

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN MARINE SONAR IMAGING
DEVICES, INCLUDING DOWNSCAN
AND SIDESCAN DEVICES, PRODUCTS
CONTAINING THE SAME, AND
COMPONENTS THEREOF**

**Investigation No. 337-TA-921
(Modification Proceeding)**

COMMISSION OPINION MODIFYING A LIMITED EXCLUSION ORDER

I. BACKGROUND

The Commission instituted this investigation on July 14, 2014, based on a complaint filed by Navico, Inc. of Tulsa, Oklahoma, and Navico Holding AS, of Egersund, Norway (collectively, “Navico”). 79 *Fed. Reg.* 40778 (July 14, 2014). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by reason of the importation into the United States, the sale for importation, and the sale within the United States after importation of certain marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof. *Id.* The complaint alleged the infringement of certain claims of U.S. Patent Nos. 8,305,840 (“the ’840 patent”), 8,300,499 (“the ’499 patent”), and 8,605,550 (“the ’550 patent”). *Id.* The complaint further alleged that an industry exists in the United States as required by subsection (a)(2) of section 337. The notice of investigation named Garmin International, Inc., Garmin USA, Inc., and Garmin North America, Inc., all of Olathe, Kansas, and Garmin (Asia) Corporation of New Taipei City, Taiwan, as respondents. *Id.* The Office of Unfair Import Investigations (“OUII”) was also named as a

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party. *Id.* The Commission later terminated the investigation as to Garmin North America, Inc. and various of the asserted claims.¹

On December 1, 2015, the Commission found a violation of section 337 based on infringement of the asserted claims of the '840 and '550 patents and issued a limited exclusion order ("LEO") and cease and desist orders ("CDOs") against Garmin. 80 *Fed. Reg.* 76040-42 (Dec. 7, 2015).² Specifically, the Commission found that the accused marine sonar imaging devices directly infringe the asserted claims of the '840 and '550 patents. *See Comm'n Op.* at 17-28, 46. The Commission, however, also found that the importation of certain components, including "standalone transducers," did not constitute indirect infringement of the '840 and '550 patents. *See id.* at 28-31, 46.

The LEO as issued prohibits unlicensed entry of marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof that are covered by one or more of claims 1, 5, 7, 9, 11, 16-19, 23, 32, 39-41, 63, and 70-72 of the '840 patent and claims 32 and 44 of the '550 patent. Paragraph 1 of the LEO recites the exclusion provision. Paragraph 3 of the LEO recites a certification provision, which allows Garmin to certify that products it wishes to import are not subject to the exclusion provision. Paragraph 4 of the LEO recites a carve-out provision, which states that Paragraph 1 does not apply to the components, such as the "standalone transducers," that the Commission specifically found did not indirectly infringe the subject claims. *See Comm'n Op.* at 28-31 and 45-46 (Dec. 1, 2015).

On January 27, 2016, Navico filed a notice of appeal with the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit"), seeking review of issues the Commission decided against

¹ Notice (Dec. 31, 2014) (determining not to review Order No. 10 (Dec. 2, 2014)); Notice (Jan. 9, 2015) (determining not to review Order No. 11 (Dec. 11, 2014)); Notice (Jan. 13, 2015) (determining not to review Order No. 13 (Dec. 17, 2014)).

² The Commission found no violation with respect to the '499 patent.

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it in the Commission's final determination. *Navico, Inc. v. Int'l Trade Comm'n*, No. 16-1533. On February 11, 2016, Garmin also filed a notice of appeal with the Federal Circuit, seeking review of the Commission's final determination finding a violation of section 337. *Garmin International, Inc. v. Int'l Trade Comm'n*, No. 16-1572. Both appeals are currently pending before the Federal Circuit.

On May 20, 2016, Navico filed a petition for modification of the LEO pursuant to Commission Rule 210.76(a)(1), 19 C.F.R. § 210.76(a)(1).³ Navico requests that the Commission modify the LEO in order to clarify that components of the excluded marine sonar imaging devices, including "standalone transducers," are subject to exclusion when the components are intended to be included in a fully assembled (also referred to as fully "kitted") infringing product after importation. Navico argues that modification of the LEO "is necessary in order to give effect to the Commission's infringement ruling and concomitant order that covered DownVu products be excluded from entry" in view of a change in Garmin's importation practice. *Id.* On June 1, 2016, Garmin filed an opposition to the petition.⁴ The thrust of Garmin's opposition is that the Commission lacks jurisdiction to modify the LEO as requested due to the pending

³ Complainant Navico Inc. and Navico Holding AS's Petition for Modification of the Limited Exclusion Order (May 20, 2016) ("Pet.").

Commission Rule 210.76(a)(1) reads as follows:

Whenever any person believes that changed conditions of fact or law, or the public interest, require that an exclusion order, cease and desist order, or consent order be modified or set aside, in whole or in part, such person may file with the Commission a petition requesting such relief... The petition shall state the changes desired and the changed circumstances warranting such action, shall include materials and argument in support thereof, and shall be served on all parties to the investigation in which the exclusion order, cease and desist order, or consent order was issued....

⁴ Opposition to Petition for Modification of the Limited Exclusion Order (June 1, 2016) ("Opp."). OUII did not file a response to Navico's petition.

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Federal Circuit appeals, and that Navico improperly seeks to modify the LEO to cover standalone transducers that were expressly found by the Commission to be non-infringing.⁵

On June 10, 2016, Navico filed a motion for leave to file a reply in support of its petition.⁶ Navico's reply was filed as an exhibit to the motion for leave.⁷ On June 20, 2016, Garmin filed an opposition to Navico's motion for leave.⁸ The Commission hereby grants the motion for leave.

II. DISCUSSION

Having examined the submissions by Navico and Garmin, the Commission has determined to grant Navico's petition and to additionally modify the LEO by amending the certification provision set out in Paragraph 3 of the LEO. The Commission explains its reasoning below.

A. Commission Jurisdiction

According to Garmin, the Commission was divested of jurisdiction to modify the LEO as requested when Navico appealed the Commission's findings that the component "standalone transducers" do not indirectly infringe. Opp. at 5. We disagree. Although Garmin is correct that

⁵ Garmin contends that an independent reason for its products not being covered by the LEO is that its products "have been modified to avoid infringement of the claims asserted in the underlying investigation...." Opp. at 1 n.1. Garmin has not submitted a petition for modification or a request for advisory opinion seeking an adjudication of its alleged redesigns. Thus, as noted in the Commission opinion, "the certification procedure of U.S. Customs and Border Protection does not apply to redesigns that have not been adjudicated as non-infringing." Comm'n Op. at 80.

⁶ Motion for Leave to File Reply in Support of Navico's Modification Petition (June 10, 2016).

⁷ *Id.*, Exh. A (Complainants' Reply in Support of Their Petition for Modification of the Limited Exclusion Order (June 9, 2016) ("Reply")).

⁸ Opposition to Navico's Motion for Leave to File Reply in Support of Its Modification Petition (June 20, 2016).

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the filing of an appeal of a Commission determination typically divests the Commission of jurisdiction over matters related to the appeal,⁹ the Commission nonetheless retains jurisdiction to ensure that the remedial orders it has issued are being properly executed. *See Showtime/The Movie Channel, Inc. v. Covered Bridge Condominium Ass'n, Inc.*, 895 F.2d 711, 713 (11th Cir. 1990) (“The district court retains only the authority to act in aid of the appeal, to correct clerical mistakes or to aid in the execution of a judgment that has not been superseded.”). As Navico correctly points out, in analogous cases involving injunctive relief, courts have held that tribunals “retain jurisdiction over their injunctions even while the opinion that gave rise to the injunction may be under appellate review.” Reply at 3 (citing Fed. R. Civ. P. 62(c) (“While an appeal is pending from an interlocutory order or final judgment that grants, dissolves, or denies an injunction, the court may suspend, modify, restore, or grant an injunction”)); *see also Doe, I-13 ex rel. Doe Sr. I-13 v. Bush*, 261 F.3d 1037, 1064-65 (11th Cir. 2001) (“the district court maintains jurisdiction to order stays or modify injunctive relief”) (quoting *Resolution Trust Corp. v. Smith*, 53 F.3d 72, 76 (5th Cir 1995)); *Sheet Metal Workers' Int'l Ass'n Local 19 v. Herre Bros.*, 198 F.3d 391, 394 (3d Cir. 1999) (“Exceptions to the rule in *Griggs* allow the district court to retain jurisdiction to issue orders staying, modifying, or granting injunctive relief.”).

Granting Navico’s modification request, as explained more fully below, would solely entail clarifying the scope of the LEO as originally issued, thereby ensuring that the order is being executed properly to remedy the finding that Garmin’s accused products directly infringe

⁹ *See Griggs v. Provident Consumer Discount Co.*, 459 U.S. 56, 58 (1982) (“The filing of a notice of appeal is an event of jurisdictional significance—it confers jurisdiction on the court of appeals and divests the district court of its control over those aspects of the case involved in the appeal.”); *Gilda Indus. v. United States*, 511 F.3d 1348, 1350 (Fed. Cir. 2008) (holding that “the act of filing a notice of appeal confers jurisdiction on an appellate court and divests the trial court of jurisdiction over matters related to the appeal.”).

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the asserted claims of the '840 and '550 patents. *See* Comm'n Op. at 17-28, 46. As such, Navico's request concerns only remedy and does not affect the Commission's underlying finding of violation, which is the issue in Garmin's appeal. Neither would the modification affect the Commission's findings concerning indirect infringement, which are at issue in Navico's appeal.

Moreover, we agree with Navico that "the requested modification could not possibly be part of the Federal Circuit appeal since . . . the circumstances giving rise to the modification proceeding began only after December 1, 2015[,]” when the remedial orders issued. Reply at 4. There was no evidence in the underlying investigation that Garmin was importing components for purposes other than individual sale – activity which the Commission found did not constitute indirect infringement. As such, there was no reason for the Commission to discuss in its opinion accompanying the original LEO the effect of importation of components intended to be kitted to comprise the infringing device. Since the facts concerning Garmin's alleged new importation practices were not before the Commission prior to its finding a violation of section 337, they are not a part of the basis for the Commission's determination, which is the matter on appeal. The Commission's decision to issue a modified order is separately appealable, affording Garmin the opportunity to challenge the modification. *See Allied Corp. v. Int'l Trade Comm'n*, 850 F.2d 1573, 1580 (Fed. Cir. 1988) (finding that modified orders are appealable). Accordingly, the Commission finds that it retains jurisdiction with respect to Navico's requested modification of the LEO.

B. Merits of Navico's Request

Commission Rule 210.76(a)(1) requires that a party seeking modification of a remedial order demonstrate the existence of "changed conditions of fact or law." Navico requests that the Commission modify the LEO in order to clarify that standalone transducers are subject to

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exclusion when they are intended to be included in a fully assembled or “kitted” infringing product after importation. There is no dispute that Garmin’s current practice of importing standalone transducers to be kitted post-importation is new¹⁰ and that prior to issuance of the LEO it imported only the following: (1) fully kitted devices, or (2) transducers intended for independent sale.¹¹ Thus, the facts underlying Navico’s claim of changed circumstances are undisputed. Garmin, however, argues that its changed importation practice cannot constitute a basis to grant Navico’s request and exclude the standalone transducers because the Commission has already ruled on the status of the standalone transducers, and expressly found them to be non-infringing.

The crux of the dispute therefore involves understanding the Commission’s infringement findings in the Commission’s underlying opinion, which in turn informs the proper scope of the LEO as issued. As noted above, the Commission’s opinion found that the accused marine sonar imaging devices directly infringe the asserted claims of the ’840 and ’550 patents. Comm’n Op. at 17-28, 44-46. Based on this finding, the Commission ordered, in Paragraph 1 of the LEO, exclusion of Garmin’s “marine sonar imaging devices . . . and *components* thereof” that are covered by the asserted claims of the ’840 and ’550 patents. (emphasis added). However, the Commission’s opinion further found component “standalone transducers” to be non-infringing based on Garmin’s then asserted importation practice. *See id.* at 28-31, 46. Based on this

¹⁰ *See* Pet. at 7 (“To provide specific examples of Garmin’s altered importation practice, Navico purchased an echoMAP CHIRP 73dv product on February 17, 2016 and an echoMAP CHIRP 53dv on March 18, 2016. Ex. B, Stevens Decl. at ¶¶ 2-3. These units bear indications of importation after December 1, 2015. *Id.* at ¶¶ 2-4.”).

¹¹ *See* CX-136C.0049 (Preis Dep. at 50:2-17) (Garmin’s corporate designee testifying that, prior to issuance of the LEO, Garmin did not “have an operation where we will bring in multiple things and then put them together....”).

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finding, Paragraph 4 of the LEO states that the order shall not apply to the “components . . . found to be non-infringing.”

Navico argues that the transducers not covered by the LEO and referenced in Paragraph 4 are simply transducers which are “both imported *and* sold after importation as a standalone transducer” Pet. at 5. Garmin, on the other hand, argues that the language of Paragraph 1 of the LEO excludes from entry only marine sonar devices and components that directly infringe the asserted claims. Opp. at 3. Therefore, according to Garmin, Paragraph 4 expressly precludes “standalone transducers” from being covered by Paragraph 1.

We agree with Navico and disagree with Garmin’s reading of the scope of the LEO. As noted above, the Commission found that the accused marine sonar imaging devices directly infringe the asserted claims of the ’840 and ’550 patents. *See* Comm’n Op. at 17-28, 46. As such, the Commission’s infringement finding includes components that are imported for the purposes of assembling or “kitting” the infringing device. These components are therefore included in the scope of Paragraph 1 of the LEO. Accordingly, granting Navico’s request simply clarifies the LEO as originally issued and does not change the scope of the order.¹²

As the Federal Circuit has recognized, under the remedy provisions of section 337(d) and (f), “the Commission has broad discretion in selecting the form, scope and extent of the remedy” *Viscofan S.A. v. Int’l Trade Comm’n*, 787 F.2d 544, 548 (Fed. Cir. 1986) (citing *Jacob Siegel Co. v. Federal Trade Commission*, 327 U.S. 608, 611–13 (1946) (“The [Federal Trade] Commission has wide discretion in its choice of a remedy deemed adequate to cope with the unlawful practices in this area of trade and commerce.”)). Courts have long recognized that agencies, such as the Commission, may fashion a remedy that acts to fully redress the harm

¹² Garmin’s argument that Navico may request modification of the LEO only following a full enforcement proceeding (*see* Opp. at 11) has no basis in the statute or the Commission’s rules.

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found, even if the remedy is broader than the underlying conduct that led to the finding of violation. *See Federal Trade Comm'n v. Mandel Brothers, Inc.*, 359 U.S. 385, 392 (1959) (“We do not believe the [Federal Trade] Commission abused the ‘wide discretion’ that it has in a choice of a remedy ‘deemed adequate to cope with the unlawful practices’ disclosed by the record. It is not limited to prohibiting ‘the illegal practice in the precise form’ existing in the past. This agency, like others, may fashion its relief to restrain ‘other like or related unlawful acts.’” (internal citations omitted)).

The Commission has long fashioned exclusion orders that cover not only the specific device or product found to be infringing, but also infringing redesigns and components of the infringing product where importation of such components might enable a respondent to circumvent the order. *See, e.g., Certain Large Video Matrix Display Systems and Components Thereof*, Inv. No. 337-TA-75, U.S.I.T.C. Pub. No. 1158 (June 1981), Comm’n Op. at 28, *rev’d on other grounds, SSIH Equipment S.A. v. Int’l Trade Comm’n*, 718 F.2d 365 (Fed. Cir. 1983) (“The order specifies exclusion of complete systems, components, and spare parts made by SSIH for the system now in operation. The order specifies infringing components because the system is imported in pieces, and much of it is locally procured, off-the-shelf items, such as light bulbs and structural materials, that do not infringe complainant’s patents. An exclusion order, including within its scope components and spare parts, comports with standard Commission practice when a violation is found.”); *Certain Glass Tempering Systems*, Inv. No. 337-TA-171, U.S.I.T.C. Pub. No. 1816 (Feb. 1986), Comm’n Op. at 1 (“To be effective, the order also excludes components of the infringing systems.”); *Certain Condensers, Parts Thereof & Products Containing Same, Including Air Conditioners for Automobiles*, Inv. No. 337-TA-334 (remand), USITC Pub. 3063 (Sept. 1997), Comm’n Op. at 38 (“We also find it reasonable to

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include a provision covering condenser parts, since the evidence suggests that infringing condensers can be assembled in the United States from imported parts.”). Garmin’s argument that the language of the current LEO requires the Commission to have independently found that components also infringe in order to be excluded is unsupported and contrary to established Commission precedent. *See Opp.* at 3.

The Commission rejects Garmin’s contention that the Commission’s finding of no indirect infringement dictates that the LEO does not cover any components (*see id.* at 3-4). Navico’s indirect infringement arguments were based on the “importation and sale of the DownVu transducer (GT20) separately from a head unit” *Comm’n Op.* at 17-18. As such, the Commission’s finding of no indirect infringement applies to only this activity. Paragraph 4 of the LEO therefore simply carves out the accused components that are intended to be later sold individually as standalone products. Extending the Commission’s no indirect infringement finding to activity which circumvents the exclusion order, *i.e.*, Garmin’s importation of transducers for the purpose of kitting an infringing device, rather than for individual sale of a standalone component, would be contrary to Commission practice and would violate the purpose of the LEO.

Based on the preceding discussion, the Commission has determined to modify the LEO by amending the certification of Paragraph 3, as well as to grant Navico’s requested modification of the carve-out provision of Paragraph 4 to account for Garmin’s altered importation practices.¹³

¹³ The Commission has long used certification as a way for an importer to inform CBP that a component is not covered by the exclusion order at issue. *See Certain Convertible Game Tables and Components Thereof*, Inv. No. 337-2 [designated 337-34], TC Pub. No. 705 (Dec. 1974), Report on Investigation No. 337-34 Conducted Under the Provisions of Section 337 of Title III of the Tariff Act of 1930, as Amended at 6 (“The Commission therefore concludes that there is a violation of section 337 . . . and recommends that . . . the President issue an exclusion order to forbid entry . . . of convertible game tables . . . made in accordance with the [asserted] claim(s) . .

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Specifically, the modified certification provision requires Garmin to certify that any imported transducers are intended for stand-alone sale, and thus not covered by the LEO, and not intended for kitting into an infringing article. This certification provision will aid U.S. Customs and Border Protection (“CBP”) in enforcing the order. The modification directs CBP to exclude any standalone transducers that Garmin imports unless Garmin certifies that the importation falls under Paragraph 4 of the LEO. The amendment to Paragraph 3 of the LEO reads as follows:

At the discretion of U.S. Customs and Border Protection and pursuant to procedures that it establishes, persons seeking to import marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are either not excluded from entry under Paragraph 1 of this Order or are permitted to enter under Paragraph 4 of this Order as intended for sale for use other than in the infringing marine sonar imaging devices. At its discretion, CBP may require persons who have provided the certification described in this paragraph to furnish such records or analyses as are necessary to substantiate the certification.

Navico’s requested modification to the carve-out provision clarifies that the provision applies only to stand-alone transducers that are intended for individual sale after importation and not for kitting. The amendment to Paragraph 4 of the LEO reads as follows:

The provisions of this Order shall not apply to marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof, found to be non-infringing as detailed in the Commission Opinion dated December 1, 2015, at pages 28-31 and 45-46, and as clarified in the Commission Opinion leading to this modified limited exclusion order. Specifically, the provisions of this Order shall not apply to standalone products (for example, a standalone transducer product) that are, or will be, both imported as standalone products and sold after importation as standalone products. By contrast, the provisions of this Order shall apply to components (for example, a transducer component) of marine sonar images devices when such components are, or will be, imported or sold after importation as part of a marine sonar

. or the table top(s) therefor . . . except when . . . in the case of the table top(s), either table top (if imported separately) is for sale for use other than the combination purposes covered by said patent, and the importer so certifies.”).

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imaging system covered by one or more of the claims recited above in Paragraph 1.

III. CONCLUSION

The Commission grants Navico's petition to modify Paragraph 4 of the LEO and additionally modifies Paragraph 3 of the LEO as discussed above. The Commission also grants Navico's motion for leave to file a reply to Garmin's opposition brief.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: August 29, 2016

**CERTAIN MARINE SONAR IMAGING DEVICES,
INCLUDING DOWNSCAN AND SIDESCAN DEVICES,
PRODUCTS CONTAINING THE SAME, AND
COMPONENTS THEREOF**

**Inv. No. 337-TA-921
(Modification)**

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Commission Investigative Attorney, Peter J. Sawert, Esq., and the following parties as indicated, on **August 29, 2016**.



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