

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN DIGITAL SET-TOP BOXES AND
COMPONENTS THEREOF**

Inv. No. 337-TA-712

**ORDER NO. 30: DENYING RESPONDENT'S MOTION FOR SUMMARY
DETERMINATION OF NO VIOLATION**

(January 4, 2011)

On September 28, 2010, Respondent Cablevision Systems Corporation (“Cablevision”) filed a motion seeking a summary determination that Complainants Verizon Communications, Inc. and Verizon Services Corp. (collectively, “Verizon”) have (i) failed to satisfy the importation requirement of Section 337 and (ii) that there is “no requisite *nexus* between the importation of the accused products and Cablevision’s allegedly infringing acts” for two of the asserted patents. (Motion Docket No. 712-017 (emphasis in original).) Specifically with respect to importation, Cablevision argues that it contracts with nonparty Cisco Systems Inc. (“Cisco”) for the manufacture and importation of the accused set top boxes (“STBs”). (Mot. Mem. at 1.) Cablevision argues that it is not involved in importation because {

} and that

Cisco is not involved in sale after importation of the accused STBs because it does not sell the STBs to its customers. (*Id.* at 9, 13.) With respect to nexus, Cablevision argues that “there is no nexus between the importation of the Accused STBs and Verizon’s allegations of infringement regarding the ‘748 and ‘214 patents because these allegations depend upon a subscriber’s use of

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optional functionality requiring the download of AVN client software that is not included in the imported articles.” (*Id.* at 19.) Essentially Cablevision blurs the importation inquiry with an infringement inquiry, and it is noted that Cablevision relies on a Commission Opinion from *Certain Agricultural Tractors Under 50 Power Take-Off Horsepower* (“*Certain Tractors*”), a trademark case at the enforcement proceeding stage, as authority. (*Id.* at 19-21 (citing *Certain Tractors*, Inv. No. 337-TA-380, Comm’n Op. (U.S.I.T.C., August 18, 1999)).)

Verizon opposed Cablevision’s motion on October 15, 2010. Verizon argues that Cablevision caused Cisco’s importation to occur by purchasing large quantities of customized STBs and that Cablevision is elevating form over substance. (Opp. at 4-8.) Furthermore, Verizon argues, {

} (*Id.* at 11-13.) With respect to Cablevision’s lease of the STBs to its customers, Verizon counters that there is some question as to whether Cablevision’s sale of the network service that includes lease of the STB to customers should be construed as a sale after importation. (*Id.* at 16-19.) Finally, Verizon disputes Cablevision’s arguments with respect to nexus, noting that Cablevision misunderstands the law and that even if Cablevision’s interpretation of legal authority were accurate, “Cablevision’s arguments rely on hotly disputed issues of fact.” (*Id.* at 22.)

On October 15, 2010, the Commission Investigative Staff (“Staff”) opposed the motion, arguing that genuine issues of material fact remain with respect to the issues raised therein. (Staff Resp. at 1.) According to Staff,

Cablevision’s lease of the STBs is not a sale after importation.¹ However, the Staff

¹ Staff later clarifies that this belief refers to a lease with respect to STBs for the asserted apparatus claims. (Staff Resp. at 11.) Staff argues that for the asserted process claims, a lease of an accused article can represent a sale after

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is of the view that there is a genuine issue of fact as to whether Cablevision can be considered an importer of the Accused STBs.

Even assuming Cablevision does not perform the importation, there is a line of cases that find the opposite of *Salinomycin Biomass*. These cases suggest that even if an article is imported by a non-respondent, a respondent may violate section 337 by causing or directing the importation by placing an order. Specifically, the Judge in *Decorative Emblems* noted that one should not “put[] form above substance” and that merely “caus[ing] the importation to occur and . . . acquir[ing] the imported products” can suffice to make a respondent an importer.

(*Id.* at 5 (citations omitted).) With respect to Cablevision’s nexus arguments, Staff argues that genuine issues of disputed material fact remain with respect to whether the accused STBs indirectly infringe under an inducement theory. (*Id.* at 17.)

On November 4, 2010, Cablevision filed for leave, which is hereby DENIED, to file a reply in support of its motion. (Motion Docket No. 712-021.) Verizon filed an opposition to Motion Docket No. 712-021 on November 15, 2010.

Based on the motion papers and responses thereto, the Administrative Law Judge finds as follows.

The Commission Rules permit a party to “move with any necessary supporting affidavits for a summary determination in its favor upon all or any part of the issues to be determined in the investigation.” 19 C.F.R. § 210.18(a). Summary determination “shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.” 19 C.F.R. § 210.18(b). Summary determination under Commission Rule 210.18 is analogous to summary judgment under Federal Rule of Civil Procedure 56. *See Certain Asian-Style Kamaboko Fish Cakes*, Inv. No. 337-TA-378, Order No.

importation. (*Id.*)

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15 at 3 (U.S.I.T.C., May 21, 1996) (unreviewed initial determination).

The moving party bears the initial burden of establishing that there is an absence of a genuine issue of material fact and that it is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). When such an initial showing is established, the burden shifts to the opposing party, who “must set forth specific facts showing that there is a genuine issue for trial.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). To avoid summary judgment, the non-moving party must produce evidence of sufficient caliber to support judgment in its favor. *See Anderson*, 477 U.S. at 252. Such evidence must be real and substantial, not merely colorable. *Id.* at 249-50; *Matsushita Elec. Indus. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986) (“[The non-moving party] must do more than simply show that there is some metaphysical doubt as to the material facts.”). If the responding party fails to make such a showing, the moving party is then entitled to judgment as a matter of law. *See Celotex*, 477 U.S. at 325.

When ruling on a motion for summary judgment, courts must examine all the evidence in the light most favorable to the non-moving party. *Anderson*, 477 U.S. at 255. All “justifiable inferences” are to be drawn in the non-moving party’s favor. *Id.*

Section 337 declares to be unlawful “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee,² of articles” that infringe a valid and enforceable United States patent if an industry relating to the articles protected by the patent exists or is in the process of being established in the United States. *See* 19 U.S.C. §§ 1337(a)(1)(B)(i) and (a)(2). The Commission does not

² The Commission has expressly held that the “owner, importer, or consignee” requirement applies only to the “sale within the United States after importation” portion of the statute. *Certain Cigarettes and Packaging Thereof*, Inv. No. 337-TA-643, Comm’n Op. at 9-10 (U.S.I.T.C., Oct. 1, 2009) (“*Certain Cigarettes*”).

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distinguish between importation and re-importation for purposes of establishing the jurisdictional requirement. See *Certain Sputtered Carbon Coated Computer Disks and Products Containing Same, Including Disk Drives*, Inv. No. 337-TA-350, Comm'n Op. at 5-6 (U.S.I.T.C., October 27, 1993) (Section 337 covers all importations of infringing articles into the U.S., including goods that have been re-imported). Furthermore, jurisdiction does not need to be “determined by reference to the site of first infringement.” (*Id.* at 7.) To meet its burden of proof with respect to the importation element of Section 337, “[a] complainant need only prove importation of a single accused product. . . .” *Certain Purple Protective Gloves*, Inv. No. 337-TA-500, Order No. 17 at 5 (U.S.I.T.C., Sept. 23, 2004) (unreviewed) (“*Protective Gloves*”) (citing *Certain Integrated Circuits, Processes for Making Same, and Products Containing Same*, Inv. No. 337-TA-450, Order No. 15 at 6 (U.S.I.T.C., November 2, 2001)). “Sufficient involvement” in the importation of accused products has been found adequate to establish jurisdiction. *Certain Cigarettes*, at 8 (Commission has jurisdiction to act “if there is some nexus between a respondent’s activities and the importation of the products accused of infringement”).

Here, it is apparent that Cablevision misunderstands the importation and related nexus requirements, as is demonstrated in no small measure by Cablevision’s reliance on *Certain Tractors*. As noted above, that opinion relates to trademark, not patent law, and furthermore addresses the issue of whether a cease and desist order was disregarded (enforcement phase) and not the issue of whether a violation of Section 337 has occurred in the first instance (violation phase). Therefore the *Certain Tractors* opinion is not relevant authority and the Administrative Law Judge rejects Cablevision’s attempt to conflate its motion with respect to importation and nexus to an evaluation of whether the accused STBs may infringe the asserted patents.

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Assuming *arguendo* that Cablevision had met its initial burden here, Verizon and Staff have demonstrated that genuine issues of material fact remain in dispute such that a trial on the merits is warranted. (*See, e.g.*, Verizon RSMF Nos. 8-14, 17-19, 21-23, 26-27.) For example, with respect to importation, the level of Cablevision’s involvement in the importation of the accused products is a genuine issue of disputed material fact. (*Id.*) Furthermore, Verizon has adduced facts, which viewed in the light most favorable to Verizon, tend to show that Cablevision has had “sufficient involvement” in the { }. (Opp. at 11-12; Opp., Ex. 3 at 161-164 (White Depo.), CV_ITC000087222 (White Depo., Ex. 25), CV_ITC000087324-7 (White Depo., Ex. 27).) Cablevision would do well to note that { }, would be sufficient to meet the importation requirement. *Protective Gloves* at 5. As another example, with respect to Cablevision’s “nexus” allegations, Cablevision’s own assertion that it retains title to the STBs raises genuine issues of material fact as to whether it directly infringes the asserted patents.

Accordingly the Administrative Law Judge finds that Cablevision’s motion for summary determination of no violation (Motion Docket No. 712-017) should be DENIED.

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. The parties’ submissions may be made by facsimile and/or hard copy by the aforementioned date.

Any party seeking to have any portion of this document deleted from the public version thereof must submit to this office a copy of this document with red brackets indicating any portion

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asserted to contain confidential business information. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.

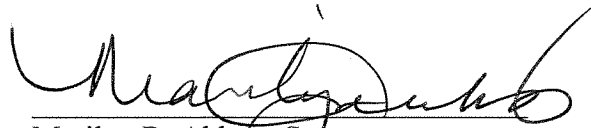
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E. James Gildea *S.Z.*
Administrative Law Judge

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PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER** has been served by hand upon, the Commission Investigative Attorney, **Brian F. Moore, Esq.**, and the following parties as indicated on January 14, 2011.



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