

No. 12-552

In the Supreme Court of the United States

NINESTAR TECHNOLOGY CO., LTD., ET AL.,
PETITIONERS

v.

INTERNATIONAL TRADE COMMISSION, ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

**BRIEF FOR THE FEDERAL RESPONDENT
IN OPPOSITION**

DOMINIC L. BIANCHI
Acting General Counsel
WAYNE W. HERRINGTON
Assistant General Counsel
MICHAEL K. HALDENSTEIN
Attorney
Office of the General Counsel
U.S. International Trade
Commission
Washington, D.C. 20436

DONALD B. VERRILLI, JR.
Solicitor General
Counsel of Record
Department of Justice
Washington, D.C. 20530-0001
SupremeCtBriefs@usdoj.gov
(202) 514-2217

QUESTIONS PRESENTED

1. Whether the initial authorized sale of a patented article outside the United States exhausts the patent holder's exclusive rights with respect to the article sold.

2. Whether the process by which petitioners re-manufactured inkjet cartridges constituted permissible "repair" of the original patented cartridges.

3. Whether petitioners can prevail on their challenge to a civil penalty imposed by the International Trade Commission (Commission) for violating cease-and-desist orders previously issued by the Commission, when petitioners have acknowledged that their conduct violated the orders but contend that the orders were premised on an error of law.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Statement.....	2
Argument.....	8
Conclusion.....	16

TABLE OF AUTHORITIES

Cases:

<i>Aro Mfg. Co. v. Convertible Top Replacement Co.</i> , 365 U.S. 336 (1961)	3
<i>Bowman v. Monsanto Co.</i> , cert. granted, No. 11-796 (oral argument scheduled for Feb. 19, 2013)	9
<i>Cotton-Tie Co. v. Simmons</i> , 106 U.S. 89 (1882)	4
<i>Fuji Photo Film Co. v. Jazz Photo Corp.</i> , 394 F.3d 1368 (Fed. Cir. 2005)	9
<i>Fujifilm Corp. v. Benun</i> , 605 F.3d 1366 (Fed. Cir.), cert. denied, 131 S. Ct. 829 (2010).....	7, 9
<i>Hewlett-Packard Co. v. Repeat-O-Type Stencil Mfg. Corp.</i> , 123 F.3d 1445 (Fed. Cir. 1997), cert. denied, 523 U.S. 1022 (1998).....	13
<i>Hormel v. Helvering</i> , 312 U.S. 552 (1941).....	11
<i>Jazz Photo Corp. v. ITC</i> , 264 F.3d 1094 (Fed. Cir. 2001), cert. denied, 536 U.S. 950 (2002)	4, 9, 13
<i>Jazz Photo Corp. v. United States</i> , 439 F.3d 1344 (Fed. Cir. 2006)	13
<i>Kirtsaeng v. John Wiley & Sons, Inc.</i> , cert. granted, No. 11-697 (argued Oct. 29, 2012).....	9
<i>Ninestar Tech. Co., Ltd. v. ITC</i> , 309 Fed. Appx. 388 (Fed. Cir.), cert. denied, 129 S. Ct. 2759 (2009).....	2, 5
<i>Pasadena City Bd. of Educ. v. Spangler</i> , 427 U.S. 424 (1976)	14

IV

Cases—Continued:	Page
<i>Quanta Computer, Inc. v. LG Elecs., Inc.</i> , 553 U.S. 617 (2008)	3, 9, 10
<i>SmithKline Beecham Corp. v. Apotex Corp.</i> , 439 F.3d 1312 (Fed. Cir. 2006)	11
<i>Wilbur-Ellis Co. v. Kuther</i> , 377 U.S. 422 (1964)	3, 10
<i>Wilson v. Simpson</i> , 50 U.S. (9 How.) 109 (1850).....	4
Statutes and regulations:	
Tariff Act of 1930, 19 U.S.C. 1337	2, 3, 5
19 U.S.C. 1337(a)(1)(B)(i)	2, 3
19 U.S.C. 1337(b)(1)	3
19 U.S.C. 1337(c)	3
19 U.S.C. 1337(d).....	2, 3
19 U.S.C. 1337(f).....	2, 3
19 U.S.C. 1337(f)(2)	2
17 U.S.C. 109(a)	15
17 U.S.C. 602(a)(1) (Supp. V 2011)	15
28 U.S.C. 1295(a)(6).....	3
35 U.S.C. 154(a)(1).....	3
35 U.S.C. 271(a)	3
19 C.F.R.:	
Section 210.43(b)(1).....	11
Section 210.43(b)(2).....	11
Section 210.75(b)	2, 3
Miscellaneous:	
71 Fed. Reg. 14,720 (Mar. 23, 2006).....	5

In the Supreme Court of the United States

No. 12-552

NINESTAR TECHNOLOGY CO., LTD., ET AL.,
PETITIONERS

v.

INTERNATIONAL TRADE COMMISSION, ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

**BRIEF FOR THE FEDERAL RESPONDENT
IN OPPOSITION**

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-21a) is reported at 667 F.3d 1373. The public versions of the final determination of the International Trade Commission (Pet. App. 33a-91a), and the initial determination of the Administrative Law Judge (Pet. App. 98a-256a), are published in USITC Pub. No. 4196.

JURISDICTION

The judgment of the court of appeals was entered on February 8, 2012. A petition for rehearing was denied on June 6, 2012 (Pet. App. 273a). On August 24, 2012, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including November 2, 2012, and the petition was filed

on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

This case arises from a final determination of the International Trade Commission (Commission) assessing a civil penalty against petitioners for failing to comply with cease-and-desist orders. The orders were entered in a prior proceeding under Section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, as amended (Section 337). In that proceeding, the Commission determined that certain of petitioners' products—inkjet cartridges—infringed patents owned by the private respondents (collectively, Epson). The Commission accordingly issued exclusion and cease-and-desist orders prohibiting importation and sale of infringing products. See Pet. App. 3a-4a, 35a-36a; 19 U.S.C. 1337(d) and (f). The court of appeals affirmed the Commission's decision, 309 Fed. Appx. 388, and this Court denied certiorari, 129 S. Ct. 2759.

Notwithstanding the Commission's orders, petitioners continued to import and sell the covered inkjet cartridges. In a subsequent enforcement proceeding, the Administrative Law Judge (ALJ) determined that petitioners had violated the cease-and-desist orders and levied a civil penalty, see 19 U.S.C. 1337(f)(2); 19 C.F.R. 210.75(b). Pet. App. 98a-256a. The full Commission adopted the ALJ's findings with respect to the violation, but reduced the civil penalty awarded. *Id.* at 33a-91a. The court of appeals affirmed. *Id.* at 1a-21a.

1. a. Section 337(a)(1)(B)(i) of the Tariff Act prohibits “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation * * * of articles that * * * infringe a valid and enforceable United States

patent.” 19 U.S.C. 1337(a)(1)(B)(i). The Tariff Act authorizes the Commission to investigate any alleged violation of Section 337. 19 U.S.C. 1337(b)(1). If the Commission finds a violation, it may order that the relevant articles be excluded from entry into the United States. 19 U.S.C. 1337(d). It may also order that parties found in violation of Section 337 cease and desist their infringing activities. 19 U.S.C. 1337(f). If a party violates such an order, the Commission may institute enforcement proceedings. 19 C.F.R. 210.75(b). Final determinations of the Commission under Section 337 are subject to review by the Federal Circuit. 28 U.S.C. 1295(a)(6); see 19 U.S.C. 1337(c).

b. While a United States patent is in effect, the Patent Act grants a patentee the “right to exclude others from making, using, offering for sale, or selling the [patented] invention.” 35 U.S.C. 154(a)(1); see 35 U.S.C. 271(a) (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”). Under the patent-exhaustion doctrine, a patentee’s exclusive rights, with respect to a given article, are exhausted after a qualifying first sale. See *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625-628 (2008) (*Quanta*). Thereafter, the purchaser may use and repair the patented article, but he may not reconstruct the patented article. See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 343 (1961) (A patentee “cannot prevent those to whom he sells from . . . reconditioning articles worn by use,” but he can prevent them from “in fact mak[ing] a new article.”); see also *Wilbur-Ellis Co. v. Kuther*, 377 U.S.

422, 424 (1964); *Cotton-Tie Co. v. Simmons*, 106 U.S. 89, 93-94 (1882); *Wilson v. Simpson*, 50 U.S. (9 How.) 109, 123-125 (1850).

Under Federal Circuit precedent, an alleged infringer's assertion that he engaged in permissible repair, rather than impermissible reconstruction, is treated as an affirmative defense. See *Jazz Photo Corp. v. ITC*, 264 F.3d 1094, 1102 (2001), cert. denied, 536 U.S. 950 (2002) (*Jazz Photo I*); Pet. 4 (stating that “[p]ermissible repair * * * constitutes a defense to patent infringement”). To establish permissible repair, an alleged infringer must show both (1) that the patented article underwent a qualifying first sale, and (2) that the purported “repair” did not amount to reconstruction of the patented article. *Jazz Photo I*, 264 F.3d at 1102-1105.

2. The products at issue in this case are aftermarket replacement inkjet cartridges manufactured or sold by petitioners for use in printers manufactured by Epson. There are two relevant types of inkjet cartridges: “compatible” cartridges and “remanufactured” cartridges. “Compatible” inkjet cartridges are new cartridges manufactured by someone other than Epson for use in Epson printers. “Remanufactured” inkjet cartridges are used cartridges that were originally manufactured by Epson, but that have been refilled with ink by a remanufacturer without Epson's permission. Epson owns patents that cover certain aspects of the inkjet cartridges. See Pet. App. 2a-3a, 38a.

In March 2006, Epson filed a complaint with the Commission, alleging that petitioners were importing into the United States certain inkjet cartridges and components that infringed its patents. Pet. App. 34a-

35a. The Commission initiated an investigation. See 71 Fed. Reg. 14,720 (Mar. 23, 2006). In October 2007, the Commission made its final determination, finding a violation of Section 337, and issued exclusion and cease-and-desist orders. Pet. App. 2a-4a, 35a-36a. Although the investigation had focused on compatible inkjet cartridges, the cease-and-desist orders directed at petitioners defined the covered products broadly as all inkjet cartridges covered by the specified patent claims. *Id.* at 38a, 41a-42a. The orders thus literally encompassed remanufactured cartridges. On appeal, petitioners did not challenge the orders' application to remanufactured cartridges. The court of appeals affirmed the Commission's decision without an opinion, 309 Fed. Appx. 388, and this Court denied certiorari, 129 S. Ct. 2759.

3. Notwithstanding the Commission's orders, petitioners continued to import and sell inkjet cartridges. Pet. App. 4a. On February 8, 2008, shortly before petitioners appealed the Commission's remedial orders, Epson filed a complaint seeking enforcement of those orders. *Id.* at 39a. The Commission instituted enforcement proceedings directed at both compatible and remanufactured cartridges. *Id.* at 38a-39a.

a. In April 2009, after an evidentiary hearing, the ALJ issued his initial determination in the enforcement proceeding. As relevant here, the ALJ found that the "remanufactured products at issue in this proceeding are covered products" under the Commission's orders, Pet. App. 146a, and that petitioners' statements and conduct precluded them from claiming to be "surprised that an exclusion order which, on its face, prohibits importation into the United States of

infringing goods reaches, *inter alia*, refilled cartridges,” *id.* at 159a.

The ALJ further explained that petitioners had “first raised the affirmative defense of permissible repair in their response” to the complaint, and that they had “reiterated the defense” in a motion “to amend the response to the complaint.” Pet. App. 170a-171a. The ALJ stated, however, that petitioners had not “raise[d] [the defense] in their pre-hearing statement, response to complainants’ interrogatories, posthearing brief or reply brief, or at the evidentiary hearing.” *Id.* at 171a. Indeed, “[w]ith respect to reconstruction,” it was undisputed that petitioners “did not introduce any evidence regarding their remanufacturing process,” and Epson had “never conceded that the remanufactured cartridges are permissibly repaired.” *Ibid.*; see *id.* at 114a n.4. The ALJ accordingly found that petitioners had “waived the * * * affirmative defense of permissible repair.” *Id.* at 171a. In the alternative, the ALJ noted that, even if the issue had been preserved, petitioners would not have met “their burden” because they had not proved that the remanufactured cartridges were “first sold in the United States,” as required by Federal Circuit law. *Id.* at 171a-175a.

b. Petitioners sought review by the Commission. Pet. App. 40a. They “did not challenge any of the ALJ’s findings concerning their importation and sale of covered products” and, with respect to violation of the orders, the Commission adopted the ALJ’s analysis and reasoning. *Id.* at 46a. Petitioners also never specifically challenged the ALJ’s finding of waiver. See Gov’t C.A. Br. 26. And the Commission agreed with the ALJ that petitioners had “waived the defense

of permissible repair because they failed to raise it in their prehearing statement, response to the complainants' interrogatories, posthearing brief or reply brief or at the hearing." Pet. App. 47a. The Commission also agreed with the ALJ's alternative finding that, in any event, petitioners had "failed to meet their burden to show permissible repair." *Id.* at 47a-48a. The Commission did, however, reduce the amount of civil penalties imposed. *Id.* at 52a-81a.

4. The court of appeals affirmed. Pet. App. 1a-21a. As relevant here, petitioners did "not deny [their] actions and [their] knowledge that [they were] not in compliance with the Commission's orders." *Id.* at 6a. Nor did petitioners' opening brief challenge the Commission's finding that they had waived a permissible-repair defense and had failed to satisfy their burden of proving permissible repair. Instead, petitioners argued that their noncompliance with the exclusion and cease-and-desist orders was justified "because the law applied by the Commission [in fashioning those orders] is wrong." *Ibid.* More specifically, petitioners argued that *Jazz Photo I*, in which the Federal Circuit had held that "United States patents are not exhausted as to products that are manufactured and sold in a foreign country," was wrongly decided and had subsequently been overruled by *Quanta*. *Id.* at 7a.

In response to that argument, the court of appeals stated that *Quanta* did not "concern[] the issue of importation into the United States of a product not made or sold under a United States patent." Pet. App. 7a. The court further explained that it had previously held that *Quanta* "did not eliminate the first sale rule's territoriality requirement." *Id.* at 8a (quoting *Fujifilm Corp. v. Benun*, 605 F.3d 1366, 1371 (Fed.

Cir.), cert. denied, 131 S. Ct. 829 (2010)). Because “[t]he Commission’s ruling that its orders were violated with knowledge and in bad faith is supported by substantial evidence and is in accordance with law,” the court affirmed the Commission’s imposition of civil penalties. *Id.* at 8a-9a.

ARGUMENT

Petitioners contend (Pet. 9-21) that an initial authorized sale outside the United States triggers the patent-exhaustion doctrine. This case is not a suitable vehicle to decide that question. Even if this Court agreed with petitioners that United States patent rights can be exhausted by an authorized sale abroad, petitioners’ importation and sale of remanufactured cartridges would still infringe Epson’s patents if the remanufacturing process constituted reconstruction rather than repair of the original patented articles. Petitioners submitted no evidence on that issue, however, and the Commission sustained the ALJ’s unchallenged finding that petitioners had waived their defense of permissible repair.

The procedural posture of this case imposes an additional impediment to resolving the question presented. In the current proceeding, the Commission imposed a civil penalty for petitioners’ violations of prior cease-and-desist orders. Petitioners’ challenges to those orders were previously rejected by the court of appeals, and this Court denied certiorari. Because petitioners did not dispute in the court of appeals that their importation and sale of the remanufactured cartridges violated those prior orders, their challenge to the civil-penalty order is in substance an impermissible collateral attack on the earlier Commission orders.

Petitioners alternatively suggest (Pet. 26-27) that the Court hold the petition pending its decisions in *Kirtsaeng v. John Wiley & Sons, Inc.*, cert. granted, No. 11-697 (argued Oct. 29, 2012) and *Bowman v. Monsanto Co.*, cert. granted, No. 11-796 (oral argument scheduled for Feb. 19, 2013). Those decisions, however, are unlikely to bear on the proper disposition of this case. Further review is not warranted.

1. Petitioners contend (Pet. 8-25) that this Court should grant review to consider whether an initial authorized sale outside the United States is sufficient to exhaust the patent rights of a United States patent holder. In *Jazz Photo Corp. v. United States*, 264 F.3d 1094, 1105 (2001), cert. denied, 536 U.S. 950 (2002), the Federal Circuit held that “to invoke the protection of the first sale doctrine, the authorized first sale must have occurred under the United States patent.” The Federal Circuit has reaffirmed that holding on several occasions—including after this Court’s decision in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008)—and this Court has declined to review the issue as recently as 2010. See, e.g., *Fujifilm Corp. v. Benun*, 605 F.3d 1366, 1371 (Fed. Cir.), cert. denied, 131 S. Ct. 829 (2010); *Fuji Photo Film Co. v. Jazz Photo Corp.*, 394 F.3d 1368, 1376 (Fed. Cir. 2005). Even if the Court’s review of the question presented were otherwise warranted, this case would be an unsuitable vehicle for at least three reasons.

First, the issue of “patent exhaustion has never been raised by [petitioners] except in the context of the affirmative defense of permissible repair.” Pet. App. 113a. Even if the authorized sale abroad of Epson’s inkjet cartridges were sufficient to exhaust Ep-

son's United States patent rights in *those cartridges*, petitioners' importation and sale of the remanufactured cartridges would still infringe Epson's patents if the remanufacturing process were held to constitute reconstruction of the patented article. The patent-exhaustion doctrine has always been limited to the particular article that is the subject of the authorized sale. See, e.g., *Quanta*, 553 U.S. at 625 (describing the "longstanding doctrine of patent exhaustion" as providing that "the initial authorized sale of a patented item terminates all patent rights to that item"). The significance of the repair/reconstruction distinction is that reconstruction, unlike repair, constitutes the making of a new article. See, e.g., *Wilbur-Ellis Co. v. Kuther*, 377 U.S. 422, 424 (1964) (explaining that unauthorized "reconstruction" impinges "on the patentee's right 'to exclude others from making,' 35 U.S.C. § 154, the article"). An authorized sale of original Epson cartridges therefore would not exhaust Epson's right to exclude petitioners from importing and selling reconstructed articles, as to which no authorized sale had occurred.

Before the ALJ, petitioners argued that the importation of remanufactured inkjet cartridges did not infringe Epson's patents because the remanufacturing process amounted to "permissible repair." Pet. App. 46a-48a. The ALJ found, however, that petitioners had waived that contention. As the ALJ explained, petitioners failed to "raise it in their pre-hearing statement, response to the complainants' interrogatories, posthearing brief or reply brief, or at the evidentiary hearing." *Id.* at 171a. Petitioners then sought Commission review, but they failed to specifically challenge the ALJ's finding of waiver. See Gov't C.A.

Br. 26; 19 C.F.R. 210.43(b)(1) and (2) (party must “specify the issues upon which review of the initial determination is sought,” and any issue not raised “will be deemed to have been abandoned”). The Commission subsequently adopted the ALJ’s waiver finding. Pet. App. 47a.

Petitioners suggest (Pet. 25 n.11) that the Commission’s waiver finding is “irrelevant” because the court of appeals chose to disregard the waiver. That argument lacks merit. Petitioners failed to contest the Commission’s waiver finding in their opening brief on appeal. See Gov’t C.A. Br. 26-27 (noting that petitioners had not contested waiver in their opening brief); Pet. Reply Br. 8-14 (contesting waiver finding for first time); *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006) (“[A]rguments not raised in the opening brief are waived.”). The court of appeals never suggested that it was disregarding (let alone reversing) the Commission’s express finding of waiver with respect to the permissible-repair issue. Nor did it purport to excuse petitioners’ failure to raise that issue in their opening brief.*

Instead, the court of appeals said nothing at all with respect to the issue of permissible repair. Be-

* As petitioners point out (Pet. 8 n.5), the court of appeals stated that it “ha[d] the discretion to consider issues not raised below ‘as justice may require.’” Pet. App. 16a (quoting *Hormel v. Helvering*, 312 U.S. 552, 559 (1941)). The court exercised that discretion by addressing (and rejecting) on the merits petitioners’ constitutional arguments, see *id.* at 15a-21a, notwithstanding the court’s recognition that the arguments had been “tardily raised,” *id.* at 15a. With respect to the issue of permissible repair, by contrast, the court did not expressly excuse petitioners’ waiver, nor did it address the issue on the merits.

cause the court held that an authorized sale abroad would not exhaust Epson's United States patent rights in any event, it was unnecessary for the court to determine whether petitioners' permissible-repair defense had been properly preserved (or whether that defense had merit). But the Commission's waiver finding would pose an independent barrier to petitioners' efforts to overturn the agency's civil-penalty order, even if the Court were to grant certiorari and reverse the Federal Circuit's decision on the issue of international exhaustion.

Second, petitioners' procedural default in the administrative proceedings went beyond their failure to assert particular legal arguments concerning the distinction between permissible repair and impermissible reconstruction. Under Federal Circuit precedent, petitioners bore the burden of proving that the remanufacturing process constituted a permissible repair of the purchased cartridge rather than impermissible reconstruction. See Pet. 4 (stating that "[p]ermissible repair * * * constitutes a defense to patent infringement"). But, as the ALJ explained, "[w]ith respect to reconstruction, it is undisputed that [petitioners] did not introduce any evidence regarding their remanufacturing process," and Epson "never conceded that the remanufactured cartridges are permissibly repaired." Pet. App. 171a. Indeed, the ALJ concluded that any possible change in the law with respect to exhaustion "could not have assisted" petitioners because "the affirmative defense of permissible repair was waived, and [petitioners] have admitted that no evidence regarding one element of said affirmative defense [*i.e.*, repair] was even pre-

sented to the [ALJ] in this enforcement proceeding.” *Id.* at 114a n.4.

Petitioners appear to suggest that the Federal Circuit has already determined that the remanufacture of inkjet cartridges constitutes permissible repair. See Pet. 4 (citing *Hewlett-Packard Co. v. Repeat-O-Type Stencil Mfg. Corp.*, 123 F.3d 1445 (Fed. Cir. 1997), cert. denied, 523 U.S. 1022 (1998)). That is incorrect. Whether the remanufacture of a particular product constitutes permissible repair is a factual question to be decided on the record presented in each case. See *Jazz Photo Corp. v. United States*, 439 F.3d 1344, 1354 (Fed. Cir. 2006); see also *Jazz Photo I*, 264 F.3d at 1109 (holding that the activities of some of the respondents constituted permissible repair but that, for others “who refused to provide discovery or access, or proffered incomplete or ‘bench’ evidence” or who presented testimony that was “not credible” or was “inadequate,” the record was insufficient to find permissible repair). In *Hewlett-Packard*, the court of appeals held, “on the undisputed facts [of that] case,” that the “modification of the caps of [Hewlett-Packard’s] cartridges is more akin to permissible ‘repair’ than to impermissible ‘reconstruction.’” 123 F.3d at 1452. But that case, unlike this one, involved the modification of new cartridges, not the refilling of used cartridges. *Ibid.* The Federal Circuit has never held that the act of remanufacturing inkjet cartridges constitutes permissible repair as a matter of law.

Third, the procedural posture of this case further complicates the issues before the Court. This is not an ordinary patent infringement suit. Petitioners knowingly violated prior Commission orders that prohibited them from importing and selling the re-

manufactured inkjet cartridges. See Pet. App. 8a. Petitioners filed their opening brief in the appeal of those remedial orders *after* the present enforcement proceeding was initiated, but they did not challenge the orders' application to remanufactured cartridges. Petitioners never sought an advisory opinion from the Commission, *id.* at 54a, nor did they seek modification of the exclusion and cease-and-desist orders.

Only after violating those orders “with knowledge and in bad faith,” Pet. App. 8a, did petitioners contend that the orders were overbroad. As the court of appeals explained, petitioners “argue[d] that since the law on which the Commission relied is incorrect, no penalty should be imposed for [petitioners'] violation of orders based on law that [petitioners], in good faith, believed was incorrect.” *Id.* at 7a. Whether viewed as a matter of *res judicata*, Gov't C.A. Br. 34-35, or as akin to the well-established rule that a party to “an injunctive order must obey those commands, notwithstanding eminently reasonable and proper objections to the order, until it is modified or reversed,” *Pasadena City Bd. of Educ. v. Spangler*, 427 U.S. 424, 439-440 (1976), petitioners' current challenge to the civil-penalty award is in substance an impermissible collateral attack on the Commission's prior exclusion and cease-and-desist orders.

2. In the alternative, petitioners suggest (Pet. 26-27) that the Court hold this petition pending its decisions in *Kirtsaeng* and *Bowman*. Although there is some family resemblance between the questions presented in those cases and in this one, it is unlikely that the Court's decision in either case will bear on the appropriate disposition here. It is therefore unneces-

sary for the Court to hold the petition for *Kirtsaeng* and/or *Bowman*.

Kirtsaeng involves the interpretation of 17 U.S.C. 109(a), the current codification of the copyright exhaustion (or “first sale”) doctrine. The question presented is whether a copyrighted work made outside the United States by a subsidiary of the United States copyright owner is “lawfully made under this title [*i.e.*, Title 17]” and is therefore covered by Section 109(a)’s exception to the general ban on unauthorized importation of copyrighted materials, see 17 U.S.C. 602(a)(1) (Supp. V 2011). As petitioners observe (see Pet. 26), both *Kirtsaeng* and this case present questions concerning potential exhaustion of United States intellectual property rights through authorized sales abroad. *Kirtsaeng*, however, involves the construction of particular Copyright Act language (“lawfully made under this title”) that has no Patent Act analogue. Thus, even apart from the vehicle issues noted above, the Court’s interpretation of 17 U.S.C. 109(a) is unlikely to affect the proper disposition of this case.

The question presented in *Bowman* is whether the authorized sale of one generation of patented plant seed exhausts a patentee’s right to control subsequent generations of that seed. This case and *Bowman* both present questions of patent exhaustion. And, like the patent holder in *Bowman*, the patent holder in this case (Epson) has argued in part that its patent rights were not exhausted because the alleged infringer impermissibly made new patented articles, rather than simply using or reselling the articles that were the subject of the authorized sale.

The processes by which the relevant articles in *Bowman* and this case (seeds and remanufactured

inkjet cartridges respectively) were made, however, are entirely different. In any event, petitioners do not ask this Court to decide the repair/reconstruction issue; the only question presented in their petition is one of international patent exhaustion. See Pet. i. *Bowman* does not present that distinct issue. See U.S. Merits Amicus Br. at 9 n.2, *Bowman, supra* (No. 11-796). For that reason, in addition to the vehicle issues described above, it is unnecessary to hold the petition pending this Court's decision in *Bowman*.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

DOMINIC L. BIANCHI
Acting General Counsel
WAYNE W. HERRINGTON
Assistant General Counsel
MICHAEL K. HALDENSTEIN
Attorney
Office of the General Counsel
U.S. International Trade
Commission

DONALD B. VERRILLI, JR.
Solicitor General

FEBRUARY 2013