

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of)

CERTAIN OPTICAL DISK CONTROLLER CHIPS)
AND CHIPSETS AND PRODUCTS CONTAINING)
SAME, INCLUDING DVD PLAYERS AND PC OPTICAL)
STORAGE DEVICES)

Inv. No. 337-TA-506

**NOTICE OF FINAL DETERMINATION; ISSUANCE OF LIMITED EXCLUSION
ORDER AND CEASE AND DESIST ORDERS; TERMINATION OF INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has found a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 337) based on the infringement of one asserted claim of one asserted patent and has issued a limited exclusion order and cease and desist orders in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Clara Kuehn, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3012. Copies of the Commission orders, the Commission opinion in support thereof, and all other nonconfidential 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-ON-LINE) 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 investigation on April 14, 2004, based on a complaint filed on behalf of Zoran Corporation and Oak Technology, Inc. both of Sunnyvale, CA (collectively "complainants"). 69 Fed. Reg. 19876. The complaint, as supplemented, alleged violations of section 337 of the Tariff Act of 1930 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain optical disk

controller chips and chipsets and products containing same, including DVD players and PC optical storage devices, by reason of infringement of claims 1–12 of U.S. Patent No. 6,466,736 (the ‘736 patent), claims 1–3 of U.S. Patent No. 6,584,527 (the ‘527 patent), and claims 1–35 of U.S. Patent No. 6,546,440 (the ‘440 patent). *Id.*

The notice of investigation identified 12 respondents. 69 *Fed. Reg.* 19876. On June 7, 2004, the ALJ issued an ID (Order No. 5) terminating the investigation as to two respondents on the basis of a consent order and settlement agreement. On June 22, 2004, the ALJ issued an ID (Order No. 7) granting complainants’ motion to amend the complaint and notice of investigation to add nine additional respondents. Those IDs were not reviewed by the Commission.

On December 22, 2004, the ALJ issued an ID (Order No. 33) granting complainants’ motion to terminate the investigation in part with respect to claims 2–6, 8–10, and 11 of the ‘736 patent and claims 2–4, 6, 9, 11, 12, 15–18, 20, 22–34, and 35 of the ‘440 patent. On January 28, 2005, the ALJ issued an ID (Order No. 37) granting complainants’ motion to terminate the investigation in part with respect to claim 12 of the ‘736 patent. Neither ID was reviewed by the Commission. Thus, at the time that Order No. 37 issued, the claims remaining for determination on the merits were claims 1 and 7 of the ‘736 patent; claims 1, 5, 7, 8, 10, 13, 14, 19, and 21 of the ‘440 patent; and claims 1, 2, and 3 of the ‘527 patent.

An eight-day evidentiary hearing was held on February 7–12, and 14–15, 2005.

On May 16, 2005, the ALJ issued his final ID, findings of fact and conclusions of law, and recommended determination on remedy and bonding. The ALJ concluded that there was a violation of section 337 based on his findings that (a) the accused products infringe claim 3 of the ‘527 patent, (b) the ‘527 patent is not unenforceable, (c) claim 3 of the ‘527 patent is not invalid, and (d) complainants have satisfied the domestic industry requirement with respect to the ‘527 patent. Although the ALJ found that the other asserted claims of the ‘527 patent (claims 1 and 2) are not invalid, he found that the accused products do not infringe those claims. The ALJ found no violation with respect to the other patents in issue. He found that the accused products do not infringe any asserted claim of the ‘440 or ‘736 patents and that complainants have not satisfied the domestic industry requirement with respect to those patents. He also found that the asserted claims of the ‘440 and ‘736 patents are not invalid and that those patents are not unenforceable.

On May 27, 2005, complainants and respondents each petitioned for review of portions of the final ID. On June 6, 2005, complainants, respondents, and the IA filed responses to the petitions for review.

On July 19, 2005, the Commission determined to review the ID in part. 70 *Fed. Reg.* 42589-91. Specifically, the Commission determined to review the ID’s findings of fact and conclusions of law with respect to the ‘527 and ‘440 patents. *Id.* The Commission determined not to review the ID’s findings of fact and conclusions of law with respect to the ‘736 patent, thereby adopting them. *Id.* Accordingly, the Commission found no violation of section 337 with respect to the ‘736 patent. *Id.* The Commission also determined to review and modify the ID to clarify that respondents accused of infringing only the asserted claims of the ‘736 patent (*viz.*, respondents Audiovox Corporation; Initial Technology, Inc.; Mintek Digital, Inc.; Shinco

International AV Co., Ltd.; Changzhou Shinco Digital Technology Co., Ltd.; Jiangsu Shinco Electronic Group Co., Ltd.; Terapin Technology Pte., Ltd. [formerly known as Teraoptix d/b/a Terapin Technology] of Singapore; and Terapin Technology U.S. [formerly also known as Teraoptix]) are not in violation of Section 337. *Id.*

In its notice of review, the Commission invited the parties to file written submissions on the issues under review, posed briefing questions for the parties to answer, and invited interested persons to file written submissions on the issues of remedy, the public interest, and bonding. *Id.*

All parties filed initial submissions on August 1, 2005. Also on August 1, 2005, respondents filed a letter requesting clarification of the scope of briefing question 3(a) in the Commission's notice of review, and permission to brief new issues not previously raised. On August 8, 2005, all parties filed reply submissions.

The Commission has determined to deny respondents' August 1, 2005, letter request for permission to brief new issues that were not previously raised, and respondents' August 8, 2005, request under 19 C.F.R. § 210.45(a).

Having examined the record in this investigation, including the submissions and responses thereto, the Commission has determined that there is a violation of section 337 as to claim 3 of the '527 patent, but no violation of the statute as to the remaining claims in issue of the '527 patent (*viz.*, claims 1 and 2) and no violation as to the claims in issue of the '440 patent (*viz.*, claims 1, 5, 7, 8, 10, 13, 14, 19, and 21).

The Commission has determined that respondents *waived* their arguments (1) that the asserted claims are invalid under 35 U.S.C. § 102(f) for non-joinder of Western Digital engineers other than Shishir Shah and (2) concerning the respective dates of reduction to practice for Western Digital's HISIDE chip and the claims of the '440 and '527 patents.

The Commission has determined to *adopt* the ID with the following modifications and exceptions. The Commission has determined to *modify* the ID's construction of "controller" to reflect that, although the limitation "optical drive controller" means "a device or group of devices to control data communications between a host computer and the optical disk drive electronics" (ID at 80), configurations wherein a "controller requires a translator card or other intervening circuitry between the controller and the IDE bus to translate or manipulate command data" were disclaimed during prosecution. The Commission has determined to *affirm* the balance of the ID's claim construction.

The Commission has determined to *vacate* the ID's finding that there is a conception date of the asserted claims of the '527 and '440 patents at least by April 21, 1993, (*see* ID at 129 n.45, 142), and has further determined to *vacate* the statement (ID at 142) that expressly relies on the April 21, 1993, conception date to make an alternate finding, *viz.*, "[e]ven assuming that conception of a transport mechanism that attached a CD-ROM drive to an IDE/ATA bus was relevant, there is no contemporaneous documentation showing conception in December 1992 or a conception even before the April 1993 conception of the claimed inventions in issue."

The Commission has determined to *vacate* the ALJ's infringement findings with respect

to the MT1528, MT1558, and MT1668 because the record does not support such findings.

The Commission has determined to *clarify* that complainants met the economic prong of the domestic industry requirement based on “substantial investment” in “engineering, research and development,” rather than through licensing. The Commission has also determined to correct certain typographical errors on pages 75-76, 129, and 156 of the ID.

The Commission also made determinations on the issues of remedy, the public interest, and bonding. The Commission determined that the appropriate form of relief is a limited exclusion order prohibiting the unlicensed entry of chips or chipsets covered by claim 3 of U.S. Patent No. 6,584,527 manufactured abroad or imported by or on behalf of Mediatek, Inc. of Hsin-Chu City, Taiwan, and optical storage devices containing such covered chips or chipsets that are manufactured abroad or imported by or on behalf of Artronix Technology, Inc. of Brea, CA; ASUSTek Computer, Inc. of Taipei, Taiwan; ASUS Computer International of Fremont, CA; MSI Computer Corporation of City of Industry, CA; TEAC America Inc. of Montebello, CA; EPO Science and Technology, Inc. of Taipei, Taiwan; LITE-ON Information Technology Corp. of Taipei, Taiwan; Micro-Star International Co., Ltd. of Taipei Hsien, Taiwan; TEAC Corp. of Tokyo, Japan; or Ultima Electronics Corp. of Taipei Hsien, Taiwan. The Commission has also determined to issue cease and desist orders directed to Artronix Technology, Inc.; ASUSTek Computer, Inc.; ASUS Computer International; MSI Computer Corporation; TEAC America Inc.; EPO Science and Technology, Inc.; and LITE-ON Information Technology Corp.

The Commission also determined that the public interest factors enumerated in 19 U.S.C. § 1337(d) and (f) do not preclude issuance of the remedial orders, and that the bond during the Presidential period of review shall be set at 100 percent of the entered value for any covered chips or chipsets and \$4.43 per unit for any optical storage device containing covered chips or chipsets.

The authority for the Commission's determinations is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.45 - 210.51 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.45 - 210.51).

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

Issued: September 28, 2005