UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In the Matter of **CERTAIN DIGITAL VIDEO RECEIVERS, BROADBAND GATEWAYS, AND RELATED HARDWARE AND SOFTWARE COMPONENTS**	**Docket No. 337-TA-1158**

STATEMENT OF THIRD PARTY COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION IN RESPONSE TO THE COMMISSION'S OCTOBER 19, 2020 NOTICE REQUESTING WRITTEN SUBMISSIONS ON ISSUES UNDER REVIEW, REMEDY, THE PUBLIC INTEREST, AND BONDING

Pursuant to the Commission's Federal Register Notice of October 19, 2020,[1] inviting the public to file written submissions regarding issues relating to remedy and the public interest associated with Rovi's complaint, the Computer & Communications Industry Association ("CCIA") submits the following comments.

I. SUMMARY

CCIA represents over two dozen companies of all sizes providing high technology products and services.[2] CCIA promotes full, fair and open competition in the computer, telecommunications, and Internet industries. Many CCIA member companies manufacture products which can, post-importation, be used in ways that might be alleged to infringe a patent, similar to those at issue in the present investigation. Some members have faced similar allegations at the ITC. At the same time, CCIA members are engaged in patenting, holding approximately one in every twenty active U.S. patents, and maintain a significant interest in ensuring a balanced patent system that promotes innovation by providing an appropriate level of reward for innovative activity. Neither petitioners nor respondents are members of CCIA.

The proposed remedy goes further than is justified by the ITC's statutory authority, which both in text and legislative history extends only to articles that infringe, not to infringing acts such as inducement or operation of a method. In addition, the public health and welfare impacts and inability of Rovi or its licensees to replace the subject articles in a commercially reasonable timeframe both weigh in favor of delaying application of any exclusion order until such time as the COVID-19 national emergency is officially declared over.

II. THE PROPOSED REMEDY IS INAPPROPRIATE AND EXCEEDS THE AUTHORITY PROVIDED BY THE STATUTE

The proposed remedy "bars the importation of articles of commerce that may or may not be later used by third parties to infringe a method patent, based only on the putative intent of the importer."[3] The

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[1] Commission Request for Written Submissions on the Issues Under Review and Remedy, the Public Interest, and Bonding, 85 Fed. Reg. 66357 ("Request").

[2] A list of CCIA's members is available online at https://www.ccianet.org/about/members.

[3] *Suprema v. International Trade Commission*, 796 F.3d 1338, 1354 (Fed. Cir. 2015) (O'Malley, J., dissenting).

proposed remedy fails to include necessary provisions to protect lawful importation of non-infringing articles, instead opting to exclude all articles that might potentially infringe at a future time.

The ALJ proposes to exclude Comcast's products based on an interpretation of § 337(a)(1)(B) that extends far beyond the statutory authority provided to the ITC by Congress. The relevant text in § 337(a)(1)(B) bars "the importation into the United States, the sale for importation, or the sale within the United States after importation … of articles that—infringe a valid and enforceable United States patent."[4] The emphasis here is on the act of importation, not simply on the act of infringement. As the Federal Circuit has stated, the "fact that something might infringe a U.S. patent is separate from the question of whether it is an 'article'"—in fact, "[b]oth of these separate statutory requirements must be met in order for the ITC to exercise jurisdiction."[5] In addition, that article must be imported, sold for importation, or sold after importation. It is not enough that infringement occur, or that an article be imported—the imported item must be an "article" and that article must infringe.

Acts of alleged infringement remote from the act of importation, based on domestic conduct, are outside of the language and intent of § 337(a)(1)(B). A remedy under this provision based on such acts is inappropriate.

A. § 337(a)(1)(B) Exclusion Is Focused On The Act Of Importation

The ITC's fundamental authority stems from a trade statute intended to protect domestic industries from unfair foreign competition. As the Federal Circuit recognized in *Suprema*, "Section 337 is an enforcement statute enacted by Congress to stop at the border the entry of goods, i.e., articles, that are involved in unfair trade practices."[6] This history informs the proper scope of the ITC's statutory authority, a scope the proposed exclusion order would exceed.

Section 337's origins are found in the Tariff Acts of 1922 and 1930, which addressed unfair competition in importation. The 1922 Act tasked the Commission with investigating "unfair methods of

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[4] 19 U.S.C. § 1337(a)(1)(B).

[5] *ClearCorrect Operating, LLC v. Int'l Trade Comm'n*, 819 F.3d 1334, 1336 (Fed. Cir. 2016) (Prost, C.J., and O'Malley, J., concurring in denial of rehearing *en banc*).

[6] *Suprema* at 1345.

competition and unfair acts in the importation of articles."[7] Section 337 of the Tariff Act of 1930 tasked the Commission with investigating "unfair methods of competition and unfair acts in the importation of articles."[8] Neither the 1922 nor the 1930 Act mention patents; in both, the duties of the Commission focused on importation and import trade. As a GAO report concluded, § 337 was "intended as a trade statute to protect U.S. firms and workers against all types of unfair *foreign* trade practices."[9] Purely domestic practices are not part of the statutory language or Congressional intent.

Even when patents were explicitly added to the Commission's jurisdiction, it was only in the context of importation. While the Commission conducted investigations of unfair practices based on patents as part of its general authority over unfair trade practices, it was not until 1988 that the statute mentioned patent infringement. The 1988 Omnibus Trade and Competitiveness Act enacted the modern § 337 and for the first time made explicit that the Commission's authority over unfair practices in import trade included the "importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that—(i) infringe a valid and enforceable United States patent." 102 Stat. 1107, 1212. While patents are explicitly mentioned, the focus of the statutory text remains on the act of importing articles, not on U.S. conduct.

Even then, Congressional focus and statutory text remained on foreign practices—in fact, the 1988 Act explicitly stated that the amendment of § 337 was necessary because the existing § 337 had "not provided *United States* owners of IP rights with adequate protection against *foreign* companies violating such rights." 102 Stat. 1107, 1211-12 (emphasis added). Again, the emphasis was on protecting against foreign abuses, not against domestic practices.

Given that infringement in the present case is predicated on domestic activities, a remedy is inappropriate, as it would go against the history of the statute and Congressional intent.

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[7] Tariff Act of 1922 § 316, Pub. L. 67-318, 42 Stat. 858, 943 (1922).
[8] Tariff Act of 1930, Pub. L. 71-361, 46 Stat. 590, 703 (1930).
[9] U.S. Gen. Accounting Office, Rep. No. GAO-NSAID-86-150, International Trade: Strengthening Trade Law Protection of Intellectual Property Rights at 3 (1986) (emphasis added).

B. *§ 337(a)(1)(B) Does Not Reach All Forms Of Infringement Present In The Patent Act*

Beyond the general statutory history not supporting Commission action based on domestic conduct, the explicit statutory text of § 337(a)(1)(B) also fails to support exclusion based on induced infringement. While patent infringement was explicitly made available as a cause of action in the ITC in the 1988 Act, that explicit modification did not extend to the full scope of infringement under 35 U.S.C. § 271(a). Instead of § 271(a)'s definition of infringement as including making, using, offering to sell, selling, or importing a patented invention, § 337(a)(1)(B)(i) only permits ITC jurisdiction based on importation, sale for importation, or sale after importation of articles. An offer to sell an infringing article in the U.S. from overseas that is never actually completed would not permit an ITC investigation, even though it would be sufficient to provide a cause of action in a district court under § 271(a). Given this, it is clearly contrary to the statute to assume that the term "articles—that infringe" reaches the full scope of all forms of infringement described in § 271. Congress chose to draft a provision limited to certain forms of infringement and the Commission should not presume it intended more broadly than the text permits.

Further evidence that this is the appropriate interpretation is found in the *Kinik* and *Spansion* cases, which establish that the Commission does not directly apply the Patent Act but instead works within its own statutory framework, informed by the Patent Act.[10] In fact, as the legislative history of the Trade Reform Act of 1974 specifies, "in patent-based cases, the Commission considers, for its own purposes under section 337, the status of imports with respect to the claims of U.S. patents. The Commission's findings neither purport to be, nor can they be, regarded as binding interpretations of the U.S. patent laws in particular factual contexts."[11] This history and case law, as well as the distinct differences in statutory text between 19 U.S.C. § 1337 and 35 U.S.C. § 271, illustrate that the ITC's authority is not coterminous with the Patent Act's definition of infringement.

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[10] *See Kinik Co. v. U.S. Int'l Trade Comm'n*, 362 F.3d 1359 (Fed. Cir. 2004) (35 U.S.C. § 271(g) defenses inapplicable at ITC); *Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331 (Fed. Cir. 2010) (exclusion orders not subject to *eBay* limits on injunctions); *Bio-Technology Gen'l Corp. v. Genentech, Inc.*, 80 F.3d 1553 (Fed. Cir. 2010) (ITC may not award damages and lacks preclusive effect on courts); *cf.* Sapna Kumar, *The Other Patent Agency: Congressional Regulation of the ITC*, 61 Fla. L. Rev. 529 (July 2009).

[11] S.Rep. No. 93-1298, 196 (1974).

C. In Particular, § 337(a)(1)(B) Does Not Extend To Inducement Liability

This is particularly true with respect to indirect forms of infringement and infringement of method claims. The statutory text of § 337(a)(1)(B) reaches "articles—that infringe." Per the Federal Circuit, "it is clear that 'articles' means 'material things'"[12]—but non-tangible things, such as electronic data transmissions, are outside the scope of the Commission's authority. The practice of a method is not itself a material thing, meaning that liability for direct infringement of a method claim should not be available under § 337(a)(1)(B).

However, immaterial act-based infringement based on inducement theories does not involve infringing articles. In contrast, direct infringement under § 271(a), contributory infringement under § 271(c), and product-by-process patent infringement under § 271(g) refer to a "patented invention", a "component of a patented machine" or "material or apparatus for use in practicing a patented process", and a "product which is made by a process patented in the United States."[13] Each of those limitations specifies a material thing—a patented invention, a component of a machine or material or apparatus, or a product made by a patented process. Those articles are potentially within the proper scope of § 337(a)(1)(B). In contrast, 35 U.S.C. § 271(b) simply assigns liability to an entity for inducing infringement—there is no "article" referenced in the statutory text regarding inducement liability. Accordingly, there is no "article" that can be found to be the necessary "article—that infringes" for a Commission exclusion order in cases of inducement.

This limitation to physical objects, rather than actions, is reinforced by the *in rem* nature of the ITC's jurisdiction. The ITC does not require *in personam* jurisdiction over respondents—understandable, given the ITC's purpose in remedying unfair foreign trade practices over which the courts might not have personal jurisdiction. Instead, the ITC exercises *in rem* jurisdiction over imported articles, permitting it to provide a remedy even when the respondent might not be subject to ordinary jurisdiction.[14] This *in rem*

[12] *ClearCorrect v. Int'l Trade Comm'n*, 810 F.3d 1283, 1286 (Fed. Cir. 2016).
[13] 35 U.S.C. § 271. 35 U.S.C. § 271(f) also specifies "articles" in the form of components of a patented invention, but is not relevant to ITC jurisdiction as it relates solely to exported components.
[14] *See Sealed Air Corp. v. Int'l Trade Comm'n*, 645 F.2d 976, 986 (C.C.P.A. 1981).

nature provides additional reason to limit the ITC's jurisdiction solely to the kinds of infringement that rely on material objects and to withhold it from inducement theories of liability.

This is not to say that the Commission cannot reach inducement at all. The Commission retains the ability to exclude articles based on conduct that induces infringement. However, that capability stems from its original grant of authority under § 337(a)(1)(A) over "unfair *acts* in the importation of articles."[15] While the Commission retains authority to exclude on this basis, doing so requires an allegation of indirect infringement and proof of destruction or substantial injury to domestic industry, proof which has not been offered in this case. Given the highly attenuated relationship between the Commission's area of authority—importation of articles—and the allegedly infringing conduct, as well as the Commission's statutory authority being directed at foreign, not domestic, unfair acts, this enhanced requirement for obtaining exclusion is appropriate whenever the ultimate theory of infringement relies on domestic acts.

Accordingly, an exclusion order under § 337(a)(1)(B)(i) is unavailable for the indirect claims of infringement in this case, and exclusion under § 337(a)(1)(A) has not been adequately proven.

III. IMPACT ON PUBLIC HEALTH AND WELFARE

Entertainment devices such as the set-top boxes in the present case have not historically been treated as relevant to public health and welfare. However, given the present pandemic, those devices and the services they enable have become critically important to public health and welfare, providing connectivity and health information as well as enabling virtual education in place of or conjunction with in-person schooling. Exclusion during a national emergency is exactly the type of broad harm to the public welfare that the Commission has previously recognized as justifying denial of an exclusion order.[16]

Further, as noted in Comcast's statement on the public interest, Rovi has openly admitted that it does not actually seek exclusion but simply leverage over Comcast and other potential licensees to increase the royalties they receive for licensing. Given this, the harm to the public health and welfare triggered by exclusion would far exceed any prejudice to Rovi that might attach from delaying exclusion

[15] 19 U.S.C. § 1337(a)(1)(A) (emphasis added).
[16] *See Certain Automatic Crankpin Grinders*, Inv. No. 337-TA-60 (1979) (denying exclusion of energy-efficiency component for automobiles during national energy crisis).

until the end of the national emergency. Further, Rovi has available remedies to recover any such royalties lost during a delay of exclusion via district court litigation, such as Rovi's co-pending lawsuit over the same patents and claims in the Central District of California.[17] Damages in that co-pending case or as part of a negotiated license can compensate for any licensing revenue lost in the interim from a delay in exclusion.

Delay of enforcement of the exclusion order is thus appropriate until at least the date at which the national emergency relating to COVID-19 is declared over.

IV. ABILITY OF ROVI AND ITS LICENSEES TO REPLACE SUBJECT ARTICLES

The ability of Rovi and its licensees to replace the subject articles is also extremely questionable. While set-top boxes were briefly opened to broader access by the CableCard system, the FCC terminated the CableCard mandate in a recent order.[18] Even if CableCard was not terminated, it remains an extremely small program, with only approximately 456,000 retail CableCard devices on market in Q1 2020.[19] Although Comcast has not made any public plans to terminate CableCard services such as those necessary for Rovi's licensees to replace the subject article, availability of replacement articles is likely to be near-zero in the event of an exclusion order, both because of the potential for complete unavailability of CableCard access systems and because of the potential that retail CableCards are not available in sufficient number to effectuate replacement in a commercially reasonable timeframe.

This inability to replace the subject articles in a commercially reasonable time further weighs in favor of denying or delaying exclusion in order to protect the public interest.

V. CONCLUSION

Given the statutory text and history of the Tariff Act and the Patent Act, the Commission should deny any remedy as to claims relying on inducement liability or infringement of a method, particularly where those claims are based on domestic conduct. Even if the Commission provides an exclusionary

[17] *Rovi Guides, Inc. v. Comcast Corp.*, Case No. 2:19-CV-03096 (C.D. Cal., filed Apr. 22, 2019).
[18] *See* Report and Order in the Matter of Expanding Consumers' Video Navigation Choices and Commercial Availability of Navigation Devices, FCC MB Dkt. No. 16-42 and CS Dkt. No. 97-80 (Sept. 4, 2020).
[19] *Id.* at 8.

remedy, it should delay enforcement until the end of the declared COVID-19 emergency in order to mitigate harms to the public interest.

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