

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN LITHIUM METAL OXIDE
CATHODE MATERIALS, LITHIUM-
ION BATTERIES FOR POWER TOOL
PRODUCTS CONTAINING SAME, AND
POWER TOOL PRODUCTS WITH
LITHIUM-ION BATTERIES
CONTAINING SAME**

Investigation No. 337-TA-951

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL
INITIAL DETERMINATION FINDING A VIOLATION OF SECTION 337; TO DENY
MOTIONS FOR INTERVENTION AND TO REOPEN THE RECORD; AND,
PURSUANT TO COMMISSION RULE 210.45, TO GRANT RESPONDENTS'
REQUEST FOR A COMMISSION HEARING; 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 in part the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on February 29, 2016, finding a violation of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), as to the asserted patent claims in this investigation. The Commission has also determined to deny motions for intervention and to reopen the record. Pursuant to Commission Rule 210.45 (19 C.F.R. § 210.45), Respondents’ request for a Commission hearing has been granted. A notice providing the scope and details of the hearing will be forthcoming.

FOR FURTHER INFORMATION: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3042. 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 March 30, 2015, based on a complaint filed by BASF Corporation of Florham Park, New Jersey and UChicago Argonne LLC of Lemont, Illinois (collectively, "Complainants"). 80 *Fed. Reg.* 16696 (Mar. 30, 2015). 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 lithium metal oxide cathode materials, lithium-ion batteries for power tool products containing same, and power tool products with lithium-ion batteries containing same by reason of infringement of one or more of claims 1-4, 7, 13, and 14 of U.S. Patent No. 6,677,082 ("the '082 patent") and claims 1-4, 8, 9, and 17 of U.S. Patent No. 6,680,143 ("the '143 patent"). *Id.* The notice of investigation named the following respondents: Umicore N.V. of Brussels, Belgium; Umicore USA Inc. of Raleigh, North Carolina (collectively, "Umicore"); Makita Corporation of Anjo, Japan; Makita Corporation of America of Buford, Georgia; and Makita U.S.A. Inc. of La Mirada, California (collectively, "Makita"). *Id.* The Office of Unfair Import Investigations is a party to the investigation.

On November 5, 2015, the ALJ granted a joint motion by Complainants and Makita to terminate the investigation as to Makita based upon settlement. *See* Order No. 32 (Nov. 5, 2015). The Commission determined not to review. *See* Notice (Nov. 23, 2015).

On December 1, 2015, the ALJ granted an unopposed motion by Complainants to terminate the investigation as to claim 8 of the '082 patent. *See* Order No. 35 (Dec. 1, 2015). The Commission determined not to review Order No. 35. *See* Notice (Dec. 22, 2015).

On February 29, 2016, the ALJ issued his final ID, finding a violation of section 337 by Umicore in connection with claims 1-4, 7, 13, and 14 of the '082 patent and claims 1-4, 8, 9, and 17 of the '143 patent. Specifically, the ID found that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Umicore. ID at 10-11. The ID found that Complainants satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* at 9-10. The ID found that the accused products directly infringe asserted claims 1-4, 7, 13, and 14 of the '082 patent; and asserted claims 1-4, 8, 9, and 17 of the '143 patent, and that Umicore contributorily infringes those claims. *See* ID at 65-71, 83-85. The ID, however, found that Complainants failed to show that Umicore induces infringement of the asserted claims. *Id.* at 79-83. The ID further found that Umicore failed to establish that the asserted claims of the '082 or '143 patents are invalid for lack of enablement or incorrect inventorship. ID at 118-20. The ID also found that Umicore's laches defense fails as a matter of law (ID at 122-124) and also fails on the merits (ID at 124-126). Finally, the ID found that Complainants established the existence of a domestic industry that practices the asserted patents under 19 U.S.C. § 1337(a)(2). *See* ID at 18, 24.

On March 14, 2016, Umicore filed a petition for review of the ID. Also on March 14, 2016, the Commission investigative attorney ("IA") petitioned for review of the ID's finding that a laches defense fails as a matter of law in section 337 investigations. Further on March 14,

2016, Complainants filed a contingent petition for review of the ID. That same day, Umicore filed a motion under Commission Rules 210.15(a)(2) and 210.38(a) (19 C.F.R. §§ 210.15(a)(2) and 210.38(a)), for the Commission to reopen the record in this investigation to admit a paper published on October 29, 2015, and a press release issued that day (collectively, “documents”). On March 22, 2016, the parties filed responses to the petitions for review. On March 24, 2016, Complainants and the IA filed oppositions to Umicore’s motion to reopen the record. On April 5, 2016, Umicore moved for leave to file a reply. The Commission has determined to grant Umicore’s motion for leave to file a reply.

On April 8, 2016, 3M Corporation (“3M”) filed a motion to intervene under Commission Rule 210.19. 3M requests that the Commission grant it “with full participation rights in this Investigation in order to protect its significant interests in the accused materials.”

Having examined the record of 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. Specifically, the Commission has determined to review (1) the ID’s contributory and induced infringement findings; (2) the ID’s domestic industry findings under 19 U.S.C. § 1337(a)(3)(C); and (3) the ID’s findings on laches.

The Commission has determined to deny Umicore’s motion to reopen the record to admit the documents. The Commission notes that the documents that Umicore seeks to introduce into evidence were available as of October 29, 2015, the last day of the hearing before the ALJ. Thus, Umicore could not have presented them prior to the hearing. Nothing, however, prevented Umicore from filing a timely motion under Commission Rule 210.42(g) requesting the ALJ to reopen the record and consider the documents prior to issuance of the final ID. The Commission notes that the final ID did not issue until February 29, 2016, four months after the documents were published. Yet, Umicore made no attempt to request the ALJ to consider the documents in the final ID. Thus, the Commission has determined to deny Umicore’s motion to reopen the record at this late stage.

The Commission has determined to deny 3M’s motion to intervene. The Commission notes that 3M filed a public interest statement on April 8, 2016, making substantially the same arguments it makes in its motion to intervene. The Commission will consider 3M’s comments in considering remedy, bonding and the public interest this investigation if a violation of Section 337 is found.

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 interested in responses to the following questions:

1. Please discuss whether laches should be an available defense in a Section 337 investigation. In your response, please address how *SCA Hygiene Products v. First Quality Baby Prod.*, 807 F.3d 1311 (Fed. Cir. 2015), *cert. granted*, 578 U.S. – (May 2, 2016), applies and any statutory support for your position.

2. Please discuss whether a good faith belief of non-infringement negates a contributory infringement finding, where the accused products have no substantial non-infringing uses. In your response, please address the impact of the following cases: *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920 (2015); *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011); *Spanston, Inc. v. International Trade Comm'n*, 629 F.3d 1331, 1359 (Fed. Cir. 2010); *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354 (Fed. Cir. 2006).
3. Please point to evidence (or lack of evidence) showing that Umicore had a good faith belief of non-infringement, including evidence showing that Umicore relied upon that belief.
4. Please discuss in detail the extent to which an exclusion order would affect research and development efforts with respect to lithium ion batteries by universities and private companies. *See* Statement of Umicore S.A. And Umicore USA Inc. Regarding the Public Interest at 1(Apr. 4, 2016). In your response, identify each university and private company engaged in such research and development efforts.
5. Please provide a detailed discussion of the record evidence as to whether Umicore's NMC material is uniquely suited for specific applications in energy saving technology, cutting-edge research and development, including identifying those specific areas and volumes involved and whether any other material can be used in such applications. *See* Statement of Umicore S.A. And Umicore USA Inc. Regarding the Public Interest at 1-2.
6. Please discuss whether each of the research companies and universities currently using Umicore NMC material (*See* Statement of Umicore S.A. And Umicore USA Inc. Regarding the Public Interest at 1-2) may also use materials from other sources for each of their specific research projects.
7. Please discuss whether NMC materials produced by other suppliers have lower performance characteristics and consistency. *See* Statement of Umicore S.A. And Umicore USA Inc. Regarding the Public Interest at 2-3.
8. Please discuss how the Umicore NMC material relates to 3M's research and whether other suppliers provide comparable material that 3M can use in its research. *See* 3M Company's Comments on the Effect on the Public Interest of the Proposed Remedy in the Recommended Determination (Apr. 8, 2016).
9. Please identify the suppliers of NMC to the U.S. market and the percentage of the market held by each.

Pursuant to Commission rule 210.45 (19 C.F.R. § 210.45), Umicore's request for a Commission hearing has been granted. A notice providing the scope and details of the hearing will be forthcoming.

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.

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. Complainants and the IA 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 Umicore products at issue in this investigation. The written submissions and proposed remedial orders must be filed no later than close of business on May 23, 2016. Reply submissions must be filed no later than the close of business on June 2, 2016. Opening submissions are limited to 50 pages. Reply submissions are limited to 25 pages. Such submissions should address the ALJ's recommended determinations on remedy and bonding. 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 eight 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-951") 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 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 Part 210 of the Commission's Rules of Practice and Procedure (19 C.F.R. Part 210).

By order of the Commission.

A handwritten signature in black ink, appearing to read "Lisa R. Barton". The signature is fluid and cursive, with a large initial "L" and "B".

Lisa R. Barton
Secretary to the Commission

Issued: May 11, 2016