



7020-02

INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-972

Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same

Final Determination Finding a Violation of Section 337; Issuance of a Limited Exclusion Order and Cease and Desist Orders; 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 found a violation of section 337 in this investigation and has issued a limited exclusion order and cease and desist orders prohibiting importation of infringing automated teller machines (“ATMs”), ATM modules, components thereof, and products containing the same.

FOR FURTHER INFORMATION CONTACT: Sidney A. Rosenzweig, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-708-2532. 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 (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://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 November 20, 2015, based on a complaint filed by Diebold Incorporated and Diebold Self-Service Systems (collectively, “Diebold”). 80 FR 72735-36 (Nov. 20, 2015). The complaint alleged 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 automated teller machines, ATM modules, components thereof, and products containing the same by reason of infringement of certain claims of six United States Patents: 7,121,461 (“the ’461 patent”); 7,249,761 (“the ’761 patent”); 7,314,163 (“the ’163 patent”); 6,082,616 (“the ’616 patent”); 7,229,010 (“the ’010 patent”); and 7,832,631 (“the ’631 patent”). *Id.* The notice of investigation named as respondents Nautilus Hyosung Inc. of Seoul, Republic of Korea; Nautilus Hyosung America Inc. of Irving, Texas; and HS Global, Inc. of Brea, California (collectively, “Nautilus”). *Id.* at 72736. The Office of Unfair Import Investigations was not named as a party. *Id.*

The ’461 patent, ’761 patent, and ’163 patent were previously terminated from the investigation. *See* Order No. 12 (Apr. 28, 2016), *not reviewed*, Notice (May 11, 2016); Order No. 21 (June 28, 2016), *not reviewed*, Notice (July 28, 2016). The presiding administrative law judge (“ALJ”) conducted an evidentiary hearing from August 29, 2016 through September 1, 2016. On November 30, 2016, the ALJ issued the final Initial Determination (“final ID” or “ID”). The final ID found a violation of section 337 with respect to the ’616 and ’631 patents, and no violation with respect to the ’010 patent. ID at 207-09. The ALJ recommended that a limited exclusion order and cease and desist orders issue against Nautilus.

Diebold and Nautilus each filed petitions for review concerning certain findings with respect to the '616 and '631 patents. On December 30, 2016, the parties submitted statements on the public interest. Diebold contends that the investigation does not raise any public interest concerns. Nautilus asserts that a Commission exclusion order should include a certification provision and that any Commission remedial orders be tailored to allow repair of existing Nautilus ATMs in the United States. In addition, the Commission received submissions from United States Representative James B. Renacci, United States Senator Sherrod Brown, and certain Nautilus customers.

On January 30, 2017, the Commission determined to review and modify two claim constructions for the '616 patent. Notice at 2-3 (Jan. 30, 2017). The Commission's reasoning in support of its claim construction determinations for the '616 patent was set forth more fully in the Commission Claim Construction Opinion, which also issued on January 30, 2017. In view of the Commission's determination to review and modify the construction of these two claim limitations, the Commission also determined to review for the asserted claims of the '616 patent: (1) infringement; (2) obviousness in view of Diebold's 1064i ATM; and (3) the technical prong of the domestic industry requirement. *Id.* at 3. The Commission solicited further briefing from the parties on these issues, and briefing from the parties and the public on remedy, the public interest, and bonding. *Id.* at 4. The Commission determined not to review the final ID's finding of a section 337 violation as to the '631 patent. *Id.* at 2.

On February 10, 2017, Diebold and Nautilus filed their opening submissions on the issues under review and on remedy, the public interest, and bonding. On February 17, 2017, Diebold and Nautilus filed responses to each other's opening submission. Nautilus also submitted letters to the Commission concerning the public interest from Nautilus's customers.

Having reviewed the record of investigation, the Commission has determined that there is a violation of section 337 by reason of the infringement of claims 1, 6, 10, 16, 26, and 27 of the '616 patent and claims 1-7 and 18-20 of the '631 patent. The Commission has further determined that the technical prong of the domestic industry requirement has been met as to the '616 patent. To the extent that Nautilus's arguments concerning obviousness of the asserted claims of the '616 patent in view of the Diebold 1064i ATM have not been waived, the Commission finds that Nautilus has failed to meet its burden to show invalidity by clear and convincing evidence.

The Commission has further determined that the appropriate remedy is (1) a limited exclusion order prohibiting the entry of infringing automated teller machines, ATM modules, components thereof, and products containing the same, and (2) cease and desist orders directed to the respondents. The Commission has determined that the public interest factors enumerated in section 337(d) and (f), 19 U.S.C. § 1337(d), (f), do not preclude the issuance of the limited exclusion order or the cease and desist orders. The Commission has determined that a bond in the amount of 100 percent of the entered value of the subject articles is required during the period of Presidential review. 19 U.S.C. § 1337(j)(3). Notwithstanding the foregoing, the exclusion order and cease and desist orders permit Nautilus to import replacement parts for its customers who need such parts to repair automated teller machines that have been imported prior to the date of the orders. Commissioner Kieff has provided additional views dissenting from the Commission's exception from the remedial orders regarding replacement parts for service or repair. The orders do not permit Nautilus to import infringing ATMs (as opposed to replacement parts) for any purpose, including repair or replacement.

The investigation is terminated. The Commission's reasoning in support of its determinations is set forth more fully in its opinion. The Commission's orders and opinion were delivered to the President and the United States Trade Representative on the day of their issuance.

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 CFR part 210).

By order of the Commission.

Lisa R. Barton
Secretary to the Commission

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