

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

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

Inv. No. 337-TA-454

**NOTICE OF COMMISSION DETERMINATION TO TERMINATE THE
INVESTIGATION ON THE BASIS OF A SETTLEMENT AGREEMENT**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to terminate the above-captioned investigation on the basis of a settlement agreement.

FOR FURTHER INFORMATION CONTACT: Wayne Herrington, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3090, or Michael Liberman, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3115. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this patent-based investigation, which concerns allegations of unfair acts in violation of section 337 of the Tariff Act of 1930 in the importation and sale of certain set-top boxes, on March 21, 2001. 66 *Fed. Reg.* 15887 (March 21, 2001). Complainants Gemstar-TV Guide International, Inc. of Pasadena, California, and StarSight Telecast, Inc. of Fremont, California (collectively, "Gemstar"), named Pioneer Corporation, Pioneer North America, Inc., Pioneer Digital Technologies, Inc., and Pioneer New Media Technologies, Inc. (collectively, "Pioneer"); EchoStar Communications Corporation and SCI Systems, Inc. (collectively, "EchoStar"); and Scientific-Atlanta, Inc. ("Scientific-Atlanta") as respondents. Gemstar alleged that these respondents infringed certain claims of its patents, including: U.S. Patent No. 4,706,121 ("the '121 patent"); U.S. Patent No. 5,479,268 ("the '268 patent"); and U.S. Patent No. 5,809,204 ("the '204 patent").

The presiding administrative law judge (“the ALJ”) issued his final initial determination (“final ID”) on June 21, 2002, in which he concluded that there was no violation of section 337, based on the following findings: (a) complainants had failed to establish that asserted claims 18-24, 26-28, 31-33, 36, 42-43, 48-50, 54, 57, 59-61, and 66 of the ‘121 patent; claims 1, 3, 8, and 10 of the ‘268 patent; and claims 1,3, 8, and 10 of the ‘204 patent are infringed by respondents; (b) respondents had failed to establish that the asserted claims are not valid; (c) respondents had established that the ‘121 patent is unenforceable for failure to name a co-inventor; (d) complainants had engaged in patent misuse with respect to the ‘121 patent; (e) no industry existed in the United States, as required by subsection (a)(2) of section 337, that exploits each of the ‘121, 268, and ‘204 patents in issue; and (f) there had been an importation of the set-top boxes which are the subject of this investigation.

On July 5, 2002, all parties to the investigation, including the Commission investigative attorney, filed petitions for review of various portions of the final ID.

On August 29, 2002, the Commission issued notice that it had determined to review in part, to take no position in part, and to not review in part the ALJ’s final ID. Specifically, the Commission determined to review the issue of the technical prong of the domestic industry as it relates to claim 42 of ‘204 patent for the purpose of making a finding as to claim 42 of that patent. This finding had been omitted by the ALJ. The Commission also determined to take no position on the issue of patent misuse and not to review the remainder of the final ID. Finally, the Commission determined to affirm three ALJ rulings (involving ALJ Order No. 62, an ALJ ruling excluding evidence concerning the doctrine of equivalents, and an ALJ ruling limiting the testimony time of one witness) that were appealed to the Commission by the complainants. In light of these determinations, the Commission determined that there was no violation of section 337 in this investigation.

Gemstar appealed the Commission’s final determination to the United States Court of Appeals for the Federal Circuit (“the Federal Circuit” or “the Court”). During the course of the appeal, Gemstar settled with Pioneer and EchoStar, and these respondents were dismissed from the appeal. On September 16, 2004, the Federal Circuit issued its decision in the appeal, in which the Commission’s final determination was affirmed in part, vacated in part, and reversed in part, and the case remanded for further proceedings consistent with the Court’s opinion. *Gemstar-TV Guide International, Inc. v. International Trade Commission*, 383 F.3d 1352 (Fed. Cir. 2004).

On November 29, 2004, the Court denied Scientific-Atlanta’s petitions for rehearing and rehearing en banc. On January 11, 2005, the Court denied Scientific-Atlanta’s motion to stay issuance of the mandate and simultaneously issued its mandate, returning the case to the Commission, with Scientific-Atlanta as the sole respondent.

On February 8, 2005, the Commission issued an order seeking comments from the parties as to how they believed the Commission should proceed with the remanded investigation. The original 30-day deadline for receiving comments from the parties was extended twice, to June 13, 2005. On that date the private parties filed a joint motion to terminate the investigation based on a settlement agreement, including a patent license agreement. On June 23, 2005, the Commission

investigative attorney filed a response supporting the joint motion. On August 5, 2005, the private parties filed a public version of the joint motion.

Having examined the joint motion to terminate the investigation, the response thereto, and other relevant documents of record in this investigation, the Commission has determined to grant the joint motion, terminating this investigation in its entirety.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in section 210.21 of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.21).

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

Issued: September 19, 2005