

In the Supreme Court of the United States

DBN HOLDING, INC. AND BDN LLC, PETITIONERS

v.

INTERNATIONAL TRADE COMMISSION

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

BRIEF FOR THE RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the United States International Trade Commission had statutory authority to issue and enforce a consent order that prohibited petitioners from selling devices incorporating imported components.

2. Whether the court of appeals correctly construed the consent order to authorize civil penalties for violations of the order that petitioners committed before the patent claims at issue were invalidated.

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The opinion of the court of appeals (Pet. App. 1a-27a) is reported at 805 F.3d 1328. The opinion of the International Trade Commission (Pet. App. 28a-82a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on November 12, 2015. A petition for rehearing was denied on March 15, 2016 (Pet. App. 83a-84a). On May 18, 2016, the Chief Justice extended the time within which to file a petition for a writ of certiorari to July 13, 2016, 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 involves petitioners' violation of a consent order that the International Trade Commission (ITC)

entered at petitioners' request in order to terminate a pending ITC investigation of petitioners' alleged violations of the Tariff Act of 1930 (Tariff Act), 19 U.S.C. 1304 *et seq.* The ITC concluded that petitioners had violated the consent order, and it imposed a civil penalty of \$6.2 million. Pet. App. 29a. The court of appeals affirmed. *Id.* at 2a.

1. Section 337 of the Tariff Act, 19 U.S.C. 1337 (Section 1337), 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 ITC to investigate any alleged violation of Section 1337. 19 U.S.C. 1337(b)(1).

As a general matter, the Tariff Act requires the ITC to resolve such investigations by “determin[ing] * * * whether or not there is a violation” of Section 1337(a)’s substantive prohibitions. 19 U.S.C. 1337(c). But the Act also authorizes the ITC to “issu[e] a consent order” that “terminate[s] any such investigation, in whole or in part, without making such a determination.” *Ibid.*; see 19 C.F.R. 210.21(c). Such consent orders are generally interpreted according to principles of contract law. *uPI Semiconductor Corp. v. ITC*, 767 F.3d 1372, 1377 (Fed. Cir. 2014) (citing *United States v. ITT Cont’l Baking Co.*, 420 U.S. 223, 236 n.10 (1975)). The ITC may also impose civil penalties for any violation of a consent order. 19 U.S.C. 1337(f)(2); *San Huan New Materials High Tech, Inc. v. ITC*, 161 F.3d 1347, 1356-1357 (Fed. Cir. 1998), cert. denied, 528 U.S. 959 (1999).

2. BriarTek IP, Inc. is a United States company that sells a two-way global satellite communication de-

vice. Pet. App. 2a. BriarTek holds rights to U.S. Patent No. 7,991,380 (the '380 patent), which “is directed to emergency monitoring and reporting systems comprising a user unit and a monitoring system that communicate through a satellite network.” *Ibid.*

Petitioners DBN Holding, Inc. and BDN LLC (formerly known as DeLorme Publishing Company, Inc., and DeLorme inReach LLC, respectively) compete with BriarTek in the market for global satellite communication devices. In 2012, BriarTek alleged to the ITC that petitioners were violating Section 1337 by inducing purchasers of petitioners' inReach devices, as well as of the software and service plans for those devices, to directly infringe the '380 patent. See Pet. App. 2a; C.A. App. 403-407.

a. In September 2012, the ITC began to investigate whether petitioners had violated Section 1337 by importing, selling for importation, or selling after importation “certain two-way global satellite communication devices, system and components thereof” that infringed various claims of the '380 patent. Pet. App. 2a (citation omitted). Petitioners could have challenged the validity of the '380 patent in response to that investigation. See 19 U.S.C. 1337(c); 35 U.S.C. 282. Instead, in January 2013, petitioners moved to terminate the ITC's investigation based on a proposed consent order and stipulation. C.A. App. 437-470. Petitioners made clear that they planned to relocate the final assembly of the inReach devices from overseas to the United States. *Id.* at 445-447. Petitioners' proposed consent order would have forbidden them from importing into the United States, selling for importation into the United States, or selling or offering for sale within the United States after importation “any two-

way global satellite communication devices that infringe claims 1, 2, 5, 10-12, and 34 of the '380 Patent.” *Id.* at 469.

BriarTek objected to the proposed consent order, in part because that order encompassed only “two-way global satellite communication devices,” and not the “system and components thereof.” C.A. App. 1244-1245 (emphasis omitted); *id.* at 447 (petitioners’ acknowledgment of this argument). On January 28, 2013, the administrative law judge (ALJ) agreed with BriarTek and denied petitioners’ motion for that reason. *Id.* at 1244-1245.

In February 2013, petitioners again moved to terminate the investigation based on a revised consent order and stipulation. C.A. App. 1273-1290. The ALJ denied the motion, this time because petitioners had failed to stipulate to the ITC’s “*in rem* jurisdiction over the accused two-way global satellite communication devices, system and components thereof.” ITC ALJ Order No. 20, at 2 (Mar. 4, 2013).

In March 2013, petitioners again moved to terminate the ITC investigation and again submitted a revised consent order and stipulation. This time, petitioners stipulated that “[t]he [ITC] has *in rem* jurisdiction over the accused two-way global satellite communication devices, system, and components thereof that are at issue in this Investigation.” C.A. App. 1496. It also stated that petitioners “expressly waive[] all rights to seek judicial review or otherwise challenge or contest the validity of the Consent Order entered pursuant to this Stipulation.” *Ibid.*

The ALJ granted petitioners’ motion to terminate the investigation, and in April 2013 the ITC terminated the investigation and formally issued the consent

order. C.A. App. 1505-1509. As relevant here, the consent order provides as follows:

1. Upon entry of the proposed Consent Order, [petitioners] shall not import into the United States, sell for importation into the United States, or sell or offer for sale within the United States after importation any two-way global satellite communication devices, system, and components thereof, that infringe claims 1, 2, 5, 10-12, and 34 of the '380 Patent after April 1, 2013, until the expiration, invalidation, and/or unenforceability of the '380 Patent or except under consent or license from [BriarTek], its successors or assignees.
2. [Petitioners] shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of this Consent Order.

* * * * *

4. The Consent Order shall not apply with respect to any claim of any intellectual property right that has expired or been found or adjudicated invalid or unenforceable by the [ITC] or a court or agency of competent jurisdiction, provided that such finding or judgment has become final and non-reviewable.
5. [Petitioners] shall not seek to challenge the validity or enforceability of the '380 Patent in any administrative or judicial proceeding to enforce the Consent Order.

Id. at 1508.

b. In May 2013, the ITC instituted an enforcement proceeding against petitioners based on BriarTek's allegation that petitioners were violating the consent order by selling global-communication devices that con-

tained imported components. Pet. App. 3a. Several days later, petitioners filed a separate action against BriarTek in the Eastern District of Virginia, seeking a declaratory judgment that the '380 patent was invalid and that they had not infringed it. *Ibid.*

After extended proceedings before an ALJ, the ITC ultimately concluded that petitioners had violated the consent order with respect to the domestic sale of their inReach 1.5 and inReach SE devices. Pet. App. 28a-29a. The ITC found that petitioners had assembled those devices in the United States using, *inter alia*, components that petitioners had imported from abroad. *Id.* at 4a, 34a-35a.¹ It further found that petitioners had induced infringement of BriarTek's '380 patent—and thus had violated the terms of the consent order—by selling the assembled devices with instructions to use those devices in a way that infringed claims 1 and 2 of the '380 patent. *Id.* at 4a, 38a & n.4, 42a-51a. In June 2014, the ITC imposed a civil penalty of \$6.2 million for those violations of the consent order. *Id.* at 55a.

3. Petitioners appealed the ITC's decision to the Federal Circuit. In November 2014, while that appeal was pending, the district court in the separate action in the Eastern District of Virginia granted petitioners' motion for summary judgment of invalidity of claims 1, 2, 5-12, 17, 34, and 35 of the '380 patent. See *DeLorme Publ'g Co. v. BriarTek IP, Inc.*, 60 F. Supp. 3d 652, *aff'd*, 622 Fed. Appx. 912 (Fed. Cir. 2015), *cert.*

¹ The imported components at issue here included plastic housing components incorporated in the inReach SE device, as well as the Iridium modem, antenna, housing, keypad, and battery terminals incorporated in the inReach 1.5 device. Pet. App. 34a-35a; C.A. App. 182.

denied, 136 S. Ct. 1477 (2016). BriarTek appealed the invalidity judgment to the Federal Circuit.

In November 2015, the same panel of the Federal Circuit resolved both appeals in separate decisions issued the same day. In an unpublished opinion, the court affirmed the district court's judgment invalidating various claims of the '380 patent. *DeLorme*, 622 Fed. Appx. at 913. In a published opinion, the court also affirmed the ITC's imposition of civil penalties for petitioners' violation of the consent order. Pet. App. 1a-2a.

Petitioners had argued that the consent order did not preclude them from selling devices using imported components unless the imported components themselves met every limitation of claims 1 and 2 of the '380 patent. See Pet. C.A. Br. 22-24; Pet. C.A. Reply Br. 9-12. The court of appeals rejected that argument, agreeing with the ITC that petitioners had violated the consent order "by selling InReach 1.5 and SE devices containing imported components with instructions for its customers to use the devices in an infringing manner." Pet. App. 5a. The court explained that the consent order "provided that [petitioners] could not import, sell for importation, or sell or offer for sale after importation 'any two-way global satellite communication devices, system, and components thereof, that infringe claims 1, 2, 5, 10-12, and 34 of the '380 Patent.'" *Ibid.* (quoting consent order). It concluded that, "[u]nder these terms, [petitioners were] precluded from selling infringing devices containing imported components with instructions to infringe." *Ibid.*

Petitioners also argued that they could not be held liable for violating the consent order because the Eastern District of Virginia had found claims 1 and 2

of the patent to be invalid. The court of appeals rejected that argument as well, explaining that the consent order “unambiguously resolves the question of the impact of an invalidity decision on the enforcement of the Consent Order.” Pet. App. 9a. It noted that the order “bars certain sales and importations ‘until’ one of three separate events occurs: ‘expiration, invalidation, and/or unenforceability of the ’380 Patent[,]’” and that the order by its own terms “ceases to apply when the patent claim at issue has ‘expired or been found or adjudicated invalid or unenforceable . . . provided that such finding or judgment has become final and non-reviewable.’” *Id.* at 9a-10a (citations omitted).

Based on the foregoing language, the court of appeals concluded that, “[w]hen one of these [three] events occurs”—*i.e.*, when the patent expires, is invalidated, or becomes unenforceable—“the Consent Order will no longer apply.” Pet. App. 10a. The panel explained, however, that “[u]ntil one of these events occurs, * * * the Consent Order is *binding* upon [petitioners].” *Ibid.* The panel thus held that the Eastern District of Virginia’s November 2014 invalidation of the relevant claims of the ’380 patent did not preclude the imposition of civil penalties for petitioners’ prior sales of the inReach devices containing the imported components. *Ibid.*

Finally, the court of appeals rejected petitioners’ argument that the court’s prior decision in *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 1166 (2016), rendered the consent order void *ab initio*. Pet. App. 13a-15a. The court explained that *ePlus* held only that “a civil contempt sanction can be set aside when the underly-

ing injunction, upon which the sanction is based, is still itself non-final or reviewable.” *Id.* at 14a. The court explained that the consent order at issue here, “in contrast” to the injunction in *ePlus*, “was final and not appealable.” *Ibid.* The court noted that, although “the Consent Order by its terms will no longer apply prospectively once the invalidation [of the relevant claims of the ’380 patent] is final and non-reviewable,” the ITC had correctly imposed penalties for petitioners’ prior violations of the order. *Id.* at 15a.

In a separate opinion, Judge Taranto agreed with the court of appeals’ conclusion that the ITC had “committed no reversible error in entering its order imposing penalties on [petitioners] for violation of the patent-infringement-based Consent Order.” Pet. App. 15a-16a. He dissented from the court’s analysis of the subsequent invalidation of the relevant claims of the ’380 patent, however, and would have remanded the case to the ITC for reconsideration of the penalty. *Id.* at 16a-27a.²

ARGUMENT

Petitioners argue (Pet. 11-31) that (1) the ITC exceeded its statutory authority by imposing civil penalties for violation of the consent order, and (2) the subsequent invalidation of the relevant claims of the ’380 patent precludes imposition of monetary penalties for any prior violation that petitioners may have committed. The decision below does not conflict with any decision of this Court, the Federal Circuit, or any other court of appeals. The ITC had clear statutory authority to enter and enforce the consent order at is-

² The court of appeals denied petitioners’ subsequent petition for rehearing en banc. Pet. App. 83a-84a.

sue in this case. The order specifically contemplated that BriarTek’s patent might be declared invalid in some future proceeding, and it made clear that petitioners would be liable for any violations of the consent order they might commit before such invalidation occurred. Further review is not warranted.

1. The ITC and the Federal Circuit both construed the consent order at issue in this case to bar petitioners from selling any device “containing imported components with instructions for [petitioners’] customers to use the devices in an infringing manner.” Pet. App. 5a. As the ITC explained, “[u]nder the terms of the Consent Order, [petitioners] could not import components, incorporate them into domestically-assembled * * * devices, and then sell the devices to end users via distributors with instructions to ‘use’ the devices in an infringing manner.” *Id.* at 46a.

That interpretation of the consent order is correct, and petitioners do not explicitly challenge it. By its terms, the order bars petitioners from “sell[ing] * * * any two-way global satellite communication devices * * * and [imported] components thereof, that infringe” the relevant claims of the ’380 patent. C.A. App. 1508. The order’s language encompasses components that—at the time the sale is made—have been incorporated in the devices and are sold with instructions to the buyer to use the integrated product in a way that constitutes direct infringement. In that circumstance, the sale constitutes inducement of patent infringement, and the device and its incorporated components that are the subject of the sale thus “infringe” the ’380 patent. Cf. *Suprema, Inc. v. ITC*, 796 F.3d 1338, 1349 (Fed. Cir. 2015) (en banc) (interpreting similar language in 19 U.S.C. 1337(a)(1)(B)(i)).

2. Rather than challenging the interpretation of the consent order embraced by the Federal Circuit and the ITC, petitioners argue (Pet. 11-26) that the order exceeds the ITC’s authority under 19 U.S.C. 1337(a)(1)(B)(i) to prevent importation of “articles that * * * infringe a valid and enforceable United States patent.”³ Petitioners waived that statutory argument before the ITC, and the argument lacks merit.

a. In the ITC proceedings, petitioners expressly disclaimed their right to challenge the agency’s authority to enter the consent order at issue in this case. When asking the ALJ to enter the consent order, petitioners stipulated that they had “expressly waive[d] all rights to seek judicial review or otherwise challenge or contest the validity of the Consent Order entered pursuant to this Stipulation.” C.A. App. 1496. They further stipulated that “[t]he [ITC] has *in rem* jurisdiction over the accused two-way global satellite communication devices, system, and components thereof that are at issue in this Investigation.” *Ibid.* In addition, the consent order itself stated that petitioners “shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of this Consent Order.” *Id.* at 1508.

Petitioners’ “jurisdictional” argument—*i.e.*, that the ITC was not authorized to issue a consent order that barred them from inducing patent infringement by selling imported components—contradicts the com-

³ See Pet. i (framing first question presented as one of ITC’s “jurisdiction” under Section 1337(a)(1)(B)(i)); Pet. 11 (same); Pet. 12-21 (advocating limited interpretation of Section 1337(a)(1)(B)(i) and contesting Federal Circuit’s construction of that provision in *Suprema, supra*).

mitments they made below. That argument runs afoul of (1) petitioners’ “express[] waive[r]” of “all rights” to “challenge or contest the validity of the Consent Order”; (2) their stipulation that “[t]he [ITC] has *in rem* jurisdiction” over the components at issue; and (3) the order’s statement that petitioners are precluded from “challenging or contesting the validity” of the order. C.A. App. 1496, 1508. This Court should accordingly deny review of petitioners’ “jurisdictional” challenge.

b. Petitioners’ challenge to the ITC’s authority to issue the consent order also fails on the merits. Most importantly, petitioners’ argument rests entirely on the erroneous premise that Section 1337(a)(1)(B)(i) limits the proper scope of ITC consent orders to conduct that actually violates that provision.

The ITC’s authority to issue and enforce the consent order is rooted in Sections 1337(c) and 1337(f)(2). Section 1337(c) empowers the ITC to terminate investigations “by issuing a consent order” that has been proposed by the subject of the investigation, and Section 1337(f)(2) authorizes the imposition of civil penalties for any violation of such an order. See *San Huan New Materials High Tech, Inc. v. ITC*, 161 F.3d 1347, 1356-1357 (Fed. Cir. 1998), cert. denied, 528 U.S. 959 (1999).

The ITC’s authority to issue and enforce consent orders under Sections 1337(c) and 1337(f)(2) is not limited to addressing conduct that is prohibited by Section 1337(a)(1)(B)(i). That provision’s phrase “articles that * * * infringe” does not appear in either Section 1337(c) or Section 1337(f)(2), and nothing in the latter provisions ties the ITC’s authority over consent orders to articles that have been found to infringe a patent. On the contrary, Section 1337(c) authorizes

the ITC to issue a consent order “without making * * * a determination” that there has been a violation of Section 1337(a)’s substantive prohibitions. See 19 U.S.C. 1337(c); 19 C.F.R. 210.21(c)(2)(ii) (“Termination by consent order need not constitute a determination as to violation of [S]ection [1]337.”).

Congress’s decision to allow the ITC to terminate investigations based on consent orders—even without first concluding that the subject of the investigation has violated Section 1337(a)(1)—makes good sense. That approach relieves the ITC of the burden of resolving a dispute over alleged violations of Section 1337(a)(1) if the subject of the investigation agrees to abide by the terms of the consent order. In particular, the subject of an investigation can obviate the need to determine whether his allegedly wrongful conduct actually violates Section 1337(a)(1) by promising to refrain from that conduct in the future. In such circumstances, the subject binds himself to the order and agrees to become liable for any breach of its terms, whether or not his violation of the order separately constitutes a violation of Section 1337(a)(1).

Congress’s policy choice is consistent with the standard treatment of consent orders and settlement agreements in civil litigation. Such litigation is often concluded by a voluntary consent decree or settlement agreement that imposes obligations beyond those imposed by the statute at issue. The “voluntary nature of a consent decree is its most fundamental characteristic.” *Local No. 93, Int’l Ass’n of Firefighters v. City of Cleveland*, 478 U.S. 501, 521-522 (1986). It is “the agreement of the parties, rather than the force of the law upon which the complaint was originally based, that creates the obligations embodied in a consent de-

creed.” *Id.* at 522. As a result, “whatever * * * limitations Congress placed” on the remedies available for the violation of a statute “simply do not apply when the obligations are created by a consent decree.” *Id.* at 522-523. Parties therefore can agree to relief that is broader than the relief a court could have awarded after trial if the claims had been fully adjudicated. *Id.* at 525. Such parties “have the right to agree to any thing they please in reference to the subject-matter of their litigation, and the court, when applied to, will ordinarily give effect to their agreement, if it comes within the general scope of the case made by the pleadings.” *Pacific R.R. v. Ketchum*, 101 U.S. 289, 297 (1880); see *Swift & Co. v. United States*, 276 U.S. 311, 327-331 (1928).

Petitioners ignore the ITC’s independent authority under Sections 1337(c) and 1337(f)(2) to issue and enforce consent orders, and they do not explain why Section 1337(a)(1)(B)(i) should be interpreted as a constraint on that authority. Petitioners also do not explain how their theory is consistent with the contractual nature of consent orders. Their argument conflicts with the text of the Tariff Act and with Congress’s sensible decision to allow the ITC to terminate an investigation based on the subject’s voluntary commitment to abide by the terms of a consent order.

c. For the foregoing reasons, Section 1337(a)(1)(B)(i) does not constrain the ITC’s authority to issue consent orders. But even if the validity of the order turned on whether petitioners’ conduct actually violated Section 1337(a)(1)(B)(i), the consent order at issue here was proper. As the Federal Circuit correctly held in *Suprema*, that provision authorizes the ITC to target imported articles that are being used in a

scheme to induce patent infringement. 796 F.3d at 1346.

i. Section 1337(a)(1)(B)(i) prohibits “the sale within the United States after importation * * * of articles that * * * infringe a valid and enforceable United States patent.” The ITC interprets that provision to bar the sale of a device that incorporates imported components and is accompanied by instructions on how to use the device to infringe a patent.

In *Suprema*, the Federal Circuit upheld the ITC’s interpretation as a reasonable construction of the statute. 796 F.3d at 1344-1352 (applying *Chevron U.S.A. Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984)). The court emphasized that Section 1337(a)(1)(B)(i)’s reference to “infringe[ment]” encompasses induced infringement under 35 U.S.C. 271(b). *Suprema*, 796 F.3d at 1346, 1349. It further explained that, when a person induces infringement “by supplying an article, the article supplied can be an ‘article that infringes’ if the other requirements of inducement are met.” *Id.* at 1349. The court ultimately concluded that the ITC’s interpretation is consistent with (1) the statute’s text and legislative history, (2) the agency’s longstanding interpretation of the Tariff Act, and (3) Congress’s intent to vest the ITC “with broad enforcement authority to remedy unfair trade acts.” *Id.* at 1350; see *id.* at 1349-1352.

Petitioners’ imported components were incorporated in petitioners’ inReach devices and sold along with “instructions for its customers to use the devices in an infringing manner.” Pet. App. 5a; see *id.* at 42a-43a, 47a-48a (ITC findings that petitioners’ specifically intended the devices to be used to infringe). By making those sales, petitioners induced their custom-

ers to infringe the '380 patent. The device and its incorporated components that were the subject of the sales are thus “articles that * * * infringe” the patent under Section 1337(a)(1)(B)(i).

ii. Petitioners devote (Pet. 2-3, 11-21) the bulk of their petition to arguing that *Suprema* was wrongly decided. Their principal assertion (Pet. 12) is that Section 1337(a)(1)(B)(i)'s reference to “articles that * * * infringe” covers only “products that, by themselves, embody each element of a patented invention.” They also argue (Pet. 17) that, “[b]ecause the [ITC's] jurisdiction is *in rem*, and because its exclusion orders are directed to Customs officials inspecting imported goods at the nation's borders, the [ITC] ought to be able to determine whether an article is infringing without regard to what may or may not happen to the article after it enters the United States.”

Petitioners cite (Pet. 12-13) statutory provisions and various decisions of this Court establishing that (1) combination patents are infringed only by products or methods containing all elements in the combination, and (2) the phrases “patented article” and “articles protected by [a] patent” refer to articles embodying every element of the patent. Petitioners also invoke (Pet. 13-14) this Court's decision in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972) (*Deepsouth*), superseded by 35 U.S.C. 271(f), which held that the domestic manufacture of the components of a patented device did not constitute direct patent infringement under 35 U.S.C. 271(a) so long as the components were not assembled in the United States. *Deepsouth*, 406 U.S. at 526-527.

Petitioners' cited authorities confirm that *direct* infringement requires the making, use, offer for sale,

sale, or importation of an invention that embodies all of the claims of the patent at issue. See 35 U.S.C. 271(a). And because liability under 35 U.S.C. 271(b) for inducing infringement requires proof that direct infringement has occurred, the ITC must always establish that an invention embodying all elements of a patent was ultimately made, used, offered for sale, sold, or imported, in order to establish a violation of Section 1337(a)(1)(B)(i). But the rule that inducement liability requires direct infringement has no bearing on whether Section 1337(a)(1)(B)(i)'s reference to "articles that * * * infringe" can reasonably be construed to encompass articles that are used in a scheme to induce infringement. The ITC reasonably concluded that Section 1337(a)(1)(B)(i) covers such articles. See *Suprema*, 796 F.3d at 1349-1352.

Petitioners are also wrong in suggesting (Pet. 17) that a determination whether particular imported goods are "articles that * * * infringe" should be based solely on an inspection of the goods themselves. Although the ITC's jurisdiction is in rem, liability for patent infringement is in personam, see *Suprema*, 796 F.3d at 1346, and it always depends in part on circumstances going beyond the characteristics of the relevant articles. At a minimum, the application of Section 1337(a)(1)(B)(i) to particular imported goods will depend in part on whether the patent holder has authorized those goods to be imported into the United States. Cf. *id.* at 1347. A determination that particular imported goods are being used in a scheme to induce infringement of a United States patent is not different in kind from other determinations, going beyond inspection of the goods themselves, that may

bear on the question whether the goods are “articles that * * * infringe.”

Petitioners also contend (Pet. 17) that the ITC’s interpretation of Section 1337(a)(1)(B)(i) improperly extends the agency’s authority beyond the adjudication of trade disputes to the enforcement of domestic patent laws. That criticism is unsound. The consent order in this case was issued in response to petitioners’ alleged importation of inReach devices as part of a scheme to induce patent infringement within the United States. See Pet. App. 2a-5a. And petitioners violated that order by relying on imported device components to perpetuate that scheme. *Ibid.* Petitioners’ conduct thus involves not simply domestic patent infringement, but the use of the channels of international trade to facilitate that infringement. Under these circumstances, the ITC “reasonably determined that its interpretation would further the purpose of the [Tariff Act]” by enhancing the ITC’s “overall ability to prevent unfair trade acts involving infringement of a U.S. patent.” *Suprema*, 796 F.3d at 1352.

d. Largely for the reasons explained above (see pp. 10-15, *supra*), this case would be a poor vehicle in which to decide whether the Federal Circuit in *Suprema* correctly interpreted Section 1337(a)(1)(B)(i). Neither of the questions presented in the petition explicitly calls into question the ITC’s interpretation of the consent order. See Pet. i. But if (as the ITC and the Federal Circuit determined) petitioners violated the consent order, they are subject to civil monetary penalties whether or not their conduct violated the Tariff Act.

To be sure, the language of the consent order, which bars certain acts relating to “any two-way global

satellite communication devices, system, and components thereof, that infringe claims 1, 2, 5, 10-12, and 34 of the '380 Patent," Pet. App. 3a, resembles Section 1337(a)(1)(B)(i)'s reference to "articles that * * * infringe." See Pet. 5, 8 (arguing that the consent order "mirrored the language of Section [1]337" in certain respects). It does not follow, however, that the coverage of the consent order and the statute must be precisely coextensive. The ITC's brief in the Federal Circuit relied heavily on the drafting history of the consent order to establish petitioners' understanding that the order would prohibit the domestic sale of any device containing imported components and sold with instructions on how to use the device in any infringing manner. See generally ITC C.A. Br. 28-32; cf. *United States v. ITT Cont'l Baking Co.*, 420 U.S. 223, 238 (1975) (noting that it is "proper" to consider "the circumstances surrounding the formation of [a] consent order" when interpreting the order). Because the drafting history of the consent order is irrelevant to the proper construction of Section 1337(a)(1)(B)(i), a decision of this Court holding that the consent order was violated would not necessarily clarify the proper interpretation of the statute.

3. Petitioners contend (Pet. 27-31) that, in light of the Eastern District of Virginia's judgment invalidating the relevant claims of the '380 patent, petitioners cannot be subjected to civil monetary penalties for violating the consent order. That argument lacks merit and does not warrant this Court's review.

a. The consent order specifically contemplates that the '380 patent might be invalidated, and it "unambiguously resolves the question of the impact of an invalidity decision on the enforcement of the" order. Pet.

App. 9a. The order bars certain sales and importations “until” the relevant claims of the ’380 patent are invalidated, and it states that the bar on such sales and importations is “binding” on petitioners until any such invalidation occurs. *Id.* at 10a (quoting C.A. App. 1508). The Federal Circuit upheld the civil penalty at issue in this case because petitioners had violated the consent order *before* the patent claims at issue were finally adjudicated to be invalid. *Ibid.*

Petitioners do not challenge the Federal Circuit’s interpretation of the consent order. Instead, they assert that “foundational principles of patent law” prohibiting the enforcement of invalid patents nullify the consent order and thus render it unenforceable. Pet. 27 (capitalization omitted). As noted above, however, petitioners stipulated to the ITC that they had “expressly waive[d] all rights to seek judicial review or otherwise challenge or contest the validity of the Consent Order entered pursuant to this Stipulation,” C.A. App. 1496, and the consent order itself states that petitioners “shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of this Consent Order,” *id.* at 1508. See pp. 4-5, *supra*. Petitioners are therefore barred from arguing that patent-law principles can trump the consent order’s unambiguous terms.

b. Petitioners’ various arguments also fail on their merits. Petitioners voluntarily accepted the responsibilities imposed by the consent order rather than challenging the validity of the ’380 patent before the ITC, as they could have done in responding to the investigation. See 19 U.S.C. 1337(c) (noting that subject of ITC investigation is entitled to present “[a]ll legal and equitable defenses”); 35 U.S.C. 282 (identifying “[i]n-

validity of the patent or any claim” as a defense to infringement). And, as explained above (see pp. 12-15, *supra*), a party that violates a consent order may properly be penalized for that violation, whether or not its conduct breaches any statutory or regulatory prohibition. Nothing in patent law entitles petitioners to escape the consequences of their decision to settle rather than contest the charges brought against them in the ITC.

Petitioners further assert (Pet. 27-29) that the decision below is in tension with the Federal Circuit’s analysis of a similar issue in *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349 (2015), cert. denied, 136 S. Ct. 1166 (2016). The existence of such intra-circuit tension ordinarily would not be a basis for certiorari. See *Wisniewski v. United States*, 353 U.S. 901, 902 (1957) (per curiam) (“It is primarily the task of a Court of Appeals to reconcile its internal difficulties.”).

In any event, the Federal Circuit’s decision in this case is consistent with *ePlus*. See Pet. App. 13a-15a. The court in *ePlus* determined that “a civil contempt sanction can be set aside when the underlying injunction, upon which the sanction is based, is still itself non-final or reviewable.” *Id.* at 14a. Unlike the injunction at issue in *ePlus*, however, the consent order at issue here “was final and not appealable.” *Ibid.* The *ePlus* court declined to address “whether civil contempt sanctions would survive if the injunction had been final at the time the district court imposed civil contempt sanctions.” 789 F.3d at 1358.

In addition, the voluntary nature of a consent order distinguishes it from an injunction imposed over a party’s objection. In *ePlus*, the court of appeals recognized that the invalidation of the relevant patent

claim required that the district court's injunction be vacated. See 789 F.3d at 1355-1356. Here, by contrast, the invalidation of the '380 patent did not suggest that the consent order was improper (and petitioners in any event had expressly waived their right to challenge the order's legality, see pp. 4-5, 11-12, *supra*). Rather, under the terms of the consent order, petitioners became free to import the disputed articles going forward, but they were not relieved of potential liability for any violations of the order they may have committed before the '380 patent was declared invalid. Nothing in *ePlus* suggests that a party that has chosen to bind itself to the terms of a consent order may later seek to escape those terms.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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