

Intellectual Property Alert

January 17, 2017

Key Points

- After the first public hearing by the United States International Trade Commission (“ITC”) in almost a decade, the ITC issued a Limited Exclusion Order (LEO) that excludes the Respondent’s accused products from entering the United States.
- These products may be imported during the 60-day Presidential review period, subject to the production of a bond for three percent of the entered value that will be enforced by United States Customs and Border Protection.
- The ITC took no position on the legal question of whether laches is an available defense at the Commission and found that the Respondent’s defense failed on the merits.



United States International Trade Commission Issues Final Determination After Holding First Public Hearing in Nearly a Decade

On December 16, 2016, the ITC issued a Notice of Final Determination (the “Notice”) in Certain Lithium Metal Oxide Cathode Materials, Lithium-Ion Batteries For Power Tool Products Containing Same, And Power Tool Products With Lithium-Ion Batteries Containing Same, Inv. No. 337-TA-951 (the “951 Investigation”), issuing the LEO requested by the Complainants, BASF Corporation of Florham Park, New Jersey and UChicago Argonne LLC of Lemont, Illinois. While the Final Determination is not yet publicly available, the Notice identified several main holdings of the ITC in the Final Determination, including:

- (1) determining that the Respondent, Umicore, induced infringement of U.S. Patent Nos. 6,677,082 and 6,680,143 (the “Asserted Patents”), thereby reversing Administrative Law Judge (ALJ) Thomas Pender’s finding of no induced infringement by Umicore in the Final Initial Determination issued on February 29, 2016 (the ID);
- (2) affirming the ALJ’s findings that Umicore’s laches defense failed on the merits, while taking no position on the broader legal question of whether laches is an available defense at the ITC; and
- (3) determining that the public interest factors in 19 U.S.C. § 1337(d) did not preclude the issuance of an LEO.

The ITC issued the Notice and the Final Determination after holding a public hearing for the first time in nearly a decade. At that hearing, held on November 17, 2016, the ITC heard argument from the parties

on induced infringement and laches, as well as other issues. The ITC also heard from interested non-parties on the effect that a potential remedy such as an LEO would have on the public interest.

For background, the ITC instituted the 951 Investigation on March 30, 2015, based on a complaint filed by BASF and UChicago Argonne LLC. The Complaint accused two Umicore entities (Umicore N.V. of Belgium and Umicore USA Inc. of Raleigh, North Carolina), as well as others, of infringing the Asserted Patents. In response, Umicore asserted several defenses, including an affirmative defense of laches. ALJ Pender conducted the evidentiary hearing in the Investigation from October 26-30, 2015.

The ID issued on February 29, 2016. In the ID, the ALJ found that the Respondent's accused products directly infringed the asserted patents, and that Umicore contributorily infringed the asserted patents. The ALJ, however, found that Complainants failed to show that Umicore induced infringement. The ALJ also found that Umicore's laches defense failed as a matter of law and also on the merits. Further, the ALJ recommended that the ITC issue a LEO to exclude the accused products from entering the United States and required a bond on the importation of accused products during the 60-day Presidential review period. However, the ALJ did not recommend the issuance of a cease-and-desist order, finding that there was no evidence of a commercially significant inventory of the accused products in the United States.

The ITC decided to review the ID in part and requested that the parties brief their positions on the ALJ's contributory and induced-infringement findings, as well as the findings on laches. In addition, the ITC agreed to hold a public hearing on these issues and to hear from third parties regarding the effect that any potential remedy granted by the ITC would have on the public interest. The ITC invited government agencies, public-interest groups, and interested members of the public to provide submissions and to make oral presentations regarding the remedy and the public interest.

The ITC held a two-part hearing on November 17, 2016. The first part of the hearing was limited to the parties in the 951 Investigation, who presented arguments on the issues of laches, contributory infringement and the public interest. The second part of the hearing featured non-party witnesses regarding the public interest. In all, twelve witnesses who opposed the imposition of an Exclusion Order appeared before the ITC during the second part of the hearing, and four witnesses supported the issuance of the LEO.

After considering the submissions and the testimony presented at the hearing, the ITC issued the Notice, determining that Umicore infringed the Asserted Patents and that a LEO was an appropriate remedy in view of the public interest concerns. The ITC also determined that a bond in the amount of three percent of the entered value of the accused products will be required to allow the temporary importation of products that are subject to the LEO during the 60-day period of presidential review of the ITC's Final Determination. Both the LEO and the bond will be enforced by United States Customs and Border Protection. In the event the Final Determination is unchanged, Umicore may appeal the ITC's determination to the United States Court of Appeals for the Federal Circuit.

Contact Information

If you have any questions regarding this alert, please contact:

Cono A. Carrano

ccarrano@akingump.com

+1 202.887.4136

Washington, D.C.

David C. Vondle

dvondle@akingump.com

+1 202.887.4184

Washington, D.C.

Ryan S. Stronczer

rstronczer@akingump.com

+1 202.887.4586

Washington, D.C.