That motion is granted.

On July 25, 2017, Comcast submitted with the Office of the Secretary a letter including supplemental disclosure and representations. On July 31, 2017, Rovi submitted with the Office of the Secretary a response thereto, which asserted that "this new evidence confirms that there is no reason for the Commission to review" certain of the Final ID's conclusions. On August 9, 2017, Comcast filed a response to Rovi's submission. The Commission has determined to reopen the evidentiary record and accept the supplemental disclosure, response thereto, and reply to the response.

Having examined the record in this investigation, including the Final ID, the petitions for review, and the responses thereto, the Commission has determined to review the Final ID in part. In particular, the Commission has determined to review the following:

- (1) The Final ID's determination that Comcast is an importer of the accused products (Issue 1 in Respondents' Petition for Review).
- (2) The Final ID's determination that Comcast has not sold accused products in the United States after the importation of those products into the United States (the issue discussed in section III of Rovi's Petition for Review).
- (3) The Final ID's determination that the accused Legacy products are "articles that infringe" (Issue 2 in Respondents' Petition for Review).
- (4) The issue of whether the X1 products are "articles that infringe" (Issue 3 in Respondents' Petition for Review), the issue of direct infringement of the '263 and '413 patents by the X1 accused products (Issue 5 in Respondents' Petition for Review), and the issue of "the nature and scope of the violation found" (the issue discussed in section X of Respondents' Petition for Review).
- (5) The issue of whether Comcast's two alternative designs infringe the '263 and '413 patents (Issue 4 in Respondents' Petition for Review).
- (6) The Final ID's claim construction of "cancel a function of the second tuner to permit the second tuner to perform the requested tuning operation" in the '512 patent, and the Final ID's infringement determinations as to that patent (Issue 26 in Respondents' Petition for Review).

(7) The Final ID's conclusion that the asserted claims of the '512 patent are invalid as obvious (the issue discussed in section VI.B.4 of Rovi's Petition for Review).

(8) The issue of whether the ARRIS-Rovi Agreement provides a defense to the allegations against the ARRIS respondents (the issue discussed in section XI of Respondents' Petition for Review).

(9) The Final ID's conclusion that Rovi did not establish the economic prong of the domestic industry requirement based on patent licensing (the issue discussed in section IV of Rovi's Petition for Review).

The Commission has determined to not review the remainder of the Final ID. The Commission has further determined that Respondents' petition of the Final ID's determinations is improper as to the following issues: (1) the representative accused X1 products for the '263, '413, and '801 patents; (2) the induced infringement of the '263 and '413 patents; and (3) the eligibility under 35 U.S.C. 101 of the '512 patent. *See* 19 CFR 210.43(b)(2) ("Petitions for review may not incorporate statements, issues, or arguments by reference."). Those assignments of error are therefore waived.

The parties are requested to brief their positions with reference to the applicable law and the evidentiary record regarding the questions provided below:

(1) As to whether the Legacy accused products are "articles that infringe" (Issue 2 in Respondents' Petition for Review):

Has Rovi shown (or has Comcast conceded) that a Legacy accused product that infringes the asserted patents (and if so, which patents) has been imported or re-imported by any respondent or that respondent's agent(s)?

(2) As to whether the X1 products are "articles that infringe" (Issue 3 in Respondents' Petition for Review), the issue of direct infringement of the '263 and '413 patents by the X1 accused products (Issue 5 in Respondents' Petition for Review), and the issue of "the nature and scope of the violation found" (the issue discussed in section X of Respondents' Petition for Review):

a. For purposes of giving rise to a section 337 violation and whether the X1 STBs are "articles that infringe," is the importation of and infringement through the use of the X1 STBs distinguishable from the importation of and infringement through the use of the scanners in *Suprema v. Int'l Trade Comm'n*, 796 F.3d 1338 (Fed. Cir. 2015)? For example, is *Suprema* distinguishable because the imported X1 STBs require cooperation with hardware (a mobile device and Comcast's servers) that is not imported by the respondents for an act of infringement to occur? Note that, in *Suprema*, the imported scanners were "not standalone products," but rather, to function, the scanners had to "be connected to a computer, and that computer must have

custom-developed software installed and running.” 796 F.3d at 1341-42.

b. Please discuss any relevant statutory language, legislative history, case law, and Commission precedent that does or does not support interpreting the language of section 337 such that the X1 STBs are “articles that infringe” and that a violation arises from the importation or sale in the United States after importation of the X1 STBs.

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 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 *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.

The parties and the public are requested to brief their positions regarding the public interest. The Commission is particularly interested in responses to the following:

Should the Commission tailor any remedy to mitigate any harm considered by the public interest factors? Please provide any support, factual or otherwise, and relate that support to specific public interest factors.

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 FR 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. Complainants are requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the date that the patents expire and the HTSUS numbers under which the accused products are imported. Complainants are further requested to supply the names of known importers of the products at issue in this investigation. The written submissions and proposed remedial orders must be filed no later than close of business on August 24, 2017. Reply submissions must be filed no later than the close of business on August 31, 2017. No further submissions on any of these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-1001") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, https://www.usitc.gov/secretary/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding filing should contact the Secretary ((202) 205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes (all contract personnel will sign appropriate nondisclosure agreements). All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

This action is taken under the authority of 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: August 10, 2017