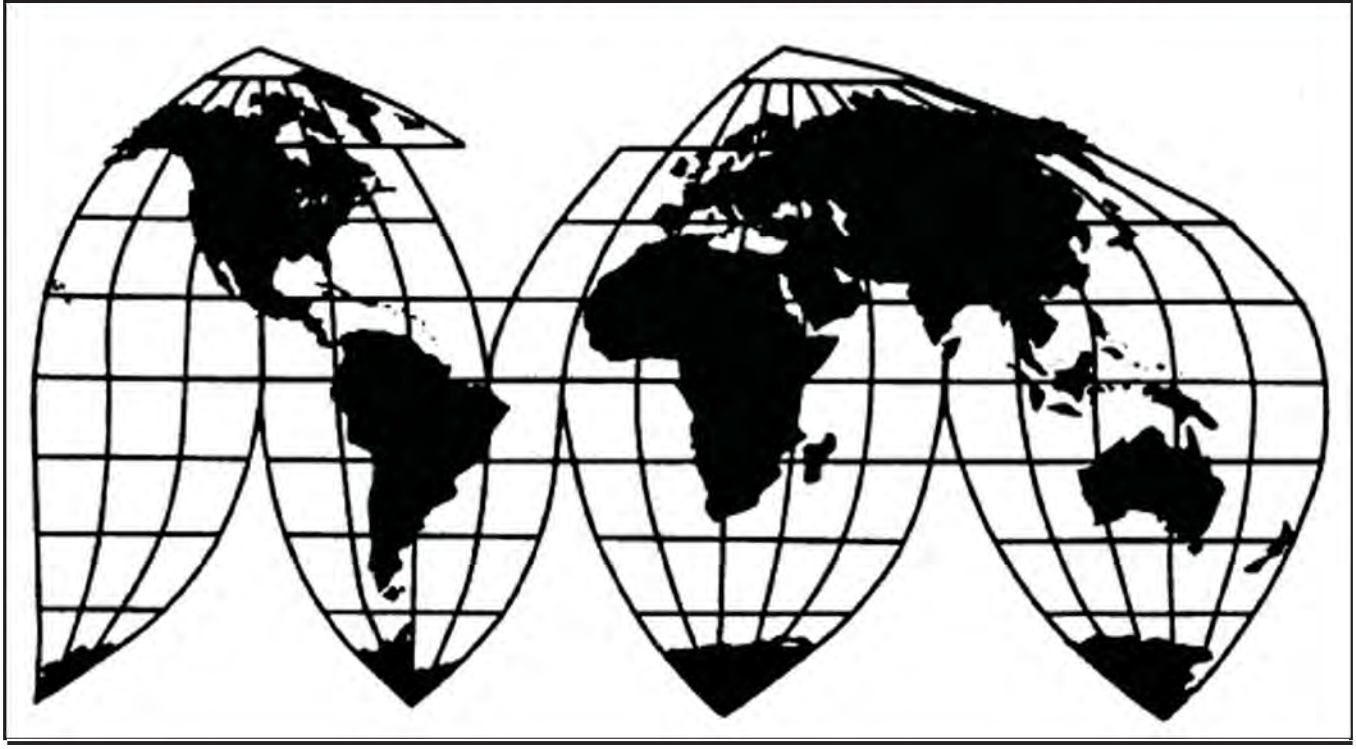
In the Matter of

CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF

337-TA-854

Publication 4848 **November 2018**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of **CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF**	**Investigation No. 337-TA-854** **(Enforcement Proceeding)**

NOTICE OF A COMMISSION DETERMINATION TO REVIEW IN PART AN ENFORCEMENT INITIAL DETERMINATION FINDING A VIOLATION OF THE APRIL 5, 2013 CONSENT ORDER, ON REVIEW TO REVERSE-IN-PART AND VACATE-IN-PART THE DETERMINATION; REQUEST FOR WRITTEN SUBMISSIONS ON CIVIL PENALTY FOR VIOLATION OF CONSENT ORDER

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part an enforcement initial determination ("EID") of the presiding administrative law judge ("ALJ") finding a violation of the April 5, 2013 consent order ("the Consent Order") by respondents DeLorme Publishing Company, Inc. and DeLorme InReach LLC (collectively, "DeLorme"), both of Yarmouth, Maine. On review, the Commission has determined to reverse-in-part and vacate-in-part the EID. The Commission is also requesting written submissions regarding the civil penalty for violation of the Consent Order.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at *http://www.usitc.gov*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this enforcement proceeding on May 24, 2013, based on an enforcement complaint filed on behalf of BriarTek IP, Inc. ("BriarTek") of Alexandria, Virginia. 78 *Fed. Reg.* 31576-77. The complaint alleged violations of the Consent Order issued in the underlying investigation by the continued practice of prohibited activities such as selling or offering for sale within the United States after importation accused two–way global satellite communication devices, system, or components thereof that infringe one or more of claims 1, 2, 5, 10–12, and 34 of U.S. Patent No. 7,991,380 ("the '380 patent"). The Commission's notice of institution of enforcement proceeding named DeLorme as respondents. The Office of Unfair Import Investigations was also named as a party. Claims 5, 11-12, and 34 have been terminated from the enforcement proceeding.

On March 7, 2014, the ALJ issued her EID finding a violation of the Consent Order. She concluded that, after issuance of the consent order, DeLorme has sold or offered for sale within the United States after importation accused InReach 1.5 devices that infringe, via inducement, claims 1 and 2 of the '380 patent. The ALJ also found the following: no induced infringement and therefore no violation of the Consent Order with respect to accused InReach SE devices; and no induced infringement and therefore no violation of the Consent Order with respect to any accused InReach devices sold before, and activated after, the effective date of the Consent Order. The ALJ also recommended a civil penalty of $637,500 against DeLorme as an enforcement measure for the violation. On March 20, 2014, BriarTek, DeLorme, and the Commission investigative attorney ("IA") each filed a petition for review of the EID; and on March 27, 2014, BriarTek, DeLorme, and the IA each filed a response to opposing petitions.

Having examined the record in this investigation, including the EID and the parties' filings, the Commission has determined to review the EID in part. On review, the Commission has determined to reverse-in-part and vacate-in-part the EID's findings. Specifically, the Commission has determined to reverse the ALJ's finding of no induced infringement and no violation of the Consent Order with respect to accused InReach SE devices. This action results in a finding of a violation of the Consent Order with respect to accused InReach SE devices. The Commission also has determined to reverse the ALJ's finding of no induced infringement with respect to accused InReach devices that were sold before, and activated after, the effective date of the Consent Order. This action does not change the ALJ's finding of no violation with respect to these InReach devices sold before, and activated after, the effective date of the Consent Order. The Commission further determines to vacate the following: the portion of the ALJ's analysis of direct infringement of claims 1 and 2 of the '380 patent through "use" of the claimed system by an end user based on *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305 (Fed. Cir. 2012) (*en banc*), *cert. granted, Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 895 (2014); and the portion of the ALJ's analysis concerning specific intent for induced infringement of these claims based on *Akamai*. *See* EID at 85-86, 92.

The Commission may levy a civil penalty for violation of the Consent Order. When calculating a proportionate penalty, the Commission considers, *inter alia*, the six factors set forth in *Certain Erasable Programmable Read Only Memories* ("*EPROMs*"), Inv. No. 337-TA-276 (Enforcement), Comm'n Op. at 23-24, 26 (July 19, 1991). *See generally Certain DC-DC*

Controllers and Products Containing the Same, Inv. No. 337-TA-698 (Enforcement), Comm'n Op. at 36-37 (Jan. 4, 2013).

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the amount of civil penalty to be imposed for the violation of the Consent Order by the infringing InReach 1.5 and InReach SE devices, including whether the proposed civil penalty amount is appropriately proportionate to the value of the infringing InReach devices. The parties' submissions should cite all evidence in support of such amounts and shall address the factors set forth in *EPROMs*. The parties' submissions regarding the *EPROMs* public interest factor should discuss the potential effect of a civil penalty on the public health and welfare. Parties are also requested to provide detailed information regarding sales of infringing InReach devices after the effective date of the Consent Order relevant to calculating the amount of civil penalties and the total number of days in violation of the Consent Order. Specifically, for each day of sale after importation of the specific infringing InReach devices, please provide the following information: (1) identity of the device(s) sold; (2) number of devices sold; and (3) value of the devices sold. The written submissions must be filed no later than close of business on April 30, 2014. Reply submissions must be filed no later than the close of business on May 7, 2014. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-854") in a prominent place on the cover page and/or the first page. (*See* Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, and in Part 210 of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

By order of the Commission.

Lisa R. Barton
Secretary to the Commission

Issued: April 23, 2014

CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEMS AND COMPONENTS THEREOF

337-TA-854 (Enforcement Proceedings)

CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, Brian Koo, Esq. and the following parties as indicated, on **April 23, 2014.**

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

On Behalf of Complainant BriarTek IP, Inc.:

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( ) Via Hand Delivery
( ) Via Express Delivery
(x) Via First Class Mail
( ) Other: _____

On Behalf of Respondents Delorme Publishing Company, Inc. and Delorme InReach LLC d/b/a InReach LLC:

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( ) Via Hand Delivery
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PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of **CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF**	**Investigation No. 337-TA-854** **(Enforcement Proceeding)**

COMMISSION OPINION

I. SUMMARY

On March 7, 2014, the presiding administrative law judge ("ALJ") issued an enforcement initial determination ("EID") finding a violation of the Consent Order issued on April 5, 2013 ("the Consent Order"), against DeLorme Publishing Company, Inc. and DeLorme InReach LLC (collectively, "DeLorme"), both of Yarmouth, Maine. The ALJ found that DeLorme sold within the United States after importation accused InReach 1.5 devices that infringe, via inducement, claims 1 and 2 of U.S. Patent No. 7,991,380 ("the '380 patent"). The ALJ found no violation of the Consent Order with respect to a second accused device, the InReach SE device. On April 23, 2014, the Commission determined to review the EID in part. The Commission did not review the ALJ's finding of a violation of the Consent Order with respect to the InReach 1.5 devices. However, the Commission determined to review the ALJ's finding of no violation with respect to the InReach SE devices. On review, the Commission reversed the ALJ's finding and determined that DeLorme's sales within the United States of the InReach SE devices, including an imported component thereof, violated the Consent Order. The Commission now terminates the enforcement proceeding and imposes a civil penalty in the amount of $6,242,500 based on 227

days on which a violation of the Consent Order occurred.[1]

II. BACKGROUND

A. April 5, 2013 Consent Order

The Consent Order issued in the underlying investigation was unilaterally proposed by and entered into by DeLorme. *See* Inv. No. 337-TA-854, Order No. 21 (March 15, 2013). The Order reads in relevant part:

> 1. Upon entry of the proposed Consent Order, DeLorme 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 Complainant, its successors or assignees.

Consent Order at ¶ 1 (April 5, 2013) (emphasis added). Under the terms of the Consent Order, DeLorme violates the order if, after entry of the order, it imports, sells for importation, or sells or offers for sale within the United States after importation any infringing two-way global satellite communication devices, system, or components thereof.

B. The Current Enforcement Proceeding

The Commission instituted this enforcement proceeding on May 24, 2013, based on an enforcement complaint filed on behalf of BriarTek IP, Inc. ("BriarTek") of Alexandria, Virginia. 78 *Fed. Reg.* 31367, 31576-77 (May 24, 2013). The complaint alleged violations of the Consent

[1] Commissioner Schmidtlein is only participating in the remedy phase of this enforcement proceeding. She was sworn in as a Commissioner on April 28, 2014, after the Commission made its violation determination on April 23, 2014. *See* Comm'n Notice (April 23, 2014). Thus, Commissioner Schmidtlein did not participate in the violation determination and accordingly does not join the violation discussion in this opinion.

Order by DeLorme's continued practice of prohibited activities including selling or offering for sale within the United States after importation any two–way global satellite communication devices, system, or components thereof that infringe one or more of claims 1, 2, 5, 10–12, and 34 of the '380 patent. The Commission's notice of institution also named the Office of Unfair Import Investigations as a party. Claims 5, 11-12, and 34 were terminated from the enforcement proceeding, leaving claims 1, 2, and 10 as the asserted claims.

1. Intellectual Property Asserted

The technology at issue involves a communication device carried by a user that enables communication with a remote monitoring system via a satellite network for personal emergency monitoring, tracking, and messaging. Users of the device may include hikers, skiers, campers, and other outdoor enthusiasts or individuals requiring a communication connection where landlines and cellphone communications are not available. The device allows the user to send messages or alarms to the monitoring system and to receive responses back from the monitoring system via the satellite network.

The asserted claims of the '380 patent pertain to a two-way global satellite emergency monitoring and reporting system comprised of two major components: a user unit and a monitoring system. The claimed user unit includes an input device allowing the user to input textual data, a user processer, and a user satellite communication connection all communicatively coupled together. The claimed monitoring system includes a monitoring satellite communication connection, an output device, and a monitoring processer all communicatively coupled together. The claimed user unit and monitoring system are adapted for mutual communication via a satellite

network wherein information entered at the input device by a user can be presented to an observer at the output device of the monitoring system. *See, e.g.*, '380 patent at col. 8:2-23 (claim 1)

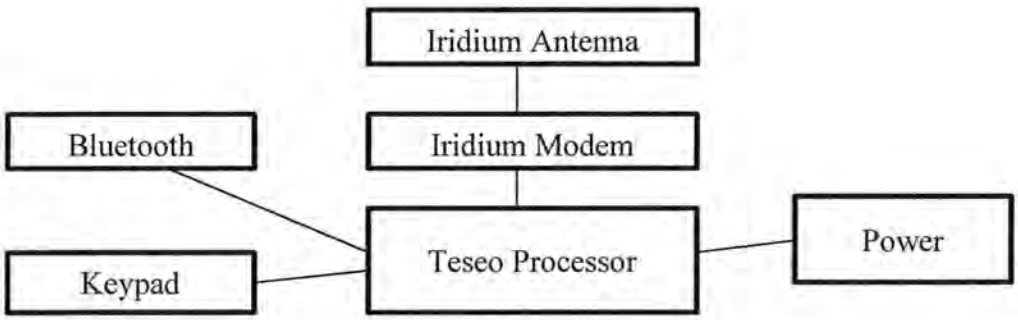
The asserted claims further include dependent claims in which the user unit is adapted to be coupled to a user. *Id.* at col. 8:24-25 (claim 2). Other dependent claims state that the user satellite communication connection includes a transmitter wherein the user processor can format the user data received via the input device for transmission by the transmitter. *See id.* at col. 8:50-54 (claim 10).

2. The DeLorme Devices and System

The devices at issue in the enforcement proceeding are the DeLorme InReach 1.5 and DeLorme InReach SE devices. The InReach 1.5 and SE devices have similar structures and both provide two-way messaging. The accused InReach devices allow two-way communication via a third-party operated satellite constellation called the Iridium satellite network. The Iridium satellite network consists of 66 telecommunication satellites in geosynchronous orbit and is capable of providing voice and data coverage to enabled devices over most of the Earth's surface. Each InReach device contains an Iridium modem, which operates as a transmitter/receiver; an Iridium antenna; a Bluetooth wireless transceiver; an Avnet authentication chip; and a user processor manufactured either by Teseo or STMicro. Each InReach device further includes plastic housing which incorporates a belt clip. The InReach 1.5 device uses an Iridium 9602 modem and the InReach SE device uses an Iridium 9603 modem. The InReach 1.5 device also includes a display screen and an internal rechargeable battery that the InReach SE device does not. A representative illustration of the InReach device and its relevant interior components is shown

below in Figure 1.

Figure 1



CX-56C.

DeLorme sells the complete InReach device to end users using distributors and does not sell any component of the device separately. To use the InReach device or system, the end user must set up an online account and purchase a subscription service through DeLorme. DeLorme then activates the InReach device and allows it to access and communicate with the Iridium satellite network. The end user of the InReach device can pair it with a smartphone or other mobile device via a Bluetooth connection. To perform pairing, the mobile device must run Earthmate application software developed by DeLorme. The user processor in each InReach device receives user data from the paired mobile device via the Bluetooth connection and processes the user data for wireless transmission on the Iridium satellite communication network. The end user may then use the paired mobile device to send text messages, audio, or images over the Iridium satellite network. CX-33C at 23-25, 68; CX-236C at Admission Nos. 90-93; CX-2C at QQ. 138-42; CX-252; JX-12C.

The Iridium satellite network then transmits the user data to an Iridium ground facility in Arizona. The data continues on to a DeLorme "Back Office" located in Chicago. The DeLorme "Back Office" includes servers that process the user data and transmit it to GEOS, an independent service that monitors and responds to user transmissions. A DeLorme operations team also receives, via email, messages sent through the satellite network by InReach devices. This team can monitor the GEOS system to ensure that GEOS personnel have logged on to the system and have responded by text message to any user message. DeLorme receives a copy of the response from the monitoring system and maintains a record of all two-way texts between the user and the monitoring system. JX-12C; CX-33C at 36, 44-49; CX-41C at 11, 39-40; CX-2C at Q. 143.

3. Assembly of the InReach Devices Using Imported Components

DeLorme assembled the accused InReach 1.5 devices in the United States by converting imported InReach 1.0 devices that were at issue in the underlying investigation. The conversion process included removing a main circuit board from the imported InReach 1.0 device and replacing it with a circuit board comprising the Avnet authentication chip.[2] Other components from the imported InReach 1.0 device, including the plastic housing, the Iridium 9602 modem, battery, and antenna, were reused in the InReach 1.5 device. CX-40C at 48; Tr. at 88, 194-98, 200-05. DeLorme also converted some imported InReach 1.5 devices into domestically-reassembled InReach 1.5 devices using a similar process. CX-36C at 73; CX-243C at Admission No. 58; CX-40C at 17-18, 48; CX-41C at 14-16; CX-34C at 13; Tr. at 88. DeLorme

[2] The addition of the authentication chip allows the InReach 1.5 device to be paired with either Android or Apple iOS devices, while the InReach 1.0 device can only be paired with Android devices. Tr. at 256-57.

domestically assembled the accused InReach SE devices using imported plastic housing. CX-305C; Tr. at 189-91.

4. BriarTek's Allegations in the Enforcement Proceeding Before the ALJ

BriarTek alleged that claims 1, 2, and 10 of the '380 patent read on a system comprised of DeLorme's InReach 1.5 or SE devices, Earthmate software, the Iridium satellite system, DeLorme's servers in Chicago and its personnel, and the GEOS monitoring company. BriarTek alleged that such a system directly infringes the asserted claims and DeLorme induces that infringement. BriarTek also alleged that DeLorme violated the Consent Order by reusing Iridium modems and plastic housing from InReach 1.0 devices that were imported before the Consent Order issued to assemble InReach 1.5 devices that were sold after the Consent Order issued. BriarTek further alleged that DeLorme violated the Consent Order by selling InReach SE devices that included imported plastic housing. Finally, BriarTek alleged that DeLorme violated the Consent Order by activating previously sold InReach 1.5 and SE devices after the Consent Order was issued. *See* EID at 5.

5. ALJ's EID

On March 7, 2014, after an evidentiary hearing was conducted, the ALJ issued an EID finding a violation of the Consent Order. The ALJ determined that, after issuance of the Consent Order, DeLorme sold, or offered for sale within the United States after importation, accused InReach 1.5 devices that infringe, via inducement, claims 1 and 2 of the '380 patent. The ALJ also found no induced infringement and therefore no violation of the Consent Order with respect to accused InReach SE devices. The ALJ further found that DeLorme did not induce infringement

or violate the Consent Order by activating InReach 1.5 or InReach SE devices that were sold before the effective date of the Consent Order. *See* EID at 53-61, 82-98, 120-21.

The ALJ determined that DeLorme's sales of infringing InReach 1.5 devices took place in violation of the Consent Order on 51 days. EID at 99-100. In light of the violation determination, the ALJ recommended imposing a civil penalty of $12,500 per day against DeLorme, for a total of $637,500. On March 20, 2014, BriarTek, DeLorme, and the Commission investigative attorney ("IA") each filed a petition for review of the EID. On March 27, 2014, each party filed a response to the opposing petitions.

6. The Commission's Violation Determination

On April 23, 2014, the Commission determined to review in part the EID. The Commission did not review the ALJ's finding of a violation of the Consent Order with respect to the InReach 1.5 devices. However, the Commission determined to review the ALJ's finding of no violation with respect to the InReach SE devices. On review, the Commission determined to reverse the ALJ's finding and determined that DeLorme's sales within the United States of the InReach SE devices, which included an imported component, induced infringement of claims 1 and 2 of the '380 patent and violated the Consent Order. *See* Comm'n Notice (April 23, 2014). The Commission also determined to reverse the ALJ's finding of no induced infringement with respect to accused InReach 1.5 and SE devices that were sold before, and activated after, the effective date of the Consent Order. *Id.* As explained more fully herein, activation of these accused devices constituted infringement, but did not constitute a post-Consent Order sale after importation within the United States that would violate the Order. The Commission further

determined to vacate the portion of the ALJ's analysis that relied on *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305 (Fed. Cir. 2012) (*en banc*), *rev'd, Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111 (2014), to find direct infringement of claims 1 and 2 of the '380 patent through "use" of the claimed system by an end user. *Id.* The Commission also determined to vacate the portion of the ALJ's analysis concerning specific intent for induced infringement of these claims based on *Akamai*. *Id.*; *see also* EID at 85-86, 92. This opinion provides, *inter alia*, the Commission's analysis and reasoning for both its determination on violation with respect to the InReach SE devices and its determination on remedy for DeLorme's violation of the Consent Order.

The Commission also requested written submissions on the issue of the amount of the civil penalty to be imposed for DeLorme's violation of the Consent Order including responses to certain questions concerning the public interest as discussed in *Certain Erasable Programmable Read Only Memories* ("*EPROMs*"), Inv. No. 337-TA-276 (Enforcement), Comm'n Op. at 23-24, 26 (July 19, 1991). *See* Comm'n Notice (Apr. 23, 2014). On April 30, 2014, BriarTek, DeLorme, and the IA each filed a brief responding to the Commission's request for written submissions. On May 7, 2014, the parties filed reply briefs.[3]

[3] *See* Complainant BriarTek's Response to April 23, 2014 Notice from the Commission ("BriarTek Sub."); Complainant BriarTek's Reply to Respondent and Staff's Response to April 23, 2014 Notice from the Commission ("BriarTek's Reply"); Response of Respondent DeLorme to Request for Written Submission ("DeLorme's Sub."); Reply of Respondents DeLorme to Request for Written Submission ("DeLorme's Reply"); Response of the Office of Unfair Import Investigations to Commission's Request for Written Submissions on Civil Penalty for Violation of the Consent Order ("IA's Sub."); Reply of the Office of Unfair Import Investigations to Private

III. DISCUSSION AND FINDINGS

For the reasons set forth below, the Commission has determined to reverse-in-part and vacate-in-part the ALJ's findings that were under review. We adopt the ALJ's findings in the EID on the issues that are not inconsistent with this opinion.[4] The Commission finds that DeLorme violated the Consent Order on 227 days.

A. Relevant Law

After properly construing the claims, a tribunal compares the claims with the accused device or process to determine infringement. *See MBO Labs., Inc v. Becton, Dickinson & Co.*, 474 F.3d 1323, 1329 (Fed. Cir. 2007). To prove literal infringement, the patentee must show that an accused product contains every limitation in the asserted claims. *WMS Gaming Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1350 (Fed. Cir. 1999). The patentee bears the burden of demonstrating infringement by a preponderance of the evidence. *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1310 (Fed. Cir. 2005).

"Whoever actively induces infringement of a patent shall be liable as an infringer." *See* 35 U.S.C. § 271(b). Liability for induced infringement arises "if, but only if, [there is] . . . direct infringement." *Limelight Networks*, 134 S. Ct. at 2117 (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961)). Induced infringement may be established by circumstantial evidence. *See Golden Blount, Inc. v. Robert M. Peterson Co.*, 438 F.3d 1354,

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Parties' Responses to Commission's Request for Written Submissions on Civil Penalty for Violation of the Consent Order ("IA's Reply").

[4] The determinations made in the EID that were not reviewed became final determinations of the Commission by operation of rule. *See* 19 C.F.R. § 210.75(b)(3).

1362-63 (Fed. Cir. 2006) (citing *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1030 (1987)) (holding that circumstantial evidence of extensive sales and dissemination of an instruction sheet can support a finding of direct infringement by the customer); *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 850-52 (Fed. Cir. 2010) (software manufacturer found liable for induced infringement of computer system method claim by end user based on provision of instructional materials, where software is incorporated into third-party end-user computer), *aff'd, Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238 (2011); *Alco Standard Corp. v. Tenn. Valley Auth.*, 808 F.2d 1490, 1502-03 (Fed. Cir. 1986) ("Although the evidence of infringement is circumstantial, that does not make it any less credible or persuasive."). A high level of specific intent and action to induce infringement must be proven, as mere knowledge of possible infringement by others does not amount to inducement. *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed. Cir. 2006) (en banc); *see also Cross Med. Prods.*, 424 F.3d at 1312; *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011) ("induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement.").

The Commission has the authority to terminate a section 337 investigation based on a consent order and then to enforce that consent order. *See* 19 U.S.C. § 1337(c); 19 C.F.R. §§ 210.21(c), 210.75(b); *San Huan New Materials High Tech, Inc. v. Int'l Trade Comm'n*, 161 F.3d 1347, 1354-56 (Fed. Cir. 1998). A respondent that unilaterally enters into a consent order to avoid further litigation has an affirmative duty to take "energetic steps" to do "everything in [their] power" to assure compliance with that order. *See Certain Neodymium-Iron-Boron Magnets,*

Magnet Alloys, and Articles Containing Same ("*Certain Magnets*"), Inv. No. 337-TA-372, Comm'n Determination on Violation, Comm'n Op. at 23-24, 1997 WL 857227, at *10 (Nov. 1997); *San Huan*, 161 F.3d 1347 (the Court affirming the Commission's authority to issue a civil penalty in *Certain Magnets*). Such a respondent is under a duty not only not to cross the line of infringement, "but to stay several healthy steps away." *Id.*

B. ALJ's Discussion of *Akamai*

1. ALJ's EID

BriarTek asserted that DeLorme induced direct infringement of claims 1, 2, and 10 of the '380 patent by encouraging end users to pair InReach 1.5 and InReach SE devices with a mobile device for use in the accused system. *See* EID at 6, 41-47, 53, 69-75, 83. The ALJ found that that the accused InReach 1.5 devices met every limitation of claims 1 and 2 of the '380 patent when used in the accused system, and therefore the direct infringement prong of induced infringement had been satisfied. *Id.* at 53-61, 83-86. The ALJ found that the facts here support a direct infringement finding under *Centillion Data Systems, LLC v. Qwest Communications Int'l, Inc.*, 631 F.3d 1279 (Fed. Cir. 2011), because the end user of DeLorme's InReach 1.5 devices "uses" the entire claimed system by placing the system as a whole into service. *Id.*

The ALJ also discussed the Federal Circuit's decision regarding inducement of direct infringement in *Akamai*. *Id.* The ALJ found that although *Akamai* addressed inducement to directly infringe method claims, the reasoning of *Akamai* applies equally to "use" of the system claims at issue here. *Id.* at 86. The ALJ found that the Court in *Akamai* stated without limitation that the direct infringement required to find inducement "refer[s] most naturally to the acts

necessary to infringe a patent, not to whether those acts are performed by one entity or several." *Id.* (citing *Akamai* at 1309). Based on this reference, the ALJ found that the mere fact that multiple entities are alleged to be involved in the "use" of the patented system is not a defense to induced infringement. *Id.*

Based on the foregoing, the ALJ found that the record establishes direct infringement of the claimed system, with respect to either the accused InReach 1.5 or SE devices, through "use" of the DeLorme system by an end user. *Id.* at 83-85. This finding supported the ALJ's determination of a violation with respect to the InReach 1.5 devices.

2. Analysis

The Commission has adopted the ALJ's finding that direct infringement based on "use" of the accused system by an end user has been established under *Centillion*, which supports the ALJ's unreviewed determination of violation of the Consent Order with respect to the InReach 1.5 devices. *See* EID at 83-84 (citing *Centillion*, 631 F.3d 1279, 1281-85), 99-100; Comm'n Notice (April 23, 2014). However, the Supreme Court has reversed the Federal Circuit's decision in *Akamai*. *See Limelight Networks*, 134 S. Ct. at 2120. Accordingly, the Commission has determined to vacate the portions of the ALJ's analysis relying on *Akamai*. Specifically, the Commission has determined to vacate the following portions of the EID: (1) two consecutive paragraphs in the direct infringement analysis starting with the paragraph beginning with "Second" on page 85; and (2) in the inducement analysis relating to the ALJ's finding of specific intent, the last three sentences of the paragraph beginning with "Respondents also" on page 92.

C. Violation of the Consent Order with Respect to Accused InReach SE devices[5]

1. ALJ's EID

Although the Commission has determined to review the ALJ's violation determination with respect to only the InReach SE devices, some background concerning the ALJ's reasoning with respect to the InReach 1.5 devices is required as the ALJ linked her analysis of the devices together in portions of the EID. *See* EID at 53-62, 83-90. As noted above, the ALJ found that DeLorme induced infringement of claims 1 and 2 of the '380 patent based on its sale of InReach 1.5 devices, which were assembled almost entirely from imported parts. *Id.* at 53-61, 82-93. The ALJ found that both the specific intent and direct infringement prongs of induced infringement had been satisfied by a preponderance of the evidence with respect to the InReach 1.5 devices. *Id.* Regarding the direct infringement prong, the ALJ found that DeLorme's technical support documents for the InReach devices explained how a user can practice the asserted claims by initiating two-way messaging over the Iridium satellite system using a mobile device running DeLorme's Earthmate software paired with an InReach device over a Bluetooth connection. *Id.* at 57 (citing CX-0033C at 72-74, 109, 112, CX-0058, CX-0059). Regarding the intent prong of inducement, the ALJ found that: the evidence shows that DeLorme's sale of the imported components contained within the accused InReach 1.5 devices to end users via distributors causes the end users to infringe claims 1 and 2 of the '380 patent; and that such sales are made with the

[5] As noted above, the Commission did not review the ALJ's finding of a violation of the Consent Order with respect to the InReach 1.5 devices. *See* EID at 82-93, 99-100; Comm'n Notice (April 23, 2014). Further, as noted above, we adopt the ALJ's findings in the EID on the issues that are not inconsistent with this opinion.

specific intent to cause the end users to infringe. *Id.* at 86-93 (noting, *inter alia*, that BriarTek's complaint in the underlying investigation put DeLorme on notice of its infringing activities). These findings supported the ALJ's unreviewed determination of a violation of the Consent Order with respect to the InReach 1.5 devices. *Id.* at 53-61, 82-93, 99-100; *see also* Comm'n Notice (April 23, 2014).

However, the ALJ found that BriarTek had not similarly proven, by a preponderance of the evidence, that DeLorme induced infringement of claims 1 and 2 of the '380 patent with respect to the accused InReach SE devices. *Id.* at 93-98. The ALJ found that the plastic housing was the only "imported component" of the domestically-assembled InReach SE devices. *Id.* at 95. The ALJ did not find the Iridium 9603 modems and Avnet chips of the InReach SE devices to be "imported components," although they are made outside of the United States, because the record demonstrated that they were imported by Avnet Inc. and Iridium Communications Inc. and DeLorme did not have a significant role in importing these components.

The ALJ then compared the plastic housing used in the InReach SE devices to the multiple imported components found in the InReach 1.5 devices, *i.e.*, the Iridium modem and antenna, the keypad, and battery terminals. The ALJ found that DeLorme imported these components as InReach 1.0 and 1.5 devices and then converted them to InReach 1.5 devices. *Id.* at 98. Based on this comparison, the ALJ found that DeLorme's conduct was less culpable with regard to the InReach SE devices because DeLorme imported only an $0.18 per unit plastic housing. The ALJ therefore found no induced infringement with respect to DeLorme's sales of InReach SE devices.

2. Parties' Arguments

BriarTek argued that the ALJ erred in finding no induced infringement of claims 1 and 2 of the '380 patent with respect to the accused InReach SE devices. BriarTek's Pet. at 2, 4. Complainant contended that the ALJ's comparative culpability analysis between the InReach 1.5 and SE devices based on a proportion of imported components was not based on any legally recognized precedent. *Id.*

BriarTek submitted that the imported plastic housing for the InReach SE devices is only used within the accused DeLorme system and that all elements of claims 1 and 2 are met by the accused system utilizing the activated InReach SE devices. *Id.* at 2 (citing EID at 61, 94). Complainant contended that the importation and sale after importation of the plastic housing incorporated into the domestically-assembled InReach SE devices is sufficient to find inducement and a violation of the Consent Order. *Id.* at 2-3 (citing EID at 94).

DeLorme agreed with the ALJ's finding of no induced infringement, submitting that no induced infringement can exist when it is undisputed that none of the imported components of the domestically-assembled InReach SE devices directly infringe at the time of importation. DeLorme's Resp. to IA's Pet. at 6. DeLorme also submitted where the only imported component (the plastic housing) is such a miniscule part of the entire claimed satellite communication system, there is no induced infringement or violation of the Consent Order. DeLorme's Resp. to BriarTek's Pet. at 17.

3. Analysis

The ALJ erred in finding no induced infringement, and therefore no violation of the Consent Order, with respect to the accused InReach SE devices. While the ALJ correctly found that the language of the Consent Order applies to "*any* imported two-way global satellite communication devices, system, and *components thereof* that infringe[,]" *see* Consent Order at ¶1, we do not adopt the ALJ's component comparison test for determining induced infringement culpability.

Regarding violation of the Consent Order, the language of the Consent Order prohibits sale after importation of "*any* imported two-way global satellite communication devices, system, and *components thereof* that infringe" the '380 patent. *See* Consent Order at ¶ 1. Consistent with 35 U.S.C. § 271, "infringement" includes "induced infringement." *See* 35 U.S.C. § 271(b); *Certain Electronic Devices with Image Processing Systems, Components Thereof, and Associated Software*, Inv. No. 337-TA-724, Comm'n Op. at 13 (Dec. 21, 2011). Accordingly, the issue here is whether DeLorme violated the Consent Order when it sold after importation components, incorporated into the InReach SE devices, that infringe the '380 patent under 35 U.S.C. § 271(b). Under the terms of the Consent Order, DeLorme could not import components, incorporate them into domestically-assembled InReach SE devices, and then sell the devices to end users via distributors with instructions to "use" the devices in an infringing manner.

Specifically, we find both the specific intent and the direct infringement prongs of induced infringement established here with respect to the InReach SE devices. The record evidence establishes that DeLorme's technical support documents for the InReach devices explain how a

user can practice claims 1 and 2 of the '380 patent by initiating two-way messaging using a mobile device running Earthmate software paired with an InReach SE device over a Bluetooth connection. *See* CX-0033C at 72-74, 109, 112, CX-0058, CX-0059. The record also establishes that each InReach SE device is sold with a clip on its plastic housing, which specifically satisfies claim 2 of the '380 patent. *See* CX-44 at 3; CX-40C at 27; Tr. at 170-71. The record also establishes direct infringement of these asserted claims, with respect to the InReach SE devices, through "use" of the accused system by an end user under *Centillion*. *See* EID at 83-85. We find that the ALJ's analysis and finding of direct infringement under *Centillion* with respect to the InReach 1.5 devices is equally applicable to the InReach SE devices because these devices operate similarly with respect to enabling two-way messaging by an end user via pairing with a mobile device. *Id.*; *see also* CX-41C at 28-33; CX-2C at Q. 117.

Regarding the specific intent prong, the record evidence shows that DeLorme's sale of the imported components contained within the accused InReach SE devices to end users via distributors causes the end users to infringe; and that such sales are made with the specific intent to cause the end users to infringe. Specifically, DeLorme entered into an agreement with foreign partner KenMold Co., LTD to manufacture and import the plastic housing for the InReach SE devices; and then incorporated the imported housing into these devices and sold them within the United States to end users via distributors, after the effective date of the Consent Order, with instructions to directly infringe the '380 patent. *See* CX-305C; Tr. at 189-94; CX-33C at 56-58, 72-73, 109, 112; CX-44 at 17, 25; CX-58; CX-59; RX-161C at Q. 158.

Further regarding intent, we find that the record evidence demonstrates that DeLorme intends for the end user to carry out all of the acts to "use" the accused system. Specifically, we find that DeLorme (1) sells personal subscription plans to end users which activate InReach SE devices that all include two-way messaging and SOS messaging, which are the features at the heart of the asserted claims; and that (2) DeLorme relies on these subscription plans, which encourage the end users' use of the InReach SE devices, [[ ]]. *See* CX-0002C at Q. 194, JX-0033; CX-0040C at 72. Accordingly, we find that DeLorme's business model is predicated on the activation and use of the InReach SE devices by the end users.

We also find that DeLorme was aware, or at least willfully blind to the fact, that it was inducing the end-user to infringe claims 1 and 2 with respect to the InReach SE devices. *Id.*; *see also Global-Tech*, 131 S.Ct. at 2070-71 ("a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts."). Based on the record evidence, we find that DeLorme has known about the '380 patent and BriarTek's infringement allegations since as early as Aug. 23, 2012, when the Commission issued and served the complaint in the underlying investigation. *See* 77 *Fed. Reg.* 51045-46. BriarTek's infringement allegations included allegations of induced infringement under 35 U.S.C. § 271(b) based on the combination of an InReach device and an end-user mobile device enabled with DeLorme's Earthmate software to initiate two-way global messaging within DeLorme's system. *See* Inv. No. 337-TA-854, Complaint at ¶ 43-44 (August 17, 2012). BriarTek asserted that this combination satisfied each element of the asserted claims of the '380 patent. *Id.* Accordingly, we find that DeLorme had specific intent to induce

infringement based on the fact that DeLorme knew that using the InReach devices in the intended manner would infringe the '380 patent. Additionally, DeLorme provided instruction manuals on how to use the InReach SE devices in an infringing manner, has a financial interest in that use, and was aware of actual use by end users. Based on the foregoing, we find that DeLorme induced infringement of claims 1 and 2 of the '380 patent with respect to the InReach SE devices.

DeLorme was required to take "energetic steps" to do "everything in [its] power" to assure compliance with the Consent Order, and to "stay several healthy steps away" from infringement. *See Certain Magnets* at *10. However, DeLorme circumvented the order by harvesting nearly all of the components from imported older InReach 1.0 models to assemble new InReach 1.5 devices domestically. As part of this circumvention, DeLorme designed and imported plastic housings for the domestically-assembled InReach SE devices. *See* CX-305C; Tr. at 189-91. The record evidence establishes that the plastic housing is only used within the accused system and specifically meets the claim 2 limitation of "a user unit adapted to be coupled to a user." *See* CX-0040C at 27-28; Tr. at 170-71, 189-91; CX-305C. The completed InReach SE devices, including the imported plastic housing, were then sold to end users via distributors with complete instructions on how to "use" the entire system in an infringing manner, including a description of the clip on the housing with respect to claim 2. *See* CX-0002C at Q. 194; JX-0033; CX-0040C at 72-73; CX-0044 at 3, 17, 25; CX-0033C at 72-74, 109, 112; CX-0058; CX-0059.

DeLorme also deliberately went ahead and engaged in activity prohibited under the Consent Order by: selecting foreign contractor KenMold to manufacture overseas and import the plastic housing for assembly into the InReach SE devices with clips; and incorporating the

imported housing into these devices and selling them to end users via distributors with instructions to directly infringe the '380 patent. *See* CX-305C; Tr. at 189-94; CX-33C at 56-58, 72-73, 109, 112; CX-44 at 17, 25; CX-58; CX-59; RX-161C at Q. 158. Thus, despite the language of the unilaterally-entered Consent Order, DeLorme further engaged in inducing activity such as activating sold InReach SE devices with purchased user subscription plans, in addition to the inducing acts described above, with the specific intent to cause infringement. *See Golden Blount, Inc.*, 438 F.3d at 1362-63 (induced infringement established by sales and dissemination of instruction sheets); *i4i Ltd.*, 598 F.3d at 850-52 (Fed. Cir. 2010) (induced infringement based on provision of instruction materials established for software manufacturer who supplied component of third-party computer system with direct infringement by an end user). Accordingly, DeLorme's conduct establishes, by a preponderance of the evidence, induced infringement and constitutes a violation of the Consent Order for InReach SE devices sold after the effective date of the Consent Order.[6]

DeLorme argues that a violation of the Consent Order cannot be predicated upon induced infringement in connection with the imported plastic housing for two reasons: (1) the imported plastic housing costs only $0.18 amounting to a miniscule portion of the complete device; and (2) the housing does not, by itself, infringe the system claims asserted by BriarTek. However, regardless of the cost of the plastic housing, it constitutes an imported "component" within the

[6] Although we ultimately reverse the ALJ and determine that DeLorme violated the Consent Order with respect to the InReach SE devices, we do agree with the ALJ's finding that DeLorme does not play a significant role in the importation of the Iridium modems and Avnet chips for the SE devices. *See* EID at 95 (citing CX-1C at Q. 37; CX-2C at Q. 160; CX-67; RX-24C-26C; RX-125C at DLM-2042096; RX-23C at 9, 26-27; RX-161C at Q. 110).

terms of the Consent Order. *See* Consent Order at ¶ 1. This imported plastic housing "component" is then incorporated into the InReach SE device and sold within the United States. DeLorme's instruction manuals and activation of the device induces direct infringement of claims 1 and 2 of the '380 patent by an end user of the device.

Based on the above, the Commission has determined to reverse the EID's finding of no induced infringement with respect to accused InReach SE devices, and accordingly has found a violation of the Consent Order with respect to these devices.

D. Violation of the Consent Order with Respect to Accused InReach 1.5 and SE Devices Sold Before, and Activated After, the Effective Date of the Consent Order

1. ALJ's EID

The ALJ found that BriarTek failed to show that post-Consent Order activation of InReach 1.5 devices sold prior to the effective date of the Consent Order constitutes a sale after importation in violation of the Consent Order. EID at 82. The ALJ found that the activation process for the InReach devices involves purchasing a user subscription plan, downloading the Earthmate software, and pairing the InReach device with a mobile device. The ALJ found that the activation process did not include any sale of an imported component that infringes the asserted claims of the '380 patent. *Id.* at 82-83. The ALJ found that, although the activation process does include the provision of software and hardware, *i.e.*, the back-end of the two-way global communication system, to the user which includes claimed elements, these provided components are not a sale of "imported" components constituting a violation of the Consent Order. *Id.*

The ALJ then stated the following:

> Because the question of *infringement* must be based on imported components, and Complainant has failed to prove that the mere activation of InReach devices that were sold before the effective date of the consent order involves the sale of imported components, Complainant's allegations based on activations fail.

Id. at 83 (emphasis added).

Based on the above, the ALJ concluded that BriarTek failed to establish, by a preponderance of the evidence, that the activation of InReach devices (after the effective date of the Consent Order) that were sold before the effective date of the Consent Order induces the infringement of claims 1 and 2. *Id.* at 82. Accordingly, the ALJ found no violation of the Consent Order with respect to InReach 1.5 devices sold before, but activated after, the effective date of the Consent Order.

2. Parties' Arguments

The IA petitioned for review of the ALJ's holding that: "Complainant has not proven by a preponderance of the evidence that the activation of InReach devices (after the effective date of the consent order) that were sold before the effective date of the consent order . . . *induces the infringement of claims 1 and 2*." IA's Pet. 6 (citing EID at 82) (emphasis added). The IA noted that induced infringement is defined by 35 U.S.C. § 271 and that the ALJ found induced infringement of claims 1 and 2 of the '380 patent with respect to InReach 1.5 devices that were sold and activated after the effective date of the Consent Order. *Id.* at 8-9 (citing EID at 53-61, 83-88). The IA submitted that this inducement finding is independent of when the InReach 1.5 devices were sold since that is not part of the induced infringement analysis. *Id.* at 9. Accordingly, the IA submitted that, in order to be consistent with this induced infringement

finding, the Commission should also find that DeLorme induced infringement of claims 1 and 2 with respect to InReach devices, sold before, but activated after, the effective date of the Consent Order because the time of the sale does not matter. *Id.* at 9-10. However, the IA agreed with the ALJ's ultimate finding that activation of InReach devices sold before the effective date of the Consent Order does not violate the Consent Order because there is no post-Consent Order sale of imported components. *Id.*

BriarTek agreed with the IA's position that the ALJ's finding should be reviewed and reversed to find that DeLorme induced infringement of claims 1 and 2 with respect to InReach devices activated after, but sold before, the effective date of the Consent Order. BriarTek's Resp. to IA's Pet. at 4.

DeLorme agreed with the ALJ's finding of no induced infringement as respondents contended that no induced infringement can exist when none of the imported components of the InReach devices directly infringe at the time of importation. DeLorme's Resp. to IA's Pet. at 6, 9.

3. Analysis

The ALJ erred in finding no induced infringement with respect to the accused InReach 1.5 devices sold before, but activated after, the effective date of the Consent Order. The ALJ correctly analyzed the issue of the timing of the sale of imported components to properly determine no violation of the Consent Order had occurred with respect to InReach 1.5 devices sold before, but activated after, the effective date of the Consent Order. However, the ALJ did not distinguish between infringement and violation of the Consent Order. Infringement is determined with respect to 35 U.S.C. § 271 and therefore does not equate to a violation of the Consent Order

which requires, *inter alia*, the sale within the United States after importation of any "components thereof, that infringe" after the effective date of the Order. Consequently, the evidence concerning activation of the accused 1.5 or SE devices demonstrated induced infringement by DeLorme, but not a violation of the Consent Order because the activation activity does not involve a sale of imported components after the effective date of the Consent Order.

Here, DeLorme activated InReach 1.5 and SE devices sold prior to the effective date of the Consent Order. This activation activity, combined with the end user's direct infringement as discussed *supra*, establishes induced infringement by DeLorme. *See* CX-0002C at Q. 194; JX-0033; CX-0040C at 72-73; CX-0044 at 17, 25; CX-0033C at 72-74, 109, 112; CX-0058; CX-0059. However, this activation activity does not involve any post-Consent Order sale of "imported" components and therefore is not a violation of the Consent Order as the ALJ correctly determined.

We have therefore determined to reverse the ALJ's finding of no induced infringement by DeLorme with respect to InReach 1.5 devices sold before, but activated after, the effective date of the Consent Order. This determination did not affect, and therefore we have adopted, the ALJ's ultimate determination of no violation of the Consent Order by DeLorme with respect to InReach 1.5 devices sold before, but activated after, the effective date of the Consent Order. We also find induced infringement by DeLorme with respect to InReach SE devices sold before, but activated after, the effective date of the Consent Order because these devices operate similarly with respect to enabling two-way messaging by an end user via pairing with a mobile device. *See* CX-41C at 28-33; CX-2C at Q. 117. We further find no violation of the Consent Order by DeLorme with

respect to InReach SE devices sold before, but activated after, the effective date of the Consent Order.

E. Conclusion on Violation of April 5, 2013 Consent Order

Based on the conclusions above (and those of the ALJ which we adopted or did not review), we have found that DeLorme violated the Consent Order with respect to both the InReach 1.5 devices and the InReach SE devices that were sold after the effective date of the Consent Order.

IV. ENFORCEMENT MEASURES

For the reasons set forth below, the Commission has determined to modify the ALJ's recommended enforcement measures for DeLorme's violation of the Consent Order and impose a civil penalty of $6,242,500 based on 227 days of violation. *See* EID at 116-19.

A. Relevant Law Governing Civil Penalty for Violation of Consent Order

Civil penalties are mandatory for violations of the Commission's cease and desist orders and consent orders issued under section 337. Subsection (f)(2) of section 337 provides that any person who violates a cease and desist order issued by the Commission after it has become final:

> shall forfeit and pay to the United States a civil penalty for each day on which an importation of articles, or their sale, occurs in violation of the order of not more than the greater of $100,000 or twice the domestic value of the articles or sold on such day in violation of the order.

19 U.S.C. § 1337(f)(2). *San Huan*, 161 F.3d at 1357, extended the civil penalty provision to consent order violations.

The Commission has the discretion to impose a civil penalty that is appropriate to the circumstances. *Certain Erasable Programmable Read Only Memories (EPROMs)*, Inv. No. 337-TA-276 (Enforcement), Comm'n Op. at 29 (July 19, 1991). When calculating a proportionate penalty, the Commission considers a number of factors including: (1) the good or bad faith of the respondent; (2) any injury due to the violation; (3) the respondent's ability to pay the assessed penalty; (4) the extent to which the respondent benefitted from its violations; (5) the need to vindicate the authority of the Commission; and (6) the public interest. *EPROMs*, Comm'n Op. at 23-24, 26. The six-factor *EPROMs* test takes into account the three overarching considerations enumerated by Congress in the legislative history of section 337(f)(2), *viz.*, the desire to deter violations, the intentional or unintentional nature of any violations, and the public interest. *San Huan*, 161 F.3d at 1362. Furthermore, "[t]he degree to which a respondent takes steps on its own initiative to assure compliance affects the judgment as to what penalty is necessary to induce a sufficiently vigilant posture." *San Huan*, 161 F.3d at 1362 (quoting *EPROMs* Enforcement Op. at 28-29).

B. ALJ's Remedy Recommendation

The ALJ recommended a civil penalty in the amount of $12,500 per violation day for DeLorme's violation of the Consent Order. EID at 116-19. Based on her analysis of the facts under the six-factor *EPROMs* test and the 51 days on which sales after importation of DeLorme's infringing InReach 1.5 devices within the United States occurred in violation of the Consent

Order, the ALJ recommended a civil penalty of $637,500 ($12,500 times 51 days of violation).[7] *Id.*

C. Parties' Submissions

Value of Infringing Devices Sold in Relation to Penalty

In its submission, DeLorme supplements the sales information provided at the enforcement proceeding hearing by providing its domestic sales information for its domestically-assembled InReach 1.5 devices sold from November 14, 2013 to April 3, 2014, and its domestically-assembled InReach SE devices sold from April 25, 2013 to April 24, 2014. DeLorme's Sub. at 4; Exhibit C, Schedules A & B to Kramlich Declaration. From this additional sales information, DeLorme admits that it sold InReach 1.5 and/or SE devices on 229 different days after the effective date of the Consent Order. *Id.* DeLorme's supplement discloses significantly higher post-Consent Order sales of InReach SE devices, *i.e.*, 15,302 units, on the dates in question. *Id.* DeLorme also clarifies that a total of 1,636 domestic InReach 1.5 device orders, *i.e.*, slightly increased from the 1,632 total that was provided at the enforcement hearing, were fulfilled from April 1, 2013 to November 13, 2013, on 47 different days. *Id.* at 3. DeLorme further submits that it fulfilled an additional 318 InReach 1.5 unit orders on 45 days from November 14, 2013, to April 3, 2014. Kramlich Decl. at ¶ 8. However, DeLorme contends that

[7] In addition, the ALJ did not recommend issuance of a limited exclusion order or a cease and desist order for her finding of a violation of the Consent Order with respect to the infringing InReach 1.5 devices. EID at 104-05. In the event that the Commission determined to find a violation by DeLorme with respect to the accused InReach SE devices, the ALJ recommended issuance of a limited exclusion order directed to the plastic housing that respondents import or play a significant role in importing. *Id.* at 105.

none of the 1.5 InReach device sales after November 13, 2013, included any imported components and therefore are not sales in violation of the Consent Order. DeLorme's Sub. at 3-4 (citing Sch. B); *see also* DeLorme's Response to BriarTek Pet., Declaration of Michael Heffron at ¶¶ 7-8 (Mar. 26, 2014). DeLorme further submits that approximately 25% of sold InReach devices are not activated and therefore are not infringing. *Id.* at 4 (citing CX-255C (Heffron Deposition) at 39; CX-40C (Heffron Deposition) at 55-56).

DeLorme submits that the proper measure of any civil penalty to be imposed here is either a nominal penalty of one dollar per day for any violative sales, or not more than twice the domestic value of the item(s) deemed to: (a) have infringed the asserted patent; and (b) have been imported or sold by DeLorme within the United States after importation in violation of the Consent Order. *Id.* at 17-18 (citing section 337(f)(2)). Accordingly, with respect to infringing InReach SE devices, DeLorme submits that the proper measure of damages should not be more than twice the domestic value of the plastic housing – the only imported component. DeLorme submits that the plastic housing for the InReach SE devices – an alleged minor part of the accused system – is purchased overseas at $0.18 per unit. *Id.* (citing RX-161C at QQ. 128-29). DeLorme thus contends that ordering respondents to pay a penalty based on twice the sales price of all domestically-assembled InReach devices is significantly disproportionate to any wrong-doing by DeLorme [[ ]]. *Id.*; *see* Ex. C. DeLorme therefore submits that any penalty should be much lower than twice the domestic value of the infringing InReach devices.

Both BriarTek and the IA submit that the Commission should impose a substantial penalty

for DeLorme's violation of the Consent Order. When considering the value of the goods sold, or the benefit DeLorme received from these sales, both BriarTek and the IA contend that the analysis should include the revenue received not only for the device, but also for the use of the device in the form of subscription fees. BriarTek's Sub. at 8-12; IA's Sub. at 10-13. BriarTek notes that DeLorme admitted that it [[

]]. BriarTek's Sub. at 8 (citing CX-40C at 72-73; CX-35C at 38). DeLorme offers a variety of end-user subscription plans that allow an end user to perform two-way messaging upon activation of the InReach device. *See* CX-124C; JX-33. DeLorme also offers rebates to customers, such as two months' free air time, to encourage the sale of subscriptions. *See* CX-40C at 56-58. BriarTek therefore contends that the Commission should consider three different values with respect to the infringing devices: (1) the cost to manufacture the InReach devices; (2) the price at which the InReach devices are sold to distributors; and (3) the revenue DeLorme receives from end-user subscriptions. BriarTek's Sub. at 8.

With respect to (1), based on the record evidence, BriarTek submits that the average cost to manufacture the InReach 1.5 devices is approximately $[[ ]] per unit and the cost to manufacture the InReach SE devices is approximately $[[ ]] per unit. BriarTek's Reply at 3-4 (citing CX-253C). Based on the updated financial information that DeLorme provides, BriarTek submits that the total one-year cost of manufacturing both devices is approximately $[[ ]] ($[[ ]] per InReach 1.5 unit times [[ ]] InReach 1.5 units + $[[ ]] per InReach SE

unit times [[ ]] InReach SE units).[8] *Id.* (citing Kramlich Decl. at ¶¶ 4-8).

Regarding the revenue received by DeLorme from these violative sales, *i.e.*, value factors (2) and (3), BriarTek submits that solely looking at the sales price is deceptive [[

]]. BriarTek's Sub. at 9 (citing CX-40C at 73; CX-35C at 38-42). Accordingly, complainant contends that the Commission must look at the revenue generated from the end-user subscriptions which enable two-way messaging usage of the devices in addition to revenue generated from device sales. *Id.* (citing CX-39C at 24-25; CX-36C at 32-36). As to the latter, based on the updated Delorme sales information, BriarTek submits that the one-year revenue generated from the 1,950 InReach 1.5 devices sold in violation was $[[ ]] and the one-year revenue generated from the 15,302 InReach SE devices sold in violation was $[[

]], which amounts to a total of $[[ ]] for both devices ($[[ ]] plus $[[ ]]). BriarTek's Reply at 3 (citing Kramlich Decl. at ¶¶ 4-8; Schs. A & B).

BriarTek further submits that the value of the activations of these devices sold in violation of the Consent Order must be taken into consideration because complainant contends that the 1.5 and SE devices have no value unless activated. BriarTek's Sub. at 10 (citing CX-40C at 55). BriarTek contends that [[

]]. *Id.* (citing CX-36C at 33-34). BriarTek notes that DeLorme provided

[8] Although DeLorme submits, as discussed *supra*, that the 1,636 unit total is the correct number of InReach 1.5 devices sold until November 13, 2013, rather than the 1,632 unit total submitted before the ALJ, BriarTek continues to use the lower number in its calculations regarding the value DeLorme derived from its violative sales. *See* BriarTek's Reply at 3-4; Kramlich Decl. at ¶¶ 6-7.

activation information for [[ ]] end-user accounts that were activated after April 1, 2013, which included a variety of subscription plans: [[ ]] expedition plans, [[ ]] recreation plans, [[ ]] safety plans, [[ ]] seasonal expedition plans, [[ ]] seasonal recreation plans, and [[ ]] others. *Id.* (citing CX-124C). BriarTek submits that the expedition, recreation, and safety plans are 12-month plans and the seasonal plans are 4-month plans. *Id.*(citing CX-124C); *see also* JX-33.

From the updated sales information, BriarTek submits that DeLorme generated a total revenue of $[[ ]] from InReach hardware and subscriptions from May 2013 to December 2013. BriarTek's Reply at 5 (citing Ex. C to DeLorme's Sub.). BriarTek further contends that after subtracting out the InReach hardware revenue from this period of $[[ ]], the total subscription revenue for this period is $[[ ]], which is approximately [[ ]]% of the revenue received by DeLorme. *Id.* Applying this [[ ]]% ratio to the devices sold in violation of the Consent Order based on DeLorme's updated sales information, BriarTek submits that the total one-year revenue generated by sales of InReach hardware and subscriptions from April 2013 through April 2014 was $[[ ]] (the previously calculated $[[ ]] from InReach hardware sales divided by [[ ]]%), of which approximately $[[ ]] is the one-year subscription revenue ($[[ ]] minus $[[ ]]).[9] *Id.* (citing Kramlich Decl. at ¶¶ 4-8; Schs. A & B). And applying a [[ ]]% profit margin on the subscription revenue, BriarTek contends that DeLorme will make a profit of approximately $[[ ]] from its violative sales of InReach devices, which rises to $[[ ]] for the expected at least three-year life of each device. *Id.* at 6 (citing

[9] Our annual subscription revenue and total annual revenue figures here for BriarTek have been corrected from BriarTek's reply due to a discovered error in applying the [[ ]]% ratio. *See* BriarTek's Reply at 5.

CX-39C at 24-25; CX-36C at 32-36).

Based on the above and the *EPROMs* factors as discussed *infra*, BriarTek proposes a penalty of at least $50,000 per day. *Id.* at 8. Accordingly, BriarTek contends that a civil penalty of $11.45 million ($50,000 times 229 separate days of violation) is not disproportionate to the total benefit DeLorme would receive from the infringing devices over only one year, which is approximately $[[ ]], and is accelerating. *Id.* at 6-9; *see also* RX-45C at 9; CX-122C; CX-245C; CX-246C; CX-254C; Tr. at 267; JX-30C at Admission Nos. 15-18.

BriarTek also submits that the additional financial evidence provided by DeLorme shows that after six months of violations the entire product line has a [[ ]] gross margin of [[ ]]. *Id.* at 14-15 (citing Ex. C to DeLorme's Sub). BriarTek further submits that DeLorme cannot complain that complying with the Consent Order will shut down the InReach product line. *Id.* at 12 (citing *Windsurfing Int'l Inc. v. AMF, Inc.*, 782 F.3d 995, 1033 n.12) (holding that "one who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continued infringement destroys the business so elected."). BriarTek therefore submits that any fine set at less than the expected profit from selling the infringing devices, and associated end-user subscriptions, in violation of the Consent Order will only encourage more violations. *Id.* at 9.

The IA notes that the total number of end-user subscriptions he calculated is nearly identical to that cited by BriarTek in its initial post-hearing brief ([[ ]] versus [[ ]]). IA's Sub. at 11 (citing CX-124C; BriarTek's Initial Post-Hearing Br. at 94); *see also* JX-33. Accordingly, the IA submits that the expected annualized revenue for DeLorme from subscriptions is $[[ ]] for each

InReach 1.5 device (annualized revenue of $[[ ]] divided by [[ ]] units) and $[[ ]] for each InReach SE device (annualized revenue of $[[ ]] divided by [[ ]] units), when revenue from the "other" category is excluded. IA's Sub. at 12; IA's Reply at 14. Assuming the InReach devices have an expected life of at least two years, the IA submits that the approximate revenues earned by DeLorme will be $[[ ]] ($[[ ]] per year times 2 years) from subscription services for each InReach 1.5 device and $[[ ]] ($[[ ]] per year times 2 years) for each InReach SE device. IA's Reply at 14. The IA thus contends, when adding in the $19.85 one-time activation fee per subscription, the approximate two-year subscription revenue from the 1,636 InReach 1.5 devices sold in violation of the Consent Order will be between $[[ ]] and $[[ ]], and from the 15,302 InReach SE devices sold in violation will be between $[[ ]] and $[[ ]]. *Id.* at 14; *see also* EID at 99-100; Kramlich Decl. at ¶¶ 4-8.

From the IA's analysis of the *EPROMs* factors as discussed *infra* and the updated sales information provided by DeLorme in its submission, the IA submits that DeLorme should be assessed a civil penalty of no less than $40,000 per day for each of the 47 days of sales of the InReach 1.5 devices. The IA also submits that DeLorme should be assessed a penalty of no less than $20,000 per day for each of the 220 days of sales of the InReach SE devices in violation of the Consent Order. IA's Reply at 1, 11-17 (citing Kramlich Decl. at ¶¶ 4-7; Schs. A & B). The IA proposes a lower amount with respect to the SE devices because he took the position that these devices did not violate the Consent Order before the ALJ and Commission, and therefore submits that it was not unreasonable for DeLorme to believe that the SE devices were not within the scope of the Order. *See* IA's Sub. at 15. Accordingly, the IA proposes a total penalty of no less than

$6,280,000 (($40,000 times 47 days) + ($20,000 times 220 days)), which he submits is not disproportional, as discussed *supra*, to the value of device sales plus the expected two-year [[ ]] dollar subscription revenue that the InReach devices sold in violation will generate. IA's Reply at 14-17.

The Parties' Arguments with Respect to the *EPROMs* Factors

Good or Bad Faith

Regarding good or bad faith, BriarTek and the IA submit that this factor weighs in favor of a higher penalty because DeLorme did not seek the written opinion of counsel or an advisory opinion from the Commission before engaging in its violative conduct of domestically "rebuilding" and selling InReach devices, which incorporate imported components, that infringe the '380 patent under an inducement theory. BriarTek's Sub. at 15-16 (citing CX-40C at 10, 14-16); IA's Sub. at 16. Both parties submit that this failure to request such an opinion is indicative of DeLorme's bad faith in violating the Consent Order.

DeLorme submits that the language of the Consent Order supports its good-faith belief that it was not violating the order when importing components that did not directly infringe the '380 patent. DeLorme's Sub. at 7. DeLorme argues that no prior Commission precedent found a violation of a consent order based on articles that infringe under 35 U.S.C. § 271(b). *Id.* at 7-8. DeLorme also argues that it relied on the oral advice of counsel who informed respondents that "[imported] [c]omponents that infringe on the patent could not be included in the [InReach] device . . . [t]hey were covered under the Consent Order." *Id.* at 9 (citing CX-40C at 15). DeLorme interpreted this advice to mean that the Consent Order only prohibits imported components that

directly infringe the '380 patent, and therefore submits it had a justified good-faith belief that its post-Consent Order conduct did not violate the Order.

Injury to Complainant

Regarding the injury to BriarTek, complainant submits that it has suffered harm from DeLorme's violative sales because respondents sell their units for less than half the price of BriarTek's competing product (the CerberLink device) [[

]]. BriarTek's Sub. at 17 (citing CX-1C at QQ. 57-58; JX-4C). Specifically, BriarTek's CEO, Mr. Landa, testified that:

> [Respondents] are continuing to flood the market with cheap devices that undercut competing products. By taking the intellectual property without having to pay for it they are undercutting other companies such as YellowBrick and BriarTek Inc. that pay for those license[s]. This reduces the market share that those paying customers can get thus reducing what we get paid.

Id. (citing CX-1C at QQ. 58). BriarTek also contends that 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." *Id.* at 18 (citing *Certain Ink Cartridges*, Inv. No. 337-TA-565, Comm'n Op. at 27 (Dec. 2010)). BriarTek therefore submits that this factor weighs in favor of an increased penalty to DeLorme.

The IA submits that there is no evidence that consumers who purchase the InReach devices would not have been able to afford BriarTek's competing CerberLink devices or a third-party's devices. IA's Reply at 7-8. BriarTek submits that it is the sole supplier of man overboard alarms (a "safety alarm" for sailors and rivermen) to the U.S. Navy and U.S. Army, the sole supplier of escape beacons to the UK submarine fleet, and its products are used commercially all over the

world. BriarTek's Reply at 14 (citing CX-1C at Q. 19). Based on established goodwill with the government, both the IA and BriarTek submit that without DeLorme's violative product in the U.S. marketplace, DeLorme's customers would have gravitated to BriarTek's competing CerberLink device to meet the consumer market demand for two-way global satellite communication device. IA's Reply at 7 (citing CX-1C at ¶ 19); BriarTek's Reply at 14.

DeLorme submits that there is no evidence that a sale of an InReach device directly translates to a lost sale of BriarTek's CerberLink device. DeLorme's Sub. at 12. Rather, respondents argue that BriarTek has sold only a handful of CerberLinks throughout the lifetime of the product, has minimal inventory on hand, and has no prior history of selling into the consumer marketplace. *Id.* (citing RX-161C at Q. 202; Tr. at 115; RX-144C at ¶ 10; RX-137C at 62-63). DeLorme also notes that BriarTek's CerberLink devices retails for approximately twice the cost of the InReach devices ($499 vs. $200+). *Id.* DeLorme therefore submits that the InReach customers, in the absence of the InReach devices, would not purchase the BriarTek device because it is unaffordable or unavailable due to limited supply. *Id.* Respondents thus submit that there is no evidence of injury to BriarTek.

Ability to Pay

Regarding the ability to pay factor, BriarTek, as discussed *supra*, contends that the Commission should take into consideration the future projected revenue associated with the InReach devices sold in violation of the Consent Order (see Table 1 above). BriarTek's Sub. at 19-20. BriarTek submits that DeLorme sells the InReach devices [[

]]. *Id.* at

19 (citing CX-47C; CX-35C at 43-45; CX-30C at Admission Nos. 19-20; CX-39C at 24-25; CX-36C at 32-36). Accordingly, BriarTek contends that the [[

]]. *Id.* For this reason, BriarTek argues that DeLorme has had no problem paying litigation costs or paying over [[

]]. *Id.* (citing Tr. at 199). Complainant also notes that the Commission has found that "[t]he wrongdoer's income and revenue is an appropriate measure of the ability to pay." *Id.* at 20 (citing *Certain Ink Cartridges*, Comm'n Op. at 30 n.12). The IA also submits that DeLorme's financial statement for 2012 lists current assets [[

]] as of December 31, 2012, with over $[[ ]] being in cash and cash equivalents. IA's Sub. at 18 (citing RX-45C at 1). BriarTek and the IA therefore submit that this factor should weigh in favor of an increased penalty.

DeLorme argues that [[

]]. DeLorme's Sub. at 12 (citing RX-161C at QQ. 203-07; RX-45C; RX-22C). DeLorme submits that its financial information for 2013 [[

]]. *Id.* at 12-13 (citing Kramlich Decl. at ¶ 11, Ex. C). DeLorme therefore submits that it cannot afford to pay a substantial penalty.

Benefit to DeLorme and Vindicating the Commission's Authority

BriarTek submits that the benefit to DeLorme and vindicating the Commission's authority factors weigh in favor of an increased penalty. BriarTek's Sub. at 21-22. BriarTek specifically argues that DeLorme's CEO's testimony that "this [potential ITC violation] would go away" once

domestic assembly of the InReach devices was started shows that DeLorme did not take its obligations under the Consent Order seriously and therefore the Commission should have a strong interest in vindicating its authority. *Id.* (citing CX-255C at 102); *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same* ("*Certain Magnets*"), Inv. No. 337-TA-372, Comm'n Determination on Violation, Comm'n Op. at 23-24, 1997 WL 857227, at *13 (Nov. 1997) ("[The Commission's interest in vindicating its authority] is particularly strong in the [bad faith] circumstances of this case.").

The IA submits that the significant volume of sales of InReach 1.5 and SE devices, *i.e.*, 1,636 InReach 1.5 devices valued at $[[ ]] and 15,302 InReach SE devices valued at $[[ ]], evidences the benefit to DeLorme of its violation of the Consent Order. IA's Reply at 9. The IA also submits that the approximate expected two-year revenue from the end-user subscriptions for these InReach device sales are a benefit to DeLorme, which are expected to be between $[[ ]] and $[[ ]] for the InReach 1.5 devices and between $[[ ]] and $[[ ]] for the InReach SE devices. IA's Reply at 14.

DeLorme submits that the only benefit they received from their domestic rebuilding process was not needing to reorder Iridium 9602 modems, plastic housings, antennas, and battery terminals for the subset of the 1,636 InReach 1.5 devices that were domestically-assembled from imported InReach 1.0 devices. DeLorme's Sub. at 13 (citing Tr. at 199; RX-8C); *see also* Kramlich Decl.; Sch. B. DeLorme further submits that any financial benefit it received from sales of domestically-assembled InReach devices has to be reduced by the more than one million-dollar cost respondents incurred in converting InReach 1.0 devices into domestically-assembled 1.5

devices. *Id.* at 14 (citing EID at 118; RX-161C at Q. 48, 50-54, 63-67; RX-5C; RX-6C, RX-128). DeLorme also contends that the evidence is undisputed that it is selling the InReach devices at a loss, even if subscription revenue is considered, and that respondents to date have not made a profit on the product. *Id.* at 15 (citing Ex. C). DeLorme thus contends that this factor does not weigh in favor of a substantial penalty.

Regarding the need to vindicate the Commission's authority, DeLorme submits that this factor weighs against an increased penalty because it acted in good faith at all times in importing the InReach device components after the effective date of the Consent Order. *Id.* at 15.

Public Interest including Public Health and Welfare

BriarTek submits that "the public interest is not served if intellectual property rights are not respected, and the imposition of a penalty that is substantial enough to deter future violations is in the public interest." BriarTek's Sub. at 24 (citing *Certain Ink Cartridges*, Comm'n Op. at 38). BriarTek further submits that the Consent Order's non-detrimental impact on the public health and welfare was resolved as a condition for entry of the Consent Order, and cites the ALJ's initial determination which terminated the underlying investigation which states:

> Therefore, I find that termination of this Investigation is in the public interest and does not impose any undue burdens on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers.

*Id.*at 24-25 (citing Inv. 337-TA-854, Order No. 21 at 6 (Mar. 15, 2013)).

In addition, BriarTek contends that there is no evidence that its licensees cannot meet the customer demand for products. *Id.* at 25. BriarTek also submits that the U.S. government's use

of DeLorme's InReach devices [[

]]. [[ ]], BriarTek submits that the government uses [[

]]. *Id.* (citing Tr. at 117; RX-161C at QQ. 14-15; EID at 53; Inv. No. 337-TA-854, DeLorme's Answer at 20 (October 23, 2012)). Accordingly, BriarTek submits that the public interest factor does not deter an increased penalty.

The IA submits that there is no evidence that imposing a civil penalty in proportion to the number of violations proven by substantial evidence would raise any public interest concerns. IA's Sub. at 21. The IA further submits that there is no evidence that BriarTek or another third-party cannot fill the need in the marketplace for two-way global satellite communication devices since BriarTek has "made and sold well over 100,000 units [of man overboard alarms]." *Id.* at 18 (citing CX-1C at ¶ 19).

DeLorme submits that the protection of intellectual property rights cannot be said to be "the *only* interest of the public." DeLorme's Sub. at 16 (emphasis in original) (citing *Rosemount v. ITC*, 910 F.2d 819, 822 (Fed. Cir. 1990) ("[The Court] also agree[s] with the Commission's rejection of the view that the public interest inevitably lies on the side of the patent owner because of the public interest in protecting patent rights . . . other public interest factors are delineated [by the statute]")). DeLorme submits that when a product serves an important health or welfare purpose, the public interest weighs strongly against the imposition of any penalty that will negatively impact the availability of that product in the marketplace. *Id.* at 17 (citing *Certain Fluidized Supporting Apparatus and Components* ("*Certain Fluidized Apparatus*"), Inv. No.

337-TA-182/188, Comm'n Opinion, 1984 WL 63741, *11 (Oct. 1984) (hospital beds)). Here, DeLorme submits that its domestically-assembled InReach devices serve an important public safety purpose for both the general public and the U.S. government – it is "a *life-saving* device." *Id.* (emphasis in original).

DeLorme further submits that BriarTek does not have the production facilities to fulfill DeLorme's market share and that the competing CerberLink device retails at approximately twice the price of the InReach device. *Id.* at 18 (citing RX-161C at Q. 201). DeLorme thus contends that imposition of a substantial civil penalty that hampers its ability to provide this device will have a significant negative impact on public safety and welfare. Accordingly, respondents submit that this factor weighs against a significant penalty.

D. Analysis

1. Enforcement Measures and EPROMs Factors

The Commission has determined not to issue a limited exclusion order for DeLorme's violation of the Consent Order with respect to the infringing InReach 1.5 and SE devices. *See* EID at 105. We find that the existing Consent Order and the civil penalty, as discussed *infra*, will be enough of a deterrent to discourage DeLorme from continuing to sell imported devices or components to be incorporated into devices within the United States in violation of the Order. We also find that the value of DeLorme's end-user subscriptions that enable use of the infringing articles should be taken into account in the *EPROMs* analysis. It is the combination of the InReach device and a subscription to use the accused system that underlies the finding of induced infringement of the '380 patent and violation of the Consent Order. *See* EID at 83-93, 99-100.

Upon consideration of the record evidence including the parties' submissions, the Commission agrees with a majority of the ALJ's recommendations on the *EPROMs* factors. First, we agree with the ALJ that the record evidence supports a finding of bad faith in DeLorme's violation of the Consent Order. DeLorme continued to use imported components to make and sell articles that were used to infringe the '380 patent after the issuance of the Consent Order. DeLorme harvested imported batteries, plastic housing, antennas, and Iridium modems from imported InReach 1.0 devices to assemble InReach 1.5 devices sold in the United States after issuance of the Consent Order. *See* Tr. at 194-96, 202-06; CX-41C at 14-16; CX-40C at 48. DeLorme continued to sell converted InReach 1.5 devices at least until November 2013, several months after the enforcement proceeding was instituted in May 2013. *See* Heffron Decl. at ¶¶ 5-8; Kramlich Decl. at ¶ 6. Moreover, after issuance of the Consent Order, DeLorme also commenced sales of its InReach SE devices which are made using imported plastic housing that it designed. DeLorme also denied the fact that the InReach SE devices do indeed incorporate the imported plastic housing whose design and importation is controlled by DeLorme. *See* EID at 94-95; Kramlich Decl. at ¶ 4; Sch. A; CX-305C; Tr. at 189-91.

Moreover, DeLorme's argument of good faith compliance with the terms of the order is unsupported by any indication in the record that DeLorme relied upon a written opinion of counsel or that it requested an advisory opinion or sought a modification of the order from the Commission. As mentioned above, the Consent Order was proposed by and unilaterally entered into by DeLorme, and its language prohibits sale after importation of "*any* imported two-way global satellite communication devices, system, and *components thereof* that infringe" the '380

patent. *See* Consent Order at ¶ 1; Inv. No. 337-TA-854, Order No. 21. Consistent with 35 U.S.C. § 271, "infringement" includes "induced infringement," and DeLorme knew that BriarTek had alleged induced infringement in its complaint in the underlying investigation. *See* 35 U.S.C. § 271(b); Inv. No. 337-TA-854, Complaint at ¶ 43-44. Accordingly, we do not find DeLorme's arguments that it somehow narrowly interpreted "infringe" in the Consent Order as "directly infringe" as persuasive.

In addition, after unilaterally entering into the Consent Order, DeLorme had an affirmative duty to take "energetic steps" to do "everything in [its] power" to assure compliance with that order. *Certain Magnets*, at *10. Further, by promising to refrain from importing and selling any infringing devices, system, and components thereof, DeLorme was under a duty "to stay several healthy steps away" from violating the Consent Order. *Id.* There is a need to vindicate the Commission's authority under these circumstances.

Regarding the benefit to DeLorme, the record evidence shows the clear financial benefit to respondents from the sales in violation of the Consent Order. Specifically, DeLorme generated a revenue of approximately $[[ ]] from violative post-Consent Order sales of 1,600 InReach 1.5 devices until Nov. 13, 2014,[10] and also generated a revenue of $[[ ]] from post-Consent Order

[10] The ALJ found that the total number of InReach 1.5 devices sold in violation of the Consent Order had to be reduced by 36 units because DeLorme submitted that 36 of the total 1.5 devices sold through November 13, 2013, did not reuse the plastic housing from the imported InReach 1.0 devices and instead incorporated new plastic. EID at 99-100 (citing Tr. at 268-69). Therefore, we reduce the 1,636 InReach 1.5 devices that DeLorme reports as sold through this date to 1,600 devices sold in violation of the Consent Order. *See* Kramlich Decl. at ¶ 6.

violative sales of 15,302 InReach SE devices.[11] *See* Kramlich Decl.; Schs. A & B. Using an estimate of at least $[[ ]] of revenue from a one-year subscription for each of the 1.5 devices and $[[ ]] of revenue from a one-year subscription for each of the SE devices, DeLorme will generate a total one-year subscription revenue of $[[ ]] for the 1.5 devices ($[[ ]] times 1,600 devices) and a total one-year subscription revenue of $[[ ]] for the SE devices ($[[ ]] times 15,302 units) sold in violation. These estimates of subscription revenue are reasonable in view of the record evidence. *See* Kramlich Decl.; Schs. A & B; CX-124C; JX-33; Tr. at 73. The expected life of the InReach device subscriptions is at least two years. *See* CX-36C at 33-34. DeLorme has also gained a reputation as a reliable resource for two-way global satellite messaging systems by selling the infringing devices. *See* CX-2C at Q. 194; JX-33; CX-33C at 56-58; RX-161C at Q. 158; CX-0085C; CX-0002C at QQ. 195-96.

Further, we find that the ability to pay factor does not dissuade the Commission from imposing a signficant penalty here for DeLorme's bad-faith violation of the Consent Order. Although DeLorme submits that it [[ ]], the record evidence here shows that DeLorme still has the ability to pay the recommended civil penalty because DeLorme generates an annual net sales revenue of over $[[ ]], including over $[[ ]] from InReach devices and subscriptions, and has an annual gross margin still over $[[ ]] after subtracting the

[11] We have used the updated sales figures for the InReach 1.5 and SE devices reported in the Kramlich declaration submitted by DeLorme. *See* Kramlich Decl. at ¶¶ 4-6, 9. We disagree with DeLorme's argument that these sales figures should be reduced by the number of returns/replacements because the Consent Order includes "offer for sale" within its scope. *See* DeLorme's Sub. at 4-5; Consent Order at ¶ 1. Moreover, any replacement device would be activated.

cost of goods sold. *See* DeLorme's Sub. at Ex. C. The facts here are similar to those in *Certain Lens-Fitted Film Packages*, 337-TA-406, Enforcement Initial Determination (May 2, 2002). In that investigation, the Commission affirmed the ALJ's civil penalty of $1.6 million directed to respondent Photoworks Inc. ("Photoworks"), which asserted it operated at loss, for violation of a cease and desist order. *See* ALJ's EID at 117-21; Comm'n Op. at 17-18, 21-22 (May 22, 2003). In that case, Photoworks never sought an advisory opinion from the Commission and continued to sell violative products even after exclusion notification from Customs. *Id.* at 117-18. The Commission also noted that Photoworks had a two-year sales revenue of over $3 million. *Id.*

Similarly, here, DeLorme did not seek a written opinion of counsel or a Commission advisory opinion. DeLorme also continued to sell violative devices after institution of the enforcement proceeding and even after issuance of the ALJ's EID finding a violation. DeLorme's annual net sales revenue over $[[ ]], including over $[[ ]] from InReach devices and subscriptions, supports a substantial penalty. Accordingly, we do not find that the total civil penalty amount should be greatly reduced in view of DeLorme's claims of [[ ]] given DeLorme's bad-faith, violative conduct that generates [[ ]] dollar revenue.

We also note DeLorme's argument that not all sales of InReach devices result in activations and subsequent infringement. *See* CX-40C at 55-56; CX-255C at 39. However, DeLorme has not shown any evidence that a failure to activate some devices should reduce the total days in violation. DeLorme has provided no evidence that any day of sale of infringing InReach devices was exclusively of non-activated InReach devices. *See* CX-40C at 55-56;

CX-255C at 39. Moreover, DeLorme's CEO and President stated that in order to receive a rebate such as two months' free air time, the customer must activate the InReach device. *See* CX-40C at 56-58. The customer must also activate the InReach device to enable two-way messaging, which is acknowledged by DeLorme as a critical selling feature of the device. *See* CX-2C at Q. 194; JX-33; CX-33C at 56-58; RX-161C at Q. 158; CX-0085C; CX-0002C at QQ. 195-96. Accordingly, we find that there is no incentive for a customer to purchase an accused InReach device and not activate it. We therefore find the evidence does not support reducing the total number of days of violation of the Consent Order based on DeLorme's claim that some InReach devices are never activated.

Regarding public interest, DeLorme mistakenly equates the circumstances here with those in *Rosemount* and *Certain Fluidized Apparatus*. Those cases analyzed factors relating to the imposition of exclusion orders. Here, unlike in those cases, a Consent Order has issued. The Commission already considered the public interest when entering that Order. *See* 78 *Fed. Reg.* 21629 (Apr. 11, 2013). The Consent Order here, as unilaterally proposed by and entered into by DeLorme, prohibits the violative imports and sales after importation conducted by DeLorme. *See* Consent Order at ¶ 1. No matter the amount of the civil penalty, DeLorme is prohibited from selling InReach devices within the United States that include imported infringing components. Further, we find that the "the public interest is not served if intellectual property rights are not respected, and the imposition of a penalty that is substantial enough to deter future violations is in the public interest." *See Certain Ink Cartridges*, Comm'n Op. at 38. Moreover, it is consistent with Commission policy to enforce intellectual property rights here, where the record evidence

does not demonstrate that any benefit of lower prices to consumers for respondents' devices should outweigh that enforcement. *See Certain Ink Cartridges*, Comm'n Op. at 27. We therefore do not find DeLorme's public interest arguments as persuasive, and determine that the public interest weighs in favor of a substantial penalty.

Finally, we agree with the ALJ that there is little evidence of actual harm to BriarTek given that the record evidence shows minimal sales of BriarTek's competing product over the last few years. *See* RX-144C at 10; RX-137C at 62-63. However, we find that the other five *EPROMs* factors, as discussed *supra*, weigh significantly in favor of a substantial civil penalty for DeLorme's violation of the Consent Order.

2. Days of Sale in Violation and Civil Penalty Amount

From DeLorme's supplemental sales information submitted to the Commission, there is sufficient record evidence that DeLorme sold InReach 1.5 and SE devices on 227 separate days in violation of the Consent Order. *See* Kramlich Decl.; Schs. A & B. The Commission arrives at the 227 days in violation as follows. First, DeLorme admits to 229 separate days of post-Consent Order sales of the InReach 1.5 and/or SE devices.[12] *Id.* Second, given DeLorme's contention, as supported by the record evidence, that all InReach 1.5 device sales after Nov. 13, 2013, did not include any imported components, there is a need to determine if removal of those InReach 1.5 device sales reduces the total number of 229 separate days on which 1.5 and/or SE devices were

[12] Broken down by specific device, DeLorme admits to post-Consent Order sales of InReach 1.5 devices on 47 days until Nov. 13, 2013, another 45 days of InReach 1.5 device sales after Nov. 13, 2013, and post-Consent Order sales of InReach SE devices on 220 days. *See* Kramlich Decl.; Schs. A & B. When the overlap in sales days is taken into account for the InReach 1.5 and SE devices, the total separate days of post-Consent Order sales comes to 229 days. *Id.*

sold after the effective date of the Consent Order. *See* Michael Heffron Decl. at ¶ 7; Kramlich Decl.; Schs. A & B. Comparing the sales information for the InReach 1.5 and SE devices after Nov. 13, 2013, we find that there are only two days, *i.e.*, Feb. 18, 2014 and Mar. 27, 2014, where there was a sale of InReach 1.5 devices and no corresponding sale of InReach SE devices. *See* Schs. A & B. Therefore, we find that the total number of separate days of InReach 1.5 and SE device sales in violation of the Consent Order is reduced to 227 days.

Based on the *EPROMs* factors, the Commission has determined to impose a $27,500 per day penalty. We impose a higher per day penalty than that recommended by the ALJ due to the 15,302 InReach SE devices sold on 220 days in violation of the Consent Order which the ALJ did not take into account since she found no violation with respect to the SE devices. This penalty is also consistent, as described *infra*, with BriarTek's proposal of a penalty that is proportionate to the expected revenue from DeLorme's violative sales. In addition, our imposed penalty is approximately an average of the two separate amounts ($40,000 per day and $20,000 per day) that the IA proposed for DeLorme's violation regarding the infringing InReach 1.5 and SE devices, respectively. We disagree with the IA's rationale for a lower per day penalty for DeLorme's violation with respect to the SE devices because the Commission has found bad faith by respondents with respect to post-Consent Order sales of both the InReach 1.5 and SE devices.

Accordingly, our imposition of a $27,500 per day penalty results in a total civil penalty for DeLorme of $6,242,500 ($27,500 times 227 days). This per day penalty is slightly more than a quarter of the maximum per day penalty of $100,000 allowed by statute. *See* 19 U.S.C. § 1337(f)(2). This total civil penalty amount is also less than the total gross margin of $[[ ]]

generated by DeLorme in 2013 from overall sales including sales and subscriptions for violative products. Further, based on the supplemental financial information through April 24, 2014, submitted by DeLorme, the total approximate value (device sales plus one-year subscription revenue) DeLorme receives from its violative sales of 1,600 InReach 1.5 devices and 15,302 InReach SE devices is $[[ ]] ($[[ ]] total revenue from 1.5 devices plus $[[ ]] total revenue from SE devices) with an expected annual profit of $[[ ]] ([[ ]]% times ($[[ ]])) assuming a [[ ]]% profit margin on the subscription revenue which is reasonable based on the record evidence. *See* CX-39C at 24-25.

Accordingly, our $6,242,500 civil penalty, which takes into account the minimal harm to BriarTek and DeLorme's operating budget [[ ]], is approximately [[ ]] of the revenue DeLorme will generate and [[ ]] the expected profit DeLorme will make from its violative sales. *See* Ex. C. Moreover, the record evidence indicates that [[ ]] approximately [[ ]]% of DeLorme's one-year subscriptions are renewed, so therefore the subscription revenue generated from DeLorme's violation of the Consent Order will continue for multiple years. *See* CX-36C at 33-34. We therefore find that this civil penalty amount is appropriately proportionate to the value that the violative InReach devices bring to DeLorme. *See San Huan*, 161 F.3d at 1364 (the Court finding that the Commission's penalty of "about three times the value [of the illegal imports] is well within constitutional limits."). We also find that this penalty amount is consistent with Commission policy of deterring future violations while not driving DeLorme out of business. *See Certain Ink Cartridges*, Comm'n Op. at 27.

V. CONCLUSION

The Commission has determined the following: adopted the ALJ's conclusion that DeLorme violated the Consent Order with respect to the infringing InReach 1.5 devices; found that DeLorme violated the Consent Order with respect to the infringing InReach SE devices; and has increased the number of violative days to 227 days. The Commission has also determined to impose a civil penalty in the amount of $27,500 per day of violation resulting in a total of $6,242,500 for the 227 days of violation.

By order of the Commission.

Lisa R. Barton
Secretary to the Commission

Issued: July 1, 2014

CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEMS AND COMPONENTS THEREOF

337-TA-854 (Enforcement Proceedings)

CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **Commission Opinion** has been served by hand upon the Commission Investigative Attorney, Brian Koo, Esq. and the following parties as indicated, on **July 2, 2014.**

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

On Behalf of Complainant BriarTek IP, Inc.:

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On Behalf of Respondents Delorme Publishing Company, Inc. and Delorme InReach LLC d/b/a InReach LLC:

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PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of **CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF**	**Inv. No. 337-TA-854** **(Enforcement Proceeding)**

ENFORCEMENT INITIAL DETERMINATION AND RECOMMENDED DETERMINATION ON REMEDY

Administrative Law Judge Dee Lord

(March 7, 2014)

Appearances:

For Complainant BriarTek IP, Inc.:

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For Respondents DeLorme Publishing Company, Inc and DeLorme InReach LLC:

Edward A. Pennington, Esq.; Jennifer L. Feldman, Esq. of Smith, Gambrell & Russell, LLP, 1055 Thomas Jefferson Street, N.W., Suite 400, Washington, D.C. 20007

Peter J. Brann, Esq.; David Swetnam-Burland, Esq.; Stacy O. Stitham, Esq. of Brann & Isaacson, LLP, 184 Main Street, Fourth Floor, Lewiston, ME 04243

For Commission Investigative Staff:

Brian Koo, Esq.; Anne Goalwin, Esq.

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This is the Enforcement Initial Determination (EID) issued pursuant to the Commission Order of May 20, 2013. The record shows that the enforcement respondents have violated the Consent Order issued by the Commission on April 5, 2013. To the extent that the Commission determines that a violation of the Consent Order has taken place, I recommend the imposition of penalties.

The following abbreviations may be used in this Initial Determination:

CPX	Complainant's physical exhibit
CDX	Complainant's demonstrative exhibit
CX	Complainant's exhibit
CIB	Complainant's initial post-hearing brief
CRB	Complainant's reply post-hearing brief
RPX	Respondents' physical exhibit
RDX	Respondents' demonstrative exhibit
RX	Respondents' exhibit
RIB	Respondents' initial post-hearing brief
RRB	Respondents' reply post-hearing brief
SIB	Commission Investigative Staff's initial post-hearing brief
SRB	Commission Investigative Staff's reply post-hearing brief
Dep.	Deposition
JSCI	Joint Stipulation of Contested Issues
JX	Joint Exhibit
Tr. at	Transcript
CPHB	Complainant's pre-hearing brief
RPHB	Respondents' pre-hearing brief
SPHB	Commission Investigative Staff's pre-hearing brief

I. BACKGROUND

A. Procedural History

On September 17, 2012, the Commission issued a Notice of Investigation to determine:

> [W]hether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain two-way global satellite communication devices, system and components thereof that infringe one or more of claims 1, 2, 5, 10-12, and 34 of [U.S. Patent No. 7,991,380], and whether an industry in the United States exists as required by subsection (a)(2) of section 337.

(*See* Notice of Investigation.) The Investigation was instituted upon publication of the Notice of Investigation in the *Federal Register* on September 21, 2012. *See* 77 Fed. Reg. 58579-80 (2012); 19 CFR § 210.10(b).

The complainant in the violation phase was BriarTek IP, Inc., 3129 Mount Vernon Avenue, Alexandria, VA 22305. The respondents in the violation phase were DeLorme Publishing Company, Inc., 2 DeLorme Drive, Yarmouth, ME 04096; DeLorme InReach LLC, 2 DeLorme Drive, Yarmouth, ME 04096; Yellowbrick Tracking Ltd., The Heli-Pad, Little Basset's Farm, Magpie Lane, Brentwood, Essex, CM13EA, UK. The Office of Unfair Import Investigations was also a party in the Investigation.

On November 8, 2012, Order No. 7 terminated respondent Yellowbrick Tracking, Ltd. based upon a settlement agreement.

On February 19, 2013, Order No. 17 granted-in-part Complainant's motion for summary determination of importation, finding that Complainant satisfied the importation requirement with respect to the InReach 1.0 and InReach 1.5 products, and the main boards for the InReach 1.5 product.

On March 15, 2013, Order No. 21 granted Respondents' opposed motion to terminate the

Investigation based on a consent order.

On April 5, 2013, a Commission Notice issued and indicated that the Commission would not review Order No. 21 terminating the Investigation. On the same day, the Commission issued a consent order that provided, *inter alia*, that:

> DeLorme 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 Complainant, its successors or assignees.

(Consent Order at 2 (April 5, 2013).)

On May 20, 2013, the Commission issued a Notice of Institution of Enforcement Proceeding in this matter to determine:

> [W]hether DeLorme is in violation of the April 5, 2013 consent order issued in the investigation, and what, if any, enforcement measures are appropriate.

(*See* Notice of Institution of Enforcement Proceeding.)

The complainant in this enforcement proceeding is BriarTek IP, Inc., 3129 Mount Vernon Avenue, Alexandria, VA 22305. The respondents are DeLorme Publishing Company, Inc., 2 DeLorme Drive, Yarmouth, ME 04096; and DeLorme InReach LLC, 2 DeLorme Drive, Yarmouth, ME 04096. The Office of Unfair Import Investigations is also a party in this enforcement proceeding.

On July 31, 2013, Order No. 9 granted Complainant's unopposed motion to partially terminate this Investigation based on withdrawal of allegations of infringement based on claims 5, 11, 13, and 34 of U.S. Patent No. 7,991,380.

On November 4, 2013, Order No. 21 granted Complainant's motion to amend its infringement contentions to add allegations of infringement of dependent claim 2 by the InReach SE product.

An evidentiary hearing in this Investigation was held on November 18, 2013.

On December 17, 2013, Order No. 24 instructed the parties to provide additional briefing regarding the impact of the Federal Circuit's decision in *Suprema, Inc. v. International Trade Commission*, --- F.3d ----, 2013 WL 6510929, No. 2012-1170 (Fed. Cir. 2013) (petitions for rehearing and rehearing *en banc* awaiting disposition), on the issues raised in this enforcement proceeding.

On March 4, 2014, Order No. 27 extended the target date by three days to June 9, 2014.

B. The Private Parties

1. BriarTek IP, Inc.

BriarTek IP, Inc. is a corporation with its principal place of business in Virginia. (Enforcement Complaint at ¶ 12.)

2. DeLorme Publishing Company, Inc.

DeLorme Publishing Company, Inc. is a corporation with its principal place of business in Maine. (DeLorme Response to Enforcement Complaint at ¶ 15; Enforcement Complaint at ¶ 15.)

3. DeLorme InReach, LLC

DeLorme InReach, LLC is a corporation with its principal place of business in Maine. (DeLorme Response to Enforcement Complaint at ¶ 16; Enforcement Complaint at ¶ 16.)

C. Overview Of The Patent At Issue

1. Technical Summary

U.S. Patent No. 7,991,380 ("the '380 patent") is entitled "Global Bidirectional Locator Beacon and Emergency Communications System." (CX-0004.) It lists Charles K. Collins and Joseph Landa as the inventors. (*Id.*) It was filed on March 29, 2007 and issued on August 2, 2011. (*Id.*) The patent claims priority to Provisional Application No. 60/788,411, which was filed on March 30, 2006 and has a patent term adjustment of 985 days. (*Id.*) The Abstract of the '380 patent states:

> An emergency monitoring and reporting system includes a user unit and a monitoring system. The user unit includes an input device, a user satellite communication system, and a user processor communicatively coupled to the input device and the user satellite communication system. The monitoring system includes a monitoring satellite communication system, an output device, and a monitoring processor communicatively coupled to the monitoring satellite communication system and the output device. The user satellite communication system and the monitoring satellite communication system are adapted for mutual communication via a satellite network such that the output device can present information corresponding to information entered at the input device to an observer.

(*Id.* at Abstract.)

2. Ownership of the Patent at Issue

The certified copy of the assignment records for the '380 patent demonstrates that the '380 patent is assigned to "BriarTek IP." (CX-0010.) Respondents do not offer any arguments to rebut this evidence—rather, Respondents merely argue that "DeLorme rests on BriarTek's burden on the issue of proving ownership." (RIB at 23.) In light of this unrebutted evidence that Complainant is the assignee of the '380 patent, Complainant has established ownership of the '380 patent for purposes of this Investigation.

D. Products At Issue

The Consent Order applies 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[.]" (Consent Order at 2 (April 5, 2013).) Complainant alleges that DeLorme InReach Models 1.5 and SE (2.0), when combined with Earthmate software that runs on a smartphone or tablet, the Iridium satellite system, Respondents' servers in Chicago, and recipients of messages, including GEOS, a monitoring company, and Respondents, directly infringe claims 1, 2, and 10 of the '380 patent. Complainant says that "[i]t is the entire system that results in the direct infringement of claims 1, 2, and 10." (CIB at 12-15.)

II. JURISDICTION

Paragraph 2 of the Consent Order Stipulation signed by Respondents provides that:

> The Commission has *in rem* jurisdiction over the accused two-way global satellite communication devices, system, and components thereof that are at issue in this Investigation, the Commission has *in* personam jurisdiction over DeLorme for purposes of this Stipulation and proposed Consent Order, and the Commission has subject matter jurisdiction in this Investigation.

(Order No. 854-021, Ex. A (March 15, 2013).) Further, Respondents admit that "[p]ursuant to paragraph 2 of the Consent Order Stipulation, DeLorme does not contest the *in rem*, *in personam*, or subject matter jurisdiction of the Commission." (RIB at 22.) As a result, the Commission has *in rem*, *in personam*, and subject matter jurisdiction in this Enforcement proceeding.

III. VIOLATION OF THE CONSENT ORDER

A. Consent Order

The Consent Order provides that:

> Upon entry of the proposed Consent Order, DeLorme 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 Complainant, its successors or assignees.

(Consent Order at 2 (April 5, 2013).)

Complainant alleges that Respondents' InReach Models 1.5 and SE (2.0), when combined with Earthmate software that runs on a smartphone or tablet, the Iridium satellite system, Respondents' servers in Chicago, and recipients of messages, including GEOS, a monitoring company and Respondents, directly infringe claims 1, 2, and 10 of the '380 patent. Complainant says that "[i]t is the entire system that results in the direct infringement of claims 1, 2, and 10." (CIB at 12-15.) Complainant accuses five actions by InReach of violating the consent order: (1) reusing Iridium modems and plastic clips from InReach 1.0 devices that were imported before April 1, 2013, in InReach 1.5 devices that were sold after April 1, 2013; (2) selling InReach SE devices after April 1, 2013, where those InReach SE devices include an imported plastic clip; (3) selling InReach SE devices after April 5, 2013, where those InReach SE devices include an imported Iridium 9603 modem; (4) selling InReach SE devices, where those InReach SE devices include an imported AVNET chip; and (5) activating, after April 1, 2013, InReach 1.5 devices that were sold before April 1, 2013. (CIB at 69-83.)

On December 13, 2013, the Federal Circuit issued an opinion in *Suprema, Inc. v. International Trade Commission*, --- F.3d ----, 2013 WL 6510929, No. 2012-1170 (Fed. Cir.

2013) (petitions for rehearing and rehearing *en banc* awaiting disposition). It indicates, *inter alia*, that:

> The patent laws essentially define articles that infringe in § 271(a) and (c), and those provisions' standards for infringement (aside from the "United States" requirements, of course) must be met at or before importation in order for the articles to be infringing when imported. Section 271(b) makes unlawful certain conduct (inducing infringement) that becomes tied to an article only through the underlying direct infringement. Prior to the commission of any direct infringement, for purposes of inducement of infringement, there are no "articles that ... infringe"—a prerequisite to the Commission's exercise of authority based on § 337(a)(1)(B)(i).

2013 WL 6510929 at *9. The Federal Circuit further states that:

> Given the nature of the conduct proscribed in § 271(b) and the nature of the authority granted to the Commission in § 337, we hold that the statutory grant of authority in § 337 cannot extend to the conduct proscribed in § 271(b) where the acts of underlying direct infringement occur post-importation.

Id. Because Complainant's infringement allegations appear to be based, at least in part, on actions that occur within the United States after importation, additional briefing addressing the impact of *Suprema* on Complainant's allegations was requested from the parties on December 17, 2013. (Order No. 24.) On January 3, 2014, Complainant and Respondents provided additional briefing on the issue. On January 10, 2014, Staff provided additional briefing on the issue. For the reasons explained below, *Suprema* does not foreclose Complainant's allegations in this enforcement proceeding.

Complainant's Position: Complainant argues that *Suprema* does not impact Complainant's allegations of a violation of the consent order. Complainant says that the holdings of *Suprema* have limited applicability to (i) method claims, (ii) the question of violation under § 337(a)(1)(B)(i), and (iii) the specific facts at issue in *Suprema*. Complainant continues that the current enforcement proceeding relates to (i) apparatus claims, (ii) enforcement of a

consent order, and (iii) the importation of components that are used for the allegedly infringing system which is controlled by Respondents. Complainant contends that extending the *Suprema* holdings to the facts of this enforcement proceeding ignores Congressional intent, the 337 statute as a whole, and Commission precedent.

Respondents' Position: Respondents argue that under *Suprema*, the Commission does not have the authority to prohibit or penalize the importation of non-infringing parts later used in the United States in the assembly of a device that, still later, becomes part of an allegedly infringing system only after a user downloads domestically-developed software onto a third-party smartphone or tablet and pairs that smartphone or tablet with the InReach device. Respondents explain that in *Suprema*, the Federal Circuit addressed the question of whether the Commission can predicate a finding of a violation of 19 U.S.C. § 1337(a)(1)(B)(i) on a claim of induced infringement where the underlying act of direct infringement does not occur until after importation. Respondents argue that the holding of *Suprema* applies to the consent order here in light of the similarity of the language of the consent order and the language of Section 337, and that *Suprema* is not limited in application to method claims. Respondents argue that because the alleged acts of direct infringement do not occur until after importation (assembly of the imported parts into an InReach device, then activation and use by a user), Respondents could not have violated the consent order in light of *Suprema*.

Staff's Position: Staff argues that the Federal Circuit's decision in *Suprema* is limited to the interpretation of 19 U.S.C. § 1337(a)(1)(B)(i). Staff says that the issues raised in this Enforcement Proceeding involve the interpretation of the consent order, not a violation of 19 U.S.C. § 1337(a)(1)(B)(i). (Citing Notice of Institution of Enforcement Proceeding (May 24, 2013).) Staff continues that, by agreeing to the terms of a consent order, Respondents obtained

the benefits of avoiding a possible adjudication of violation of section 337 and the expense of litigation. Staff adds that Respondents acknowledge that they voluntarily entered into a contract with the U.S. government that they would 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. (Citing RIB at 2.)

Staff argues that the fact that the language of the consent order tracks the language of section 337 is not dispositive. Staff explains that a consent decree is not necessarily barred merely because the decree provides greater relief than the court could have awarded after a trial. Staff contends that a consent order is a contract and should be construed as a contract for enforcement purposes. Staff notes that the consent order does not state that an article must infringe at the time of its importation.

Staff explains that Respondents admitted that prior to April 1, 2013, they imported devices that they understood to be covered under the consent order, and made efforts to stress that they "quarantined" over 2200 units behind lock and key in their warehouse. Staff continues that Respondents also admitted that they have taken the majority of the components from 1,596 units of the imported devices from the "quarantined" inventory, converted them into InReach 1.5 devices and sold them over 51 days during a period between April 2, 2013 and November 14, 2013. Staff concludes that Respondents cannot and should not be permitted to "wiggle [their] way out of [their] 'contract with the U.S. Government' by appealing to a Federal Circuit decision that is inapposite to the facts and issues of this Enforcement Proceeding." (Staff Resp. to Order No. 24.)

Conclusions and Analysis: The Federal Circuit's holding in *Suprema* is not relevant to

the issues raised in this Investigation. In *Suprema,* the respondents had appealed the Commission's imposition of exclusion and cease and desist orders after a finding of violation of § 337(a)(1)(B)(i) and argued, in pertinent part, that a Section "337(a)(1)(B)(i) violation may not be predicated on a theory of induced infringement under the facts of this case." *Suprema*, 2013 WL 6510929 at * 2. As explicitly acknowledged by the Federal Circuit, the threshold issue raised on appeal was "whether a § 337(a)(1)(B)(i) violation may be predicated on a claim of induced infringement where the attendant direct infringement of the claimed method does not occur until post-importation." *Id.* at *5. The Federal Circuit "conclude[d]" that "§337(a)(1)(B)(i), by tying the Commission's authority to the importation, sale for importation, or sale within the U.S. after importation of *articles that infringe* a valid and enforceable U.S. patent, leaves the Commission powerless to remedy acts of induced infringement in these circumstances." *Id.* (emphasis in original). Thus, the issue raised on appeal in *Suprema* addressed what constituted a violation under section 337(a)(1)(B)(i).

In contrast, the question that must be addressed here is whether or not Respondents violated a consent order. In instituting this enforcement proceeding, the Commission stated that it:

> [H]as determined to institute formal enforcement proceedings to determine ***whether DeLorme is in violation of the April 5, 2013 consent order*** issued in the investigation, and what, if any, enforcement measures are appropriate.

(Comm'n Notice of Institution of Enforcement Proceeding at 2 (May 20, 2013) (emphasis added).) This is to be contrasted with the Commission' institution of the original proceeding, which stated that the Commission orders that:

> An investigation be instituted to determine ***whether there is a violation of subsection (a)(1)(B) of section 337*** in the importation into the United States, the sale for importation, or the sale within the United States after importation of

> certain two-way global satellite communication devices, system and components thereof that infringe one or more of claims l, 2, 5, 10-12, and 34 of the '380 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337[.]

(Comm'n Notice of Institution of Investigation at 2 (September 17, 2012) (emphasis added).) Thus, the question that must be answered is whether or not Respondents violated the April 5, 2013 consent order, not whether or not the activities of Respondents would constitute a violation of Section 337(a)(1)(B).

Extending the holding of *Suprema*, which, as explained above, addresses the question of violation of Section 337(a)(1)(B), to foreclose Complainant's claims based on the alleged violation of a consent order is not supported. First, the statute that creates the cause of action here does not support such an extension. Terminating an investigation based on the entry of a consent order and imposing a civil penalty based upon the violation of a consent order does not require a finding of violation under Section 337(a)(1). Rather, the Section 337 statute explicitly provides, *inter alia*, that:

> ***The Commission shall determine***, with respect to each investigation conducted by it under this section, ***whether or not there is a violation of this section, except that the Commission may, by issuing a consent order*** or on the basis of an agreement between the private parties to the investigation, including an agreement to present the matter for arbitration, ***terminate any such investigation, in whole or in part, without making such a determination***.

19 U.S.C. § 1337(c) (emphasis added). The statute continues to provide that:

> Any person who violates an order issued by the Commission under paragraph (1) after it has become final shall forfeit and pay to the United States a civil penalty for each day on which an importation of articles, or their sale, occurs in violation of the order of not more than the greater of $100,000 or twice the domestic value of the articles entered or sold on such day in violation of the order.

19 U.S.C. § 1337(f)(2). Thus, the statute itself does not require a finding of violation under Section 337(a)(1)(B) either (1) to terminate based on consent order, or (2) to impose a civil

penalty for violation of the consent order.

Suprema itself also does not support such a reading. Rather, as noted above, *Suprema* addressed the limited question of "whether a § 337(a)(1)(B)(i) violation may be predicated on a claim of induced infringement where the attendant direct infringement of the claimed method does not occur until post-importation." *Suprema*, 2013 WL 6510929 at *5. Respondents acknowledge as much, stating that the question addressed in *Suprema* was "whether the Commission can predicate a finding of violation of 19 U.S.C. § 1337(a)(1)(B)(i) ('Section 337(a)(1)(B)(i)') on a claim of induced infringement where the underlying act of direct infringement does not occur until *after* importation." (Respondents' Resp. to Order No. 24 at 4.) Furthermore, a footnote in *Suprema* counsels against extending the holding of *Suprema* to encompass violations of consent orders:

> Our ruling is not a jurisdictional one. The question we address is not whether the Commission may initiate an investigation where theories of induced infringement are implicated; we simply conclude that a § 337(a)(1)(B)(i) violation may not be predicated on a theory of induced infringement in these circumstances.

Suprema, 2013 WL 6510929, at *5 n.2 (citing *Amgen, Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1535 (Fed. Cir. 1990) (noting that the Commission is correct to first assume jurisdiction and then determine merits of claim where patent claims are asserted)). Thus, the Federal Circuit acknowledges that the Commission does not lack jurisdiction over cases where theories of induced infringement are implicated (as here) and the holding of *Suprema* should be limited to the question of violation under § 337(a)(1)(B)(i).[1]

Turning to the language of the consent order itself, there is nothing that requires that a violation of § 337(a)(1)(B) be found to find a violation of the consent order. Consent orders are

[1] To be noted, Respondents have waived the right to contest jurisdiction. (*See* Section II, *supra*.)

contracts and are interpreted under the principles of contract law. *See Notice Of Proposed Rulemaking And Request For Comments,* 57 Fed. Reg. 52830, 52838-39 (Nov. 5, 1992) (explaining that "[t]he second sentence of paragraph (b) of the interim rule was deemed unnecessary because the Commission construes the terms of consent orders according to general principles of contract law."); *See also Certain R-134A Coolant (Otherwise Known as 1,1,1,2-Tetrafluoroethane)*, Inv. No. 337-TA-623, Enforcement Initial Determination, 2009 WL 3239170 at *11-12 (Sept. 21, 2009) (interpreting a consent order using contract law principles), unreviewed by Comm'n Notice (Nov. 23, 2009). Respondents acknowledge as much, stating that the consent order "just represents a contract under which DeLorme has agreed with the Government not to import or sell before or after importation any device, system, or component that infringes certain claims of the '380 Patent." (Respondents' Resp. to Order No. 24 at 15.) Respondents also agree that "Consent Orders are to be interpreted according to general principles of contract law." (RIB at 2.)

The plain language of the consent order makes clear that Respondents' activities do not need to violate Section 337(a)(1)(B) to violate the consent order. The consent order includes two separate portions—an introduction ("whereas clause"), and the order itself. (*See* April 5, 2013 Consent Order at 1-2.) The whereas clause provides context for the order that follows, and explains, in pertinent part, that the Investigation was instituted based upon allegations of "***unlawful activities*** in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain two-way global satellite communication devices, system, and components thereof by [Respondents][] that are alleged to infringe claims 1, 2, 5, 10-12, and 34 of U.S. Patent No. 7,991,380 (the "'380 Patent")." (*Id.* at 1 (emphasis added).)

The order portion of the Consent order includes similar, but not identical language, providing that:

> Upon entry of the proposed Consent Order, [Respondents][] 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 Complainant, its successors or assigns.

(*Id.* at 2.) Noticeably absent from the order portion of the Consent Order, when compared to the whereas clause, is any requirement that the importation actually constitute an "unlawful activity"—i.e., a violation of Section 337(a)(1)(B). Applying the ordinary rules of contract interpretation, the only conclusion that can be drawn is that the order portion of the consent order does not require that Respondents not commit an unlawful act; rather, the order requires that Respondents 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." (*Id.* (emphasis added).)

An analogous situation was addressed in *Certain R-134A Coolant (Otherwise Known as 1,1,1,2-Tetrafluoroethane).* There, the complainant argued that the respondent violated the consent order by failing to convert a Chinese facility to a new process. Complainant averred that a "whereas" clause contained in the consent order stipulation provided that this conversion would be undertaken. Complainant then argued that this "whereas" clause from the stipulation, must be read into the explicitly stated "stipulations" of the consent order stipulation, and then into the consent order itself. Inv. No. 337-TA-623, Enforcement Initial Determination, 2009 WL 3239170, at *11-12 (Sept. 21, 2009). This argument was rejected. The administrative law judge

found that the "Consent Order itself, the entry of which complainants did not oppose, summarizes the set of stipulations on which it is based before reciting the operative provisions of the Order." The administrative law judge continued that "the plant conversion is not recited in the Consent Order's summary of the stipulations," and the "language regarding plant conversion appears only in the WHEREAS clause of the Consent Order Stipulations." *Id.* Here, Respondents drafted and signed the consent order stipulation and drafted a proposed consent order. (*See* Order No. 854-021 Exs. A and B (March 15, 2013).) Both included the specific language "infringe" in the explicit "stipulations," but omitted any requirement that the "infringement" be "unlawful," which was included in the "whereas" clauses. (*Id.*) Having voluntarily entered into the stipulation, Respondents cannot complain regarding the plain import of the language.

To be noted, Respondents received a significant benefit by entering into this "contract."[2] Respondents avoided a significant portion of the costs of litigating a 337 matter, costs which the AIPLA has estimated as between $550,000.00 and $5,000,000.00, depending on the amount at risk. Law Practice Management Committee, *AIPLA Report of the Economic Survey* at 35 (2013). In return, for this benefit Respondents waived their right to contest a number of issues in an enforcement proceeding, including, *inter alia*, validity, jurisdiction, and whether or not their "infring[ing]" activities constituted a violation of Section 337(a)(1)(B). (*See* April 5, 2013 Consent Order at 1-2.) Based upon all of the foregoing, the question that must be answered in this enforcement proceeding is not whether Respondents' alleged infringement could support a finding of violation of 337(a)(1)(B) in a Violation Investigation. Rather, the question is simply

[2] As noted above, Respondents admit that the consent order is "a contract under which DeLorme has agreed with the Government not to import or sell before or after importation any device, system, or component that infringes certain claims of the '380 Patent." (Respondents' Resp. to Order No. 24 at 15.)

whether Respondents have imported into the United States, sold for importation into the United States, or sold or offered for sale within the United States after importation, any two-way global satellite communication devices, system, and components thereof, that ***infringe*** (as defined by Section 271 of the United States Code) claims 1, 2, 5, 10-12, and 34 of the '380 Patent.[3]

B. Infringement

1. Applicable Law

"An infringement analysis entails two steps. The first step is determining the meaning and scope of the patent claims asserted to be infringed. The second step is comparing the properly construed claims to the device accused of infringing." *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996) (citations omitted).

a. Claim Construction

Claim construction "is a matter of law exclusively for the court." *Id.* at 970-71. "The construction of claims is simply a way of elaborating the normally terse claim language in order to understand and explain, but not to change, the scope of the claims." *Embrex, Inc. v. Serv. Eng'g Corp.*, 216 F.3d 1343, 1347 (Fed. Cir. 2000). "[O]nly those [claim] terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy." *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

Claim construction focuses on the intrinsic evidence, which consists of the claims themselves, the specification, and the prosecution history. *See generally Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). The Federal Circuit in *Phillips* explained that in

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[3] Only claims 1, 2, and 10 remain at issue in this Enforcement Proceeding.

construing terms, courts must analyze each of these components to determine the "ordinary and customary meaning of a claim term," which is "the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention." *Id.* at 1313.

"It is a 'bedrock principle' of patent law that 'the claims of a patent define the invention to which the patentee is entitled the right to exclude.'" *Id.* at 1312 (citations omitted). "Quite apart from the written description and the prosecution history, the claims themselves provide substantial guidance as to the meaning of particular claim terms." *Id.* at 1314. For example, "the context in which a term is used in the asserted claim can be highly instructive," and "[o]ther claims of the patent in question, both asserted and unasserted, can also be valuable sources of enlightenment as to the meaning of a claim term." *Id.*

"[T]he specification 'is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.'" *Id.* (citation omitted). "The longstanding difficulty is the contrasting nature of the axioms that (a) a claim must be read in view of the specification and (b) a court may not read a limitation into a claim from the specification." *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1117 (Fed. Cir. 2004). The Federal Circuit has explained that there are certain instances when the specification may limit the meaning of the claim language:

> [O]ur cases recognize that the specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess. In such cases, the inventor's lexicography governs. In other cases, the specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor. In that instance as well, the inventor has dictated the correct claim scope, and the inventor's intention, as expressed in the specification, is regarded as dispositive.

Phillips, 415 F.3d at 1316.

In addition to the claims and the specification, the prosecution history should be

examined if in evidence. "The prosecution history…consists of the complete record of the proceedings before the PTO and includes the prior art cited during the examination of the patent. Like the specification, the prosecution history provides evidence of how the PTO and the inventor understood the patent." *Id.* at 1317 (citation omitted). "[T]he prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be." *Id.*

If the intrinsic evidence does not establish the meaning of a claim, then extrinsic evidence may be considered. Extrinsic evidence consists of all evidence external to the patent and the prosecution history, including dictionaries, inventor testimony, expert testimony and learned treatises. *Id.* at 1317. Extrinsic evidence is generally viewed "as less reliable than the patent and its prosecution history in determining how to read claim terms[.]" *Id.* at 1318. "The court may receive extrinsic evidence to educate itself about the invention and the relevant technology, but the court may not use extrinsic evidence to arrive at a claim construction that is clearly at odds with the construction mandated by the intrinsic evidence." *Elkay Mfg. Co. v. Ebco Mfg. Co.*, 192 F.3d 973, 977 (Fed. Cir. 1999).

b. Infringement

Once claim construction is completed, the properly construed claims must be compared to the device accused of infringing. A complainant must prove either literal infringement or infringement under the doctrine of equivalents. Infringement must be proven by a preponderance of the evidence. *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 889 (Fed. Cir. 1988). A preponderance of the evidence standard "requires proving that infringement was more likely than not to have occurred." *Warner-Lambert Co. v. Teva Pharm.*

USA, Inc., 418 F.3d 1326, 1341 n. 15 (Fed. Cir. 2005).

Literal infringement is a question of fact. *Finisar Corp. v. DirecTV Group, Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). Literal infringement requires the patentee to prove that the accused device contains each and every limitation of the asserted claim(s). *Frank's Casing Crew & Rental Tools, Inc. v. Weatherford Int'l, Inc.*, 389 F.3d 1370, 1378 (Fed. Cir. 2004).

The Federal Circuit has explained that:

> Infringement under the doctrine of equivalents may be found when the accused device contains an "insubstantial" change from the claimed invention. Whether equivalency exists may be determined based on the "insubstantial differences" test or based on the "triple identity" test, namely, whether the element of the accused device "performs substantially the same function in substantially the same way to obtain the same result." The essential inquiry is whether "the accused product or process contain elements identical or equivalent to each claimed element of the patented invention[.]"

TIP Sys., LLC v. Phillips & Brooks/Gladwin, Inc., 529 F.3d 1364, 1376-77 (Fed. Cir. 2008) (citations omitted).

Section 271(a) of the Patent Act delineates the cause of action for direct infringement of patent claims. Specifically, it provides that "[e]xcept as otherwise provided in this title, whoever 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." 35 U.S.C. § 271(a).

Section 271(b) of the Patent Act sets forth the cause of action for induced infringement of patent claims. Specifically, it provides that "[w]hoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. § 271(b). "Direct infringement is a required element to establish induced infringement." *Toshiba Corp v. Imation Corp.*, 681 F.3d 1358, 1364 (Fed. Cir. 2012). To prove inducement, a patent holder must also prove that once the defendants knew

of the patent, they actively and knowingly aided and abetted another's direct infringement. To be noted, the "'mere knowledge of possible infringement by others does not amount to inducement; specific intent and action to induce infringement must be proven.'" *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed. Cir. 2006) (en banc) (quoting *Warner–Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1364 (Fed.Cir.2003)). The Federal Circuit recently summarized *DSU Med. Corp.*, noting that it had "clarified en banc that the specific intent necessary to induce infringement 'requires more than just intent to cause the acts that produce direct infringement. Beyond that threshold knowledge, the inducer must have an affirmative intent to cause direct infringement.'" *Kyocera Wireless Corp. v. Int'l Trade Comm'n*, 545 F.3d 1340, 1354 (Fed. Cir. 2008) (quoting *DSU Medical*, 471 F.3d at 1306).

The Supreme Court recently held that "induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement." *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011). The Court explained that "[g]iven the long history of willful blindness and its wide acceptance in the Federal Judiciary, we can see no reason why the doctrine should not apply in civil lawsuits for induced patent infringement under 35 U.S.C. § 27l(b)." *Id.* at 2069 (footnote omitted). The Supreme Court continued that "[w]hile the Courts of Appeals articulate the doctrine of willful blindness in slightly different ways, all appear to agree on two basic requirements: (1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact. We think these requirements give willful blindness an appropriately limited scope that surpasses recklessness and negligence." *Id.* at 2070-71 (footnote omitted).

2. Claim Construction

a. Person of Ordinary Skill

Complainant's Position: Complainant argues that a person of ordinary skill in the art of the '380 patent would have a Bachelor's degree in physics or engineering with approximately ten years of relevant experience in the field of satellite communications, navigation, and/or wireless interfaces. Alternatively, according to Complainant, a person of ordinary skill in the art would have a Master's degree in physics or engineering with approximately five years of relevant experience in the field or a Ph.D. in the same area and research in the relevant field. (Citing CX-0002C at Q. 46; Tr. at 166:16-167:2.) Complainant contends that there is no practical difference in the levels of skill proposed by Complainant and Respondents. (Citing CX-0002C at Q. 54-56; Tr. at 166:16-167:2.)

Respondents' Position: Respondents argue that a person of ordinary skill in the art of the '380 patent would have an undergraduate degree in electrical engineering, computer engineering, or computer science and three to five years of practical experience designing and implementing commercial applications for wireless communication systems. (Citing RX-0162C at Q. 47; RX-0164C at Q. 8.) Respondents say that this is based on their expert, Mr. William Zancho's, decades of experience working in the field with engineers on implementing satellite communication systems and the fact that the '380 patent is simply worded and not described in overly technical language. (Citing RX-0164C at Qs. 13, 14.) Respondents contend that Complainant's proposal requires too much experience and Dr. Steffes, Complainant's expert, improperly based his proposal for the person of ordinary skill in the art on second-hand knowledge from teaching students and encountering professionals in the communications and navigation industries periodically. (Citing CX-0002C at Q. 47.) Respondents note that Dr.

Steffes testified that none of his opinions would change if Respondents' proposed definition were adopted. (Citing *id.* at Qs. 54-55.) As a result, Respondents assert that it is unclear why Dr. Steffes insists on an increased level of learning and experience.

Staff's Position: Staff argues that Respondents' proposal should be adopted for the level of one of ordinary skill in the art of the '380 patent. Staff says that it is unclear why a physics degree would be more relevant than an engineering degree, or why it would require at least ten years, rather than three to five years, of experience for one to be a person of ordinary skill in the art. Staff contends that Complainant's proposal is "excessive."

Conclusions and Analysis: A person of ordinary skill in the art of the '380 patent would have an undergraduate degree in electrical or computer engineering, or computer science and three to five years of experience in the design or implementation of wireless communication systems.

Although the field of technology addressed by the '380 patent appears complex at first assessment—a "Global Bidirectional Locator Beacon and Emergency Communications System"—the technology at the heart of the invention and the asserted claims is relatively simple. (CX-0004 at Title, 8:2-25, 50-54.) There is nothing in the claims or the patent that requires the level of skill proposed by Complainant. Rather, the patent and the asserted claims are directed to various elements of an "emergency monitory and reporting system" and explain the interaction between the elements. (*Id.* at 8:2-25, 50-54.) The elements at issue in the asserted claims include, *inter alia*, a "user unit," and a "monitoring system."[4] (*Id.*) Other than conclusory testimony from its expert "based on [his] experience with training various levels of

[4] As explained in Section III.B.d *infra*, these are the only claim terms that need to be construed in this Investigation.

students, and based on [his] encounters with professionals" (CX-0002C at Qs. 46-47), Complainant cites no support that understanding these relatively simple claim terms (and the technology of the '380 patent generally) would require ten years of experience or advanced degrees. (CIB at 23.) As a result, although a person of ordinary skill in the art would have relevant education and experience in wireless communication systems, requiring ten years of experience is excessive.

b. "a user unit"

Claim Term	Complainant's Proposal	Respondents' Proposal	Staff's Proposal
"a user unit"	Agrees with Staff	"a single device used by a user"	"a device or equipment used by a user"

Complainant's Position: Complainant argues that "a user unit" should be construed to mean "a device or equipment used by a user." (CIB at 25.) Complainant says that the '380 patent identifies the "user unit" as Item 2 in figures 1-5 and describes a "user unit" as including multiple devices. (Citing CX-0004 at 3:62-65; Tr. at 98:10-99:1.) Complainant continues that claim 1 also discusses the user unit including other devices. (Citing CX-0002C at Q. 76; Tr. at 166:16-167:2.) Complainant argues that Respondents' requirement that the user unit be a single device is inconsistent with the specification, which shows multiple devices that are part of the user unit. (Citing CX-0002C at Q. 78; Tr. at 166:16-167:2.)

Respondents' Position: Respondents argue that a "user unit" must be "a unitary thing, that is, a single device." Respondents contend that Figure 1 shows the "user unit" (element 2) as a "unitary device" containing within it the required input device (element 4), satellite communication system (element 5), and processor (element 6). (Citing CX-0004 at 4:5-30.) Respondents continue that Figure 2 shows a user wearing the "user unit" like a wrist watch.

(Citing *id.* at 4:56-59.) Respondents add that Figure 3 shows a keypad and microphone within a single user unit. (Citing *id.* at 5:6-8.) Respondents assert that the specification supports their construction. (Citing *id.* at Abstract, 1:42, 62, 2:24, 31, 3:22-23, 27, 62-63, 4:1-2, 6-7, 27, 5:53. Respondents note that if the user unit were not a single device, there would be little value in adapting it to be coupled to a user, as described in claim 2. (Citing *id.* at 1:56, 4:56-66.)

Respondents say that Complainant's expert, Dr. Steffes, confirmed that the user unit shown in Figure 2 had to be a single device and Figure 2 shows the user unit as a single device containing the required elements. (Citing Tr. at 138:17-169:2, 140:11-141:9.) Respondents continue that Dr. Steffes agreed that Figure 3 shows the user unit as a single device containing the required elements and all of the figures of the patent show the user unit as a single box containing all of the required elements of claim 1. (Citing Tr. at 138:17-145:17, 140:11-141:9.) Respondents add that their expert, Mr. Zancho, explained that when somebody describes a user unit, they are referring to a single device that is used by the user. (Citing Tr. at 247:6-11, 249:21-250:5, 250:19-251:5; RX-0162C at Qs. 77-78.)

Respondents disagree with Complainant's and Staff's proposed construction, arguing that constructions that deny a unit must be a "single thing" should be rejected. (Citing http://www.merriam-webster.com/dictionary/unit.) Respondents contend that nowhere in the specification can one find an implementation that is not a single unit. Respondents say that while Complainant's expert may hold the opinion that the patent's figures disclose block diagrams, such an opinion is irrelevant and at odds with the intrinsic record. Respondents continue that it does "more violence to the language" to conclude that a "unit" can come in multiple pieces than to conclude that a "unit" can include self-contained parts that might be described as devices.

Staff's Position: Staff argues that its proposed construction most closely reflects the plain and ordinary meaning of the term "user unit." Staff asserts that Respondents' proposed construction is inconsistent with the remaining language of the claim, which specifically provides that "the user unit includes an input *device*, a user satellite communication system, and a user processor . . . ." (Citing CX-0004 at 8:6-7 (emphasis added).) Staff notes that under Respondents' construction, a user unit of claim 1 would be "a *single device* used by a user" that would also "*include*[] an input *device*"—a result which Staff says would be grammatically incongruous since a single device would need to include a second device. Staff continues that although Respondents argue that the figures in the '380 patent teach that a user unit must be single enclosed device, Dr. Steffes explained that one of ordinary skill in the art would interpret the figures as functional block diagrams that electrically show the connections between devices within the unit, not as a representation of a physical enclosure of the parts. (Citing Tr. at 137:1-138:12.) Staff adds that the specification clearly describes each figure as "exemplary." (Citing CX-0004 at 3:43-54.) Staff concludes that there is no intrinsic evidence to warrant Respondents' narrowing construction of the plain and ordinary language of the '380 patent's claims.

Conclusions and Analysis: The term "a user unit" will be construed to mean "equipment for a user." At its essence, the dispute between the parties regarding the term "a user unit" is whether the "user unit" must be limited to a single device that includes the features addressed in the claim, as proposed by Respondents, or a unit that can be implemented as devices that include the features addressed in the claim, as proposed by Staff and Complainant. On the whole, the record does not support adding the restrictions sought by Respondents.

The Federal Circuit has made clear that "the claims themselves provide substantial guidance as to the meaning of particular claim terms." *Phillips v. AWH Corp.*, 415 F.3d 1303,

1314 (Fed. Cir. 2005) (en banc). Here, the plain language of the claims themselves counsels against Respondents' narrow construction that limits "a user unit" to a single device. First, claim 1 merely requires that the various elements of the "user unit"—"an input device," "a user satellite communication system," and a "user processor"—be "communicatively coupled." (CX-0004 at 8:6-9.)[5] The claims contemplate multiple "device[s]" within the "user unit." Claim 1 itself discloses two "device[s]" that are included within the "user unit." Specifically, claim 1 provides that the "user unit" includes an "input device," which, in turn, includes "a text entry device." (CX-0004 at 8:6, 8:22-23.) Further, claims 5 and 8, which depend from claim 1, include additional "device[s]," including "a memory device" and "a selection device," both of which are included in the "user unit." (*Id.* at 8:31, 8:43.) Thus, because the claims contemplate multiple "device[s]" being contained within the "user unit," the plain language of the claims supports a construction that would permit several "devices" to comprise the "user unit."

Respondents fail to address directly the inconsistency between their proposed construction—that a "user unit" is a "single device"—and the plain language of the claims that discloses multiple "devices" comprising the "user unit." Rather, Respondents argue that it does "more violence to the language" to conclude that a "unit" can come in multiple pieces than to

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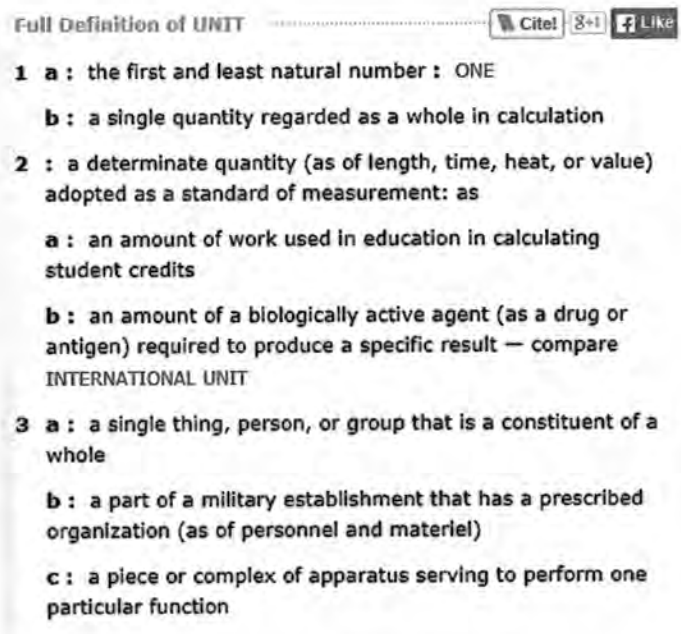
[5] Although Mr. Zancho argues that "communicatively coupled" would require communication through a bus within a single device (Tr. at 250:10-25), nothing in the '380 patent specification requires such a restrictive understanding of "communicatively coupled." Rather, the '380 patent actually discloses input devices that are physically separate from the remainder of the "user unit." (CX-0004 at 5:13-15.) Additionally, the '380 patent discloses the use of external sensors that are "communicatively coupled" to the processor in the "user unit." The '380 patent states that "[p]articular embodiments of the user unit 2 also include a status sensor 18 that is ***communicatively coupled*** to the processor 6, as shown in FIG. 5." (CX-0004 at 5:53-55 (emphasis added).) The '380 patent continues to explain that the "sensor can also sense and indicate biological information such as heart rate and body temperature, to be used by remote medical personnel so that a medical emergency can be analyzed even before personnel reach the user." (CX-0004 at 6:4-8.) The '380 patent specification acknowledges that such a sensor may need to be physically separate from the remainder of the "user unit," explaining that the sensor is "connected to the user unit via an electronic interface" or is "included in the user unit." (CX-0004 at 3:67-4:2.) Thus, the '380 patent makes clear that a sensor that is a part of the "user unit" can be physically separate from the user unit, while still "communicatively coupled." As a result, restricting the term "communicatively coupled" to mean communication through a bus within a single device is unsupported by the specification.

conclude that a "unit" can include self-contained parts that might be described as devices. (RRB at 7.) Respondents cite an online definition of "unit" from Merriam Webster as support. (*Id.* (citing http://www.merriam-webster.com/dictionary/unit).) The essence of Respondents' argument appears to be that because the dictionary meaning of "unit" would require a single device, the dictionary meaning should control over language of the claims to the contrary. This argument fails for several reasons.

First, Respondents have cited an online dictionary definition of "unit"—not an exhibit that has been admitted in this Investigation. As a result, the online dictionary definition is not properly part of the evidentiary record. Second, the dictionary cited by Respondents does not establish that the term "unit" ***must*** be limited to a "single" device. Rather, the dictionary provides a number of different definitions for the term "unit," not all of which are limited to a "single" device. Although one of the definitions (definition 3a) defines a "unit" as "a single thing, person, or group that is a constituent of a whole," another of the definitions (definition 3c) defines a "unit" as "a piece or ***complex*** of apparatus serving to perform one particular function" (emphasis added):



Full Definition of UNIT

1 **a :** the first and least natural number : ONE

b : a single quantity regarded as a whole in calculation

2 **:** a determinate quantity (as of length, time, heat, or value) adopted as a standard of measurement: as

a : an amount of work used in education in calculating student credits

b : an amount of a biologically active agent (as a drug or antigen) required to produce a specific result — compare INTERNATIONAL UNIT

3 **a :** a single thing, person, or group that is a constituent of a whole

b : a part of a military establishment that has a prescribed organization (as of personnel and materiel)

c : a piece or complex of apparatus serving to perform one particular function

Merriam Webster Online Dictionary, *Definition of "Unit,"* http://www.merriam-webster.com/dictionary/unit (last visited January 28, 2014). Thus, the dictionary discloses that the term "unit" could mean not only "a single thing" that is a constituent of a whole, but a "complex of apparatus" that performs a particular function. Thus, assuming *arguendo* that the cited dictionary definition were part of the evidentiary record, it does not support Respondents' limiting construction of "unit."

Third, even assuming *arguendo* that the cited dictionary definition supported Respondents' restrictive construction, Respondents' argument is legally flawed. The Federal Circuit has explained that extrinsic evidence shall not be used to arrive at a claim construction that is clearly at odds with the construction mandated by the intrinsic evidence. *Elkay Mfg. Co.*, 192 F.3d at 977. The cited dictionary definition is, without question, extrinsic evidence. To the extent that the dictionary definition of "unit" conflicts with the language of the claims as

Respondents appear to admit,[6] the language of the claims must control. *See id.*

Although Respondents argue that the specification supports their construction of "user unit," there is nothing in the specification that demonstrates a clear intention by the patentees to limit the claim's scope as required by Respondents' proposed construction. The Federal Circuit has stated that "[g]enerally, a claim is not limited to the embodiments described in the specification unless the patentee has demonstrated a 'clear intention' to limit the claim's scope with 'words or expressions of manifest exclusion or restriction.'" *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 843 (Fed. Cir. 2010) (quoting *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 906 (Fed. Cir. 2004)). Here, like the claims, the specification states that the "user unit" includes a number of devices, including *inter alia* an "input device," a "memory device," and an "output device." (*See e.g.*, CX-0004 at 1:42-45, 62-65; 2:31.) Thus, not only is a "clear intention" to limit the claim's scope absent from the specification, construing a "user unit" to mean a "single device" would conflict with the disclosures provided in the specification.

Respondents' argument that boxes drawn around the "user unit" are limiting is not persuasive. The specification is clear that Figures 1-5 depict "***exemplary***" user units. (CX-0004 at 3:43-49.) Respondents fail to identify any "words or expressions of manifest exclusion or restriction" that evidence a clear intent to limit the claims to these exemplary embodiments. *See i4i v. Microsoft*, 598 F.3d at 843. Absent such evidence, the claims are not limited to such examples.

Further, the specification actually suggests that the "input device," which is a part of the "user unit," can be separate from other parts of the "user unit." The specification explains that

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[6] Although Respondents rely on one dictionary definition that defines "unit" as a "single thing . . .," which conflicts with the intrinsic record, as noted above, one of the dictionary definitions actually describes a complex of apparatus, which does not conflict with the intrinsic record.

the "input device can be any device that can accept an input entered by the user that can be processed by the user unit 2." (CX-0004 at 5:3-5.) The specification states that "the input device 4 can be a keypad 13 or a microphone 14, or can include both a keypad 13 and a microphone 14[.]" (*Id.* at 5:6-8.) The specification adds that "other types of input devices, such as touch screens and ***pressure sensitive writing tablets*** can be used with the system 1." (Id. at 5:13-15 (emphasis added).)[7] Thus, the specification discloses an embodiment where the "input device" is a "pressure sensitive writing tablet"—i.e., a separate device. This rebuts Respondents' argument that "[n]owhere does the specification refer to or depict the user unit as coming in multiple pieces." (RIB at 29.)

The prosecution history does not support Respondents' narrow construction. During prosecution, the patentees relied upon the presence of a text entry device in the claims to distinguish the claims from the prior art. (RX-0131 at DLM-1021107, 1021161-62.) However, the patentees did not argue that the "user unit" was a single device that required a keyboard. Rather, they argued that the device disclosed in the prior art reference would not have been combined with a keypad (text entry device) because the device had no way to send messages from a keypad. They explained that the device in the prior art reference was limited to sending "outgoing numeric codes." (*Id.*) None of these statements is a clear disavowal of claim scope as it relates to whether the "user unit" must be single device.

Mr. Zancho's testimony that a "user unit" is a "single device" is unpersuasive in view of the clear intrinsic record. Mr. Zancho testified that based on his experience in the satellite

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[7] The existence of an embodiment with an "input device" that is physically separate from the remaining parts of the "user unit" lends credence to Dr. Steffes' testimony that figures 1, 4, 5, and 7 are functional block diagrams showing connections between various components, rather than a physical diagram defining the form of the user unit. (*See* Tr. at 137:1-145:1.)

communications industry, a user unit described as including certain elements would be understood to be a single unit containing those elements. (Tr. at 249:21-250:5.) Mr. Zancho's testimony conflicts with the intrinsic evidence, and as a result, will not be used to arrive at a claim construction that is clearly at odds with the construction mandated by the intrinsic evidence. *Elkay Mfg. Co.*, 192 F.3d at 977.

Based upon the plain language of the claims, the lack of evidence of an intent to limit the meaning of a "user unit" in the specification, and the presence of embodiments that include user units with physically separate input devices, Respondents' limiting construction will be rejected and the term "user unit" will be construed to mean "equipment for a user."

c. "a monitoring system"

Claim Term	Complainant's Proposal	Respondents' Proposal	Staff's Proposal
"a monitoring system"	Agrees with Staff	"A single device, not the user unit, located in a fixed position remote from the user unit, and operated by an observer, capable of sending and receiving information"	"A communications system to check on the progress of a user and to receive information from the user"

Complainant's Position: Complainant argues that the term "a monitoring system" should be construed to mean a communication system to check on the progress of the user and provide reports to and from the user pertaining to emergencies. (Citing CX-0002C at Q. 80; Tr. at 166:16-167:2.) Complainant disagrees with Respondents' proposed construction, averring that there is no indication that a monitoring system should or would necessarily consist of a single device. Complainant continues that because of the nature of satellite monitoring systems that existed at the time of the invention, the idea that a fixed position is required and that the system

be operable or be operated by an observer is not required. Complainant continues that similar to the "user unit" the claim itself discloses that the monitoring system is made up of multiple devices. Complainant adds that the system cannot be a single device because the words system and device are used differently in the claim. (Citing CX-0002C at Q. 84; Tr. at 166:16-167:2.)

Respondents' Position: Respondents argue that the '380 patent describes a monitoring system that is perfectly symmetrical with the user unit. (Citing CX-0004 at Fig. 1.) Respondents say that the '380 patent describes the monitoring system like the user unit as a unitary device—one system at a defined location. Respondents explain that Figures 1, 7, and 8 show the elements of the monitoring system included within a single unit drawn as a single box. (Citing CX-0004 at 4:30-34, 6:33-39, 6:58-61, 6:65-7:1.) Respondents continue that the monitoring system is characterized by what it includes and is differentiated from the user unit. (Citing CX-0004 at 1:45-46, 2:41-42, 65, 3:1, 29-30, 4:16, 30-31, 6:34, 58, 65-66, 2:27-28, 61-62, 3:36-39, 4:43-44, 5:60-61, 6:32-33.) Respondents add that the "monitoring system" is consistently described and defined as a specific location to which information can be sent and where information can be observed. (Citing CX-0004 at 3:24-25, 4:43-44, 5:60-61, 65, 6:42, 50-51, 7:64-65.) Respondents aver that while the '380 patent might have assigned the various features of the claimed system differently by distributing them over several devices or multiple systems, it did not do so. (Citing RX-0164C at Qs. 34-35.) Respondents say that their proposed construction captures the essential symmetry between the user unit and the monitoring system. (Citing RX-0162C at Q. 82.)

In their reply brief, Respondents propose replacing the term "device" in their construction with the term "system," but retaining the specification's "requirement" that the monitoring

system occupy a single location at which the observer receives messages. (Citing CX-0004 at 3:36-39, 4:43-44, 5:60-61.)

Staff's Position: Staff contends that its proposed construction most closely reflects the plain and ordinary meaning of this term. Staff disagrees with Respondents' proposed construction, saying that a "system" typically connotes a set of things or parts that form a larger whole. Staff contends, as a result, that a "system" is not inherently a single "anything," much less a single device. Staff continues that there is no suggestion in the claims or the specification that the system be limited to a single device; rather, the claim specifically provides that the monitoring system includes a communication system, an output device, and a monitoring processor. (Citing CX-0004 at 8:10-12.) Staff says that Respondents' construction would result in a "single device" that would also include an output device, which is grammatically incongruous.

Staff argues that Respondents improperly import a nonexistent limitation from the specification to construe the monitoring system as being in a fixed location. Staff says that the seven examples in the specification cited by the Respondents provide no indication that the patentees intended to limit the monitoring system to a fixed location. Staff continues that because Respondents' proposed construction unduly limits the scope of the claim term, it should be rejected.

Conclusions and Analysis: The term "a monitoring system" will be construed to mean "equipment for observing, and communicating with, a user." The addition of further limitations proposed by the parties is not warranted because they are either duplicative of the remaining language of claim 1 or unsupported by the record.

To start, claim 1 provides significant insight into what the term "a monitoring system" means. Claim 1 discloses, *inter alia*, that the "monitoring system" includes a "monitoring satellite communication system," an "output device," and a "monitoring processor." (CX-0004 at 8:10-15.) Claim 1 continues to explain that the "monitoring satellite communication system" is adapted for "mutual communication" with the "user satellite communication system," such that the "output device" in the "monitoring system" can present information corresponding to information entered at the input device. (*Id.* at 8:15-21.) Thus, claim 1 makes clear that the "monitoring system" is equipment used for "mutual communication" with the user unit, and presents information regarding the user unit. The plain language of the claims requires nothing further.

Complainant's and Staff's proposed construction adds additional details regarding the functions of the "monitoring system," namely "to check on the progress of a user and to receive information from the user." The portion of the construction that requires the "monitoring system" to "receive information from the user" is unnecessary in view of the language already included in the claim. Claim 1 explains that the "monitoring system" includes an output device that "can present information to an observer, wherein the information corresponds to information entered at the input device." (CX-0004 at 8:10-11, 19-21.) As a result, it is not necessary to include this language in the construction of "monitoring system."

The portion of Complainant's and Staff's construction that requires the "monitoring system" "check on the progress of a user" is not required by the language of the claim or the specification. (See CX-0004 at 8:2-23.) "Checking on the progress of a user" is just one embodiment of the "monitoring system." (CX-0004 at 3:28-33 (disclosing that "[t]he user unit ***can*** include a satellite beacon that transmits a beacon signal according to a timed sequence, and

the monitoring system ***can*** include a receiver that receives the beacon signal via the satellite network and provides an indication of the presence or absence of the beacon signal at the output device.") (emphasis added); CX-0004 at 5:53-6:4 (disclosing that the "monitoring system" monitors status sensors on the "user unit" to determine if a "problem" has arisen).) There is nothing in the specification or claims indicating a clear intent to limit claim 1 to this particular embodiment.

Moreover, the principle of claim differentiation counsels against limiting claim 1 to this embodiment. The doctrine of claim differentiation originates in "the common sense notion that different words or phrases used in separate claims are presumed to indicate that the claims have different meanings and scope." *Karlin Tech., Inc. v. Surgical Dynamics, Inc.*, 177 F.3d 968, 971-72 (Fed. Cir.1999). Claim differentiation "create[s] a presumption that each claim in a patent has a different scope." *Comark Commc'ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1187 (Fed. Cir. 1998). "In the most specific sense, 'claim differentiation' refers to the presumption that an independent claim should not be construed as requiring a limitation added by a dependent claim." *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*, 438 F.3d 1374, 1380 (Fed. Cir. 2006).

The Federal Circuit has stated that the "presumption is especially strong when the limitation in dispute is the only meaningful difference between an independent and dependent claim, and one party is urging that the limitation in the dependent claim should be read into the independent claim." *SunRace Roots Enter. Co. v. SRAM Corp.*, 336 F.3d 1298, 1303 (Fed. Cir. 2003); *see also Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 910 (Fed. Cir. 2004) ("[W]here the limitation that is sought to be 'read into' an independent claim already appears in a dependent claim, the doctrine of claim differentiation is at its strongest.")

Here, dependent claims actually address status signals being sent to and monitored by the "monitoring system." Claim 17 states that the "user unit" of claim 1 includes a "status sensor" that provides information to the "monitoring system" and claim 35 discloses a (CX-0004 at 9:5-10, 65-67.) method of using the device of claim 1 which includes "monitoring the monitoring system[.]" As a result, the doctrine of claim differentiation counsels against construing "a monitoring system" to require "check[ing] on the progress of a user."

Respondents' proposed construction adds a number of limitations that are not supported by the claims or specification. Respondents' construction requires that the "monitoring system" be a "single device" that is "located in a fixed position remote from the user unit, and operated by an operator." First, similar to the "user unit" discussed above, the claims contemplate multiple "device[s]" within the "monitoring system." Claim 1 itself discloses another "device" that is included within the "monitoring system." Specifically, claim 1 provides that the "monitoring system" includes an "output device." (CX-0004 at 8:11.) Further, claims 19, 24, 27, and 28 which depend from claim 1, include additional "device[s]," including "a monitor output device," "a monitor input device," "a memory device," "a selection device," and "a scrolling device." (*Id.* at 9:16, 18, 33, 46, 52.) Thus, because the claims contemplate multiple "device[s]" being contained within the "monitoring system," the plain language of the claims supports a construction that would permit several "devices" to comprise the "monitoring system" and counsels against Respondents' restrictive construction.

In their reply brief, Respondents unpersuasively attempt to address the conflict between their proposed construction and the plain language of the claims, saying that "recognizing . . . the difference between a 'unit' and a 'system,' and acknowledging that the Staff's and BriarTek's proposal uses the word 'system' under its plain meaning in their construction," Respondents

propose substituting the word "system" for "device" in their proposed construction. (RRB at 8.) First, raising a new proposed construction for the first time in a post trial reply brief is improper and prejudicial to Complainant. Second, the newly proposed construction does not address the heart of the issue—that is, improperly limiting the "monitoring system" to a "single" system/device, where the claims disclose a combination of devices that comprise the "monitoring system." Although Respondents have substituted the term "system" for "device," in substance Respondents interpret a "single system" the same way they interpreted a "single device." For example, Respondents argue that the '380 patent requires "that the monitoring system occupy a single location at which the observer receives messages. The observer is only ever described as receiving information 'at the monitoring system.'" (RRB at 8.) Thus, although Respondents have changed the word "device" to "system," the substance of Respondents' construction is unchanged.

Second, the plain language of the claims does not require that all of the elements of the "monitoring system" be located in a single location, or be "operated by an operator" as Respondents' construction would suggest. Claim 1 merely requires that the various elements of the "monitoring system"—the "monitoring satellite communication system," "an output device," and "a monitoring processor"—be "communicatively coupled." (CX-0004 at 8:10-15.) As discussed in footnote 6, *supra*, the '380 patent uses the term "communicatively coupled" to include internal as well as external connections. Thus, there is no requirement that the elements of the "monitoring system" be provided in a single location, as long as the elements are "communicatively coupled." Moreover, claim 1 makes no mention of "an operator"; rather, it merely provides that the "output device ***can*** present information to an observer[.]" (CX-0004 at 8:19-20 (emphasis added).) As a result, there is nothing in the language of the claims that

requires all of the elements of the "monitoring system" be located in a single location, or be "operated by an operator."

Although Respondents argue that the specification supports their construction of "monitoring system," there is nothing in the specification that demonstrates a clear intention by the patentees to limit the claim's scope as required by Respondents' proposed construction. A review of the specification demonstrates that the opposite is true. Like the claims, the specification states that the "monitoring system" includes a number of devices, including *inter alia* an "output device," a "monitor input device," "a memory device," and a "selection device." (*See e.g.*, CX-0004 at 1:45-49, 2:36, 42, 51-52.) Thus, the specification contemplates multiple devices being included in the "monitoring system." Further, the specification discloses an additional ***server***, with its own processor for sorting and organizing news information, as being part of the "monitoring system." (See CX-0004 at 3:1-27, 6:65-7:15.) By disclosing a separate "server" as a part of the "monitoring system," the specification appears to suggest a number of different components—including distinct or separate devices—provide the functionality of the "monitoring system." Thus, the specification does not disclose that all of the elements of the "monitoring system" are provided in a single location, much less require it.

The specification also contemplates a number of actions being conducted automatically by the "monitoring system," i.e., without the presence of an "observer." For example, the specification states that "the monitoring satellite communication system can transmit the information to the user satellite communication system according to a timing sequence. For example, the timing sequence can be periodic." (CX-0004 at 3:12-16.) Moreover, although the specification acknowledges that an observer can be involved, there are other options to having an observer:

> The input device 4 receives user data from a user and the processor 6 formats the data for transmission by the satellite communication system 5 transmitter. ***The monitor processor 9 formats the user data*** received by the receiver of the monitor satellite communication system 7, ***for presentation to the observer*** at the output device 8. ***Optionally***, the monitoring system can also include a relay transmitter, so that ***messages from the user can be relayed directly to response personnel***.

(CX-0004 at 4:45-53 (emphasis added).) There is nothing disavowing this "optional[]" approach from the scope of the claims. As a result, there is nothing the specification that requires that the "monitoring system" be located in a single location, or be "operated by an operator" as Respondents' construction would suggest.

Respondents' argument that boxes drawn around the "monitoring system" are limiting is not persuasive. The specification is clear that Figures 1, 7, and 8 depict "***exemplary***" monitoring systems. (CX-0004 at 3:43-54.) Respondents fail to identify any "words or expressions of manifest exclusion or restriction" that evidence a clear intent to limit the claims to these exemplary embodiments. *See i4i v. Microsoft*, 598 F.3d at 843. Absent such evidence, the claims are not limited to such examples.

Further, as discussed above, the specification actually suggests that the "monitoring system" can include components that are not within a "single system/device." The specification discloses an additional server, with its own processor for sorting news information, as being part of the "monitoring system." (See CX-0004 at 3:1-27, 6:65-7:15.) Taken together, there is no clear intent to limit the claims to the exemplary embodiments of figures 1, 7, and 8.

Based upon all of the foregoing, the term "a monitoring system" will be construed to mean "equipment for observing, and communicating with, a user."

d. Other Claim Terms

Although Complainant, Respondents, and Staff addressed constructions for a number of additional claim terms from the asserted claims of the '380 patent in their briefs, none of those terms need to be addressed because they have no impact on the question of infringement. Rather, as explained in Section III.B.3, *infra*, the only claim terms relevant to an infringement analysis are "a user unit" and "a monitoring system." These are the only claim limitations for which Respondents have raised relevant non-infringement arguments. Only claim terms in controversy need to be construed, and only to the extent necessary to resolve the controversy. *Vanderlande Indus. Nederland BV v. Int'l Trade Comm'n.*, 366 F.3d 1311, 1323 (Fed. Cir. 2004); *Vivid Tech., Inc. v. Am. Sci. & Eng'g. Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

3. Claim by Claim Analysis of Accused System

Complainant has asserted that Respondents' accused system meets each and every limitation of claims 1, 2, and 10 of the '380 patent. Claim 1 discloses:

> An emergency monitoring and reporting system, comprising:
> a user unit;
> and a monitoring system;
> wherein the user unit includes an input device, a user satellite communication system, and a user processor communicatively coupled to the input device and the user satellite communication system;
> wherein the monitoring system includes a monitoring satellite communication system, an output device, and a monitoring processor communicatively coupled to the monitoring satellite communication system and the output device;
> wherein the user satellite communication system and the monitoring satellite communication system are adapted for mutual communication via a satellite network such that the output device can present information to an observer, wherein the information corresponds to information entered at the input device; and
> wherein the input device includes a text entry device adapted to receive textual data entered by a user.

(CX-0004 at 8:2-23.)

Claim 2 discloses: "The system of claim 1, wherein the user unit is adapted to be coupled to a user."

(CX-0004 at 8:24-25.)

Claim 10 discloses:

> The system of claim 1,
> wherein the user satellite communication system includes a transmitter, and
> wherein the input device is adapted to receive user data from a user and the user processor is adapted to format the data for transmission by the transmitter.

(CX-0004 at 8:50-54.)

Complainant's Position: Complainant argues that the preamble of claim 1 is not a limitation, but if it were a limitation, it would be met in the accused system. Complainant says that the InReach 1.5 and SE devices, when activated and used with a smartphone or tablet running Earthmate in conjunction with the back end InReach LLC support constitutes an "emergency monitoring and reporting system." (Citing CX-0002C at Q. 170; 166:16-167:2.) Complainant says that JX-0012C depicts the operation of the InReach system. (Citing CX-0033C at 23:21-25:5; Tr. at 98:10-99:1.) Complainant continues that each InReach device includes an "Iridium Tx/Rx" transmitter and receiver, works with a smartphone, communicates with the Iridium gateway which goes to Respondents' "Back Office," which sends email messages to the end users. Complainant adds that Respondents' quick start guides are designed by Respondents to provide instruction on how to download, install, pair and send two-way messages. (Citing CX-0033C at 91:7-23; CX-0114C; Tr. at 98:10-99:1.)

Complainant contends that under its construction, the InReach 1.5 and SE devices with Earthmate software on a smartphone or tablet constitutes a "user unit." (Citing CX-0002C at Q.

171; Tr. at 166:16-167:2.) Complainant says that a "user unit" is met under the doctrine of equivalents under DeLorme's proposed construction, because the accused product performs the same function, in the same way to achieve the same result as a unitary device—the only difference being that the single unit is divided into pieces. (Citing CX-0002C at Q. 172; Tr. at 166:16-167:2.) Complainant adds that the end user must enter into software license agreements with Respondents to use the Earthmate application on the user's smartphone or tablet. (CX-0002C at Q. 172; Tr. at 166:16-167:2.) Complainant argues that ownership and control is not a defense to the doctrine of equivalents, and, as a result, Respondents' arguments fail.

Complainant asserts that "a monitoring system" also is present in the accused system. Complainant says that Respondents lease servers located in Chicago, Illinois that receive all data communications coming from non-governmental users, which in combination with GEOS (an emergency monitoring service) and Respondents' operational staff constitute the monitoring system. Complainant continues that the same monitoring system is used with all InReach devices. (Citing CX-0002C at Q. 173; Tr. at 166:16-167:2.) Complainant says that all messages sent by the InReach system are stored and forwarded as indicated and Respondents keep records of all two-way texts. (Citing CX-0033C at 35:3-22, 36:15-19, 49:9-13; Tr. at 98:10-99:1.) Complainant continues that email messages sent to recipients have the text and a URL link maintained by Respondents that can be used to reply. Complainant says that Respondents store all of the information in a sequel server as MO and MT messages. (Citing CX-0033C at 37:5-39:7; Tr. at 98:10-99:1.) Complainant adds that SOS messages are routed by Respondents' server to GEOS, by making a web service call on the GEOS servers. (Citing CX-0033C at 43:21-44:11; Tr. at 98:10-99:1.)

Complainant says that Respondents' operations team receives SOS emails and checks in

ten minutes to verify that GEOS has logged onto the web page and responded by text message. (Citing CX-0033C at 48:18-51:15; CX-0036C at 42:18-43:11, 43:25-44:8; Tr. at 98:10-99:1.) Complainant continues that Respondents' employees will receive an SOS email that includes both text and the URL that is used to reply and the email can be read by any of the employees with a laptop or PC. (Citing CX-0036C at 44:17-45:8, 45:20-24; Tr. at 98:10-99:1.)

Complainant argues that even if Respondents' proposed construction is adopted (the monitoring system being limited to a single device), the accused product performs the same function, in the same way, to achieve the same result as a unitary device. Complainant avers that the only difference is that the single unit is divided into pieces. (CX00002C at Q. 174; Tr. at 166:16-167:2.) Complainant contends that ownership and control is not a defense to the doctrine of equivalents.

Complainant asserts that the accused system meets the claim limitation requiring "wherein the user unit includes an input device, a user satellite communication system, and a user processor communicatively coupled to the input device and the user satellite communication system." Complainant says that under its construction, the input device is the smartphone or tablet running the Earthmate software. Complainant avers that it has a keypad and the ability accept message data from the user. Complainant continues that the user satellite communication system includes the 9602 Iridium modem in the InReach 1.5 and 9603 Iridium modem in the InReach SE, as well as the Maxtenna antenna present in all devices. Complainant says that all of the InReach devices include a Teseo or STMicroelectronics processor that processes the inputted data and passes it to the modems for transmission. Complainant contends that the Bluetooth and authentication chip allow for the input device to be coupled to the InReach device processor. (Citing CX-0002C at Q. 175; Tr. at 166:16-167:2.)

Complainant argues that this limitation is also met under Respondents' proposed construction or Staff's proposed construction, because the accused product performs the same function, in the same way, to achieve the same result. (Citing CX-0002C at Qs. 176-77; Tr. at 166:16-167:2.) Complainant notes that the end user must enter into software license agreements with Respondents to use the Earthmate application on the user's smartphone or tablet. (Citing CX-0002C at Q. 176; Tr. at 166:16-167:2.) Complainant contends that ownership and control is not a defense to the doctrine of equivalents.

Complainant asserts that the accused system meets the fourth claim limitation that requires that "the monitoring system includes a monitoring satellite communication system, an output device, and a monitoring processor communicatively coupled to the monitoring satellite communication system and the output device." Complainant says that under its construction, the monitoring satellite communication system includes the Iridium downlink and the leased InReach servers, with processors, located in Chicago, Illinois that send all data communications. Complainant continues that the output device includes the web page that is displayed at GEOS or the emails and web pages displayed to Respondents' employees or the recipient. Complainant argues that the monitor processor is the processor in the leased InReach servers running the processing software. (Citing CX-0002C at Q. 178; Tr. at 166:16-167:2.)

Complainant contends that if Staff's or Respondents' construction is adopted and "on or in" is interpreted to mean the transmitter must include the Iridium downlink, then the element is met under the doctrine of equivalents. (Citing CX-0002C at Q. 179; Tr. at 166:16-167:2.)

Complainant disagrees with Respondents' argument that a webpage does not constitute an output device. Complainant says that this argument ignores that Respondents' employees receive SOS emails and check in ten minutes to ensure GEOS has responded and that

Respondents' employees with a laptop or PC can read the emails. (Citing CX-0033C at 48:18-51:15; CX-0036C at 42:18-43:11, 43:25-44:8, 44:17-45:8, 45:20-24; Tr. at 98:10-99:1.)

Complainant contends that the accused system meets the fifth claim limitation of claim 1, which requires that "the user satellite communication system and the monitoring satellite communication system are adapted for mutual communication via a satellite network such that the output device can present information to an observer, wherein the information corresponds to information entered at the input device." Complainant says that under Complainant's construction, the user satellite communication system and the monitoring satellite communication system are capable of two-way communication and the information that is entered is the same information that is received by the end user. (Citing CX-0002C at Q. 180; Tr. at 166:16-167:2.) Complainant continues that in Respondents' system, any message with freeform text necessarily originated from a smartphone or tablet. (Citing CX-0033C at 69:4-7; Tr. 98:10-99:1.) Complainant points out that although Mr. Zancho "appears to take issue" with GPS data being presented to the user, Mr. Zancho ignores that GPS data is not entered at the input device. (Citing RX-0164C at Q. 84.) Complainant argues that this limitation also is met under Respondents' and Staff's "broader" construction.

Complainant argues that the last element of claim 1, which requires "wherein the input device includes a text entry device adapted to receive textual data entered by a user," is met in the accused system. Complainant says that under Complainant's and Staff's construction, the text entry device is the smartphone or tablet running the Earthmate application that will show a keyboard and allow a user to enter text. (Citing CX-0002C at Q. 182-183; Tr. at 166:16-167:2.)

Complainant contends that using Respondents' construction, this limitation is met under the doctrine of equivalents because the keyboard generated by the application performs the same

function, in the same way, to achieve the same result as physical keys on a single user unit device. (Citing CX-0002C at Q. 184; Tr. at 166:16-167:2.)

Complainant argues that the accused system practices claim 2. Complainant says that the InReach 1.5 and SE devices have belt clips and loops located in the plastic device shell to allow it to be coupled to a user. (Citing CX-0002C at Q. 185-186; Tr. at 166:16-167:2.)

Complainant also contends that the accused system practices claim 10. Complainant says that under Complainant's and Staff's construction, the InReach 1.5 device contains an Iridium 9602 modem and the InReach SE device contains an Iridium 9603 modem. Complainant continues that the InReach devices take user entered text and format it, including the use of a header and payload format, which is then transmitted over the satellite system and re-processed at the InReach Chicago server facility to extract the user entered text. (Citing CX-0002C at Q. 187; Tr. at 166:16-167:2.) Complainant says that this limitation is met under Respondents' construction because the Iridium modems work in a frequency band. (Citing CX-0002C at Q. 188; Tr. at 166:16-167:2.)

Complainant disagrees with Respondents' argument that the claims should be limited in view of undiscussed prior art to preclude a finding of infringement. Complainant says that Respondents' argument requires new claim constructions as well as evidence that is not included in the record.

Complainant notes that Respondents' non-infringement argument is limited to two elements—the input device and the monitoring system. Complainant says that Respondents argue that they do not "sell" the smartphone or monitoring system. Complainant argues that this is irrelevant, because the issue is whether or not Respondents control or direct use of the system, and Respondents contract for the service and contract with the end users to permit use of the

service.

Complainant contends that Respondents' argument that the doctrine of equivalents is not available was not present in Respondents' pre-hearing brief and is unsupported.

Complainant disagrees with Respondents' arguments regarding whether or not there is an observer at Respondents' facilities who receives text messages. Complainant says that the evidentiary record establishes that Respondents receive and monitor two-way messages. (Citing CX-0033C at 48:18-51:15; CX-0036C at 42:18-43:11, 43:25-44:8, 44:17-45:8; Tr. at 98:10-99:1.)

Complainant contends that Respondents' arguments regarding claim 2 were not raised in their pre-hearing brief and are an attempt to interpret the term "coupling" to require a complete coupling of the entire device. Complainant argues that the portion of the transcript cited by Respondents (Tr. at 146:16-147:3) is a hypothetical that was not related to any actual claim language. (Citing Tr. at 147:16-22.) Complainant argues that because this argument was raised for the first time in post-hearing briefing, it was waived under Ground Rule 8.2.

Respondents' Position: Respondents raise two arguments regarding whether or not the accused system meets the limitations of the asserted claims.[8] First, Respondents argue that the accused system does not have a "user unit." Respondents say that the asserted patent requires that the "user unit" be a single device, not multiple devices connected wirelessly. Respondents continue that the text entry device/"input device" is a part of the "user unit" in claim 1. Respondents reason that because the text entry device accused by Complainant is a keyboard or virtual keyboard found on a third-party smartphone, not on the InReach device itself, the accused

[8] Respondents raise a number of additional arguments, including whether or not the imported components infringe the asserted claims and whether or not Respondents control or sell the entire accused system. These arguments are addressed in Section III.B.5, *infra*.

system does not have an "input device" included in the "user unit" as required by the claims. Respondents contend that a third-party smartphone or tablet paired with an InReach device is not a "user unit," but two paired devices, one of which is sold by Respondents and one of which is not.

Respondents assert that Complainant is foreclosed from arguing that the input device included within the user unit may be satisfied under the doctrine of equivalents. Respondents say that the inventors obtained the patent by arguing that their invention required a keypad for text entry and the prior art cited by the examiner did not. (Citing RX-0131 at DLM-1021107.) According to Respondents, the keypad included in the input device was the element that enabled the patent to issue over a prior art rejection, and so cannot be satisfied by an "equivalent," that is, a virtual keyboard on a smartphone or tablet that is Bluetooth-paired to a user unit.

Second, Respondents argue that the accused system does not have a "monitoring system." Respondents say that the "monitoring system" must be a single system, including a monitoring satellite communication system, an output device, and a monitoring processor. Respondents continue that the accused system includes within it the Iridium Gateway in Arizona, the public internet, and the personal computer of a GEOS employee or friend or family-member of the user on which the observer views the text message sent by the user.

Respondents argue that they (and their expert) have not conceded that the accused "system" infringes the asserted claims. Respondents say that their expert clarified that to the extent he testified that "elements" of the "system" "exist," he meant that there is equipment identified by Complainant as part of the accused "system" that performs the functions described in the asserted claims. (Citing Tr. at 220:21-221:5.) Citing *Blackboard, Inc. v. Desire2Learn, Inc.*, 574 F.3d 1371, 1385 (Fed. Cir. 2009), Respondents contend that the "fact that 'a person of

ordinary skill in the art could devise some means to carry out the recited function' does not mean that the means so devised is what the patentee claimed." (RRB at 11-12.) Respondents add that "[i]t is possible to send text messages composed on a third-party smartphone paired with an InReach device over a third-party satellite network to a third-party observer through the public Internet. That those functions can be performed does not mean that DeLorme directly infringes claims 1, 2, or 10 of the '380 Patent or induces others to do so." (*Id.* at 12.)

Staff's Position: Staff argues that the evidence demonstrates that claims 1, 2, and 10 are infringed by Respondents. Staff contends that the accused system meets the preamble of claim 1. Staff explains that the InReach 1.0, 1.5, and SE devices, when paired with an Android or Apple iOS mobile device running the Earthmate application, and activated, constitutes "an emergency monitoring and reporting system." (Citing CX-0002C at Q. 170.)

Staff says that there is no dispute that the accused InReach 1.0, 1.5, and SE devices are "a user unit." (Citing CX-0002C at Q. 171.)

Staff contends that under Staff's and Complainant's construction, the accused system includes "a monitoring system." Staff says that Respondents lease servers in Chicago that receive information and data from non-governmental users of InReach devices through the Iridium satellite network and the servers process and send the data to GEOS, a monitoring company, and certain employees of Respondents. (Citing CX-0002C at Qs. 173-74.)

Staff argues that the claim limitation requiring "wherein the user unit includes an input device . . ." is met by the accused system. Staff says that an Android or Apple iOS mobile smartphone or tablet that is Bluetooth-enabled (and in the case of the Apple iOS devices, also includes the Avnet authentication chip), and is running the Earthmate application software, meets the definition of an input device. (Citing CX-0002C at Q. 175.) Staff continues that the InReach

devices include Iridium modems, which are both a transmitter and receiver capable of transmitting and receiving data via the Iridium satellite network. (Citing *id.*) Staff adds that the accused InReach devices include a Bluetooth-enabling module, an Avnet authentication chip, and a Teseo or STMicro processor that processes data transmitted between the input device (via the Bluetooth module or Avnet chip) and the Iridium modem, thereby meeting the "user processor communicatively coupled" requirement.

Staff disagrees with Respondents' argument that a "peripheral device" such as a smartphone or tablet is not "communicatively coupled." Staff explains that while Mr. Zancho testified that a "coupling" requires a "bus structure," his explanation does not directly contradict or address the testimony from Dr. Steffes that Bluetooth (and the Avnet authentication chip) allows the smartphone or tablet to communicate with the inReach device. (Citing Tr. at 249:14-251:5; CX-0257C at 72:17-74:11; CX-0002C at Q. 175.) Staff argues that under the agreed upon construction of the parties, the only logical conclusion is than an input device, such as a smartphone or tablet, connected via Bluetooth (and the Avnet chip) to allow communication with the user processor in the InReach device meets this claim limitation. Staff continues that to the extent Respondents are attempting to offer a new construction, Respondents' new construction should be rejected as untimely since they agreed at least as early as June 21, 2013 to the proposed joint claim construction.

Staff argues that the claim element requiring "wherein the monitoring system includes a monitoring satellite communication system . . ." also is present in the accused system. Staff says that Respondents lease servers in Chicago that receive data and information from the InReach devices through the Iridium satellite network and there is an intermediate set of servers in Tempe, Arizona that receives data and information from the Iridium satellite network. (Citing

CX-0002C at Q. 178; CX-0033C at 31:11-33:14, 109:3-109:13.) Staff continues that the intermediate servers identify the registration of the data they receive and route the appropriate data and messages to Respondents' servers in Chicago, which then process the data and information and transmit relevant information to GEOS and to select employees of Respondents. (Citing CX-0033C at 32:4-55:9; CX-0002C at Qs. 143, 169, 173.) Staff says that this meets the definition of "a monitoring system." Staff continues that the Iridium downlink in Tempe is capable of transmitting and receiving data via the Iridium satellite network and communicates with the Respondents' servers in Chicago. (Citing CX-0002C at Q. 178-80; CX-0033C at 31:11-33:14, 109:3-109:13) Staff concludes that this meets the definition of a "monitoring satellite communication system."

Staff says that the devices on which Respondents' employees receive data and information from Respondents' servers in Chicago meet the definition of "output device." (Citing CX-0002C at Q. 178.) Staff argues that the processors in the Iridium downlink in Tempe act in concert with the processors in Respondents' servers and meet the definition of "monitoring processor communicatively coupled." (Citing CX-0002C at Qs. 143, 169, 173, 178, 180; CX-0033C at 32:4-55:9.)

According to Staff, the accused system also meets the limitation that requires "wherein the user satellite communication system and the monitoring satellite communication system are adapted . . . ." Staff says that the evidence demonstrates that the Iridium modems included in the InReach devices are a "user satellite communication system" and the Iridium downlink in Tempe along with the Respondents' servers in Chicago are a "monitoring satellite communication system." Staff continues that the Iridium modems included in the InReach devices and the Iridium downlink in Tempe can each transmit and receive data and information to and from the

Iridium satellite network, and are therefore configured for two way communication. (Citing CX-0002C at Q. 180.) Staff adds that the devices on which Respondents' employees view information that is entered by the InReach end users are output devices that can present information to an observer, wherein the information corresponds to information entered at the input device. (Citing CX-0002C at Qs. 143, 169, 173, 178; CX-0033C at 32:4-55:9.)

Staff contends that the accused system meets the limitation requiring "wherein the input device includes a text entry device adapted to receive textual data entered by a user." Staff says that an Android smartphone or tablet or Apple iOS mobile smartphone or tablet running the Earthmate application software is an "input device" and is capable of use for entry of text data by the user. (Citing CX-0002C at Qs. 175, 182-84.)

Turning to claim 2, Staff says that the accused InReach 1.5 and SE devices are user units, and have belt clips and loops on the plastic device shell to allow the devices to be coupled to a user. (Citing CX-0002C at Qs. 185-86.)

Staff argues that claim 10 also is infringed by the accused system. Staff says that the Iridium modems included in the InReach 1.5 and SE devices are used to transmit radio signals, and therefore meet the limitation requiring a "transmitter." (Citing CX-0002C at Qs. 107, 143, 157, 160, 175, and 187.) Staff continues that an Android smartphone or tablet or an Apple iOS smartphone or tablet running the Earthmate application meets the definition of an "input device." (Citing CX-0002C at Q. 175.) Staff adds that these devices are configured for the entry of data by a user. (Citing *id.* at Qs. 182-184.) Staff says that the Teseo and STMicro processors included in the accused InReach devices configure the data received from the input device for processing the data for transmission by the Iridium modem. (Citing *Id.* at Q. 175.) Based upon all of the foregoing, Staff concludes that claim 10 is practiced in the accused system.

Conclusions and Analysis: Complainant has carried its burden to prove by a preponderance of the evidence that the accused system—an activated InReach 1.5 or SE device, paired with a user's Android or iOS smartphone or tablet running the Earthmate application, and the Iridium, DeLorme, and GEOS infrastructure—meets every limitation of claims 1 and 2. Indeed, Respondents and their expert have admitted as much based upon the adopted claim constructions for "user unit" and "monitoring system." Complainant has failed to meet its burden to prove that each of the elements of claim 10 is present in the accused system.

In their opening post-hearing brief, Respondents state that: (1) "[i]f a user unit can be so broadly construed as to include multiple devices paired by a wireless connection, then the inReach-smartphone pair can be seen to perform the functions of a user unit;" and (2) "[i]f a monitoring system can be so broadly construed as to include Iridium equipment in Arizona, DeLorme-rented equipment in Illinois, GEOS equipment in Houston, and the equipment of unspecified observers throughout the world, all connected by the public Internet, then the grouping of the Iridium Gateway, Illinois servers, Houston search and rescue center, and personal computers can perform the functions of a monitoring system." (RIB at 73.) Respondents then admit that "[t]here is a sense, then, in which the functions or capabilities described by claim 1 of the '380 patent exist." (Citing Tr. at 220:21-221:5.)[9] In Section III.B.2,

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[9] Despite not having argued any claim terms are subject to interpretation as means-plus-function elements, in their reply brief, Respondents cite a decision addressing means-plus-function claim language and argue the fact that "'a person of ordinary skill in the art could devise some means to carry out the recited function' does not mean that the means so devised is what the patentee claimed." (RRB at 12 (citing *Blackboard, Inc. v. Desire2Learn, Inc.*, 574 F.3d 1371, 1385 (Fed. Cir. 2009).) *BlackBoard* specifically addressed whether means-plus-function claim language had adequate disclosure of structure in the specification to be definite. The Federal Circuit explained that "[t]he question before us is whether the specification contains a sufficiently precise description of the 'corresponding structure' to satisfy section 112, paragraph 6, not whether a person of skill in the art could devise some means to carry out the recited function." *Blackboard*, 574 F.3d at 1385. The requirements set forth in *Blackboard* regarding disclosure of sufficient "corresponding structure" for a means-plus-function claim element are not applicable here, where means-plus-function claim language is not at issue.

supra, Respondents' arguments that the term "user unit" should be limited to a single device and the term "monitoring system" should be limited to a single system or device are rejected. Although he disputed that Respondents owned or operated all of the components of the accused system, Respondents' expert, Mr. Zancho, admitted that the elements of claim 1 were present in the accused system. (CX-0257C at 70-72.) Based upon the constructions adopted in Section III.B.2, *supra*, it appears that there is no dispute that the accused system practices asserted claim 1. In the interest of creating a complete record, however, an element by element analysis of the asserted claims with citations to the evidence of record will be conducted.

Turning first to claim 1, the preamble of claim 1—"[a]n emergency monitoring and reporting system"—is not a limitation. Whether to treat a claim preamble as a limitation is a determination made after a review of the entire patent. *Catalina Mktg. Int'l, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 808 (Fed. Cir. 2002). In *Catalina*, the Federal Circuit stated:

> In general, a preamble limits the invention if it recites essential structure or steps, or if it is "necessary to give life, meaning, and vitality" to the claim. Conversely, a preamble is not limiting "where a patentee defines a structurally complete invention in the claim body and uses the preamble only to state a purpose or intended use for the invention."

Id. (citations omitted). The preamble of claim 1 is not necessary to give life, meaning and vitality to the claim. The claim body of claim 1 itself defines a structurally complete invention, and the mere fact that the preamble explains that it is directed to an "emergency monitoring and reporting system" is not needed to understand the body of the claim. The fact that the claim is directed to an emergency monitoring and reporting system is clear from the body of the claim, which includes limitations of "a user unit," "a monitoring system," and explains that the user unit and monitoring system are adapted for "mutual communication." (CX-0004 at 8:2-23.)

The first limitation of claim 1—"a user unit"—is present in the accused system. In Section III.B.2.b, *supra*, a "user unit" was construed to mean "equipment for a user." In the accused system, the "user unit" includes an InReach 1.5 or SE device and a Bluetooth enabled Android smartphone or tablet or Apple iOS smartphone or tablet running the Earthmate software application. (CX-0002C at Q. 171.) Respondents' only dispute regarding this limitation is based on their construction that limits a "user unit" to a single device. However, as explained in Section III.B.2.b, *supra*, such a restrictive construction is not supported by the record.[10]

The second limitation of claim 1—"a monitoring system"—also is met in the accused system. In Section III.B.2.c, *supra*, a "monitoring system" was construed to mean "equipment for observing, and communicating with, a user." Respondents' description of the accused system makes clear that the accused system includes "equipment for observing, and communicating with, a user." During his corporate deposition on behalf of Respondents, Mr. Adrian Smith identified the various components of Respondents' system and explained how the components functioned when a message was transmitted. He explained that messages sent from an InReach consumer device are communicated over the Iridium satellite constellation, across an Iridium downlink in Tempe, Arizona, are processed by a series of Iridium servers, and based on the IMEI attached to the message, are relayed over the Internet to Respondents' servers in Chicago, Illinois. (CX-0033C at 30:3-32:22.) He said that the servers then store all messages, and route certain messages along to various destinations. (CX-0033C at 36:2-19.)

He explained that in the case of SOS messages, the messages are forwarded to GEOS through a web service call and distributed by email internally within Respondents' operations

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[10] The issue of prosecution history estoppel does not need to be reached because doctrine of equivalents is not being relied upon for infringement of any claim elements.

team "as a backup," and the internal email is a carbon copy of what is sent to GEOS. (CX-0033C at 43:21-49:22.) According to Mr. Smith, the internal email "shows up on [his] email screen" and identifies "the person who is having an emergency, their primary contact information, their location, and any text message that was entered," and includes a "URL" that would allow the recipient to respond to the InReach device that sent the message. (CX-0033C at 49:16-50:8.) Based on Mr. Smith's description of Respondents' system, it is clear that the accused system includes "equipment for observing, and communicating with, a user." Like the "user unit," Respondents' only dispute regarding this limitation is based on their construction that limits a "monitoring system" to a single device or system. However, as explained in Section III.B.2.c, *supra*, such a restrictive construction is not supported by the record.

The InReach 1.5 or SE device and a Bluetooth enabled Android smartphone or tablet or Apple iOS smartphone or tablet running the Earthmate software application in the accused system meet the third limitation of claim 1, which requires "wherein the user unit includes an input device, a user satellite communication system, and a user processor communicatively coupled to the input device and the user satellite communication system." The Android smartphone or tablet or Apple iOS smartphone or tablet running the Earthmate software application are paired to the InReach 1.5 or SE device using a Bluetooth connection. A product manual for the InReach 1.5 device explains the process for pairing a smartphone or tablet with the InReach device using Bluetooth.[11] (CX-0044 at 17, 25.) Mr. Smith testified that this was the product manual for InReach devices. (CX-0033C at 74:17-75:9.) Mr. Smith explained that the process for pairing an Android device with the InReach devices has changed, but Bluetooth is

[11] Mr. Smith explained that in pairing an iOS smartphone to the InReach device over Bluetooth, the InReach device also needs to use an authentication chip licensed from Apple. (CX-0033C at 131:18-133:10.)

still used for the pairing. (CX-33C at 84:6-85:2.) In addition to the evidence in the user manual, Mr. Smith also explained in his deposition how Bluetooth is utilized in the InReach devices for communicating with the smartphone or tablet. (*See* CX-0033C at 42:21-25, 84:6-85:2, 85:10-25, 109:9-13, 112:11-16.)

Once paired, the smartphone or tablet can be used as an input device for the InReach 1.5 or SE devices. Exhibits CX-0058 and CX-0059 are technical support documents provided by Respondents that explain how a user can send text messages using an Android or iOS device running Earthmate paired over Bluetooth with an InReach device. (CX-0033C at 72:19-74:5, 109:9-13, 112:11-16 CX-0058; CX-0059.) Mr. Smith confirmed that these documents accurately describe the process for sending text messages using an Android or iOS device paired to the InReach system. (*Id.*) Both documents describe using an on-screen keyboard of the Android or iOS device to enter a message to be sent through the InReach device paired to the smartphone. (CX-0058; CX-0059.) Thus, Respondents' documents and the testimony of their employees demonstrate that an InReach 1.5 or SE device and a Bluetooth enabled Android smartphone or tablet or Apple iOS smartphone or tablet running the Earthmate software application includes an input device.[12]

Contained within the InReach 1.5 and SE devices themselves are a user satellite communication system and a user processor communicatively coupled to the input device and the user satellite communication system. Mr. Brian Stam, a project manager for Respondents handling the InReach SE device, prepared a drawing of the InReach 1.5 and SE devices during his deposition to identify the components of the devices and explain how the components are

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[12] As noted in Section III.B.2.b, *supra*, Respondents' arguments that the "input device" must be included within a single "user unit" are unpersuasive.

connected. (CX-0034C at 5:16-23, 40:1-42:12; CX-0056C.) The diagram Mr. Stam drew depicts the 1.5 and SE devices as including an Iridium modem and antenna (a user satellite communication system), which are connected to a Teseo processor (a user processor), which is in turn connected to the Bluetooth module. (*Id.*; *See also* CX-0034C at 24:6-19, 24:23-27:3.) Mr. Stam explained that the Teseo processors in the devices are connected to "everything," including the Bluetooth and the Iridium modem, which is in turn connected to the Iridium antenna. (CX-0034C at 25:4-21.) As noted above, the input device—the Android or iOS device running the Earthmate application—is connected to the InReach 1.5 and SE devices through Bluetooth. As a result, the evidence demonstrates that the InReach 1.5 and SE devices include a user satellite communication system (the Iridium modem and antenna), that is coupled to a user processor (the Teseo processor), that is coupled to the Android or iOS device via Bluetooth.

The accused system also meets the fourth limitation of claim 1, which requires "wherein the monitoring system includes a monitoring satellite communication system, an output device, and a monitoring processor communicatively coupled to the monitoring satellite communication system and the output device." As noted above, Mr. Smith explained that messages sent from an InReach consumer device are communicated over the Iridium satellite constellation, across an Iridium downlink in Tempe, Arizona (a monitoring satellite communication system), are processed by a series of Iridium servers, and based on the IMEI attached to the message, are relayed over the Internet to Respondents' servers in Chicago, Illinois (monitoring processors). (CX-0033C at 30:3-32:22.) He said that the servers in Chicago include "processors," store all messages, and route certain messages along to various destinations. (CX-0033C at 52:13-17; 36:2-19.) He explained that in the case of SOS messages, the messages are forwarded to GEOS through a web service call (an output device) and also distributed internally by email within

Respondents' operations team "as a backup," and the internal email is a carbon copy of what is sent to GEOS. (CX-0033C at 43:21-49:22.) According to Mr. Smith, the internal email "shows up on [his] email screen" (an alternative output device) and identifies "the person who is having an emergency, their primary contact information, their location, and any text message that was entered," and includes a "URL" that would allow the recipient to respond to the InReach device that sent the message. (CX-0033C at 49:16-50:8.) Thus, the evidence demonstrates that the accused "monitoring system" includes an output device (either the GEOS system or Respondents' internal email system), communicatively coupled via the internet (email or web) to a monitoring processor in the Chicago servers, which in turn are communicatively coupled over the Internet and through the Iridium servers to the Iridium downlink in Tempe, Arizona.[13]

Similarly, the fifth limitation of claim 1, which requires that "wherein the user satellite communication system and the monitoring satellite communication system are adapted for mutual communication via a satellite network such that the output device can present information to an observer, wherein the information corresponds to information entered at the input device," reads on the accused system. As noted above, Mr. Smith explained that messages sent from an InReach consumer device are communicated over the Iridium satellite constellation, across an Iridium downlink in Tempe, Arizona, are processed by a series of Iridium servers, and based on the IMEI attached to the message, are relayed over the Internet to Respondents' servers in Chicago, Illinois. (CX-0033C at 30:3-32:22.) He continued that in the case of SOS messages sent via an InReach device, the messages are forwarded to GEOS through a web service call and distributed by email internally within Respondents' operations team "as a backup," and the

[13] As noted in Section III.B.2.c, *supra*, Respondents' arguments that all of the elements of the "monitoring system" must be included within a single device or system are unpersuasive.

internal email is a carbon copy of what is sent to GEOS. (CX-0033C at 43:21-49:22.) According to Mr. Smith, the message identifies the person who is having an emergency, their primary contact information, their location, and any text message that was entered, and includes a "URL" that would allow the recipient to respond to the InReach device that sent the message. (CX-0033C at 49:16-50:8.) Thus, evidence demonstrates that the user satellite communication system (the Iridium components included in the InReach device) and the monitoring satellite communication system (the Iridium downlink in Tempe, Arizona) communicate via the Iridium satellite network and the output device displays a text message entered by the user.

The last limitation of claim 1, which requires "wherein the input device includes a text entry device adapted to receive textual data entered by a user" reads on the InReach 1.5 or SE device and a Bluetooth enabled Android smartphone or tablet or Apple iOS smartphone or tablet running the Earthmate software application in the accused system. As noted above, once paired with an InReach device, a smartphone or tablet can be used as an input device for the InReach 1.5 or SE devices. Exhibits CX-0058 and CX-0059 are technical support documents provided by Respondents that explain how a user can send text messages using an Android or iOS device running Earthmate paired over Bluetooth with an InReach device. (CX-0033C at 72:19-74:5, 109:9-13, 112:11-16; CX-0058; CX-0059.) Mr. Smith confirmed that these documents accurately describe the process for sending text messages using an Android or iOS device paired to the InReach device. (*Id.*) Both documents describe using an on-screen keyboard of the Android or iOS device to enter a message to be sent through the InReach device paired to the smartphone. (CX-0058; CX-0059.) Thus, the InReach 1.5 or SE device when paired with a Bluetooth enabled Android smartphone or tablet or Apple iOS smartphone or tablet running the

Earthmate software application include an input device with a text entry device adapted to receive textual data entered by a user.

Based upon all of the foregoing, Complainant has proven, by a preponderance of the evidence, that all of the elements of claim 1 are present in the accused system.

Turning next to claim 2, Complainant has proven, by a preponderance of the evidence, that all of the elements of claim 2 are present in the accused system. Claim 2 discloses: "The system of claim 1, wherein the user unit is adapted to be coupled to a user." (CX-0004 at 8:24-25.) Respondents' CEO and President, Mr. Michael Heffron testified that all InReach 1.5 devices sold after April 2, 2013 have a belt clip on the back. (CX-0040C at 27:7-17.) Mr. Heffron also admitted that the clip is used to attach the InReach device to a user. (*Id.* at 27:18-28:5.) During cross examination at the hearing, Mr. Heffron admitted that a belt clip is included with all InReach SE devices sold to consumers. (Tr. at 170:15-22.) Mr. Heffron also admitted that the belt clip can be used to attach the InReach SE device to a user. (Tr. at 170:23-171:3.)

Respondents appear to argue, unpersuasively, that to infringe claim 2, the entire user unit must be coupled to a user. There is no such requirement; rather, the claim merely requires that the "user unit is adapted to be coupled to a user." (CX-0004 at 8:24-25.) The claim does not say that the "***entirety of the*** user unit is adapted to be coupled to a user." Here, one element of the accused user unit—the InReach 1.5 and SE Devices—is without question adapted to be coupled to a user through a belt clip. The mere fact that the user unit could include other parts that do not have belt clips does not change the conclusion that the user unit—at least a part of it—is adapted to be coupled to a user. Based upon all of the foregoing, Complainant has proven by a preponderance of the evidence that the accused system meets every limitation of claim 2.

Turning to the final asserted claim, Complainant has failed to prove, by a preponderance

of the evidence, that all of the elements of claim 10 are present in the accused system. Claim 10 requires:

> The system of claim 1,
> wherein the user satellite communication system includes a transmitter,
> and
> wherein the input device is adapted to receive user data from a user and the user processor is adapted to format the data for transmission by the transmitter.

(CX-0004 at 8:50-54.) As noted above, the InReach 1.5 and SE devices include Iridium modems and antennas that are used to transmit information to the Iridium satellite constellation. (*See, e.g.*, CX-0033C at 30:3-31:15.) As a result, the "user satellite communication system"—the Iridium modems and antennas included in the InReach 1.5 and SE devices—include a transmitter.

As discussed above, a smartphone or tablet can be used to enter text a user wishes to transmit using the InReach 1.5 or SE devices. Mr. Smith explained that in the case of a phone paired with an InReach device, the conversion of the desired message into binary format for transmission on the Iridium satellite system is "done on the phone and relayed across Bluetooth." (CX-0033C at 45:12-14.) Mr. Smith did not say that the processor in the InReach device—the alleged "user processor"—formats the message, as required by claim 10. The testimony from Dr. Steffes cited by Complainant merely alleges that "[T]he InReach devices, take user entered text and format it including the use of a header and payload format[.]" (CX-0002C at Q. 187.) Other than a vague reference to "use of an InReach 1.5 device, the user manuals, the depositions and some of the discovery responses," (CX-0002C at Q. 108) Dr. Steffes does not cite to any evidence in the record to support his testimony, and does not rebut the testimony from Mr. Smith that the phone—not the user processor—formats the data when a phone is used to send a

message. As a result, Complainant has failed to prove, by a preponderance of the evidence, that claim 10 is met in the accused system.

The mere fact that the accused system meets all of the limitations of asserted claims 1 and 2 does not end the inquiry regarding claims 1 and 2. The consent order provides, in pertinent part, that:

> DeLorme ***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 Complainant, its successors or assignees.

(Consent Order at 2 (April 5, 2013) (emphasis added).) Thus, the question of infringement is one that must be answered by analyzing the two-way global satellite communication devices, system, and components thereof that are actually imported—not the system into which those imported components are added. With this understanding, the question of direct and indirect infringement will be addressed.

4. Liability for Direct Infringement

Complainant's Position: Complainant argues that Respondents directly infringe claims 1, 2, and 10 of the '380 patent. Complainants say that 1600 InReach 1.5 devices sold after April 2, 2013 include a number of components that were taken out of quarantined InReach 1.0 devices, including Iridium modems, plastic housings, and AVNET chips. Complainants continue that InReach SE devices sold after April 2, 2013 include a number of imported components, including the plastic housings, Iridium modems, and AVNET chips. Complainant adds that Respondents have permitted the activation, after April 2, 2013, of a number of InReach 1.5 devices that were imported and sold before April 2, 2013, which requires Respondents to provide

additional elements to the user upon activation. (CIB at 70-83.)

Complainant says that as a defense to the claim of direct infringement, Respondents have alleged that they do not own or control the accused infringing system. Complainant responds that the accused system is a closed system in which all of the claimed elements are provided through Respondents. Complainant continues that the only element Respondents do not provide is the smartphone or tablet, but the device is required for the Earthmate application to run. Citing *Centillion Data Systems LLC v. Qwest Communications International*, Complainant says that the Federal Circuit has held that "[t]o 'use' the system, [Respondents] must put the claimed invention into service, i.e., control the system and obtain benefit from it." (Citing 631 F.3d 1279, 1284, 1286 (Fed. Cir. 2011).) Complainant adds that Respondents are actively involved in sending messages back to the end user (messages go two-ways) and are directly involved in the use of the system.

Complainant says that the Earthmate application and the InReach devices are governed by license, which must be accepted by users in order to purchase a subscription. (Citing CX-0036C at 37:10-15; Tr. at 98:10-99:1.) Complainant says that an InReach device can only be activated by Respondents, which requires users to enter into an end user license agreement and accept subscriber terms and conditions. (Citing CX-0096C; CX-0097C; CX-0036C at 37:10-15, 37:19-38:12; 38:19-39:9; Tr. at 98:10-99:1.) Complainant contends that these agreements put Respondents in control.

Complainant argues that Respondents also control the satellite communication and the back-end processing of two-way messages. Complaint says that Respondents are a "value added reseller" for Iridium to sell the modems as well as to sell airtime. (CX-0036C at 36:19-37:8, 46:2-6; Tr. at 98:10-99:1; JX-0015C.) Complainant continues that users do not interact directly

with Iridium; rather, Iridium bills Respondents and Respondents bill users. (Citing CX-0033C at 53:21-54:14; Tr. at 98:10-99:1.) Complainant says that Respondents lease the Chicago servers from Rackspace and have an agreement with GEOS to respond to emergencies. (CX-0036C at 11-18, 40:12-41:9, 39-40:2; Tr. at 98:10-99:1; CX-0098C.) Complainant continues that an employee of Respondents will receive an email that includes a copy of the text transmission as well as the URL that is used to reply when a message is sent to GEOS, and the email can be read by any of the employees with a laptop or PC. (Citing CX-0036C at 44:17-45:8, 45:20-24; CX-0041C at 11:17-25; Tr. at 98:10-99:1.) Complainant adds that Respondents keep a record of all two-way texts and have not changed their monitoring procedures since April 2, 2013. (Citing CX-0036C at 49:9-13; CX-0041C at 39:15-23, 40:12-19; Tr. at 98:10-99:1.)

Complainant also asserts that, in addition to messages sent from the user, there is use of the system by Respondents. Complainant says that emails sent to recipients have a URL link that can be used to reply, which takes the recipient to a web page with a place to enter a return message. Complainant continues that the URL is maintained by Respondents, and Respondents store all of the information in a "sequel" server as MO and MT messages. (Citing CX-0033C at 37:5-39:7; Tr. at 98:10-99:1.) Complainant concludes that when the InReach 1.5 or SE is activated and used with a smartphone or tablet running Earthmate in conjunction with the back-end, Respondents exercise sufficient control over the entire system to be considered a direct infringer.

Responding to Respondents' argument that the entire accused system is not imported (and therefore does not violate the consent order), Complainant argues that for a device or component to infringe, the inquiry is based on the articles as imported. (Citing *Certain Electronic Devices With Image Processing Systems, Components Thereof, and Associated*

Software, Inv. No. 337-TA-724, Comm'n Op. at 282 (Dec. 21, 2011); Order No. 854-017.) Complainant continues that Commission precedent is clear that liability as a direct infringer does not require all elements of the claim to be present at the time of importation, rather the requirement is that there is a nexus between the importation and harm. (Citing *Certain Biometric Scanning Devices, Components Thereof, Associated Software, and Products Containing the Same*, Inv. No. 337-TA-720, Comm'n Op. at 12 (Nov. 11, 2011).) Complainant adds that interpreting the "sale after importation" to require importation by Respondents is directly contrary to Commission precedent, as the Commission has held that importation in the context of a Consent Order can be fulfilled by an entity other than the Respondent. (Citing *Certain DC-DC Controllers and Products Containing the Same,* Inv. No. 337-TA-698, Comm'n Op. at 19-20 (Jan. 4, 2013).) Complainant argues that U.S. activities that have a direct nexus between the importation and the infringement are within the purview of the Commission's enforcement authority. (Citing *Certain Hardware Logic Emulation Systems and Components Thereof,* ITC Inv. No. 337-TA-383, Comm'n Op. at 27 (Oct. 15, 1996).)

Respondents' Position: Respondents argue that they do not sell for importation, import, or sell after importation the accused "system" and none of the imported components—Iridium modems, Apple iOS authentication chips, or plastic housings—meet all of the limitations of the asserted claims. Respondents add that they cannot be said to use a complete system, either.

Respondents argue that they do not sell or offer for sale the smartphone or tablet that Complainant identifies as the input device of claim 1. (Citing Tr. at 149:17-150:6.) Respondents continue that the text entry device accused by Complainant is the keyboard or virtual keyboard on the third-party smartphone or tablet, which Respondents do not supply to the end user. (Citing Tr. at 136:11-16.)

Respondents argue that they also do not sell the claimed "monitoring system." Respondents say that the satellite network is operated by Iridium, not Respondents, and is not sold as a component by Respondents. (Citing RX-0162C at Q. 105.) Respondents continue that the "monitoring satellite communication system" is a transceiver owned and operated by Iridium located in the Iridium Gateway in Tempe, Arizona. (Citing RX-00162C at Q. 113; RX-0164C at Q. 71.) Respondents add that the connections between the various components of the "monitoring system" are the public internet, which is not provided by Respondents. (Citing RX-0164C at Qs. 71, 80.) Respondents note that they do not control or direct the third-party observer's user of the "output device," and there is no observer at Respondents' facility to whom text messages are directed by the user. (Citing RX-0164C at Q. 90.)

Staff's Position: Staff argues that the accused system meets each and every limitation of the asserted claims. Staff says that *Centillion Data Systems, LLC v. Qwest Communications International, Inc.*, 631 F.3d 1279 (Fed. Cir. 2011) does not provide a defense for Respondents. Staff says that in *Centillion*, the Federal Circuit held that to use a system for the purposes of infringement, a party must put the claimed invention into service—control the system as a whole and obtain benefit from it. (Citing 631 F.3d at 1284.) Staff continues that it does not matter that end users of the accused devices do not have physical control over every element of the system, nor does it matter that Respondents do not have control of every element of the system. Staff argues that it is sufficient for the purposes of infringement that the end user of the accused devices made them work for the purposes claimed in the '380 patent and therefore "used" every element of the system by putting every element collectively into service.

Conclusions and Analysis: As discussed in Section III.B.3, *supra*, the question of infringement is one that must be answered by analyzing the two-way global satellite

communication devices, system, and components thereof that are actually ***imported***—not the system into which those imported components are added. Here, Complainant has identified a number of components of the accused system that were imported and incorporated into InReach devices that were sold after the effective date of the consent order. Complainant has also asserted that activation (after the effective date of the consent order) of InReach devices that were sold before the effective date of the consent order directly infringes the patents in suit. Specifically, Complainant has argued that the Iridium 9602 modems for use in InReach 1.5 devices, Iridium 9603 modems for use in InReach SE devices, AVNET authentication chips, and plastics for InReach 1.0, 1.5 and SE devices are "infringing" components. The question becomes whether these allegedly imported components, when sold, individually meet each and every limitation of the asserted claims.

To prove direct infringement of a patent claim, the patentee must prove that the accused device contains each and every limitation of the asserted claim(s), either literally or under the doctrine of equivalents.[14] *Frank's Casing Crew & Rental Tools, Inc. v. Weatherford Int'l, Inc.*, 389 F.3d 1370, 1378 (Fed. Cir. 2004); *TIP Sys., LLC v. Phillips & Brooks/Gladwin, Inc.*, 529 F.3d 1364, 1376-77 (Fed. Cir. 2008) (citations omitted). None of the components that Complainant alleges were imported, alone or in combination, meets each and every limitation of claims 1 and 2. Rather, as Complainant's theory of infringement alleges, the accused InReach 1.5 and SE devices must be activated and combined with a smartphone or tablet running Earthmate in conjunction with Respondents' "back-end" servers to "create" the "claimed system" of claims 1, 2, and 10. (CIB at 48.) Because the "claimed system" is not created until

[14] The question of whether or not there is liability for direct infringement is separate from the question of whether or not there is evidence of the direct infringement required to support a claim of induced infringement. *See Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1308-09 (Fed. Cir. 2012).

additional components are added to the components that are alleged to be imported, the allegedly imported components cannot be said to directly infringe claims 1 and 2 on their own.[15] As a result, Complainant's and Staff's arguments regarding whether or not Respondents or end users put the accused system to "use" are irrelevant to the question of direct infringement of the imported components.

5. Liability for Induced Infringement

Complainant's Position: Complainant asserts that divided infringement is not a defense to an allegation of inducement. (Citing *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1308 (Fed. Cir. 2012).) Complainant says that intent is present based on the Consent Order in this Investigation. Complainant continues that there does not appear to be a dispute that Respondents had notice of the '380 patent prior to infringement. (Citing CX-0236C at No. 96; Tr. at 98:10-99:1.) Complainant adds that the InReach 1.5 device was specifically accused of infringement in the violation portion of this Investigation and although the InReach SE device was a new product, it works essentially in the same way as the InReach 1.5 in terms of two-way messaging. (Citing CX-0041C at 29:14-16, 33:2-35:23; Tr. at 98:10-99:1.) Complainant says that the InReach SE was also "discussed" in the violation portion of this Investigation. (Citing Violation Order No. 17 at 6; CX-0041C at 29:14-16, 33:2-35:23.)

Complainant argues that Respondents' quick start guides are designed to provide sufficient instruction on how to download, install, pair, and send two-way messages. (Citing CX-0033C at 91:7-23; CX-0114C; Tr. at 98:10-99:1.) Complainant says that the InReach devices are intended to have no use unless activated and two-way messaging is the primary

[15] As noted in Section III.B.3, *supra*, the accused system does not meet each and every limitation of claim 10.

reason users purchase the device. (Citing CX-0040C at 55:20-22; CX-0085C; CX-0002C at Qs. 195-96; Tr. at 98:10-99:1.)

Complainant contends that because the asserted claims are system claims, not method claims, the case law related to user manuals and teaching disparate "steps" of a method claim are not applicable. Complainant explains that induced infringement of an apparatus claim has been found by providing end users with manuals that instruct on the combination of the equipment. (Citing *Certain Video Displays, Components Thereof, and Products Containing Same*, ITC Inv. No. 337-TA-687, Initial Determination at 149-150 (September 29, 2010) (unreviewed).) Complainant continues that the Federal Circuit has found the presence of intent based on manuals. (Citing *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 851-52 (Fed. Cir. 2010).) Complainant argues that the quick start guides provided by Respondents to end users explicitly direct the user to download the Earthmate application and pair it to the InReach device thereby creating the infringing system. (Citing JX-0013 and JX-0019.) Complainant avers that all subscriptions have two-way messaging charges that can only be used with the Earthmate application. Complainant reasons that an end user could not construct a non-infringing system and could not avoid paying two-way messaging charges.

Complainant says that there is no dispute that Respondents took InReach 1.0 devices out of quarantine and reused the plastics and Iridium modems to manufacture InReach 1.5 devices that were sold after entry of the consent order. (Citing Tr. at 88:3-13, 194:17-195:19, 198:19-200:4, 200:25-201:11, and 205:5-24.) Complainant contends that even if the plastics and modems were domestic products, the exporting and reimporting of products makes them imported. (Citing *Certain Sputtered Carbon Coated Computer Disks and Products Containing Same, Including Disk Drives*, Inv. No. 337-TA-350, Comm'n Op., 1993 WL 854336, at *5-6

(November 1993) (Nov. 1993).) Complainant says that it is unclear whether the rebuilt devices started as InReach 1.0 or InReach 1.5 devices, but the only impact of the distinction is the potential reuse of the AVNET chip. Complainant explains that this issue is "overshadowed" by the reuse of the Iridium modems and plastics. Complainant says that since the entry of the Consent Order through November 4, 2013, there have been 1,632 InReach 1.5 devices sold and shipped over 51 days, only 32 of which were not from the reuse of plastics and modems in quarantine. (Citing Tr. at 267:3-18, 268:14-24.)

Complainant contends that InReach SE devices include a plastic clip that is imported. Complainant says that Respondents not only selected the Chinese manufacturer, but Respondents picked overseas tooling over U.S. tooling based on cost and actively worked with the manufacturer to address quality issues. (Citing Tr. at 185:22-186:4, 170:15-171:3, 173:12-16.) Complainant continues that the front plate of the plastics is shipped directly to Respondents and the rear plate is shipped to Ayrshire. (Citing Tr. at 98:10-99:1, 173:17-20; CX-0256C at 16:24-17:24, 19:1-19.) Complainant says that although Respondents contend that they were working with a U.S. Company, KenMotech, the documents identify KenMold in China as Respondents' partner. (Citing CX-0305C; Tr. at 188:20-189:1.)

Complainant notes that the documents also reflect an intentional decision by Respondents to manufacture and tool the InReach SE device plastics overseas. (Citing CX-0305C; Tr. at 191:9-18.) Complainant continues that Respondents worked with KenMold in China to perfect the manufacturing of the plastics, including the clip. (Citing CX-0254C; Tr. at 176:22-177:11, 177:19-178:7.) Complainant adds that Respondents continued to work with KenMold in China after entry of the consent order. (Citing Tr. at 179:1-180:2, 181:3-15, 181:19-182:21; CX-0301C.)

Complainant argues that Respondents' contention that they lack knowledge or control over manufacture should be given little weight. Complainant says that Mr. Heffron admitted that he was involved in deciding where to manufacture the InReach SE plastics, in direct conflict with his witness statement. (Citing Tr. at 192:12-14; RX-0161C at Qs. 126-27.) Complainant continues that Mr. Heffron admitted he knew that the plastics for the InReach SE device were manufactured overseas since January 2013. (Citing Tr. at 192:18-21.) Based upon the foregoing, Complainant concludes that there is sufficient nexus between Respondents and the importation of plastics for the InReach SE device.

Complainant argues that the relationship between Respondents and Iridium is sufficient also to consider the Iridium modems contained within the InReach SE devices to be imported. Complainant says that the Iridium 9603 modems are identified as being made overseas. (Citing CX-0040C at 42:18-44:17; CX-0001C at Q. 31-32; CX-0007; Tr. at 98:10-99:1, 119:16-22; CX-0167.) Complainant continues that applying the standard of *Certain Cigarettes and Packaging Thereof, Inv. No. 337-TA-643*, Comm'n Op. at 8 (Oct. 1, 2009), to the facts in this Investigation, Respondents are accountable for the importation of the Iridium modems. {

.} (Citing CX-0036C at 13:8-14:21, 23:6-25:1, 25:12-24; CX-0033C at 149:4; CX-0037C at 32:21-34:10, 51:16-53:4; Tr. at 98:10-99:1.) Complainant avers that it is undisputed that Iridium has a vested interested in seeing Respondents succeed. (Citing CX-0037C at 42:7-43:3; Tr. at 98:10-99:1.)

Complainant says that Respondents purchase modems under a value added reseller agreement with Iridium that governs both the sale of the modems as well as sale of airtime used by the modems. (Citing CX-0036C at 36:19-37:8, 46:2-19; Tr. at 98:10-99:1; JX-0015C; CX-

0040C at 45:3-20; JX-0030C at Admissions 13-14.) {

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(Citing CX-0040C at 45:21-46:11; JX-0026C; Tr. at 98:10-99:1.) {

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(Citing CX-0040C at 49:21-50:12; Tr. at 98:10-99:1.)

Complainant adds that the relationship between the companies extends to the sale and activation of the InReach devices. Complainant says that Respondents receive rebates from Iridium for activated devices. (Citing CX-0036C at 101:21-103:2; CX-0040C at 50:25-52:17; CX-0128C; CX-0040C at 52:18-56:12; CX-0041C at 23:17-24:4; Tr. at 98:10-99:1.) Complainant continues that these rebates have continued after April 1, 2013. (Citing CX-0040C at 57:5-11; Tr. at 98:10-99:1.) Complainant argues that there is a sufficient nexus between the importation of the modems and infringement to consider the Iridium modems to be imported products.

Complainant argues that the AVNET chips contained in the InReach 1.5 and SE devices also are imported. (Citing CX-0033C at 132:9-133:10; CX-0036C at 75:4-7; JX-0033C Admissions 1-8; Tr. at 98:10-99:1.) Complainant says that Respondents purchase the AVNET chips directly from Taiwan and they are shipped directly to Respondents. (Citing JX-0029C; CX-0041C at 18:24-19:13, 20:1-21:15, 22:7-23:13; JX-0017C; JX-0030C Admission 24; JX-0018C; Tr. at 98:10-99:1.) Complainant avers that these chips were ordered with knowledge of the consent order and the express intent that they were for use in the InReach 1.5 and SE devices. (Citing CX-0041C at 25:6-15; Tr. at 98:10-99:1.)

Complainant says that a number of InReach 1.5 devices were sold before the effective date of the consent order but activated after the effective date of the consent order. (Citing CX-0124C; CX-0040C at 24:4-25; Tr. at 98:10-99:1.) Complainant argues that DeLorme provides additional claimed elements upon activation. Complainant explains that in setting up an account, an end user must select a service plan for the device and absent activation the InReach cannot send a message. (Citing CX-0035C at 13:19-18:3; JX-0033; Tr. at 98:10-99:1.) Complainant says that in order to activate the device, the end user must accept an end user license agreement and purchase a subscription. (Citing CX-0036C at 36:19-43:11; CX-0096; CX-0097; Tr. at 98:10-99:1) Complainant notes that if the user does not agree to the terms they are to return the product. (Citing CX-0097; CX-0096C; Tr. at 98:10-99:1).

Complainant disagrees with Respondents' argument that it lacked intent to infringe based on a good faith belief that the '380 patent was invalid or not infringed. Complainant says that the only evidence cited by Respondents does not support a good faith belief–rather, it says nothing about intent prior to infringing and does not comport with Mr. Zancho's admission concerning all elements being present. (Citing Tr. at 197:7-13, 199:15-24.)

Complainant argues that the cases cited by Respondents to support an inferred exception for activations of previously sold devices are not persuasive. Complainant says that *Certain Systems for Detecting and Removing Viruses or Worms, Components Thereof, and Products Containing Same,* Inv. No. 337-TA-510, Comm'n Op. at 6 (July 2007) involved a limited exclusion order and a cease and desist order, not a consent order, and had explicit exceptions in the cease and desist order. Complainant continues that *Certain Hardware Logic Emulation Systems and Components Thereof*, Inv. No. 337-TA-383, Comm'n Op. at 18 (Oct. 15, 1996)

involved a limited exclusion order, not a consent order. Complainant says that *Certain Mobile Devices, Associated Software, and Components Thereof,* Inv. No. 337-TA-744, Comm'n Op. at 21 (June 5, 2012) related to the entry of a limited exclusion, not a consent order and the exemption at issue was for repair and servicing of previously sold products. Complainant continues that *Certain Liquid Crystal Display Devices and Products Containing the Same*, Inv. No. 337-TA-631, Comm'n Op. at 27 (July 14, 2009) involved a limited exclusion order and not a consent order and the exemption at issue was for repair and servicing of previously sold products. Complainant says that here, an exemption for repair would not include the manufacturing of the system by way of selling a new subscription.

Respondents' Position: Respondents argue that for there to be induced infringement, there must first be direct infringement, and because there cannot be direct infringement here, there also cannot be induced infringement. Respondents cite *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305 (Fed. Cir. 2012) for support.

Respondents argue that individual users of an InReach device do not directly infringe the '380 patent because no one "user" puts the whole invention into service. (Citing *Centillion Data Systems, LLC v. Qwest Communications International, Inc.* 631 F.3d 1279, 1284-1287 (Fed. Cir. 2011).) Respondents say that in *Centillion*, the patent-owner alleged direct infringement of a multi-part system by both the customers and provider of the system. Respondents continue that the accused system had two parts, a back-end system controlled by the provider and a front-end system controlled by the user after it was downloaded onto a personal computer. (Citing *id.* at 1281.) According to Respondents, the Federal Circuit held that the district court erred in deciding as a matter of law that the user could not use the system because it did not physically control the back-end processes and remanded for further comparison of the claims to the accused

system. (Citing *id.* at 1285-86.) Respondents continue that the court held that the provider could not be held liable for using the accused system because it did not use the downloaded software. (Citing *id.* at 1286.)

Respondents argue that here, no party uses each and every element of the accused system, and so there is no direct infringer. Respondents say that the user does not use the monitoring system and cannot gain benefit of the claimed invention unless someone who is not the user observes the message the user sent. Respondents note that Complainant acknowledges that third-party GEOS performs the monitoring and Iridium and Rackspace couple the monitoring processor with the monitoring satellite system. (Citing RX-0027C at 8.) Respondents add that the coupling is done over the public internet, and third party smartphone and tablet manufacturers provide the hardware and operating system that runs the Earthmate software application that can be downloaded by the user.

Respondents additionally argue that Complainant has not proven that Respondents knew that in selling InReach 1.5 and SE devices and subscription plans and distributing the Earthmate software they were inducing others to infringe any claims of the '380 patent. Respondents disagree with Complainant's argument that the Consent Order is evidence of Respondents' intent to infringe. Respondents say that the Consent Order stipulation includes a disclaimer by Respondents that they infringe any claim of the '380 patent. (Citing JX-0002 at ¶ 6.) Respondents aver that they had a good faith belief that the devices did not infringe the '380 patent and the '380 patent was invalid. Citing *Commil USA, (LLC v. Cisco Sys., Inc.)* 720 F.3d 1361, 1368 (Fed. Cir. 2013), Respondents say that by raising its good-faith belief that the '380 patent is invalid, it is not thereby challenging the validity of the patents in this proceeding. Respondents say that they identified prior art references they believe in good faith invalidate the

asserted claims in response to the investigation complaint and have moved for summary determination of invalidity in a co-pending district court matter.

Respondents continue that they had a good faith belief in non-infringement because the InReach unit paired with a smartphone or tablet was not the claimed "user unit," they did not provide the third party smartphone or tablet, the monitoring system was provided by Iridium, the monitoring satellite communication system was not included in the monitoring system, but separated by the public internet, Respondents did not provide an output device to the claimed observer, GEOS operated the monitoring system, and Respondents did not use, sell, or make the accused system. Respondents add that they did not believe they were committing an act of infringement by using plastic housings and Iridium modems manufactured abroad in domestically built devices. (Citing Tr. at 197:7-13, 199:15-24.)

Respondents argue that intent cannot be inferred from the product manuals for the InReach devices. Respondents say that the product manuals disclose non-infringing uses for the InReach products, including stand-alone functionality. (Citing JX-0013 at DLM-1015515, 1015518; JX-0019 at DLM-1020675.) Respondents cite *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1328-29 (Fed. Cir. 2009) for support.

Respondents argue that the activation after the effective date of the consent order of devices sold before the date of the consent order should not be precluded. Respondents say that granting Complainant's requested relief would penalize innocent customers who purchased InReach devices by preventing those customers from activating those devices. (Citing RX-0161C at Q. 156.) Respondents note that Complainant sought to have language addressing this issue included in the consent order, but the consent order was issued without the requested language. Respondents say that providing technical support to existing customers is the type of

conduct routinely exempted from cease-and-desist orders even in litigated cases in which infringement is found. (Citing *Certain Systems for Detecting and Removing Viruses or Worms, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-510, Comm'n Op., 2007 WL 4473083, *16 (Aug. 1, 2007); *Certain Hardware Logic Emulation Systems and Components Thereof*, Inv. No. 337-TA-383, Comm'n Op., 1996 WL 1056217, *4 (Oct. 15, 1996); *Certain Mobile Devices, Associated Software, and Components Thereof*, Inv. No. 337-TA-744, Comm'n Op., 2012 WL 3715788, *14 (June 5, 2012); *Certain Liquid Crystal Display Devices and Products Containing the Same*, Inv. No. 337-TA-631, Comm'n Op., 2010 WL 5642163, *27 (July 14, 2009).)

Respondents turn to the individual components that Complainants accused of being imported. Respondents argue that they order the Iridium modems from Tempe, Arizona and the modems are shipped from Tempe, Arizona to Respondents. (Citing RX-0161C at Q. 56-66, 68; RX-0009C; RX-0024C; RX-0025C; JX-0026C; RX-0129.) Respondents say that while the actual manufacture of the Iridium modems may be done elsewhere, that is within Iridium's control and Respondents do not instruct Iridium where to make their satellite modems. (Citing RX-0161C at Q. 73; RX-0137C at 46:1-19.) Respondents argue that if the modems are imported, they are imported by Iridium, not Respondents. Respondents argue that the Iridium modems that were reused from the InReach 1.0 devices were purchased in the U.S. from Iridium in Arizona, shipped to Taiwan, and shipped back to Respondents. (Citing Tr. at 199:15-200:17; CX-0034C at 14:17-25.) Respondents say that the title to the modems never changed hands. (Citing *id.*) Respondents add that the modems do not individually infringe any of the asserted claims and have substantial non-infringing uses. Citing *Certain Cardiac Pacemakers and Components Thereof*, Inv. No. 337-TA-162, Initial Determination, 1984 WL 273521, *2 (April

10, 1984), Respondents argue that the presence of non-infringing, imported, off-the-shelf parts in a domestically manufactured device accused of patent infringement is not sufficient to establish the required nexus between the alleged unfair acts of patent infringement and the importation of an accused product.[16]

Respondents also argue that they purchase the AVNET chips from {

.} (Citing RX-0161C at Q. 100-101, 108-109.) {

.} (Citing RX-0161C at Q. 110.) Respondents note that Apple's distributor is chosen by Apple, and Respondents have no control over where Apple sources the AVNET chips. (RX-0161C at Qs. 113-14.) Respondents add that the AVNET chip has substantial non-infringing uses.

Respondents say that they have recycled the plastic housing of the InReach 1.0 devices formerly made in Taiwan in their rebuilt 1.5 devices. (Citing Tr. at 205:15-16.) Respondents continue that these plastics were imported before April 2, 2013 and are not sold or offered for sale separately. (Citing RX-0161C at Qs. 115-17.) Respondents note that Complainant argues that the plastic housing is implicated by asserted claim 2. Respondents contend, however, that it is not enough merely to identify a component that is imported and argue that the component satisfies one element of one claim. (Citing *Certain Electronic Devices with Image Processing Systems, Components Thereof, and Associated Software*, Inv. No. 337-TA-724, Comm'n Op., 2012 WL 3246515, *9 (Dec. 21, 2011); *Certain Products Containing Interactive Program Guide*

[16] Respondents refer to this document as an "Initial Determination." In actuality, it is a memorandum from the general counsel's office of the U.S.I.T.C. to the Commission regarding the review of the "Initial Determination."

and Parental Control Technology, Inv. No. 337-TA-845, 2013 WL 3463385 (June 7, 2013).) Respondents add that the presence or absence of the belt clip has no impact on the actual operation of a two-way satellite communication device. (Citing Tr. at 170:9-14; RX-0161C at Q. 19-21.)

Turning to the InReach SE device, Respondents say that the InReach SE device uses a 9603 Iridium modem, which is ordered from Iridium in Tempe, Arizona. (Citing RX-0161C at Q. 48, 61, 131; RPX-1006.) Respondents continue that the modems have substantial non-infringing uses, and unlike the modems in the 1.5 devices, never were shipped to Taiwan by Respondents. (Citing RX-0137C at 43:8-13; RPX-1003C.) Respondents say that the plastics for the InReach SE device are ordered from a U.S. company in Arizona. (Citing RX-0161C at Q. 124-26.) Respondents say that they do not dispute that manufacturing is conducted overseas.

Staff's Position: Staff argues that the evidence adduced at trial is sufficient to prove that Respondents induce end users of the accused InReach 1.5 and SE devices to infringe claims 1, 2, and/or 10 of the '380 patent. Staff says that the QuickStart guides provided by Respondents direct the end users to download the Earthmate application to a smartphone for pairing with the InReach device. (Citing JX-0013; JX-0019.) Staff continues that activation of the device establishes a two-way messaging service that directly infringes the asserted claims. Staff contends that Respondents were aware of the '380 patent at least as early as August 23, 2012 when the Commission issued and served a notice of the filing of Complainant's original Section 337 complaint. Staff says that Respondents do not teach the end user a use that Respondents could have reasonably believed was non-infringing. (Citing *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 851-52 (Fed. Cir. 2010).)

Staff disagrees with Respondents' arguments against the allegations of induced

infringement. Staff says that the Federal Circuit has explained that the intent requirement "may be satisfied by showing actual knowledge or willful blindness." (Citing *Commil USA LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1366 (Fed. Cir. 2013).) Staff says that Respondents knew that the imported InReach 1.0 devices infringed the '380 patent and made efforts at the hearing to stress that they quarantined the InReach 1.0 devices. (Citing RPX-1003C; RX-0161C at Qs. 30-31.) Staff continues that Respondents stated that they knew these products were covered by the consent order and chose to take the steps they did to quarantine these products. (Citing *id.*) Staff adds that Respondents waived their right to challenge the validity and enforceability of the '380 patent. (Citing Consent Order Stipulation ¶ 7.) Staff contends that to the extent that Respondents are attempting to use this defense as a backdoor challenge to the validity of the '380 patent, the issue is moot.

Staff says that when activating an InReach 1.5 device, the subscriptions available to end-users all include two-way communication capability. (Citing CX-0002C at Q. 194.) Staff continues that 86.5 percent of customer survey respondents indicated that two-way text messaging was the most important feature of the InReach device. (Citing *id.* at Q. 196.)

Staff argues that Respondents have provided no evidence of good faith belief that the '380 patent is invalid. Staff says that Respondents' summary of *Commil* is inaccurate. Staff says that *Commil* actually held that "evidence of an accused inducer's good faith belief of invalidity may negate the requisite intent for induced infringement." (Citing *Commil*, 720 F.3d at 1368-69.) Staff adds that the seven claim elements that Respondents argue are not infringed are merely elements that are allegedly operated by or provided by third parties. Staff says that the Federal Circuit in *NTP* explicitly contradicted Respondents' argument. (Citing *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1317 (Fed. Cir. 2005).)

Conclusions and Analysis: Complainant has asserted that activation (after the effective date of the consent order) of InReach devices that were sold before the effective date of the consent order induces the infringement of claims 1, 2, and 10 of the '380 patent and Respondents' sale of InReach 1.5 devices that include Iridium 9602 modems and plastics reused from InReach 1.0 devices (which were imported) and InReach SE devices that include Iridium 9603 modems, AVNET authentication chips, and plastics from China (which were imported) also induces the infringement of claims 1, 2, and 10 of the '380 patent. Because the accused system does not meet all of the elements of claim 10, as discussed in Section III.B.3, *supra*, only claims 1 and 2 need to be addressed for purposes of induced infringement. *See Toshiba Corp.*, 681 F.3d at 1364. As explained below, Complainant has proven, by a preponderance of the evidence, that the sale of InReach 1.5 devices induces infringement of claims 1 and 2. Complainant has not proven by a preponderance of the evidence that the activation of InReach devices (after the effective date of the consent order) that were sold before the effective date of the consent order or the sale of InReach SE devices induces the infringement of claims 1 and 2.

First, Complainant has failed to present preponderant evidence that the activation of an InReach device that was sold prior to the consent order constitutes a sale after importation. Complainant says that "[t]he issue of activation is relevant only to InReach 1.5 devices sold prior to April 1, 2013 and activated after April 1, 2013." (CIB at 82 (emphasis in original).) Thus, Complainant does not appear to dispute that the InReach 1.5 devices that were activated cannot give rise to a violation of the consent order because they were "sold" already, as of the effective date of the consent order; rather, Complainant says that "DeLorme provides additional claimed elements upon activation." (*Id.*) These additional claimed elements are the infrastructure hardware and software that allow for the InReach device to send messages. (*Id.* at 82-83.)

Complainant does not identify anything in this hardware and software that is provided at the time of activation, however, that was imported and then "sold" as part of this activation process. (*See id.*) Because the question of infringement must be based on imported components, and Complainant has failed to prove that the mere activation of InReach devices that were sold before the effective date of the consent order involves the sale of imported components, Complainant's allegations based on activations fail.

Complainant has proven, however, that the sale of InReach 1.5 devices—specifically, the imported components thereof—after the effective date of the consent order does induce the infringement of claims 1 and 2 of the '380 patent. Liability for inducement requires two elements—direct infringement and an intent to induce that direct infringement. *Akamai*, 692 F.3d at 1308. The accused system directly infringes claims 1 and 2. In Section III.B.3, *supra*, I find that the accused system meets all of the limitations of claims 1 and 2. There also is evidence that end-users have actually used the accused system to send SOS messages and engage in two-way discussions. (*See, e.g.*, CX-0033C at 56:14-17, 57:8-58:12; RX-161C at Q. 158.) Respondents tout the actual use of these devices by end-users in their briefing. (CIB at 84 ("To date, more than 66 people have been rescued by using an inReach, including the pilot of a downed aircraft in Alaska, a motorcycle rider in a crash in Montana, a hiking group in Colorado, and the crew of a sailboat in the middle of the Atlantic Ocean.").)

Respondents argue unpersuasively that because one party—the end user—does not control all of the elements of the accused system, there is no direct infringement through "use" of the system, and therefore no induced infringement. Respondents' arguments fail for two reasons.

First, physical control of the elements is not the standard to be applied. Such control is not required; the required control is "the ability to place the system as a whole into service."

Centillion Data Sys., LLC v. Qwest Commc'ns Int'l, Inc. 631 F.3d 1279, 1284 (Fed. Cir. 2011). A system can be controlled "by simply transmitting a message." *Id.* (citing *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005)).

The facts in *Centillion* are similar to the facts in this Investigation and provide useful guidance. In *Centillion*, the asserted claims required a "back-end" system maintained by the service provider and a "front-end" system maintained by an end user. *Id.* at 1281. The accused system in *Centillion* had two different manners of operation. First, there was an "on-demand function" where a customer "seeks particular and specified information" by creating a query that the Qwest back-end system processes and provides a result for download. Second, during the normal functioning of the system after the user subscribes, the back-end system creates periodic reports that are available for the user to download. *Id.* at 1285. The Federal Circuit held that "the on-demand operation is a 'use' of the system as a matter of law." *Id.* The Federal Circuit reasoned that because the customer puts the system as a whole into service, i.e., controls the system and obtains benefit from it by creating a query and submitting it to Qwest's back-end, the customers controls the system on a one request/one response basis. The Federal Circuit continued that the query sent by the customer causes the back-end processing to act for its intended purpose to run a query and return a result. *Id.* The Federal Circuit notes that "[i]t makes no difference that the back-end processing is physically possessed by Qwest. The customer is a single 'user' of the system and because there is a single user, there is no need for the vicarious liability analysis[.]" *Id.*

The Federal Circuit also held that the "standard operation" was a "use" as a matter of law. The Federal Circuit explained that by subscribing a single time, the user causes the back-end processing to perform its function on a monthly basis and, like the "on-demand" operation,

the back-end processing in normal operation is performed in response to a customer demand.

Here, the end-user puts the entire accused system into operation. The evidence establishes that when an end user of the accused system sends an SOS message, the SOS message is transmitted from the InReach device, over the Iridium satellite communication system, through the Iridium downlink, across the "public" internet to Respondents' servers in Chicago, where it is processed automatically and routed to GEOS, including the link to respond to the end-user, with a separate copy of the message sent to Respondents. *See* Section III.B.3, *supra*. The SOS message sent by an end-user "causes the back-end processing to act for its intended purpose" to forward the message to GEOS and Respondents. *Centillion,* 631 F.3d at 1281; *See* Section III.B.3, *supra*. As a result, the mere facts that the "public" internet, the satellite system of Iridium, and the GEOS system are utilized "makes no difference." *See Centillion,* 631 F.3d at 1281.

Second, because the question raised is one of induced infringement, not direct infringement under § 271(a), Respondents' arguments fail in light of *Akamai*. In *Akamai*, the Federal Circuit addressed the question of whether "liability should extend to a party who induces the commission of infringing conduct when no single 'induced' entity commits all of the infringing acts or steps but where the infringing conduct is split among more than one other entity." 692 F.3d at 1307-08. The Federal Circuit answered this question in the affirmative, holding that "all the steps of a claimed method must be performed in order to find induced infringement, but [] it is not necessary to prove that all the steps were committed by a single entity." *Id.* at 1306. The Federal Circuit reasoned that "a party who knowingly induces others to engage in acts that collectively practice the steps of the patented method . . . has had precisely the same impact on the patentee as a party who induces the same infringement by a single direct

infringer." *Id.* at 1309.

Here, Respondents have argued that the "use" of the patented system is conducted by several entities.[17] Although *Akamai* addressed inducement to practice method claims, the reasoning of *Akamai* applies equally to "use" of the system claims at issue here. Indeed, the Federal Circuit stated without limitation in *Akamai* that the direct "infringement" required to find inducement "refer[s] most naturally to the acts necessary to infringe a patent, not to whether those acts are performed by one entity or several." *Id.* at 1309. As a result, the mere fact that multiple entities are alleged to be involved in the "use" of the patented system is not a defense to Complainant's inducement claim.

Turning to the second prong of the inducement analysis, concerning intent: the evidence shows that Respondents' sale of the imported components contained within the InReach 1.5 devices to the end-users causes the end-users to infringe, and such sales are made with the intent to cause the end-users to infringe. Order No. 17 from the violation phase of this Investigation was an Initial Determination that found that InReach 1.0 and InReach 1.5 devices, and the main boards for InReach 1.5 devices, were imported. *Certain Two-Way Global Satellite Communication Devices, System and Components Thereof*, Inv. No. 337-TA-854 (Violation), Order No. 17 at 7 (Feb. 19, 2013). Respondents did not petition for review and the Commission determined not to review the Initial Determination. *Certain Two-Way Global Satellite Communication Devices, System and Components Thereof*, Inv. No. 337-TA-854 (Violation), Comm'n Notice (March 15, 2013).

At hearing, Respondents introduced a misleading video in which Respondents' CEO Mr.

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[17] This is not actually the case, because under *Centillion* the end-user is the actual "user" of the accused system.

Heffron identified the quarantine area where the imported InReach devices were placed in a "locked cage" with only "two keys." Noticeably absent from the video is any mention of the re-use of parts from the quarantined devices. (RPX-1003C at 13:52-14:35.) Respondents also proffered testimony from Mr. Heffron that "just the plastic housings" and the Iridium modems were used from the "quarantined" devices. (Tr. at 199:7-200:4.) The evidence demonstrates, however, that Respondents removed the imported devices from quarantine and reused key parts from the devices. (Tr. at 205:25-206:25.) The list of reused parts includes the Iridium 9602 modem ("because that's a standard stock item, and it's fairly expensive"),[18] the antenna, the "super cap," the housing, the keypad, and battery terminals.[19] (CX-0041C at 14:14-16:15; Tr. at 202:18-205:24.)

Not only are a number of imported components used in manufacturing the InReach 1.5 devices, several of these imported components appear as claim elements in claims 1 and 2. The antenna and the Iridium modem are the "user satellite communication system" from claim 1 and the housing includes the "belt clip" from claim 2. *See* Section III.B.3, *supra*. Respondents have not identified any use for the imported plastic housing other than in the InReach devices. Thus, unlike *Certain Cardiac Pacemakers and Components Thereof*, Inv. No. 337-TA-162 (cited by

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[18] Respondents have argued that because the Iridium modems in the imported and "quarantined" devices were originally purchased in the United States, sent overseas for assembly into the "quarantined" devices, and then shipped back into the United States, the modems were not imported. (*See, e.g.,* Tr. at 199:15-24.) As noted above, the importation of the "quarantined" devices was addressed in an Initial Determination in the Violation proceeding and Respondents did not petition for review of that proceeding. Moreover, the legal basis for Respondents' argument is not clear, as the Commission has stated that "[w]e see no basis for respondents' position that the statutory term 'importation' excludes goods that have been 'reimported.'" *Certain Sputtered Carbon Coated Computer Disks and Products Containing Same, Including Disk Drives*, Inv. No. 337-TA-350, Comm'n Op., 1993 WL 854336, at *5 (November 1993).

[19] Mr. Smith explained the conversion process as follows: "In the 1.5 device, so far we have been tearing down the old inventory and building it with new circuit boards produced from Ayrshire." (CX-0041C at 14:16-18.) Similarly, Mr. Heffron testified that foreign manufactured InReach devices were converted by "changing the boards." CX-0040C at 18:2-13.)

Respondents, RIB at 59), the imported parts include named elements of the asserted claims and the imported parts include parts that have no uses other than in the InReach devices. General Counsel Mem., 1984 WL 273521, at *2 (April 10, 1984); Order No. 37, 1984 WL 273827, at *2 (March 21, 1984).

Respondents unpersuasively argue that finding liability will mean that any company that uses any imported components in a device assembled in the United States will be subject to the jurisdiction of the USITC. First, the issue here is whether a party that enters into a consent order can be liable for assembling and selling imported components in products subject to the consent order. The question of liability generally for the use of imported components is not raised. Second, the imported components at issue here are more than just a single part in the final device that is sold within the United States. The imported components are numerous, include elements that can only be used in the InReach 1.5 devices, and include elements of the asserted claims.

When the imported components are sold to end-users (within the InReach 1.5 devices), the imported components induce the end users to "use" the accused system that meets all of the claim elements of claims 1 and 2 (as discussed in Section III.B.3, *supra*). Respondents provide quick-start guides that explain to the end-user how to pair their smartphone or tablet with the InReach device and how to send two-way messages with their smartphone or tablet. A product manual for the InReach 1.5 device explains the process for pairing a smartphone or tablet with the InReach device using Bluetooth.[20] (CX-0044 at 17, 25.) Additional technical support documents provided by Respondents explain how a user can send text messages using an Android or iOS device running Earthmate paired over Bluetooth with an InReach device. (CX-

[20] Mr. Smith explained that in pairing an iOS smartphone to the InReach device over Bluetooth, the InReach device also needs to use an authentication chip licensed from Apple. (CX-0033C at 131:18-133:10.)

0033C at 72:19-74:5, 109:9-13, 112:11-16; CX-0058; CX-0059.) Thus, instruction manuals provided by Respondents instruct end users how to "use" the accused system that is found in Section III.B.3, *supra*, to meet all of the elements of claims 1 and 2.

The evidence also demonstrates that Respondents intend for the end-user to carry out all of the acts to "use" the accused system. First, the personal subscription plans for InReach devices all include two-way messaging and SOS messaging—the features at the heart of the asserted claims. (*See* CX-0002C at Q. 194. JX-0033) Thus, when an end-user activates their device, all features necessary to "use" the accused system are enabled. {

.} (CX-0040C at 72:17-23.) {

.} (Id. at 73:10-23.) {

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In addition to having a financial interest in end-users using the accused system, Respondents were aware that, or at least wilfully blind to the fact that, they were inducing the end-user to infringe claims 1 and 2. There is no question that Respondents have known about the '380 patent and Complainant's allegations based on the '380 patent since as early as August 23, 2012 when the Commission issued and served the complaint in the Violation proceeding. 77 Fed. Reg. 51045-46. In arguing that they did not intend to induce infringement of the asserted claims when they re-used quarantined parts to build InReach 1.5 devices in the U.S., Respondents attempt to distinguish the importation of fully assembled InReach 1.0 and 1.5 devices from the importation of components of those devices. (CX-0040C at 13:9-24.) Mr.

Heffron, Respondents' CEO, testified that he believed that the consent order was limited to the whole device "[b]ecause that's what it said; we couldn't sell the inReach devices." (CX-0040C at 13:9-24.)

Respondents would have to make an intentional effort to avoid the plain language of the Consent Order to believe there was a distinction between complete devices and components thereof. The plain language of the consent order provides that "DeLorme 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." (Consent Order at 2.) The Consent Order is not limited to "two-way global satellite communication devices." (*Id.*) Rather, it explicitly includes "components thereof." (*Id.*)[21]

When Respondents entered into the consent order stipulation and the consent order issued, they took steps to "quarantine" InReach 1.0 and 1.5 devices that were manufactured outside of the United States. (CX-0040C at 13:9-15, 19:3-16, 22:16-23:6.) Notably, the consent order itself does not specifically require that imported InReach 1.0 and 1.5 devices be quarantined. Rather, the consent order merely provides that "DeLorme 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[.]" (Consent Order at 2 (emphasis added).) Thus, to determine whether a particular device fell within the scope of the consent order and should be quarantined, Respondents would have to consider

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[21] Although Mr. Heffron claims to have obtained an opinion of counsel from Mr. Brann regarding the scope of the consent order, no such opinion was provided in writing. (CX-0040C at 10:20-11:5.)

whether or not that device "infringe[d] claims 1, 2, 5, 10-12, and 34 of the '380 patent."

By choosing to quarantine the imported InReach 1.0 and 1.5 devices, it is reasonable to infer that Respondents looked at the imported InReach 1.0 and 1.5 devices, considered whether or not the devices were within the scope of the consent order (*i.e.*, by infringing), and decided that the question was at least close enough to quarantine the devices at a loss of one million dollars. Had Respondents looked at the devices and decided they were not within the scope of the consent order because they did not infringe (based on the same non-infringement arguments they now raise for functionally identical devices), they would not be within the scope of the consent order, and they could do whatever they wished with them. Because Respondents chose to take a one million dollar loss, the implication is that they thought the question of infringement was at least close enough to warrant taking the loss.

All of this indicates strongly that Respondents knew that these devices and their components could not be sold under the terms of the consent order. The re-constituted devices they sold after entry of the consent order were functionally identical to the quarantined devices. (*See* CX-0041C at 42:24-43:7.) Respondents' actions do not evidence a good faith belief, but rather, a cynical attempt to evade the provisions of the consent order to which they voluntarily agreed.

Respondents unpersuasively argue that because the InReach devices could operate as a "standalone" device (i.e., in a non-infringing manner), they could not have intended to induce infringement. The Federal Circuit has explained that in cases involving instruction manuals "[t]he question is not . . . whether a user following the instructions may end up using the device in an infringing way. Rather, it is whether [the accused infringer's] instructions teach an infringing use of the device such that we are willing to infer from those instructions an

affirmative intent to infringe the patent." *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1329 n.2 (Fed. Cir. 2009). In *i4i v. Microsoft*, the Federal Circuit affirmed a jury verdict finding induced infringement where the accused infringer provided instructions on how to use the infringing feature, were aware of the patent and the infringing nature of the accused feature, and had evidence that consumers were using the infringing feature. 598 F.3d at 851-52. Here, as noted above, Respondents provided documentation that taught how to use the InReach device in an infringing manner, have a financial interest in that use, and were aware of actual use by end-users. As a result, the mere fact that the InReach device might be used as a "standalone" device does not overcome this evidene of intent.

Respondents also have argued that they genuinely believed that the accused system could not infringe because no individual "used" the entire system. Again, the fact the Respondents chose to take a loss of one million dollars by quarantining the devices demonstrates that they knew very well that they could not sell them. Further, case law on this point is clear—divided infringement is not a defense to inducement. *Akamai*, 692 F.3d at 1307-08. The only way Respondents could be unaware of the clear holding of *Akamai* is by intentionally avoiding the *Akamai* decision. Respondents have been counseled throughout this proceeding; they cannot claim when it suits them that they are ignorant of the law.

Respondents unpersuasively argue that they hold a genuine and good faith belief that the '380 patent is invalid and therefore they could not have intended to infringe the '380 patent. Because invalidity has been waived as a non-infringement defense, a mere belief in invalidity is not a good faith belief in non-infringement. As Respondents note, invalidity of an asserted claim can act as a defense to patent infringement claims, and a genuine belief in invalidity can serve as a defense for inducement liability. *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1368

(Fed. Cir. 2013). The Federal Circuit reasoned that because "[i]t is axiomatic that one cannot infringe an invalid patent," "a good-faith belief of invalidity is evidence that may negate the specific intent to encourage another's infringement." *Id.* Here, however, Respondents waived any right to contest the validity of the '380 patent. (*See* Consent Order and Consent Order Stipulation.) Having signed the Consent Order Stipulation, Respondents are well aware of this waiver. As a result (unlike in *Commil*), Respondents cannot raise invalidity as a defense to infringement. Since invalidity is not a defense to infringement in this matter, a "belief" in the ***invalidity*** of the asserted claims does not translate into a genuine good faith belief in a cognizable defense to infringement in this enforcement proceeding. If it did, the consent order would be a nullity. Having affirmatively waived the right to assert invalidity in this Investigation, Respondents cannot contend that they believed in good faith that the asserted claims were invalid.

Based upon the foregoing, Complainant has proven, by a preponderance of the evidence, that in selling imported components of InReach 1.5 devices to end users, Complainant induced the infringement of claims 1 and 2 of the '380 patent.

Complainant has not proven, however, that the sale of InReach SE devices—specifically, the imported components thereof—after the effective date of the consent order induces the infringement of claims 1 and 2 of the '380 patent. In contrast to the InReach 1.5 device, which contains critical components of the devices that were quarantined subject to the consent order, the InReach SE device includes only three allegedly imported parts—the plastic housing, the AVNET chipset, and the Iridium 9603 modem. The circumstances pertaining to Respondents' role in the importation of these three parts is discussed below. Upon review of these

circumstances I find that the sale of these three components, considered in relation to the claimed system as a whole, is insufficient to support a finding of induced infringement.

The three allegedly imported parts are the plastic housings, AVNET chips, and Iridium 9603 modems. I discuss each below. The plastic housing, notwithstanding Mr. Heffron's testimony to the contrary, was imported by Respondents, is a claimed element of the accused system, and is only used within the accused system. Unlike the plastic housing, the other two parts have many uses other than in the accused system and were not imported by Respondents. On its own, the sale of the plastic housing is insufficient to find inducement. Further, for the reasons explained below, the sale of the plastic housing along with the AVNET chip and Iridium 9603 modem is also insufficient to find inducement.

There is no question that Respondents had a role in the design and importation of the plastic housing for the InReach SE device. Mr. Heffron contends in his witness statement that Respondents have no control over where the plastic housing is manufactured. (RX-0161C at Qs. 126-127.) Specifically, he testified that "[w]hile DeLorme's orders are placed with, and handled by KenMotech, a U.S. company, my understanding is that KenMotech chooses to have the manufacturing performed overseas by its affiliate." (*Id.*) Mr. Heffron continued to deny that "DeLorme [has] any control over where KenMotech manufactures its plastics." (*Id.*) Mr. Heffron's testimony is directly rebutted by the documentary evidence in this investigation, including presentation slides that identify KenMold in "Ningbo, China" as Respondents' partner and demonstrate that the decision to manufacture the products in China was made by Respondents. (CX-0305C.) The presentation slides provide two price quotes from KenMold—one for "KM Overseas" and a second higher price quote for "KM Domestic." (*Id.* at 3.) Confronted with these documents, Mr. Heffron admitted on cross-examination that KenMotech

offered domestic manufacturing and tooling as well as overseas tooling, and Respondents chose the lower cost overseas tooling. (Tr. at 189:12-191:20.) Notably, the documents that impeached Mr. Heffron's testimony are the same documents Respondents attempted to keep out of this Investigation. (*See* Order No. 854-021; Mot. Docket No. 854-034 Ex. I.)

Respondents do not, however, play such an integral role in the design and importation of the Iridium modems and AVNET chips included in the InReach SE devices. Complainant has admitted that the Iridium modems and AVNET chips used in the InReach SE are not modified by Respondents and have substantial non-infringing uses. (Complainant's Pre-Hearing Statement at 4-5.) Moreover, although it appears that the Iridium modems are manufactured overseas (*see, e.g.*, CX-0167 (photo of Iridium 9603 modem bearing designation "Assembled In Thailand"; CX-0001C at Q. 37; CX-0002C at Q. 160), Respondents have introduced evidence that they actually purchase the modems from Iridium in Arizona. (RX-0024C, RX-0025C, JX-0026C (purchase orders for "9603 Modem" submitted to "Iridium Satellite LLC 8440 South River Parkway Tempe, AZ 85284").) {

.} (RX-0125C at DLM-2042096; RX-0023C at 9, 26, 27; RX-0161C at Q. 110.) Given that these are not special order or modified products, but are off-the shelf components, there is little evidence, if any, to attribute the actions of Avnet Inc. and Iridium in importing the components to Respondents. Thus, it appears that Respondents only had a significant role in importing the plastic housing for the InReach SE device.

Complainant argues that the because the consent order does not include language limiting its applicability to importation by the "owner, importer, or consignee," it does not require that

Respondents import the components sold after importation; rather, there must only be a nexus between the importation and the infringement. (Citing *Certain Cigarettes and Packaging Thereof*, Inv. No. 337-TA-643, Comm'n Op. at 8 (Oct. 1, 2009); *Certain DC-DC Controllers and Products Containing the Same,* Inv. No. 337-TA-698, Comm'n Op. at 19-20 (Jan. 4, 2013).) This "nexus" argument appears to have been rejected by the Commission in *Certain Electronic Devices with Image Processing Systems, Components Thereof, and Associated Software.* Inv. No. 337-TA-724, Comm'n Op., 2012 WL 3246515, at * 11 ("As a result, to the extent that S3G relies upon language in these earlier decisions for the proposition that merely showing some nexus between an act of infringement and the importation of an article satisfies the requirements of section 337, we cannot agree."). Although in *Suprema* the Federal Circuit noted that "the Commission's discussion of its authority to predicate a § 337 finding on an inducement claim in *Certain Electronic Devices* was dicta; ultimately, it did not resort to its purported authority over such claims to fashion a remedy. And, the Commission's ruling, even if not dicta, would not be binding on us," the Federal Circuit did not address the Commission's rejection of the "nexus" argument. *Suprema,* 2013 WL 6510929, at *11.

Assuming, *arguendo*, that the "nexus" analysis is still viable after *Certain Electronic Devices* and *Suprema*, there is not a sufficient "nexus" between the importation of the AVNET and Iridium chips and the practice of the claims in the accused system. In one of the cases cited by Complainant, *Certain Cigarettes and Packaging Thereof*, the Commission found that a respondent that "'brokers' the sale and importation of gray market cigarettes to customers," but "never owns or possesses the cigarettes" could be found to violate Section 337(a)(1)(C) by importing or selling them for importation. According to the Commission, the respondent in *Certain Cigarettes and Packaging Thereof* "manage[d] an elaborate arrangement to sell and

import gray market cigarettes into the United States," including owning and operating web shops from which U.S. customers purchase European cigarettes. The Commission noted that although the respondent "contract[ed] out" portions of the transaction such as collecting payment, hosting the website, fulfilling orders, and customer service to third parties, customers purchase cigarettes without being informed that any other company is involved in the transaction. Inv. No. 337-TA-643, Comm'n Op., 2009 WL 6751505, at *4-6 (Oct. 1, 2009).

Similarly, in *Certain DC-DC Controllers and Products Containing the Same*, the Respondents sold previously accused products outside of the U.S. knowing that "its sales of violative chips would be put into established distribution channels which it knew had been used and almost certainly would continue to be used to effect the importation and sale in the United States of violative controllers incorporated into downstream products." Inv. No. 337-TA-698, Comm'n Op., at 20-33 (Jan. 4, 2013). As noted above, Respondents play no such role in the importation of the AVNET or Iridium chips included in InReach SE devices. Rather, the chips are purchased by Respondents from U.S. companies or at the direction of U.S. companies and are off-the-shelf components. Unlike in *Certain DC-DC Controllers and Products Containing the Same* and *Certain Cigarettes and Packaging Thereof,* the "nexus" between the importation of these items alone and the use of the chips in the accused system is not so clear.

Regardless of whether a nexus must be shown, the limited number of allegedly imported components and the relationship of the imported components to the claimed system as a whole, standing alone, are insufficient to support a finding of induced infringement based on their sale by Respondents. Only three components are alleged to have foreign provenance in the InReach SE device— the plastic housing, the AVNET chipset, and the Iridium 9603 modem. In contrast, the InReach 1.5 device includes not only imported Iridium 9602 modems and housings, but

antennas, super caps, keypads, and battery terminals. Two of the allegedly imported components for the InReach SE device are off-the shelf components that are purchased from U.S. based companies, or are purchased from a specific vendor at the direction of a U.S. based company. The plastic housing is the only product that is clearly imported by Respondents and has no use other than in the accused system.

Respondents' conduct related to the InReach SE devices is less culpable than their conduct related to the InReach 1.5 devices. For the InReach 1.5 devices, complete InReach 1.0 devices, which comprise nearly the entire InReach 1.5 device, were imported by Respondents (including the Iridium 9602 modem, the antenna, the "super cap," the housing, the keypad, and battery terminals). Respondents' effort to "manufacture" the InReach 1.5 device in the U.S. effectively consisted of changing the circuit boards in the InReach 1.0 device before it was re-sold in the U.S. as an InReach 1.5 device. In contrast, for the InReach SE device, three parts with foreign provenance were used to assemble, for the first time, the InReach SE device within the U.S. Although there is no way to draw a bright line between infringement and non-infringement in these circumstances, I find, for the reasons stated above, that Complainant failed to establish by a preponderance of the evidence that Respondents induced infringement by selling InReach SE devices.

C. Violation of Consent Order and Number of Days of Violation

Complainant's Position: Complainants argue that there have been 92 days of violation of the consent order by Respondents. Complainants say that from April 1, 2013 through November 4, 2013, there have been 1,632 InReach 1.5 units sold and shipped over 51 days. (Citing Tr. at 267:3-18.) Complainant continues that of those 1,632 units, only 32 were not from the reuse of plastics and modems in quarantine. (Citing Tr. at 268:14-269:24.) Complainant

adds that the average selling price is $189.00. (Citing Tr. at 270:24-271:12.) Complainant argues that SE devices were shipped on 11 additional days. (Citing CX-0245C; Tr. at 98:10-99:1; CX-0254C.) Complainant says that the total number of SE devices sold is 1,696 with a sales value of $407,234.22. Complainant argues that activations represent an additional 30 days of violation. (Citing CX-0124C; CX-0040C at 24:4-25; Tr. at 98:10-99:1.)

Respondents' Position: Respondents dispute whether or not there has been a violation, but do not dispute the number of days of violation. (See RRB at 25-26.)

Staff's Position: Staff argues that Respondents have violated the consent order on 51 separate days. Staff says that Respondents sold approximately 1,596 units of InReach 1.5 devices after April 1, 2013 that were "converted" from imported, unsold InReach 1.0 devices. (Citing Tr. at 266:15-267:24; CX-040C at 19:3-24:25; CX-245C.) Staff continues that these units were sold on 51 different days between April 1, 2013 and November 14, 2013. (Citing Tr. at 266:15-267:12.) Staff contends that none of the remaining allegations result in a violation of the consent order.

Conclusions and Analysis: In Section III.B, *supra*, I find that Complainant has proven, by a preponderance of the evidence, that in selling imported components of InReach 1.5 devices to end users, Respondents induced the infringement of claims 1 and 2 of the '380 patent.[22] Respondents have admitted that 1,632 InReach 1.5 devices were sold on 51 different days between the effective date of the consent order and November 14, 2013. (Tr. at 266:6-267:12.) Although Respondents say that not all of the 1,632 units necessarily include all of the parts that have been reused from the quarantined devices, only 36 of the units used plastics that were not

[22] But not claim 10.

taken from the quarantined devices. (Tr. at 268:14-269:24.) Although it is unclear when the 36 units that did not reuse parts from the quarantined devices were sold, the vast majority of the units sold (1,596) used parts from the quarantined devices. Moreover, Respondents did not dispute the figure of 51 days. As a result, I find that Complainant has proven by a preponderance of the evidence that Respondents' actions have resulted in 51 separate days of violation.

In Section III.B, *supra*, I find that Complainant has not proven by a preponderance of the evidence that the activation of InReach devices and the sale of InReach SE devices induces the infringement of claims 1, 2, and 10 of the '380 patent. As a result, Complainant has not proven that Respondents' activities related to the InReach SE and activations of InReach devices sold before the effective date of the consent order resulted in a violation of the consent order as to those devices.

IV. REMEDY

Upon conclusion of a formal enforcement proceeding, the Commission may take one or more of the following measures if a violation is found:

> (i) Modify a cease and desist order, consent order, and/or exclusion order in any manner necessary to prevent the unfair practices that were originally the basis for issuing such order;
>
> (ii) Bring civil actions in a United States district court . . . to recover for the United States the civil penalty accruing to the United States . . . for the breach of a cease and desist order or a consent order, and to obtain a mandatory injunction incorporating the relief the Commission deems appropriate for enforcement of the cease and desist order or consent order; or
>
> (iii) Revoke the cease and desist order or consent order and direct that the articles concerned be excluded from entry into the United States.

19 C.F.R. § 210.75(b)(4). Having found a violation of the Consent Order, I submit the following

recommendations on Remedy.

A. Modification of the Consent Order

Complainant's Position: Complainant does not request modification of the consent order.

Respondents' Position: Respondents note that Complainant did not request modification of the consent order in its pre-hearing brief or at the hearing. Respondents say that Staff has proposed modifications to the consent order. Respondents aver that the language of the consent order was vigorously challenged by Complainant in the violation phase of the investigation, where Complainant sought to include specific language that addresses activation of previously purchased devices or selling to third party resellers. Respondents say that the consent order was issued over Complainant's objections and proposal for additional restrictions. Respondents argue, as a result, that modification now is unwarranted.

Respondents argue that Staff's proposals to modify the consent order emphasize that the provisions Staff seeks to add are not within the existing consent order. Respondents argue that they should be held to the consent order as written, not the consent order as Staff or Complainant would like to rewrite it. Respondents note that the proposed modifications add a bar on the use of non-infringing components from imported devices and add limits to the conduct of "affiliated companies" and "related business entities." Respondents argue that this proposal makes the consent order less clear because the identity of the third parties is not discussed.

Staff's Position: Staff argues that the consent order should be modified to confirm that any unsold inventory of two-way global satellite communication devices, system, and components thereof, that were imported into the United States by Respondents, or any of their affiliated companies, parents, subsidiaries, or other related business entities, or their successors

or assigns, and that infringe claims 1, 2, 5, 10-12, and 34 of the '380 patent cannot be sold, converted for sale, or used for components to assemble products for sale.

Staff argues that the consent order does not have a loophole permitting salvaging components from imported, intact, and infringing devices. Staff says that it is unreasonable to interpret the consent order to permit the salvaging of a majority of the components from an imported, intact, and infringing product. Staff explains that its recommendation for the modification of the Consent Order arises out of necessity caused by Respondents' conversion of imported InReach 1.0 devices into InReach 1.5 devices in violation of the consent order.

Staff disagrees with Respondents' argument that the scope of a consent decree must be interpreted in a limited manner. Staff says that *Foster v. Hallco Manufacturing Co.*, 947 F.2d 469, 480-481 (Fed. Cir. 1991) holds that provisions of a consent order that preclude a challenge to the validity of a patent in subsequent litigation must be interpreted narrowly. Staff continues that *United States v. Armour & Co.*, 402 U.S. 673 (1971), addressing the narrow interpretation of issue preclusion provisions, does not apply to interpretation of the consent order here because it was not a product of careful negotiation. Rather, according to Staff, by unilaterally terminating the violation proceeding, Respondents denied Complainant the opportunity to establish its factual claims and legal theories while Respondents received a termination that short-circuited the litigation. Staff argues that Respondents cannot assert that a consent order that they entered into voluntarily has to be construed in the narrowest possible sense for their benefit.

Conclusions and Analysis: In Section III.B.5, *supra*, I find that the plain language of the consent order prohibits Respondents' conduct related to the InReach 1.5 devices, specifically, the reuse of components from the InReach 1.0 devices in InReach 1.5 devices. Because the consent order is clear and Complainant does not seek modification of the consent order, I do not

recommend modification of the consent order.

B. Cease and Desist Order

Complainant's Position: Complainant does not request a cease and desist order.

Respondents' Position: Respondents say that Complainant did not seek a cease and desist order in its pre-hearing brief. Respondents argue that to the extent Complainant seeks a cease and desist order, Respondents note that they never would have agreed to a consent order that included a provision barring any consumer from activating and using a potentially life-saving device for which they had paid hundreds of dollars in a lawful purchase. Respondents argue that Complainant should be held to the terms of the consent order as issued, not to a cease-and-desist order rewritten to Complainant's wishes.

Respondents argue that to the extent Staff is seeking destruction of Respondents' quarantined inventory of imported devices, Respondents have a right to sell the inventory outside of the United States. Respondents add that, regarding the domestic market, the proposed cease and desist order is just a repackaging of the relief set out in the proposed modification of the Consent Order. Respondents contend that there is not a "commercially significant inventory" of InReach devices in the U.S. Respondents say that the Staff's calculation of the inventory is incorrect because it does not take into account Respondents' foreign sales of InReach devices. (Citing Tr. at 266:6-270:14.)

Staff's Position: Staff argues that the issuance of a cease and desist order would be appropriate in this case because Respondents are located in the United States and have a commercially significant inventory of accused products in the United States. Staff calculates that there are approximately 400 to 600 units of InReach 1.0 devices that remain unsold and unconverted in Respondents' warehouse in Yarmouth, Maine. (Citing CX-040C at 19:3-12; Tr.

at 266:15-269:24.) Staff says that Respondents sell the devices to third party resellers for $189.00 each, meaning there is an inventory of $75,600.00 to $113,400.00. Staff argues this is evidence of a commercially significant inventory in the United States.

Conclusions and Analysis: In Section III.B.5, *supra*, I find that the plain language of the consent order prohibits Respondents' conduct related to the InReach 1.5 devices, specifically, the reuse of components from the InReach 1.0 devices in InReach 1.5 devices. Because the consent order is clear and Complainant does not seek issuance of a cease and desist order, I do not recommend issuance of a cease and desist order.

C. Exclusion Order

Complainant's Position: Complainant does not request an exclusion order.

Respondents' Position: Respondents say that neither Staff nor Complainant seek an exclusion order. Respondents argue that an exclusion order is not supported because they have not imported any parts.

Staff's Position: Staff argues that an exclusion order issued in this Investigation would necessarily be a limited exclusion order directed to the Respondents and is not warranted. Staff says that it is not disputed that the InReach SE devices are manufactured in the United States and components incorporated into those devices are purchased by Respondents in the United States from third party companies that are based in and doing business in the United States. Staff says that an exclusion order would not apply to these components because there is no evidence Respondents imported the components. Staff says that with respect to the InReach 1.5 devices, the consent order is sufficient to prohibit conversion and sale within the United States.

Conclusions and Analysis: In Sections III.B.5 and III.C, *supra*, I find that Complainant has violated the consent order by reusing imported InReach 1.0 components in InReach 1.5

devices that are sold in the U.S. Complainant has not proven that Respondents are continuing to import InReach 1.0 devices for conversion to InReach 1.5 devices. As a result, an exclusion order does not appear to be warranted to stop Complainant from importing 1.0 devices for conversion and I do not recommend one be issued.

In Sections III.B.5 and III.C, *supra*, I find that Complainant has not violated the consent order as a result of its activities related to the InReach SE devices. However, to the extent the Commission determines there is a violation, I recommend the issuance of a limited exclusion order directed to the plastic housing that the Respondents import (or play a significant role in importing).

D. Civil Penalties

19 U.S.C. § 1337(f)(2) provides for mandatory civil penalties for the violation of Commission orders:

> Any person who violates an order issued by the Commission under paragraph (1) after it has become final ***shall forfeit and pay to the United States a civil penalty for each day on which an importation of articles, or their sale, occurs in violation of the order of not more than the greater of $100,000 or twice the domestic value of the articles entered or sold on such day in violation of the order***. Such penalty shall accrue to the United States and may be recovered for the United States in a civil action brought by the Commission in the Federal District Court for the District of Columbia or for the district in which the violation occurs. In such actions, the United States district courts may issue mandatory injunctions incorporating the relief sought by the Commission as they deem appropriate in the enforcement of such final orders of the Commission.

19 U.S.C. § 1337(f)(2) (emphasis added). The Federal Circuit has acknowledged that "[t]he Commission's long-standing interpretation of § 337(f)(2) has been that consent orders may be enforced through civil penalties; this interpretation is correct; and even if there were ambiguity, the Commission's interpretation is reasonable and warrants appropriate deference." *San Huan New Materials High Tech, Inc. v. Int'l Trade Comm'n*, 161 F.3d 1347, 1357 (Fed. Cir. 1998).

Although the penalty is mandatory, the language of the statute and the legislative history suggests that the Commission has discretion in setting the amount of the penalty. The statute itself indicates that the penalty is "not more than the greater of," suggesting that the amount set can be less. 19 U.S.C. § 1337(f)(2). Further, although the legislative history explains that the reason the option to impose a penalty equal to "twice the domestic value of the articles" was included was to address "the situation in which the violation may involve a large shipment of articles of sufficient value so as to make a $10,000 penalty not a deterrent to the violation of the order," the legislative history continued to explain that "the Commission will exercise the discretionary authority provided with respect to the appropriate size of any penalty under this section so as to insure the deterrent effect of its order while taking into account such factors as intentional versus unintentional violations and the public interest." S. Rep. No. 96-249, at 262 (1979). Thus, the amount of the penalty is discretionary, but has a ceiling of the greater of $100,000.00 or twice the domestic value of the articles at issue.

When calculating a proportional penalty, the Commission considers a number of factors: "(1) the good or bad faith of the respondent; (2) any injury due to the infringement; (3) the respondent's ability to pay the assessed penalty; (4) the extent to which the respondent benefitted from its violations; (5) the need to vindicate the authority of the Commission; and (6) the public interest." *See Ninestar Tech. Co. Ltd. v. International Trade Comm'n*, 667 F.3d 1373, 1379 (Fed. Cir. 2012) (citation omitted). The Commission evaluates the good or bad faith of the respondent based on whether the respondent "(1) had a reasonable basis to believe that the violating product was not within the scope of the Commission's order, (2) requested an advisory opinion or clarification from the Commission, (3) provided any opinion of counsel indicating that it obtained legal advice before engaging in the acts underlying the charge of violation, (4)

decided which products were subject to the order based on the decisions of management and technical personnel, without legal advice, and (5) satisfied its reporting requirements under the relevant Commission order." *Certain Ink Cartridges and Components Thereof*, Inv. No. 337-TA-565, Comm'n Op., 2010 WL 5642166, at *14 (September 24, 2009), *aff'd sub nom. Ninestar Tech.*, 667 F.3d at 1385.

For the reasons explained below, I recommend the imposition of a daily penalty that, in total, approximates twice the sales price of all InReach 1.5 devices sold in violation of the consent order by Respondents.

Complainant's Position: Complainant seeks a daily penalty of at least $75,000.00, but not less than $50,000.00. Complainant contends that the first factor—the good or bad faith of Respondents weighs in favor of a higher penalty. Complainant says that Respondents did not request an advisory opinion or clarification from the Commission, which is a negative factor. Complainant notes that although Respondents sought input from counsel, the opinion was oral and could not be objectively examined, which affects the ability to determine good faith reliance. Complainant contends that Respondents took no steps to address possible violations caused by the internal components of the devices and did not seek advice regarding whether modems may result in a violation. (Citing CX-0040C at 17:3-12, 64:4-14; Tr. at 98:10-99:1.) Complainant says that Respondents thought the consent order was limited to the entire InReach device, and did nothing upon learning that the InReach SE device was accused of infringing. (Citing CX-0040C at 13:9-24, 28:6-30:16; Tr. at 98:10-99:1.) Complainant argues that Respondents' CEO's testimony that he hoped the consent order would make the Investigation go away is evidence that Respondents did not understand the seriousness of the consent order. (Citing CX-0255C at 102:7-19; Tr. at 98:10-99:1.)

Complainant asserts that the second factor—injury due to the infringement—weighs in favor of an increased fine. {

.} (Citing CX-0001C at Q. 58; CX-0039C at 22:7-26:15; Tr. at 98:10-99:1.) {

.} (Citing CX-0040C at 73:10-23; CX-0035C at 38:3-42:35, 43:24-45:2; CX-0047; JX-0030C at Admission Nos. 19, 20; Tr. at 98:10-99:1.) As a result, Complainant says that while its licensed device is more expensive to purchase, this does not negate the harm to the public interest. (Citing *Ink Cartridges* at 27.)

Complainant argues that the third factor—the respondents' ability to pay the assessed penalty—should be considered neutral to negative in assessing the size of the fine. Complainant says that Respondents' ability to pay is obfuscated by the fact that the hardware is sold at a loss. {

.} (Citing CX-0036C at 32:13-15l Tr. at 98:10-99:1.) Citing *Ink Cartridges* at 30 n12, Complainant argues that the future projected revenue associated with the devices sold in violation of the Consent Order is the appropriate measure of Respondents' ability to pay. {

} (Citing RX-0161 at Q. 203; *Windsurfing Int'l Inc. v. AMF, Inc.*, 782 F.2d 995, 1003 n.12 (Fed. Cir. 1986).) Complainant argues that Respondents have the burden to provide reliable documents and evidence on this issue. (Citing *Ink Cartridges*, at 30-31; *San Huan*, 161 F.3d at 1364.)

Complainant argues that the fourth factor—the extent to which the respondent benefitted from its violations—weighs in favor of a higher fine. Complainant says that the respondent in *Ink Cartridges* sold cartridges without making a profit, but the Commission looked at the

intangible benefits associated with the sales. (Citing *Ink Cartridges*, at 33.) {

} (Citing Tr. at 270:24-271:12; CX-0245C; CX-0124C; JX-0033; CX-0036C at 33:16-34:7; Tr. at 98:10-99:1.)

Complainant argues that the fifth factor—the need to vindicate the authority of the Commission—weighs in favor of a higher fine. Complainant argues that like the respondent in *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same*, Inv. No. 337-TA-372, Comm'n Op. (Oct. 3, 1997), Respondents unilaterally proposed a consent order and acted in bad faith in attempting to comply with it. (Citing *Magnets* at 32-33.) Complainant says that Mr. Heffron testified at his deposition that he entered into the Consent Order because he believed it would make everything "go away." (Citing CX-0255C at 102:7-19.) Complainant contends that combined with lack of a written opinion, failure to differentiate products subject to Order No. 17, and misrepresentations as to the source of the plastics for the InReach SE device, and failure to inform part suppliers about the consent order (CX-0040C at 68:19-24), there is evidence that Respondents did not take their obligations under the consent order seriously. Complainant says that Respondents' discovery conduct included obfuscating sales. (Citing CX-0040C at 4:22-9:24; JX-0021C; JX-0022C; JX-0023C; JX-0024C; Tr. at 98:10-99:1.)

Complainant argues that the sixth factor—the public interest—weighs in favor of an increased fine. Complainant says that the public interest is the protection of intellectual property rights. (Citing *Ink Cartridges* at 38; *Magnets* at 33.) Complainant argues that the consent order on its own did not deter Respondents and there needs to be a clear statement about the

Commission's power and authority to enforce consent orders.

Complainant concludes that Respondents have committed violation of the consent order, and a daily fine of $75,000, but not less than $50,000, is warranted.

Complainant argues that Staff's proposal for a penalty based on the value of the devices should be rejected. Complainant says Staff and Respondents did not argue the per day penalty was incorrect and any such arguments were waived. Complainant says that it is the only party that addressed the issue of the amount of the per day fine, and its request for $75,000 per day is therefore unrebutted.

Although Complainant does not believe that the amount of the fine should be based on revenue associated with devices sold in violation of the consent order, Complainant says that such revenue calculations should include revenue attributable to the activation of the InReach 1.5 devices. Complainant says that Staff believes that 1,600 InReach devices were sold in violation of the consent order. {

.} (Citing CPHB at 94.) {

.}

Respondents' Position: Respondents argue that they acted in good faith in following the terms of the consent order. Respondents say that they removed from their stores and saleable inventory any unsold, imported InReach devices and the devices were physically isolated and locked away. (Citing RX-0041C; RX-0042C; RX-0161C at Qs. 27-30; Tr. at 198:24-199:1; RPX-1003C.) Respondents continue that they have sold only InReach SE devices "built in Yarmouth, Maine" and InReach 1.5 devices that were "stripped of their contents and rebuilt in Yarmouth, Maine." (Citing RPX-1003C; RX-0161C at Q. 41-47; Tr. at 194:22-195:6, 200:14-

17.) Respondents say that they have thrown away more than one million dollars in inventory. (Citing Tr. at 198:19-199:14; RX-0161C at Qs. 34-39, 48, 50-54, 65-67, 170, 199; RX-0005C; RX-0006C; RX-0128; RPX-1009C; JX-0034C.) Respondents disagree with Staff's position that Respondents should not be able to reuse parts taken from formerly imported InReach 1.0 devices, because it is inconsistent with the consent order. Respondents argue that the five factor test from *Ink Cartridges* shows they acted in good faith. Respondents also disagree with Complainant's reliance on the fact that Respondents did not obtain a formal opinion of counsel or seek an advisory opinion. Respondents say that there was not enough time between the effective date of the consent order and Complainant's filing of the enforcement complaint to obtain an opinion. Respondents continue that Order No. 17 in the violation proceeding found that Complainant was not accusing individual parts of infringing the claims of the asserted patent and that infringement of components must be tested at the time of importation.

Respondents argue that the public has been served by its activities. Respondents say that they offer crucial safety products that save lives at a lower price than Complainant. (Citing RX-0161C at Qs. 14-15, 158, 200-02, 209.) Respondents argue that there is no evidence that sales of their devices results in lost sales for Complainant. Respondent says that Complainant has only sold a handful of devices, has minimal inventory, and has no prior history of selling in the consumer marketplace. (Citing RX-0161C at Q. 202; Tr. at 115:19-23; RX-0144C at ¶ 10; RX-0137C at 62:9-63:20.) Respondents say that Staff's reliance on Complainant's manufacturing of man-overboard alarms to argue Complainant could meet the needs of the marketplace for the devices at issue in this Investigation is misplaced. Respondents argue that Complainant's sale of a non-equivalent product to the government does not bear on their ability to fill the consumer market for two-way satellite communication devices.

Respondents argue that the full amount of the statutory penalty would significantly damage them. {

.} (Citing RX-0161C at Q. 203-7; RX-0045C; RX-0022C.) Respondents say that imposing a punitive penalty will jeopardize their ability to manufacture and sell an important safety device.

Respondents disagree with Staff's reliance on Respondents' assets to argue Respondents are capable of paying a penalty. {

.}

(Citing RX-0045C at DLM-2056329.)

Respondents argue that they have not benefited as a result of the consent order. Respondents say that they were unable to fulfill product orders for three weeks while they addressed issues related to domestic manufacturing and their brand has been harmed as a result. (Citing RX-0161C at Q. 34-39, 170, 198-99; RPX-1009C; JX-0034C.) Respondents continue that they have not yet recouped their production costs associated with domestic manufacture and are selling the devices at a loss. (Citing RX-0161C at Q.198-199.) Respondents add that even if subscription revenue is considered, they have not made a profit on the product to date. (Citing CX-0161C at Q. 199; CX-0253C.)

Respondents argue that the sales price of the InReach 1.5 devices is not the correct assessment of the benefit to Respondents. Respondents say that the benefit, if any, was the cost savings of not having to reorder plastics and modems for those devices. Respondents contend that they have not made a profit on these devices, even considering subscription revenue. (Citing CX-0253C.)

Respondents contend that because they acted in good faith, there is no need to vindicate

the authority of the Commission. Respondents argue that they took their duty of compliance seriously and made every effort to stay well clear of the line of violation. Respondents say that they have not imported any item that was accused of infringement during the investigation.

Respondents argue that while the public interest at issue in most investigations is the protection of intellectual property, such protection is not the only interest. (Citing *Rosemount v. Int'l Trade Comm'n*, 910 F.2d 819, 822 (Fed. Cir. 1990).) Respondents say that when a product serves an important health or welfare purpose, the public interest argues against the imposition of any penalty that will negatively impact the availability of that product in the marketplace. (Citing *Certain Fluidized Supporting Apparatus and Components*, ITC Inv. No. 337–TA–182/188, Comm'n Deter., 1984 WL 63741, *11 (Oct.1984) (hospital beds); *In the Matter of Inclined–Field Acceleration Tubes and Components*, ITC Inv. Nos. 337–TA–67, Comm'n Deter., 0080 WL 594319, *15 (Dec. 1980) (basic scientific research); *Certain Automatic Crankpin Grinders*, Inv. No. 337–TA–60, Comm'n Deter., 1979 WL 419349, *10 (Dec. 1979) (fuel–efficient cars).) Respondents argue that because Complainant does not have the production facilities to fulfill Respondents' market share and Complainant's product retails for approximately twice the cost of Respondents' device, the imposition of any penalty that would hamper Respondents' ability to provide the device would have a negative impact on safety and welfare. (Citing RX-0161C at Qs. 200-01.)

Respondents conclude that to the extent that a per day penalty is adopted, the proper amount should be no more than twice the domestic value of the imported components. As an example, Respondents say that the belt clip provided by KenMotech costs eighteen cents per unit. (Citing RX-0161C at Q. 128-29; RX-0004C.) Respondents continue that the one million dollars that was spent replacing the mainboards of the InReach 1.5 devices should be taken into

account in the calculation of any penalty. (Citing RX-0161C at Q. 48, 50-54, 65-67; Tr. at 198:19-199:14; RX-0005C; RX-0006C; RX-0128C.) Respondents argue that the value added by domestic components should not be considered in calculating the fine, since the domestic components are unrelated to the violation.

Staff's Position: Staff argues that the factors support a civil penalty of $603,288, which is twice the total number of InReach 1.5 devices sold after conversion from InReach 1.0 devices (1,596) multiplied by the sale price of those devices (189.00).

Staff says that Respondents have not acted in good faith. Staff says that Respondents stressed that they quarantined the imported InReach 1.0 devices behind lock and key. (Citing RPX-1003C; RX-0161C at Q. 30.) Staff says that Respondents admitted that these products were covered by the Consent Order and they chose to take the steps to quarantine the products. (Citing RPX-1003C; RX-0161C at Q. 30-31.) Staff argues that by their own admission, Respondents demonstrated that they believe the InReach 1.0 devices were within the scope of the consent order. Staff says that this weighs in the direction of bad faith. Staff says that Respondents did not proffer any evidence that they sought an advisory opinion or clarification from the Commission, which also weighs against good faith. Staff says that Respondents did not proffer an opinion of counsel other than the oral advice regarding whether the reuse of components would infringe the '380 patent. (Citing CX-040C at 10:8-16; 15:1-16:20.) Staff argues that although Respondents should have obtained a written, well-reasoned opinion of non-infringement and no violation, (Citing *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1581-82 (Fed. Cir. 1992)) obtaining any opinion of counsel weighs in the direction of good faith. Staff notes that Respondents say they planned from the "very start" of the violation proceeding to manufacture InReach devices in the United States, providing ample time to obtain

a written opinion of counsel before the enforcement proceeding began. Staff concludes that Respondents did not act in good faith.

Staff says that Respondents have not proffered evidence that the public would have been harmed by preventing the sale of InReach 1.5 devices that were converted from imported InReach 1.0 devices. Staff says that Respondents had ample time to prepare for the consent order to go into effect and also sells the InReach SE devices (which would replace the 1.5 devices). Staff argues that there is no evidence that Complainant or another third party would not have been able to fill the need for two-way global satellite communication devices. (Citing CX-0001C at Q. 19 (disclosing that Complainant has made over 100,000 units of man-overboard alarms).) Staff notes that the fact that Complainant's product is more expensive does not mean the public will be harmed. (Citing *Ink Cartridges* at 27.)

{

.} (Citing RX-0045C at 1.) Staff argues that these assets are a better indication of Respondents' ability to pay than recent profit/loss figures.

Staff argues that Respondents have sold 1,596 units of InReach 1.5 devices for $301,644. Staff disagrees with Complainant's attempt to rely on activations for the penalty because the activations are unrelated to the source of the InReach devices—imported or domestic. Staff continues that Complainant relies on activations of both InReach 1.5 and InReach SE devices in their calculations and have lumped together the various subscriptions, which have different price points. Staff says that without a firm basis for determining an estimate of future revenues from the subscription sales for the 1,596 InReach 1.5 devices sold in the United States, Complainant's estimate of subscription income cannot be used as a factor in the penalty. Staff says that the quarantined InReach devices were essentially a loss to Respondents, but by reselling most of the

major components, Respondents were able to recover a large portion of the costs of the unsold devices.

Staff disagrees with Respondents' argument that the values of the imported components should be used to calculate the penalty, not the sales price of the InReach 1.5 device. Staff says that given the value of the InReach device as a whole, and Staff's position that the purchase of plastic components for the InReach SE device is not a violation of the Consent Order, Respondents' proposal is inappropriate.

Staff contends that the act of imposing a civil penalty on even *de minimis* imports and sales is a powerful confirmation of the Commission's authority.

Staff says that there is no evidence that imposing a civil penalty in proportion to the number of violations would raise any public interest concerns.

Staff concludes that its proposed penalty is approximately $11,829.00 per day of violation and is appropriate after considering the six factors, and is sufficient to deter Respondents from violating Commission orders.

Conclusions and Analysis: If the commission finds that Respondents have violated the consent order, based upon the consideration of the factors set forth in *Ninestar Tech.*, I recommend a daily penalty of $12,500.00 for each day of violation. The maximum penalty of $100,000 per day is not justified under the circumstances. Rather, a daily penalty that approximates twice the sales price of the InReach 1.5 devices sold in violation of the consent order is more appropriate to ensure the deterrent effect of the consent order.

Turning to the first factor, I find that there is clear evidence that Respondents acted in bad faith. Respondents entered into the consent order unilaterally in this Investigation. They then proceeded, as I find in Section III.B.5, *supra*, to intentionally induce end-users to infringe claims

1 and 2 of the patents by selling InReach 1.5 devices to the end-users. Respondents' arguments that they acted in good faith are rejected for the same reasons those arguments were rejected in Respondents' attempts to show they did not intend to induce others to infringe the '380 patent. Because the language of the consent order was clear and included "components," Respondents did not have a reasonable basis to believe that components of the InReach 1.0 devices were not within the scope of the consent order. (*See* Section III.B.5, *supra*.) Moreover, Respondents did not request an advisory opinion or clarification from the Commission, nor did they seek a written opinion from counsel. Rather, respondents rely on an oral opinion from litigation counsel that is clearly at odds with the plain language of the consent order and legal precedent. (*See* Section III.B.5, *supra*.) Further, the short time frame between the effective date of the consent order and Complainant's filing an enforcement complaint does not excuse Respondents' failure to obtain written opinion of counsel. Rather, Respondents could have obtained written opinion of counsel once they considered moving manufacturing to the United States—which Respondents say was before the original complaint was filed. (RX-0161C at Q. 29 ("Plans to bring the manufacture of the inReach device home to Yarmouth, Maine, were discussed internally at DeLorme prior to the institution of the ITC investigation.").) Based upon all of the foregoing, I find that Respondents' actions in this matter are indicative of bad faith.

There is little evidence of actual injury to Complainant as a result of Respondents' violation of the consent order. Although the evidence shows that Respondents sell InReach 1.5 devices at a loss (CX-0039C at 22:7-24:7), Complainant has not shown a loss of sales as a result of Respondents' violation of the consent order. Further, any presumption that Complainant's devices would be purchased if Respondents had not violated the consent order is attenuated by the fact that Respondents sell InReach SE devices (which were not found to violate the consent

order) that could replace the InReach 1.5 devices. As a result, this factor weighs against a higher penalty.

Respondents' ability to pay the assessed penalty is neutral. Although Respondents operate at a loss, they do have a sizeable amount of assets (liabilities notwithstanding) that could be used to pay the penalty. (RX-0045C.) {

} (*Id.* at 1.) {

.} (*Id.*) {

} As a result, this factor is neutral.

Respondents have undoubtedly benefited from their violation of the consent order. By converting the 1,596 InReach 1.0 devices to InReach 1.5 devices, Respondents were able to avoid scrapping the InReach 1.0 devices entirely. Respondents have acknowledged that this included some "expensive" parts. (CX-0041C at 14:14-16:15.) The total loss avoided is not clear however. The closest estimate is the sales price of the InReach 1.5 devices sold in violation of the consent order, $301,644.00 (1,596 devices times $189.00 per device). (Tr. at 271:5-7 ($189.00 sales price for InReach 1.5 devices); Section III.C, *supra* (finding 1,596 devices sold in violation of consent order.)) Including the revenue from activations of these devices is not justified. There is nothing the record to indicate that the activations were tied to the violation of the consent order. If InReach 1.5 devices had not been sold in violation of the consent order, InReach SE devices likely would have been sold and activated instead. As a result, activations would have occurred regardless of whether a particular InReach device was sold in violation of the consent order.

Factor five weighs in favor of a larger penalty. Here, Respondents unilaterally entered into a consent order, then proceeded intentionally to induce end-users to infringe claims 1 and 2 of the patents by selling InReach 1.5 devices to the end-users. A small penalty, or even a penalty that is equal to the loss avoided by Respondents, could potentially embolden parties to violate consent orders in the future, because the loss associated with violating a consent order would be no greater than the loss associated with complying with the consent order.

Factor six is neutral. Although Respondents argue that a penalty will take needed safety equipment away from the public, there is no merit in this assertion. Rather, the penalty will be related to the sale of the InReach 1.5 devices that were converted from imported InReach 1.0 devices, and will not affect the InReach SE devices. Moreover, Complainant's competing device also will be available, although at a higher price. To be noted, the Commission has indicated 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 Ink Cartridges and Components Thereof*, Inv. No. 337-TA-565, Comm'n Op. 2010 WL 5642166, at *18 (September 24, 2009).

Based upon all of the foregoing, I recommend a penalty of $12,500.00 per day of violation, with 51 days of violation total, resulting in a total penalty of $637,500.00. This is approximately twice the sales price of the InReach 1.5 devices sold in violation of the Consent Order ($301,644.00). Although this is greater than the loss avoided by Respondents in violating the consent order, it will act as a deterrent for violations of consent orders in the future. As noted above, imposing a penalty equal to the loss avoided would not serve the goal of deterring violations of the consent order. *See* S. Rep. No. 96-249, at 262 (1979).

V. MATTERS NOT DISCUSSED

This Enforcement Initial Determination's failure to discuss any matter raised by the parties, or any portion of the record, does not indicate that it has not been considered. Rather, any such matter(s) or portion(s) of the record has/have been determined to be irrelevant, immaterial or meritless. Arguments made on brief which were otherwise unsupported by record evidence or legal precedent have been accorded no weight.

VI. CONCLUSIONS OF LAW

1. The Commission has subject matter jurisdiction, *in rem* jurisdiction, and *in personam* jurisdiction.

2. There has been an importation into the United States, sale for importation, or sale within the United States after importation of components of InReach 1.5 and InReach SE devices.

3. There has not been an importation into the United States, sale for importation, or sale within the United States after importation of software and hardware associated with the activation of InReach devices.

4. The accused imported components of the InReach 1.5 and InReach SE devices do not directly infringe claims 1, 2,or 10 of the '380 patent.

5. The sale of the imported components in the InReach 1.5 devices to end-users induces the infringement of claims 1 and 2 of the '380 patent.

6. The sale of the imported components in the InReach 1.5 devices does not induce the infringement of claim 10 of the '380 patent.

7. The sale of the imported components in the InReach SE device does not induce the infringement of claims 1, 2, or 10 of the '380 patent.

8. There is a violation of the consent order with respect to Respondents' sale after importation of the accused imported components of the InReach 1.5 device.

9. There is no violation of the consent order with respect to the InReach SE device.

10. There is no violation of the consent order with respect to activation of InReach devices after the effective date of the consent order, where those devices were sold prior to the effective date of the consent order.

11. Enforcement measures are appropriate for the violation of the consent order.

12. The Recommended Civil Penalty is $637,500.00.

VII. ORDER

It is my ENFORCEMENT INITIAL DETERMINATION (EID) that the Respondents violated the consent order issued on April 5, 2013. It is my recommendation that enforcement measures are appropriate for violation of the consent order which measures are set forth, *supra*.

Further, this EID, together with the record of the hearing in this proceeding consisting of (1) the transcript of the hearing, with appropriate corrections as may hereafter be ordered, and (2) the exhibits received into evidence in this proceeding, are CERTIFIED to the Commission.

Pursuant to Commission Rule 210.75(b)(3), this EID shall become the Commission's final determination on violation 45 days after service of the EID, unless the Commission orders review of the EID or changes the deadline for determining whether to review it. (Comm'n Order at 4 (May 20, 2013).)

It is further **ORDERED** that:

On or before March 17, 2014, the parties shall submit to the Office of Administrative Law Judges ***a joint statement*** regarding whether or not they seek to have any portion of this document deleted from the public version. The parties' submission shall be made by hard copy

and must include a copy of this EID with red brackets indicating any portion asserted to contain confidential business information to be deleted from the public version. The parties' submission shall include an index identifying the pages of this document where proposed redactions are located. The parties' submission concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.

Issued: March 7, 2014
DATE

Dee Lord
Dee Lord
Administrative Law Judge

CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEMS AND COMPONENTS THEREOF

Inv. No. 337-854 (Enforcement Proceeding)

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** was served upon **Brian Koo, Esq.,** Commission Investigative Attorney, and the following parties via first class mail delivery on

MAR 19 2014

Lisa R. Barton, Acting Secretary
U.S. International Trade Commission
500 E Street SW, Room 112A
Washington, D.C. 20436

FOR COMPLAINANTS BRIARTEK IP, INC.:

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FOR RESPONDENTS DELORME PUBLISHING CO., INC. and DELORME INREACH LLC:

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of **CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF**	**Investigation No. 337-TA-854**

NOTICE OF COMMISSION DECISION NOT TO REVIEW AN INITIAL DETERMINATION TERMINATING THE INVESTIGATION BASED ON A CONSENT ORDER STIPULATION; ISSUANCE OF CONSENT ORDER; AND TERMINATION OF THE INVESTIGATION

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 21) of the presiding administrative law judge ("ALJ") terminating the investigation based on a consent order stipulation.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at *http://www.usitc.gov*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on September 21, 2012, based on a complaint filed on behalf of BriarTek IP, Inc. of Alexandria, Virginia. 77 *Fed. Reg.* 58579-80. The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain two-way global satellite communication devices, system and components thereof by reason of infringement of certain claims of U.S. Patent No. 7,991,380. The complaint further alleged the existence of a

domestic industry. The Commission's notice of investigation named as respondents Yellowbrick Tracking, Ltd. ("Yellowbrick") of Essex, United Kingdom; DeLorme Publishing Company, Inc.; and DeLorme InReach LLC (collectively, "DeLorme"), both of Yarmouth, Maine.

On December 7, 2012, the Commission determined not to review the ALJ's ID (Order No. 7) terminating Yellowbrick from the investigation based on a settlement agreement. On March 15, 2013, the Commission determined not to review the ALJ's ID (Order No. 17) granting-in-part complainant's motion for summary determination of importation of the accused InReach 1.0 and InReach 1.5 products, and the accused main boards for the InReach 1.5 product with respect to DeLorme.

On March 7, 2013, DeLorme moved to terminate the investigation based on a consent order stipulation. The Commission investigative attorney filed a response in support of the motion and complainant opposed the motion.

The ALJ issued the subject ID on March 15, 2013, granting DeLorme's motion for termination of the investigation. He found that the motion for termination by consent order stipulation satisfied Commission rule 210.21(c)(3). He further found, pursuant to Commission rule 210.50(b)(2), that termination of this investigation by consent order stipulation is in the public interest. No party petitioned for review of the ID.

The Commission has determined not to review the subject ID, and has terminated the investigation.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.21 and 210.42(h) of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.21, 210.42(h)).

By order of the Commission.

Lisa R. Barton
Acting Secretary to the Commission

Issued: April 5, 2013

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In the Matter of **CERTAIN TWO–WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEM AND COMPONENTS THEREOF**	**Inv. No. 337–TA–854**

CONSENT ORDER

The United States International Trade Commission ("Commission" or "ITC") on September 21, 2012 (77 Fed. Reg. 58579–58580) instituted the above–captioned Investigation ("Investigation") under Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and section 210.10 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.10, based upon allegations contained in a complaint filed by Complainant BriarTek IP, LLC ("BriarTek" or "Complainant") on August 17, 2012, which alleged unlawful activities in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain two–way global satellite communication devices, system, and components thereof by DeLorme Publishing Company, Inc. and DeLorme InReach, LLC (collectively, "DeLorme") that are alleged to infringe claims 1, 2, 5, 10–12, and 34 of U.S. Patent No. 7,991,380 (the "'380 Patent").

DeLorme has executed a Consent Order Stipulation in which it agrees to the entry of this Consent Order and to all waivers and other provisions as required by Commission Rule of

Practice and Procedure 210.21(c) (19 U.S.C. § 210.21(c)). DeLorme has filed a Motion for Termination of the Investigation based upon the Consent Order Stipulation.

IT IS HEREBY ORDERED THAT:

1. Upon entry of the proposed Consent Order, DeLorme 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 Complainant, its successors or assignees.

2. DeLorme shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of this Consent Order.

3. DeLorme shall cooperate with and shall not seek to impede by litigation or other means the Commission's efforts to gather information under subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R., Chapter II, Subchapter C, Part 210.

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 Commission or a court or agency of competent jurisdiction, provided that such finding or judgment has become final and non–reviewable.

5. DeLorme shall not seek to challenge the validity or enforceability of the '380 Patent in any administrative or judicial proceeding to enforce the Consent Order.

6. The entry of this Consent Order is for settlement purposes only and does not constitute admission by DeLorme that an unfair act has been committed.

7. This Investigation is terminated as to Respondents DeLorme Publishing Company, Inc. and DeLorme InReach, LLC with respect to the '380 Patent; provided, however, that enforcement, modification, or revocation of the Consent Order will be carried out pursuant to subpart I of the Commission's Rules of Practice and Procedure, 19 C.F.R., Chapter II, Subchapter C, Part 210, incorporating by reference the Commission's Rules of Practice and Procedure.

BY ORDER OF THE COMMISSION

Lisa R. Barton
Acting Secretary to the Commission

Issued: April 5, 2013

I

CERTAIN TWO-WAY GLOBAL SATELLITE COMMUNICATION DEVICES, SYSTEMS AND COMPONENTS THEREOF **337-TA-854**

CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **NOTICE** has been served by hand upon the Commission Investigative Attorney, **Brian Koo, Esq.**, and the following parties as indicated, on **April 8, 2013**

Lisa R. Barton, Acting Secretary
U.S. International Trade Commission
500 E Street, SW
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On Behalf of Complainant BriarTek IP, Inc.:

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