

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN DC-DC CONTROLLERS AND
PRODUCTS CONTAINING SAME**

**Investigation No. 337-TA-698
and
Investigation No. 337-TA-698
(Enforcement Proceeding)**

**ORDER: GRANTING-IN-PART AND DENYING-IN-PART JOINT PETITION OF
ENFORCEMENT COMPLAINANTS AND RESPONDENT TO RESCIND
THE COMMISSION'S CONSENT ORDER AND CIVIL PENALTY
ORDER**

The Commission instituted Inv. No. 337-TA-698 (Enforcement Proceeding) on September 6, 2011, based on an enforcement complaint filed by Richtek Technology Corp. of Hsinchu, Taiwan, and Richtek USA, Inc. of San Jose, California (collectively "Richtek"). 76 *Fed. Reg.* 55109-10. The complaint alleged violations of the August 13, 2010 consent orders issued in the underlying investigation by the continued practice of prohibited activities such as importing, offering for sale, and selling for importation into the United States DC-DC controllers or products containing the same that infringe one or more of U.S. Patent Nos. 7,315,190 ("the '190 patent"); 6,414,470 ("the '470 patent"); and 7,132,717 ("the '717 patent"); or that contain or use Richtek's asserted trade secrets. The Commission's notice of institution of enforcement proceedings named uPI Semiconductor Corp. ("uPI") of Hsinchu, Taiwan, and Sapphire Technology Limited ("Sapphire") of Shatin, Hong Kong, as respondents. Sapphire was later terminated from the enforcement proceeding based on a settlement agreement. A Commission investigative attorney ("IA") participated in the enforcement proceeding.

On June 8, 2012, the administrative law judge ("ALJ") issued his enforcement initial determination ("EID") finding that uPI violated the August 13, 2010 consent order ("the Consent

Order”) it had entered into. He found importation and sale of accused products that infringe all asserted claims of the patents at issue, and importation and sale of formerly accused products that contain or use Richtek’s asserted trade secrets. The ALJ found that uPI’s products developed after the Consent Order issued did not misappropriate Richtek’s asserted trade secrets based on independent development by uPI. The ALJ recommended enforcement measures for uPI’s violation that included the following: (1) modifying the Consent Order to clarify that the Order applies (and has always applied) to all uPI affiliates, past, present, or future; and (2) imposing a civil penalty of \$750,000 against uPI.

On November 14, 2012, after review, the Commission affirmed the ALJ’s finding that uPI violated the Consent Order, imposed a civil penalty of \$620,000 on respondent uPI for violation of the Consent Order on 62 days, and modified the Consent Order as recommended. The Commission affirmed the ALJ’s finding of direct infringement of claims 1-11 and 26-27 of the ’190 patent with respect to uPI’s formerly accused products, but vacated the ALJ’s finding that uPI did not induce infringement of claims 1-11 and 26-27 of the ’190 patent. The Commission also reversed the ALJ’s finding that claims 29 and 34 of the ’470 patent are directly infringed by respondent uPI’s accused DC-DC controllers and products containing the same, and determined that Richtek waived any allegations of indirect infringement with respect to the ’470 patent. This action resulted in a finding of no violation of the Consent Order with respect to the ’470 patent. The Commission affirmed the ALJ’s finding that uPI’s formerly accused products contained or used Richtek’s asserted trade secrets to violate the Consent Order, but that uPI’s post-Consent Order products did not misappropriate Richtek’s asserted trade secrets.

Both uPI and Richtek timely appealed the Commission's final determination. On September 25, 2014, the U.S. Court of Appeals for the Federal Circuit issued its opinion in *uPI Semiconductor Corp. v. ITC and Richtek Technology Corp. v. ITC*, 767 F.3d 1372 (Fed. Cir. 2014). Regarding uPI's appeal, the Court affirmed the Commission's findings but reduced the number of days of violation by eight (8) days. *Id.* at 1380. Regarding Richtek's appeal, the Court reversed the Commission's determination that uPI did not violate the Consent Order based on trade secret misappropriation with respect to uPI's post-Consent Order products and found that substantial evidence did not support the Commission's conclusion that uPI's post-Consent Order products were independently developed. *Id.* at 1383. The Court remanded the case to the Commission for further proceedings with respect to violation of the Consent Order. *Id.*

On January 6, 2016, following remand proceedings before the ALJ, the Commission issued a modified Civil Penalty Order which added eleven days to the total number of days in violation. Thus, the Commission found a violation of the Consent Order by uPI on 65 days and imposed a civil penalty in the amount of \$650,000. uPI did not appeal the Commission's remand determination.

On November 29, 2016, Richtek and uPI jointly filed a petition to rescind the Commission's Consent Order and Civil Penalty Order issued in the underlying investigation and enforcement/remand proceedings under Commission Rule 210.76(a)(1) based on a November 18, 2016, settlement agreement between the parties. On December 9, 2016, the IA filed a response in support of the motion.

On April 27, 2017, the Commission requested written submissions from the parties on the following question:

. . . [T]he applicable authority permitting the Commission to rescind the civil penalty order under the circumstances here, *i.e.*, where the civil penalty order was no longer the subject of judicial review at the time of settlement. The parties should also address the applicability, if any, of *Biocraft Laboratories v. ITC*, 947 F.2d 483 (Fed. Cir. 1991).

On May 18, 2017, uPI and the IA each filed a submission in response to the Commission's request. No other party filed a response.

Commission Rule 210.76(a)(1) provides in pertinent part:

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 [and] shall include materials and arguments in support thereof [.]

19 C.F.R. § 210.76(a)(1) (emphasis added).

In view of the settlement agreement between the parties, the Commission agrees that the Consent Order should be vacated, thus preventing any future enforcement against uPI.

Richtek and uPI also, however, seek the rescission of the civil penalty assessed as a result of uPI's violation of the Consent Order. Petitioners and the IA have cited the following instances of Commission vacatur of a civil penalty: *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys and Articles Containing Same*, Inv. No. 337-TA-372 (Enforcement Proceeding), Notice of Commission Decision Vacating an Order Imposing a Civil Penalty for Violation of a Consent Order and Dismissing Formal Enforcement Proceeding (Oct. 20, 1999) ("*Magnets*"); and *Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Such Memories, and Processes for Making Such Memories*, Inv. No. 337-TA-276 (Enforcement Proceeding), Notice of a Commission Decision Vacating Order Imposing Civil

Penalty for Violation of Cease and Desist Order and Dismissing Formal Enforcement Proceeding (May 11, 1992) (“*EPROMs*”). In both of these investigations, appeals were pending from the Commission’s determination at the time the parties settled and sought to vacate the civil penalties, *i.e.*, the Commission’s determination had been appealed and was under judicial review.

The facts of the present investigation are different from *Magnets* and *EPROMs*. The settlement agreement was reached and the joint petition was filed after the time for seeking judicial review expired. As the parties seeking relief, petitioners bear the burden of demonstrating (i) that the Commission has the authority to vacate the civil penalty under the present circumstances, and that, (ii) the Commission should exercise that authority in the present case. The Commission finds that uPI and Richtek have failed to meet their burden to demonstrate that either of these conditions has been satisfied. By way of example, uPI and Richtek have failed to point to any instance, including *Biocraft*, in which any tribunal, including the Commission, excused the levy of civil penalties owed to the government or their equivalent under such circumstances. Accordingly, uPI is obligated to pay the assessed civil penalty.

Upon consideration of the record and the submissions in this matter, the Commission hereby ORDERS that:

1. uPI’s and Richtek’s joint petition is GRANTED as to rescission of the CONSENT ORDER.
2. uPI’s and Richtek’s joint petition is DENIED as to rescission of the CIVIL PENALTY ORDER.
3. The Secretary to the Commission will serve this Order on all parties to the investigation.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', written in a cursive style.

Lisa R. Barton
Secretary to the Commission

Issued: October 16, 2017

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CONTAINING THE SAME**

**337-TA-698
(Enforcement)**

CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION ORDER** has been served by hand upon the Commission Investigative Attorney, Lisa A. Murray, Esq., and the following parties as indicated, on **October 16, 2017**.



Lisa R. Barton, Acting Secretary
U.S. International Trade Commission
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**On Behalf of Complainants Richtek Technology Corp.
and Richtek USA, Inc.:**

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On Behalf of Respondent uPI Semiconductor Corp.

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