

Jed Phillips jed@agilityiplaw.com Bus: 650-227-4800 Fax: 650-318-3483

October 17, 2013

Lisa R. Barton Acting Secretary U.S. International Trade Commission 500 E Street, S.W. Washington, DC 20436

> Re: Certain Wireless Consumer Electronics Devices and Components Thereof, Inv. No. 337-TA-853

Dear Secretary Barton:

Enclosed please find **Complainants' Statement of Public Interest** for filing in the above-referenced investigation.

Respectfully submitted,

AGILITY IP LAW Limited Liability Partnership

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Jed Phillips

Enclosure

UNITED STATES INTERNATIONAL TRADE COMMISSION Washington, D.C.

In the Matter of

CERTAIN WIRELESS CONSUMER ELECTRONICS DEVICES AND COMPONENTS THEREOF **Investigation No. 337-TA-853**

COMPLAINANTS' STATEMENT OF PUBLIC INTEREST

Complainants Technology Properties Limited, LLC ("TPL"), Patriot Scientific Corporation ("PTSC") and Phoenix Digital Solutions LLC ("PDS") respectfully submit this Statement of Public Interest, pursuant to Commission Rule 210.50(a)(4).

A. Legal Standard

In balancing the patent holder's rights versus any adverse impact a remedy may have on the public interest, the Commission "must take into account the strong public interest in enforcing intellectual property" and must avoid improperly imposing an injury requirement. *Certain Baseband Processor Chips and Chipsets, Transmitter, and Receiver (Radio) Chips, Power* Control Chips, and Products Containing Same, Including Cellular Telephone Handsets, Inv. No. 337-TA-543, Comm'n Op. at 136-137 (U.S.I.T.C., June 19, 2007). Rarely do statutory public interest factors override the established public interest in protecting U.S. intellectual property rights. *See, e.g., Certain Variable Speed Wind Turbines & Components Thereof*, Inv. No. 337-TA-376, Comm'n Op. at 36 (Sept. 1996) (Commission has found overriding public interest concerns in only a few situations). Here, the interest in protecting Complainants' intellectual property rights through remedial orders clearly outweighs any potential adverse public interest impact that would occur if an exclusion order is entered in this Investigation.

B. The Articles Potentially Subject to the Requested Remedial Orders.

The articles potentially subject to an exclusion order and cease and desist orders in this matter include notebooks, tablets, smartphones, e-readers, data cards, handheld game consoles

and other consumer electronic devices with wireless capabilities. *See* Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond. These Accused Products have incorporated technologies protected by U.S. Patent No. 5,809,336 ("the '336 Patent"). They are imported into and sold in the United States by or on behalf of the Respondents.

C. There are No Public Health, Safety, or Welfare Concerns.

The issuance of exclusion and cease and desist orders in this matter would not adversely affect the public health, safety, or welfare in the United States. Indeed, Respondents have not identified any adverse health or welfare issues. *See* Initial Determination on Violation of Section 337 and Recommended Remedy and Bond ("ID") at 326. Historically, the public interest factors outweigh the need for injunctive relief only if there are exceptional circumstances relevant to critical health or welfare issues: energy efficient automobiles, basic scientific research, or hospital equipment. *Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1360 (Fed. Cir. 2010) (only three investigations where public interest considerations outweighed need for injunctive relief).

The Accused Products are not the type of products that have raised concerns by the Commission about public health, safety, or welfare. *See, e.g., Certain Toothbrushes and the Packaging Thereof,* Inv. No. 337-TA-391, Comm'n Op., 1997 WL 803475 at *2 (Oct. 15, 1997) (toothbrushes do not raise public interest concerns); *Certain Hardware Logic Emulation Systems and Components Thereof,* Inv. No. 337-TA-383, Comm'n Op., 1996 WL 1056217 at *4 (Oct. 15, 1996) (hardware logic emulators do not raise public interest concerns); *Certain Asian-Style Kamaboko Fish Cakes,* Inv. No. 337-TA-378, Comm'n Op., 1996 WL 1056211 at *3 (Sept. 24, 1996) (kamaboko fish cakes not type of product to raise public interest concerns); *but see Certain Fluidized Supporting Apparatus and Components Thereof,* Inv. No. 337-TA-182/188, ID, 1984 WL 273788 at *60 (Jun. 16, 1984) (denying temporary exclusion order of hospital beds for burn patients because exclusion would result in dangerous shortage for domestic health care).

Moreover, the public interest favors protection of intellectual property rights in the United States by excluding infringing imports. *Certain Two-Handle Centerset Faucets and Escutcheons, and Components Thereof*, Inv. No. 337-TA-422, Comm'n Op. at 9 (Jun. 19, 2000); *Certain Hardware Logic Emulation Systems and Components Thereof*, Inv. No. 337-TA-383, Comm'n Op., 1996 WL 1056217 at *4 (Oct. 15, 1996).

D. The Proposed Remedies Would not Negatively Affect Competitive Conditions.

No adverse impact on the competitive conditions of the U.S. economy would arise from the proposed remedies because Complainants' licensees are capable of supplying consumers with devices with the same or similar functionality as those offered by Respondents. Many leading electronics companies have purchased licenses to the '336 patent, including, for example, Sony, HP, Fujitsu, Motorola, Pantech, Toshiba, Philips and others that design and sell consumer electronic devices similar to the Accused Products. Without the requested remedial orders, these licensees will be adversely impacted. They have already paid for a license, and will be at a competitive disadvantage if they must compete with Respondents' unlicensed products. Complainants' licensees could replace the infringing consumer electronic devices if the infringing devices were to be excluded. Examples of licensed products include, but are not limited to, mobile telephones, tablets, hotspots, GPS devices, etc. Moreover, other manufacturers can purchase a license to the '336 patent, as Complainants have shown their willingness to negotiate fair, reasonable and nondiscriminatory licenses to the technology.

Respondents will argue that exclusion and cease and desist orders would negatively impact competitive conditions by reducing product availability in the market, allegedly resulting in less choice and higher prices for consumers. Respondents have provided no evidence to support their argument. Furthermore, the Commission has held that an increase in prices for retailers and consumers does not outweigh the interest in protecting intellectual property rights. See Certain Digital Television Products and Certain Products Containing Same and Methods of Using Same, Inv. No. 337-TA-617, Comm'n Op. at 16 (U.S.I.T.C., Apr. 23, 2009) ("the Commission has consistently held that the benefit of lower prices to consumers

does not outweigh the benefit of providing complainants with an effective remedy for an intellectual property-based section 337 violation"); *Certain Cigarettes and Packaging Thereof*, lnv. No. 337-TA-424, Comm'n Op. at 20 (U.S.I.T.C., Nov. 7, 2000) (finding that while eliminating competition from lower-priced reimported cigarettes would cause consumers to have fewer choices and pay higher prices and may put some distributors out of business, those effects did not warrant denying a remedy).

E. Complainants' Licensees Have the Capacity to Replace the Volume of the Accused Products.

Complainants' licensees have the capacity to replace consumer electronic devices subject to an exclusion order in a commercially reasonable time in the United States. *See Certain EPROM, EEPROM, Flash Memory and Flash Microcontroller Semiconductor Devices and Products Containing Same*, Inv. No. 337-TA-395, Comm'n Op. at 132-133 (U.S.I.T.C., Oct. 16, 2000) ("EPROMs") (finding that no public interest considerations preclude issuance of a limited exclusion order considering the numerous designs of non-infringing products and the presence of many domestic manufacturers assuring continued competition and adequate supply of products); *Certain Chemiluminescent Compositions, Components Thereof and Methods of Using, and Products Incorporating Same*, Inv. No. 337-TA-285, U.S.I.T.C. Pub. No. 2370 at 29-30 (U.S.I.T.C., March 1991) (rejecting argument for denial of remedy based solely on the fact that a supplier would be shut out of the market by an exclusion order where there was no evidence that complainant could not supply the entire U.S. market).

F. The Requested Remedial Orders would Not Negatively Impact Consumers.

There is no evidence that the requested remedial orders would adversely affect U.S. customers. As stated above, Complainants' licensees are capable of supplying consumers with devices with the same or similar functionality as those offered by Respondents. Respondents will argue that a remedial order would adversely affect existing U.S. costumers by precluding Respondents from meeting their repair or replacement warranties. However, Respondents can fulfill their obligations by issuing a refund, as those warranties expressly offer. Furthermore,

Respondents have not provided any quantitative analysis regarding the potential adverse impact exclusion orders would have on consumers in this regard.

Dated: October 7, 2013 Respectfully Submitted,

/s/ Jed Phillips

James C. Otteson Thomas T. Carmack Philip W. Marsh AGILITY IP LAW, LLP 149 Commonwealth Drive Menlo Park, CA 94025 Telephone: (650) 227-4800

Counsel for Complainants
TECHNOLOGY PROPERTIES LIMITED LLC
PHOENIX DIGITAL SOLUTIONS LLC

Charles T. Hoge KIRBY NOONAN LANCE & HOGE LLP 350 Tenth Avenue, Suite 1300 San Diego, CA 92101 Telephone: (619) 231-8666

Counsel for Complainant
PATRIOT SCIENTIFIC CORPORATION

UNITED STATES INTERNATIONAL TRADE COMMISSION WASHINGTON, D.C.

Before the Honorable E. James Gildea Administrative Law Judge

In the Matter of

CERTAIN WIRELESS CONSUMER ELECTRONICS DEVICES AND COMPONENTS THEREOF **Investigation No. 337-TA-853**

CERTIFICATE OF SERVICE

I, Sherri Mills, hereby certify that on October 17, 2013, a copy of the foregoing document was served upon the following parties or their counsel in the manner indicated:

COMPLAINANTS' STATEMENT OF PUBLIC INTEREST

Acting Secretary		
The Honorable Lisa R. Barton	\boxtimes	Via EDIS
Acting Secretary	\boxtimes	Via Overnight Courier
U.S. International Trade Commission		Eight Copies
500 E Street, S.W., Room 112A		
Washington, D.C. 20436		
Administrative Law Judge		
The Honorable E. James Gildea		Via Hand Delivery
U.S. International Trade Commission	\boxtimes	Via Overnight Courier
500 E Street, S.W., Room 317		Two Copies
Washington, D.C. 20436		
Administrative Law Judge Attorney Advisors		
Ken Schopfer	\boxtimes	Via Email (PDF copy)
Sarah Zimmerman		
Attorney Advisors		
500 E Street, S.W., Room 317		
Washington, DC 20436		
kenneth.schopfer@usitc.gov		
sarah.zimmerman@usitc.gov		

Office of Unfair Import Investigation		
Whitney Winston		Via First Class Mail
Investigative Attorney		Via Hand Delivery
Office of Unfair Import Investigation		Via Overnight Courier
U.S. International Trade Commission		Via Email (PDF copy)
500 E Street, S.W., Suite 401		via Eman (i Di copy)
Washington, D.C. 20436		
Telephone: (202) 205-2221		
Whitney.Winston@usitc.gov		
Counsel for Complainant Patriot Scientific Corporation		
Charles T. Hoge		Via First Class Mail
KIRBY NOONAN LANCE & HOGE, LLP		Via Hand Delivery
350 Tenth Avenue, Suite 1300		Via Overnight Courier
San Diego, California 92101		Via Email (PDF copy)
Telephone: (619) 231-8666		via Eman (i Di copy)
choge@knlh.com		
Counsel for Respondents Acer Inc. and Acer America		
Corporation		
Eric C. Rusnak		Via First Class Mail
K&L GATES LLP		Via Hand Delivery
1601 K Street, NW		Via Overnight Courier
Washington, DC 20006-1600		Via Email (PDF copy)
Telephone: (202) 778-9000		via Eman (i Di copy)
Facsimile: (202) 778-9100		
AcerAmazonNovatel ITC853@klgates.com		
Counsel for Respondent Amazon.com, Inc.		
Eric C. Rusnak		Via First Class Mail
K&L GATES LLP		Via Hand Delivery
1601 K Street, NW		Via Overnight Courier
Washington, DC 20006-1600	\boxtimes	Via Email (PDF copy)
Telephone: (202) 778-9000		via Emair (i Bi copy)
Facsimile: (202) 778-9100		
AcerAmazonNovatel ITC853@klgates.com		
Counsel for Respondent Barnes & Noble, Inc.		
Paul F. Brinkman		Via First Class Mail
QUINN EMANUEL URQUHART & SULLIVAN, LLP		Via Hand Delivery
1299 Pennsylvania Avenue NW, Suite 825		Via Overnight Courier
Washington, DC 20004	\boxtimes	Via Email (PDF copy)
Tel.: (202) 538-8000	E 3	, in Linuii (i Di copy)
Fax: (202) 538-8100		
BN-853@quinnemanuel.com		

Counsel for Respondents Garmin Ltd., Garmin International,		
Inc. and Garmin USA, Inc.		
Louis S. Mastriani		Via First Class Mail
ADDUCI, MASTRIANI & SCHAUMBERG, L.L.P.		Via Hand Delivery
1133 Connecticut Avenue, N.W., 12th Floor		Via Overnight Courier
Washington, DC 20036	\boxtimes	Via Email (PDF copy)
Telephone: (202) 467-6300		via Eman (i Di copy)
Facsimile: (202) 466-4006		
Garmin-853@adduci.com		
Garmin 853@eriseIP.com		
Counsel for Respondents HTC Corporation and HTC		
America		
Stephen R. Smith		Via First Class Mail
COOLEY LLP		Via Hand Delivery
11951 Freedom Drive		Via Overnight Courier
Reston, VA 20190	\boxtimes	Via Email (PDF copy)
Telephone: (703) 456-8000		via Eman (i Di copy)
Facsimile: (703) 456-8100		
HTC-TPL@cooley.com		
Counsel for Respondent Huawei Technologies Co., Ltd,		
Huawei Device Co., Ltd., Huawei Device USA Inc., and		
Futurewei Technologies, Inc.		
Timothy C. Bickham		Via First Class Mail
STEPTOE & JOHNSON LLP		Via Hand Delivery
1330 Connecticut Avenue, N.W.		Via Overnight Courier
Washington, D.C. 20036	\boxtimes	Via Email (PDF copy)
Telephone: (202) 429-3000		via Eman (i Di copy)
Facsimile: (202) 429-3902		
<u>Huawei853@steptoe.com</u>		
Counsel for Respondents Kyocera Corporation and Kyocera		
Communications, Inc.		
M. Andrew Woodmansee		Via First Class Mail
MORRISON & FOERSTER LLP		Via Hand Delivery
12531 High Bluff Drive		Via Overnight Courier
San Diego, CA 92130	\boxtimes	Via Email (PDF copy)
Telephone: (858) 720-5100		(121 vopj)
Facsimile: (858) 720-5125		
Kyocera-TPL-ITC@mofo.com		

CERTAIN WIRELESS CONSUMER ELECTRONICS DEVICES AND COMPONENTS THEREOF

Inv. No. 337-TA-853

Counsel for Respondents LG Electronics, Inc. and Electronics U.S.A., Inc.		
Scott A. Elengold		Via First Class Mail
FISH & RICHARDSON P.C.		Via Hand Delivery
1425 K Street, N.W. 11 th Floor		Via Overnight Courier
Washington, DC 20005	\boxtimes	· ·
Telephone: (202) 783-5070		Via Email (PDF copy)
Facsimile: (202) 783-2331		
LG-TPLITCService@fr.com		
Counsel for Respondents Nintendo Co., Ltd. and Nintendo of		
America, Inc.		
Stephen R. Smith		Via First Class Mail
COOLEY LLP		Via Hand Delivery
11951 Freedom Drive		Via Overnight Courier
Reston, VA 20190	\boxtimes	Via Email (PDF copy)
Telephone: (703) 456-8000		via Eman (i Di copy)
Facsimile: (703) 456-8100		
Nintendo-TPL@cooley.com		
Counsel for Respondent Novatel Wireless, Inc.		
Eric C. Rusnak		Via First Class Mail
K&L GATES LLP		Via Hand Delivery
1601 K Street, NW		Via Overnight Courier
Washington, DC 20006-1600	\boxtimes	· ·
Telephone: (202) 778-9000		Via Email (PDF copy)
AcerAmazonNovatel ITC853@klgates.com		
Attorneys for Respondents Samsung Electronics Co., Ltd. and		
Sansung Electronics America, Inc.	_	
Aaron Wainscoat		Via First Class Mail
DLA PIPER LLP		Via Hand Delivery
2000 University Avenue		Via Overnight Courier
East Palo Alto, CA 94303-2214	\boxtimes	Via Email (PDF copy)
Telephone: (650) 833-2442	<u> </u>	(I Zinaii (I Zi copj)
853-DLA-Samsung-Team@dlapiper.com		
Counsel for Respondents ZTE Corporation & ZTE (USA) Inc.		
Jay H. Reiziss		Via First Class Mail
BRINKS HOFER GILSON & LIONE		Via Hand Delivery
1775 Pennsylvania Avenue, NW		Via Overnight Courier
Washington, D.C. 20006	\boxtimes	Via Email (PDF copy)
Telephone: (202) 296-8700		The Ellian (I DI Copy)
Brinks-853-ZTE@brinkshofer.com		

/s/ Sherri Mills	
Sherri Mills	