



7020-02

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1089]

### Certain Memory Modules and Components Thereof;

#### **Commission Determination to Review in Part a Final Initial Determination Finding a Violation of Section 337; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest, and Bonding; Extension of the Target Date**

**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 a final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”), finding a violation of section 337 of the Tariff Act of 1930. The Commission requests briefing from the parties on certain issues under review, as indicated in this notice. The Commission also requests briefing from the parties and interested persons on the issues of remedy, the public interest, and bonding. The Commission has also determined to extend the target date for the completion of the above-captioned investigation to April 7, 2020.

**FOR FURTHER INFORMATION CONTACT:** Robert Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, D.C. 20436, telephone (202) 708-5468. 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, SW., 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 December 4, 2017, based on a complaint filed by Netlist, Inc. of Irvine, California ("Netlist"). 82 Fed. Reg. 57290-91. The complaint, as supplemented, 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 memory modules and components thereof that infringe claims 1-8, 10, 12, 14, 16-22, 24, 25, 27, 29-35, 38, 43-45, 47, 48, 50, 52, and 58 of U.S. Patent No. 9,606,907 ("the '907 patent") and claims 1-5, 7-15, 17-25, 27, and 29 of U.S. Patent No. 9,535,623 ("the '623 patent"). *Id.* The Commission's notice of investigation named as respondents SK hynix Inc. of the Republic of Korea; SK hynix America Inc. of San Jose, California; and SK hynix memory solutions Inc. of San Jose, California (together, "SK hynix"). *Id.* at 57291. The Office of Unfair Import Investigations ("OUII") is also participating in this investigation. *Id.*

The Commission subsequently terminated the investigation with respect to claims 16-22, 24, 25, 27, 29-35, 38, 43-45, 47, 48, 50, 52, and 58 of the '907 patent and claims 12-15, 17-25, 27, and 29 of the '623 patent based on Netlist's partial withdrawal of its complaint. *See* Order. No. 12 (Mar. 19, 2018), *not reviewed*, Notice (Apr. 5, 2019); Order. No. 19 (Sept. 25, 2018), *not reviewed*, Notice (Oct. 15, 2018); Order. No. 27 (Dec.

6, 2018), *not reviewed*, Notice (Dec. 21, 2018). Accordingly, at the time of the Final ID, the remaining asserted claims were claims 1-8, 10, 12, 14, and 15 of the '907 patent and claims 1-5 and 7-11 of the '623 patent.

On October 19, 2019, the ALJ issued a final initial determination ("Final ID") finding a violation of section 337 with respect to claims 6 and 12 of the '907 patent. Final ID at 164-65. The ALJ found that Netlist showed that SK hynix infringes claims 1-8, 10, 12, 14, and 15 of the '907 patent, but failed to show that SK hynix infringed any claim of the '623 patent. The ALJ also found that SK hynix showed that claims 1-5, 7, 8, 10, 14, and 15 of the '907 patent are invalid as obvious, but failed to show the invalidity of claims 6 and 12. Finally, the ALJ found that Netlist satisfied the domestic industry requirement with respect to the '907 patent, but did not satisfy the domestic industry requirement with respect to the '623 patent.

On November 4, 2019, SK hynix and OUII petitioned for review of the Final ID with respect to many issues involved in the finding of violation with respect to the '907 patent. Also on November 4, 2019, Netlist contingently petitioned for review of the Final ID with respect to certain issues related to the '907 patent. On November 12, 2019, the parties filed responses to each other's petitions. Because Netlist did not petition for review of the Final ID's finding that SK hynix did not violate section 337 with respect to the '623 patent, the Commission finds that Netlist has abandoned that contention and that there is no violation of section 337 with respect to the '623 patent. *See* 19 CFR 210.43(b)(2) (stating that "[a]ny issue not raised in petition for review will be deemed to have been abandoned by the petitioning party").

Having examined the record of this investigation, including the ALJ's final ID, the petition for review, and the responses thereto, the Commission has determined to review the final ID in part. Specifically, the Commission has determined to review the following issues: (1) the construction of the limitation "receive" in the asserted claims of the '907 patent, as well as related issues of infringement and invalidity; (2) the construction of the limitation "produce first module control signals and second module control signals in response to the set of input address and control signals" in the asserted claims of the '907 patent, as well as related issues of infringement and invalidity; (3) the domestic industry requirement with respect to both of the '623 and '907 patents; and (4) the findings with respect to both of the '623 and '907 patents regarding whether SK hynix showed that Netlist violated its obligations, if any, to offer a license on reasonable and non-discriminatory (RAND) terms. The Commission has determined not to review any other findings presented in the Final ID.

The Commission has also determined to extend the target date for the completion of the investigation until April 7, 2020.

In connection with its review, the Commission is interested in briefing on certain issues. The Commission is not requesting new argument, so for each response, the parties are to identify where they previously made such an argument in their pre- and post-hearing briefs. The Commission is interested in briefing on the following issues:

1. If the Commission were to view the limitation "set of input address and control signals" as referring to a group of input address and control signals, what evidence is there in the record regarding whether or not the accused products and domestic industry products satisfy the limitation "produce first module control signals and second module control signals in response to the set of input address and control signals"?

2. Please explain, with reference to supporting evidence in the record, whether the '907 and '623 patents are essential to any JEDEC standard.
3. Please explain, with reference to supporting evidence in the record, whether the alleged domestic industry products' compliance with JEDEC standards is sufficient to satisfy each and every limitation of a claim of the '907 patent.
4. Please describe the status of Netlist's activities and investments with respect to the articles protected by the '907 and '623 patents at the time of Netlist's filing of the complaint in this investigation. Additionally, please describe the current status of Netlist's domestic industry investments and activities with respect to the articles protected by the '907 and '623 patents.

The parties are invited to brief only the discrete issues described above, with reference to the applicable law and evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties' existing filings.

In connection with the final disposition of this investigation, the statute authorizes issuance of (1) an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) cease and desist orders that could result in the respondents being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. at 7-10 (December 1994).

The statute requires the Commission to consider the effects of that remedy upon the public interest. The public interest factors the Commission will consider include the effect that an exclusion order and/or a cease and desist order would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation. The Commission is particularly interested in briefing on the following issues:

1. Please discuss whether the market demand in the United States for memory modules and components thereof would be satisfied if the Commission issued remedial relief against SK hynix regarding the '907 patent. Please address whether that demand could be satisfied by non-infringing RDIMMs, Netlist licensees, or others.
2. Please discuss the types of U.S. consumers that purchase and use the accused products, and discuss the potential impact on those consumers if the Commission were to issue remedial relief against SK hynix regarding the '907 patent.
3. Please explain whether and to what extent servers require uniform memory modules, so the operator of a server would have to replace the whole server system based on the failure of a single memory module if that specific memory module was no longer available. Please explain whether the issuance of remedial relief against SK hynix regarding the '907 patent would have such an effect, and, if so, the extent of that effect.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve, disapprove, or take no action on the Commission's determination. *See* Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and

prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

**WRITTEN SUBMISSIONS:** The Commission requests that the parties to the investigation file written submissions on the issues identified in this notice. The Commission encourages parties to the investigation, interested government agencies, and any other interested parties to file written submissions on the issues of remedy, the public interest, and bonding. Such initial written submissions should include views on the recommended determination by the ALJ on remedy, the public interest, and bonding, which issued in the same document as the Final ID on October 21, 2019. Netlist and the Commission Investigative Attorney are also requested to identify the form of the remedy sought and to submit proposed remedial orders for the Commission's consideration in their initial written submissions. Netlist is further requested to state the date when the '907 patent expires, provide the HTSUS numbers under which the subject articles are imported, and supply a list of known importers of the subject article. The written submissions, exclusive of any exhibits, must not exceed 50 pages, and must be filed no later than close of business on February 14, 2020. Reply submissions must not exceed 25 pages, and must be filed no later than the close of business on February 21, 2020. 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 CFR § 210.4(f)). Submissions should refer to the investigation number (“Inv. No. 337-TA-1089”) 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](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. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel<sup>[1]</sup>, solely for cybersecurity purposes. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

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<sup>[1]</sup> All contract personnel will sign appropriate nondisclosure agreements.

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.

Issued: January 31, 2020.

Lisa Barton,

Secretary to the Commission.

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