

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

In the Matter of

**CERTAIN PRODUCTS CONTAINING
INTERACTIVE PROGRAM GUIDE
AND PARENTAL CONTROL
TECHNOLOGY**

Investigation No. 337-TA-845

**NOTICE OF COMMISSION DETERMINATION TO REVIEW
IN ITS ENTIRETY A FINAL INITIAL DETERMINATION
FINDING NO VIOLATION OF SECTION 337**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in its entirety a final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”), finding no violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, in this investigation.

FOR FURTHER INFORMATION CONTACT: Robert Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-5468. 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 June 6, 2012, based on a complaint filed by Rovi Corporation; Rovi Guides, Inc.; Rovi Technologies Corporation; Starsight Telecast, Inc.; United Video Properties, Inc.; and Index Systems, Inc. (collectively, “Complainants”). *77 Fed. Reg.* 33487-88. The respondents are LG Electronics, Inc.; LG Electronics U.S.A., Inc. (collectively, “LGE”); Mitsubishi Electric Corp.; Mitsubishi Electric US Holdings, Inc.; Mitsubishi Electric and Electronics USA, Inc.; Mitsubishi Electric Visual Solutions America, Inc.; Mitsubishi Digital Electronics America, Inc. (collectively, “Mitsubishi”); Netflix Inc. (“Netflix”);

Roku, Inc. (“Roku”); and Vizio, Inc (“Vizio”). The Office of Unfair Import Investigations is not participating in this investigation.

Originally, Complainants asserted numerous claims from seven patents against various respondents. Complainants later moved to terminate the investigation as to three of the seven patents, as to certain claims of one of the remaining four patents, and as to respondents LGE, Mitsubishi, and Vizio. Order No. 9 (Sept. 4, 2012), *not reviewed*, Oct. 2, 2012; Order No 16 (Nov. 6, 2012), *not reviewed*, December 7, 2012; Order Nos. 17 (Dec. 19, 2012) and 19 (Dec. 20, 2012), *not reviewed*, January 18, 2013; Order No. 21 (Jan. 22, 2013), *not reviewed* Feb. 13, 2013; Order Nos. 34 (Feb. 27, 2013) and 36 (Mar. 1, 2013), *not reviewed* (Mar. 22, 2013). What remains in the investigation are respondents Netflix and Roku, as well as claims 1, 6, 13, and 17 of U.S. Patent No. 6,898,762 (“the ‘762 patent”), claims 13-20 of U.S. Patent No. 7,065,709 (“the ‘709 patent”); claims 1-3, 10, and 11 of U.S. Patent No. 7,103,906 (“the ‘906 patent”); and claims 1, 2, 4, 6, 14, 15, 17, and 19 of U.S. Patent No. 8,112,776 (“the ‘776 patent”).

On June 7, 2013, the presiding ALJ issued his final ID, finding no violation of section 337. Specifically, the ALJ found that none of the accused products met the importation requirement of section 337. While the ALJ found that his importation finding was dispositive, the ALJ made additional findings in the event that the Commission determined that the importation requirement was met. The ALJ found that no party infringed any of the four asserted patents. He also found that the ‘776 patent is invalid as anticipated and obvious, but that the respondents had failed to show that the other three asserted patents were invalid. The ALJ found a domestic industry for articles protected by each of the patents-in-suit, but found that Complainants had not shown a domestic industry based on substantial investment in licensing the asserted patents. The ALJ also rejected Respondents’ patent misuse, implied license, and patent exhaustion defenses.

On June 24, 2013, Complainants filed a petition for review challenging the ALJ’s findings that the importation requirement is not met, that Netflix does not induce infringement, and that the economic prong of the domestic industry is not met by Complainants’ licensing activity. That same day, the respondents Netflix and Roku filed a joint contingent petition for review arguing additional bases for finding no violation. On July 2, 2013, the parties filed oppositions to each other’s petitions.

Having examined the record of this investigation, including the ALJ’s final ID, the petitions for review, and the responses thereto, the Commission has determined to review the final ID in its entirety.

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

1. Whether direct infringement being carried out by non-imported Netflix servers and Netflix user interfaces affects whether the Netflix SDK induces infringement

at the time of importation. Additionally, explain how the Commission Opinion in *Certain Electronic Devices with Image Processing Systems, Components Thereof, and Associated Software*, Inv. No. 337-TA-724, applies to the accused Netflix SDK for each of the asserted patents.

2. Whether Complainants' licensing of the Netflix Ready Devices pursuant to the LGE and Vizio licenses affects whether the accused Netflix software infringes.
3. Whether Netflix's provision of its SDK pursuant to its agreements with LGE and Vizio constitutes a "sale" within the meaning of section 337(a)(1)(B).
4. Identify the specific software that allegedly induces infringement of each of the asserted patents, and explain where such software is present in both the Netflix software allegedly "sold for importation" and in the Netflix Ready Devices imported into the United States. Or explain why no such software exists.
5. Explain specifically how the Netflix SDK itself induces infringement of each of the asserted patents. Or explain why the Netflix SDK itself does not induce infringement of each of the asserted patents.
6. Whether Netflix may induce infringement where the direct infringement is carried out by Netflix servers and Netflix user interfaces.
7. For each claim that Netflix is accused of inducing infringement, explain who or what carries out the direct infringement for each claim limitation.

The parties have been invited to brief only the discrete issues described above, with reference to the applicable law and evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties' existing filings.

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 a cease and desist order 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 a cease and desist order 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 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. The written submissions must not exceed 75 pages, and must be filed no later than close of business on August 23, 2013. Reply submissions must not exceed 50 pages, and must be filed no later than the close of business on August 30, 2013. No further submissions on 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 C.F.R. § 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-845") in a prominent place on the cover page and/or the first page. (*See* Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.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 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

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

By order of the Commission.

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

Lisa R. Barton
Acting Secretary to the Commission

Issued: August 9, 2013