

**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
(Enforcement)**

**RESPONSE OF THE OFFICE OF UNFAIR IMPORT INVESTIGATIONS TO
RESPONDENTS GARMIN INTERNATIONAL, INC. AND GARMIN USA, INC.'S
MOTION TO STAY THE ENFORCEMENT PROCEEDING IN LIGHT OF THE
REVERSAL OF THE UNDERLYING VIOLATION FINDING (Mot. Dkt. No. 921-048C)**

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I. INTRODUCTION

On June 21, 2017, Respondents Garmin International, Inc., and Garmin USA, Inc. (“Garmin” or “Respondents”) filed a motion to stay this enforcement proceeding “in light of the United States Court of Appeals for the Federal Circuit decision in *Garmin International, Inc. v. International Trade Commission*, Appeal No. 2106-1572 (Fed. Cir. June 13, 2017), which reverses the underlying violation finding.” Mot. Dkt. No. 337-048C (“Motion”) at 1. The Motion seeks a stay of this proceeding pending the U.S. Court of Appeals for the Federal Circuit’s (“Federal Circuit”) issuance of a mandate. Motion at 2. On June 26, 2017, the Commission issued a Notice of Commission Determination to Extend the Time for Determining Whether to Review an Enforcement Initial Determination. EDIS Doc. ID 615219 (“Notice”). The Notice “extend[s] the time for determining whether to review the EID until three weeks after issuance of the Federal Circuit’s mandate” in Garmin’s appeal of the violation Final Determination. Notice at 2.

The Office of Unfair Import Investigations (“OUII”) respectfully submits that the Commission has already effectively granted Respondents the relief they request in the Motion, and that the Motion is thus essentially moot.¹ However, as OUII expects Complainants Navico, Inc. and Navico Holding AS (“Complainants” or “Navico”) to argue that the Commission should assess a civil penalty in this enforcement proceeding regardless of the mandate in the appeal of the violation Final Determination, OUII further submits that, under the circumstances present in this enforcement proceeding, no civil penalty should be assessed for violations of the cease and

¹ While an extension of the time for determining whether to review the enforcement Initial Determination does not technically prohibit the Commission from acting prior to that deadline and, in turn, acting prior even to the Federal Circuit’s issuance of a mandate, OUII views the Commission’s extension of the deadline “until three weeks after the issuance of the Federal Circuit’s mandate” as indicating the Commission’s intent to await the mandate before determining whether to review the enforcement Initial Determination.

desist orders absent further developments in the violation appeal that reverse the Federal Circuit panel's conclusion that Navico's asserted patent claims are invalid.

II. BACKGROUND

A. The Parties

The Complainants in this enforcement proceeding are Navico, Inc. of Tulsa, Oklahoma and Navico Holding AS of Egersund, Norway. 81 Fed. Reg. 71531-32. Complainants allege that "Navico is the world's largest marine electronics company." Compl. Pet. at 12. "Navico, Inc. performs the engineering and research and development for Navico's sonar," while Navico Holding AS "is the holding company for the company's legal entities." *Id.* at 13. Navico Holding AS "owns the entire right, title, and interest to the Asserted Patents" and licenses the Asserted Patents to Navico, Inc. VID at 4.

The Respondents are Garmin International, Inc. and Garmin USA, Inc. both of Olathe, Kansas. 81 Fed. Reg. 71531-32. The Respondents were also respondents in the underlying violation investigation. *Id.* Garmin International, Inc. and Garmin USA, Inc. are both subsidiaries of Garmin Ltd., a Swiss corporation. RX-2120 (Garmin 10-K for year ended Dec. 26, 2015).

The Commission Investigative Staff is also a party to this enforcement proceeding. 81 Fed. Reg. 71531-32.

B. Procedural History

In the underlying investigation, Complainants alleged that three Garmin respondents had violated Section 337 of the Tariff Act of 1930, as amended, by reason of the importation and sale of certain marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof that infringed, *inter alia*, various asserted claims of

the '840 and '550 patents. The Complaint was filed June 9, 2014, and the investigation was instituted on July 7, 2014. 79 Fed. Reg. 40778.

The violation evidentiary hearing took place from March 18-24, 2015. The ALJ issued the final violation initial determination (“VID”) on July 3, 2015. The Commission issued its final determination on December 1, 2015. The Commission adopted certain determinations from the VID and determined to review and revise other findings. The Commission found that the named respondents had violated Section 337 based upon the importation and sale of marine sonar products that infringed 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. 80 Fed. Reg. 76040-41 (Dec. 7, 2015). The Commission therefore issued a limited exclusion order as well as cease and desist orders to each named respondent. *Id.*

Both Complainants and Respondents appealed portions of the Commission’s violation final determination to the United States Court of Appeals for the Federal Circuit. The Federal Circuit heard oral argument in the appeals on January 10, 2017.

This enforcement proceeding was instituted on October 17, 2016, pursuant to a complainant filed by Navico on August 30, 2016. 81 Fed. Reg. 71531-32. On December 15, 2016, the ALJ, pursuant to motion, struck Respondents’ invalidity, prosecution disclaimer, and prosecution history estoppel affirmative defenses from their Answer to the Enforcement Complaint. Order No. 31, at 6. On January 6, 2017, Respondents filed a motion for summary determination that their “tilted design” DownVu products do not infringe the claims of the '840 patent and the '550 patent asserted by Complainants in this enforcement proceeding. Mot. Dkt. No. 921-035. The Administrative Law Judge (“ALJ”) denied the motion for summary

determination on March 2, 2017, finding in particular that Respondents had not met their burden to prove judicial estoppel. Order No. 36 at 6.

The evidentiary hearing for this enforcement proceeding occurred from March 6-7, 2017. Order Nos. 29 & 35. The ALJ issued the enforcement initial determination (“EID”) on May 25, 2017, finding that Respondents had violated the cease and desist orders and also making a recommended determination concerning a civil penalty. On June 5, 2017, Complainants and Respondents each filed petitions for review of the EID. On June 12, 2017, Complainants, Respondents, and OUII filed responses to the petitions for review.

As already noted, on June 13, 2017, “the Federal Circuit issued a decision in *Garmin International, Inc. v. International Trade Commission* (No. 16-1572) reversing the Commission’s final determination in the original investigation concerning the validity of claims 1, 5, 7, 9, 11, 16-19, 23, 32, 39-41, and 70-72 of the ’840 patent and claims 32 and 44 of the ’550 patent.” Notice at 2.

The target date for the enforcement proceeding is August 25, 2017. Order No. 29.

III. DISCUSSION

OUII respectfully submits that under the present posture of the case (i.e., assuming that the Federal Circuit panel’s conclusion that Navico’s asserted claims are invalid remains in place at the time of the mandate), the Federal Circuit’s decision in *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349 (Fed. Cir. 2015) is persuasive authority that no civil penalty should be assessed for violation of the cease and desist orders. OUII does not agree with Respondents’ assertion that the *ePlus* decision is “controlling,” *see* Motion at 10, because *ePlus* addressed whether civil contempt sanctions *for violation of an injunction* against patent infringement should be set aside when the Federal Circuit had affirmed the USPTO’s cancellation, pursuant to reexamination, of the patent claim upon which the injunction was based all while the appeal of the injunction

remained pending. *ePlus*, 789 F.3d at 1351, 1354, 1356. Injunctions against patent infringement issued by U.S. District Courts and “relief before the Commission in Section 337 actions” have “different statutory underpinnings” and are not always subject to the same legal rules. *See Spansion, Inc. v. Int’l Trade Comm’n*, 629 F.3d 1331, 1359 (Fed. Cir. 2010). Moreover, while the Federal Circuit discussed the *ePlus* decision in *DeLorme Publishing Co., Inc. v. International Trade Commission*, 805 F.3d 1328, 1335-36 (Fed. Cir. 2015), the Federal Circuit found the *ePlus* decision was not applicable because, unlike the injunction in *ePlus*, the consent order at issue in *DeLorme* was final and not subject to ongoing appeal at the time that the relevant patent claims were found invalid in a separate U.S. District Court proceeding. *DeLorme*, 805 F.3d at 1336 (“*ePlus* held that a civil contempt sanction can be set aside when the underlying injunction, upon which the sanction is based, is still itself non-final or reviewable.”). Because the Federal Circuit in *DeLorme* rejected application of *ePlus* on other grounds, it did not directly address the question of whether *ePlus* would be binding on the Commission under different circumstances. *DeLorme*, 805 F.3d at 1335-36.²

Similarly, *Fresenius USA, Inc. v. Baxter International, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013), is also not “controlling.” Motion at 10. The *Fresenius* decision found that previously assessed patent damages still subject to ongoing review could not stand when the USPTO’s cancellation of the relevant patent claims had been affirmed by the Federal Circuit and become final. *Fresenius*, 721 F.3d at 1331-32. However, unlike claims found invalid in court proceedings, “cancelled claims [are] void ab initio.” *Id.* at 1346; *see also DeLorme*, 805 F.3d at 1336 (citing *Fresenius* for this rule and distinguishing *ePlus* on that ground as well).

Nevertheless, the reasoning of the *ePlus* court with regard to the relationship between

² Similarly, the Federal Circuit in *DeLorme* did not address the relevance of the *Spansion* decision to the applicability of *ePlus*. *Id.*

injunctions and civil contempt sanctions for violation is sufficiently analogous to the relationship between the Commission's remedial orders and the assessment of a civil penalty for violation that OUII believes that the Commission should adopt a similar rule. In other words, if the Commission's remedial orders are no longer subject to review and have become final, invalidation of the relevant patent claims upon which the remedial orders are based in a separate court proceeding does not preclude the Commission from assessing a civil penalty for violation of the remedial orders during the interim (i.e., invalidation of the patent claims in district court or a separate administrative proceeding would provide prospective relief only):

If the underlying order upon which a civil penalty or civil contempt sanction is based is final and no longer subject to appeal, the penalty or sanction cannot be vacated by subsequent events such as the invalidation of the claims. Of course, if subsequent events warrant vacating the injunction, such as invalidation of the patent claims, then the injunction is vacated prospectively.

DeLorme, 805 F.3d at 1336. In contrast, when, as in this proceeding, the patent claims upon which the remedial orders are based are invalidated ***while appeal of those remedial orders remains ongoing***, a civil penalty for an alleged violation of the remedial orders in the interim period should not be assessed. *ePlus*, 789 F.3d at 1361 (“The Supreme Court has specifically applied this rule to set aside civil contempt sanctions imposed for violating an injunction based on patents found to be invalid on appeal of the (non-final) injunction.”) (citing *Worden v. Searls*, 121 U.S. 14, 26 (1887)).

IV. CONCLUSION

For the foregoing reasons, OUII respectfully submits that Garmin's Motion to stay the enforcement proceeding is moot, but agrees that if the asserted claims of Navico's patents remain invalid when the Federal Circuit issues the mandate in the appeal of the underlying violation investigation, the Commission should not assess any civil penalty for any violations of the cease and desist orders prior to their rescission.

Respectfully Submitted,

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July 3, 2017

*Certain Marine Sonar Imaging Devices,
Including Downscan and Sidescan Devices,
Products Containing the Same, And
Components Thereof*

*Investigation No. 337-TA-921
(Enforcement)*

CERTIFICATE OF SERVICE

The undersigned certifies that on July 3, 2017, he caused the foregoing **RESPONSE OF THE OFFICE OF UNFAIR IMPORT INVESTIGATIONS TO RESPONDENTS GARMIN INTERNATIONAL, INC. AND GARMIN USA, INC.'S MOTION TO STAY THE ENFORCEMENT PROCEEDING IN LIGHT OF THE REVERSAL OF THE UNDERLYING VIOLATION FINDING (Mot. Dkt. No. 921-048C)** to be served by hand upon Administrative Law Judge David P. Shaw (1 copy), and served upon the parties (1 copy each) in the manner indicated below:

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