

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN AUTOMATED TELLER
MACHINES, ATM MODULES,
COMPONENTS THEREOF, AND
PRODUCTS CONTAINING SAME**

Investigation No. 337-TA-989

COMMISSION OPINION

This investigation is before the Commission for a final determination on the issues under review, remedy, the public interest, and bonding. The Commission has determined to affirm the presiding administrative law judge's ("ALJ") initial determination ("ID") that Respondents, Diebold Nixdorf, Incorporated and Diebold Self-Service Systems both of North Canton, Ohio (collectively, "Diebold"), violated section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), in connection with claims 1-3, 6, 8, and 9 of U.S. Patent No. 8,523,235 ("the '235 patent" or "the Kwak patent"). The Commission has determined to affirm the ID's finding that the accused products and domestic industry products satisfy the claim limitation "horizontally transfer sheets along the main transfer path." The Commission has determined to reverse the ID's finding that certain prior art does not disclose the preamble to claim 1: "automatic depositing apparatus for automatically depositing a bundle of banknotes including at least one cheque." The Commission, however, has determined to affirm the ID's finding that Diebold failed to establish by clear and convincing evidence that the asserted claims are invalid. The Commission adopts the ID to the extent it does not conflict with this opinion.

Having found a violation of section 337 in this investigation, the Commission has determined that the appropriate form of relief is a limited exclusion order ("LEO") and cease and

desist orders. The LEO prohibits the unlicensed entry of automated teller machines, ATM modules, components thereof, and products containing the same that infringe one or more of claims 1-3, 6, 8, and 9 of the '235 patent that are manufactured by, or on behalf of, or are imported by or on behalf of Diebold Nixdorf, Incorporated, Diebold Self-Service Systems, or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, including Wincor Nixdorf AG.¹ The cease and desist orders prohibit, among other things, the importation, sale, and distribution of infringing products by Diebold.

The Commission has also determined that the public interest factors enumerated in sections 337(d) and (f) (19 U.S.C. §§ 1337(d), (f)) do not preclude issuance of the orders. Finally, the Commission has determined that a bond in the amount of zero (*i.e.*, no bond) is required to permit temporary importation and sale during the period of Presidential review (19 U.S.C. § 1337(j)) of automated teller machines, ATM modules, components thereof, and products containing the same that are subject to the orders.

I. BACKGROUND

A. Procedural History

The Commission instituted this investigation on March 14, 2016, based on a complaint filed by Nautilus Hyosung Inc. of Seoul, Republic of Korea and Nautilus Hyosung America Inc. of Irving, Texas (collectively, "Nautilus"). 81 *Fed. Reg.* 13149 (Mar. 14, 2016). 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

¹ On August 15, 2016, Diebold, Incorporated acquired Wincor Nixdorf AG, and the combined organization began operating as Diebold Nixdorf on August 16, 2016. *See* ID at 334.

after importation of certain automated teller machines, ATM modules, components thereof, and products containing the same by reason of infringement of one or more of claims 1-3 and 5 of U.S. Patent No. 7,891,551 (“the ’551 patent”); claims 1 and 6 of U.S. Patent No. 7,950,655 (“the ’655 patent”); claims 1-4, 6, and 7 of U.S. Patent No. 8,152,165 (“the ’165 patent”); and claims 1-3, 6, 8, and 9 of the ’235 patent. *Id.* The notice of investigation named Diebold as respondent. *Id.* The Office of Unfair Import Investigations is not a party to the investigation.

On June 30, 2016, the ALJ granted a motion by Nautilus to terminate the investigation as to all asserted claims of the ’551 patent and the ’165 patent. *See* Order No. 11 (June 30, 2016). The Commission determined not to review Order No 11.²

On July 21, 2016, the ALJ granted a motion by Nautilus to terminate the investigation as to all asserted claims of the ’655 patent. *See* Order No. 17 (July 21, 2016). The Commission determined not to review Order No. 17.³

The ALJ held an evidentiary hearing from November 1, 2016, through November 3, 2016, and thereafter received post-hearing briefing from the parties.

On February 6, 2017, the ALJ granted a motion to amend the complaint and notice of investigation to reflect a corporate name change of Diebold, Incorporated to Diebold Nixdorf, Incorporated. *See* Order No. 32 (Feb. 6, 2017). The Commission determined not to review Order No. 32.⁴

² *See* Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation in Part as to U.S. Patent Nos. 7,891,551 and 8,152,165 (July 27, 2016).

³ *See* Notice of Commission Determination Not to Review an Initial Determination Terminating the Investigation in Part as to U.S. Patent No. 7,950,655 (Aug. 16, 2016).

⁴ *See* Notice of Commission Determination Not to Review an Initial Determination

On March 13, 2017, the ALJ issued his final ID, finding a violation of section 337 by Diebold in connection with claims 1-3, 6, 8, and 9 of the '235 patent.⁵ Specifically, the ID finds that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Diebold. ID at 9, 104-107. The ID finds that Nautilus satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* The ID finds that the accused products directly infringe asserted claims 1-3, 6, 8, and 9 of the '235 patent, and that Diebold contributorily infringes those claims. *See* ID at 111-160, 163-172. The ID, however, finds that Diebold failed to establish that the asserted claims of the '235 patent are invalid for indefiniteness, anticipation, or obviousness. ID at 232-311. Finally, the ID finds that Nautilus established the existence of a domestic industry that practices the asserted patent under 19 U.S.C. § 1337(a)(2). *See* ID at 212.

The ALJ's recommended determination on remedy and bonding issued concurrently with the final ID. RD at 330-40. The ALJ recommends that in the event the Commission finds a violation of section 337, the Commission should issue a limited exclusion order prohibiting the importation of Diebold's automated teller machines, ATM modules, components thereof, and products containing the same that infringe the asserted claims of the '235 patent. RD at 335. The ALJ also recommends issuance of cease and desist orders based on the presence of Diebold's commercially significant inventory in the United States. RD at 338. With respect to the amount of bond that should be posted during the period of Presidential review, the ALJ recommends that the Commission set a bond in the amount of zero (*i.e.*, no bond) during the

Amending the Complaint and Notice of Investigation to Reflect a Corporate Name Change (Mar. 8, 2017):

⁵ The final ID was served on the parties the following day, March 14, 2017.

period of Presidential review because Nautilus “did not attempt any type of price comparison.” RD at 341.

On March 27, 2017, Diebold filed a combination petition for review and a contingent petition for review of the ID, challenging a number of the ID’s findings.⁶ Specifically, Diebold questioned the ID’s construction of certain claim limitations, infringement findings, and the ID’s finding that the asserted claims are not invalid. *Id.* On April 5, 2017, Nautilus filed a response to Diebold’s combined petition for review.⁷

On May 15, 2017, the Commission determined to review the final ID in part and requested the parties to brief one infringement issue. *See* 82 *Fed. Reg.* 23064-66 (May 19, 2017). In its notice of review, the Commission also requested briefing on remedy, bonding, and the public interest. On May 25, 2017, the parties filed submissions in response to the Commission’s request for briefing.⁸ On June 1, 2017, the parties filed responses to the initial submissions.⁹

B. Patents and Technology at Issue

The technology at issue in this investigation generally relates to the field of Automated Teller Machines (“ATM”) for banking transactions. ID at 5.

⁶ *See* Respondents’ Petition for Review and Contingent Petition for Review (“Diebold Pet.”). Under the Commission’s rules, contingent petitions for review are treated as petitions for review. 19 C.F.R. § 210.43(b)(3). Diebold’s contingent petition asks the Commission to review the ID’s contributory infringement finding if it modifies a certain claim limitation.

⁷ *See* Complainants’ Response to Respondents’ Petition for Review.

⁸ *See* The Nautilus Hyosung Complainants’ Response to the Commission Request for Written Submissions (“Nautilus Sub.”); Respondents’ Submission Addressing the Commission’s May 15, 2017 Notice (“Diebold Sub.”).

⁹ *See* Nautilus Hyosung Complainants’ Reply Regarding the Issues Under Commission Review (“Nautilus Resp.”); Respondents’ Rebuttal Submission Addressing the Commission’s May 15, 2017 Notice (“Diebold Resp.”).

The '235 patent entitled "Cash and Cheque Automatic Depositing Apparatus" issued on September 3, 2013, and names Jae Hoon Kwak and Woo Ho Lee as the inventors. '235 patent (JX-1). The patent describes an ATM, *i.e.*, "a cash and cheque automatic depositing apparatus" that is "capable of performing banking transactions." '235 patent, col.1 ll.6-11. Specifically, the invention describes an ATM "capable of automatically depositing a bundle of cashes and cheques inserted at once." *Id.* Claims 1-3, 6, 8, and 9 are at issue in this investigation. Claim 1, which is representative of the asserted claims, recites (claim terms at issue have been highlighted):

1. A cash and cheque automatic depositing apparatus for automatically **depositing a bundle of banknotes including at least one cheque**, the apparatus comprising:

a bundle insertion unit configured to receive the bundle of banknotes from a user;

a bundle separator coupled to the bundle insertion unit and configured to separate the bundle of banknotes received at the bundle insertion unit into individual sheets and transfer each of the individual sheets with a predetermined time interval;

a main transfer unit coupled to the bundle separator and configured to horizontally transfer the individual sheets of the banknotes along a main transfer path;

a verifying unit installed on the main transfer path and configured to verify authenticity or abnormality of each of the banknotes by acquiring features information on each of the banknotes, the verifying unit configured to produce a verification result indicating the authenticity or abnormality of each of the banknotes, the verification unit further configured to perform tripartite detection of overlapping of the individual sheets in the main transfer unit using three different sensors;

an abnormal sheet branch transfer unit having an abnormal sheet branch transfer path branched from the main transfer path, the abnormal sheet branch transfer unit configured to transfer abnormal banknotes verified by the verifying unit;

a first gate configured to selectively route the verified banknotes to the abnormal sheet branch transfer path or the

main transfer path;

an abnormal sheet unloading transfer unit coupled to the first gate, the abnormal sheet unloading unit having an abnormal sheet unloading transfer path and configured to return the abnormal banknotes to the user;

an authentic cheque transfer unit coupled to an end of the main transfer path, the authentic sheet transfer unit having an authentic cheque transfer path and configured to transfer at least one authentic cheque in the bundle of banknotes verified by the verifying unit;

an authentic cash transfer unit coupled to the end of the main transfer path, the authentic cash transfer unit having an authentic cash transfer path and configured to transfer authentic banknotes other than cheques verified by the verifying unit;

a second gate configured to route the at least one cheque transferred by the main transfer unit to the authentic cheque transfer path and configured to route the banknotes transferred by the main transfer unit to the authentic cash transfer path;

an authentic cheque storage cassette coupled to the authentic cheque transfer unit, the authentic cheque storage cassette configured to store therein the at least one authentic cheque transferred by the authentic cheque transfer unit;

an authentic cash storage cassette coupled to the authentic cash transfer unit and configured to store therein the authentic banknotes other than cheques transferred by the authentic cash transfer unit;

a cheque standby unit placed in the main transfer path between the first gate and the second gate, the cheque standby unit configured to hold the at least one authentic cheque to return the at least one authentic cheque to the user responsive to receiving user instructions cancelling depositing of the at least one authentic cheque; and

a depositing controller connected to the first gate, the second gate and the verifying unit, the depositing controller configured to transfer the authentic banknotes to the main transfer path but transfer abnormal banknotes to the abnormal sheet branch transfer path based on the verification result, and transfer each of the individual sheets in the banknotes determined to be a cheque to the authentic cheque transfer path and the banknotes other than the cheque to the authentic cash transfer path based on the verification result.

C. Products at Issue

The products at issue are Diebold “ATMs that can receive and process both cash and checks in a single, mixed bundle, inserted at once,” so-called “‘one-throat,’ mixed-media depositing ATMs.” ID at 5. The accused products include “the Diebold 7700 with ActivMedia, Diebold 7780 with ActivMedia, and Diebold 7790 with ActivMedia and Diebold 9900 with ActivMedia sidecar.” *Id.* Nautilus also contends that “Diebold imports the ‘CCDMv2’ module (including, e.g., [[]]) from Wincor (now principally owned by Diebold),” and that “importation of this module comprises contributory infringement of the ’235 patent.” *Id.* (citing Compls. Br. at 5 citing CX-0330 (Diebold SEC Filing)). *Id.*

II. ISSUES UNDER REVIEW

A. Whether the Accused Products and Domestic Industry Products Horizontally Transfer Sheets Along the Main Transfer Path

1. Applicable Law: Infringement

“Direct infringement of a patent under 35 U.S.C. § 271(a) consists of making, using, offering to sell, or selling a patented invention without consent of the patent owner or importing a patented invention into the United States without consent of the patent owner.” Section 337 prohibits “the importation into the United States, the sale for importation, or the sale within the United States after importation . . . of articles that infringe a valid and enforceable United States patent” 19 U.S.C. § 1337(a)(1)(B)(i).

A determination of patent infringement encompasses a two-step analysis. First, the court determines the scope and meaning of the asserted patent claims, and then the properly construed claims are compared to the allegedly infringing device. *Advanced Cardiovascular Sys., Inc. v. Scimed Life Sys., Inc.*, 261 F.3d 1329, 1336 (Fed. Cir. 2001). Each patent claim element or

limitation is considered material and essential to an infringement determination. *See London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538 (Fed. Cir. 1991). “Literal infringement of a claim exists when each of the claim limitations reads on, or in other words is found in, the accused device.” *Allen Eng. Corp. v. Bartell Indus.*, 299 F.3d 1336, 1345 (Fed. Cir. 2002). To prove direct infringement, the plaintiff must establish by a preponderance of the evidence that one or more claims of the patent read on the accused device either literally or under the doctrine of equivalents. *Scimed*, 261 F.3d at 1336.

In a section 337 investigation, the complainant bears the burden of proving infringement of the asserted patent claims by a preponderance of the evidence. *Certain Flooring Products*, Inv. No. 337-TA-443, Commission Notice of Final Determination of No Violation of Section 337, 2002 WL 448690 at 59, (March 22, 2002); *Enercon GmbH v. Int’l Trade Comm’n*, 151 F.3d 1376 (Fed. Cir. 1998).

2. Applicable Law: Domestic Industry Technical Prong

To prove a violation of section 337 the statute requires the presence of a domestic industry relating to the articles protected by the patent. 19 U.S.C. § 1337(a)(2). The domestic industry requirement consists of an economic prong and a technical prong. *Alloc, Inc. v. Int’l Trade Comm’n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003). The economic prong recognizes that there must be a sufficient level of domestic employment or investment. *See, e.g., Schaper Mfg. Co. v. Int’l Trade Comm’n*, 717 F.2d 1368, 1372 (Fed. Cir. 1983). The technical prong, which is at issue here, recognizes that the specified economic investments and activities must relate to articles that are “protected by the patent” under section 337(a)(3). The test for the technical prong is the same as the test for infringement. *Alloc*, 342 F.3d at 1375.

Diebold's petition for review discusses infringement and the technical prong of the domestic industry analysis together. *See, e.g.*, Diebold Pet. at 34. Thus, we do the same in this opinion.

3. The ID

The ID finds that the accused products include a main transfer path that transfers the banknotes in a horizontal or substantially horizontal manner. ID at 116 (citing CX-0117C (Wincor Nixdorf CCDM V2 Service Manual) at WN019328; *see also* CX-0274C (Howard WS) at Q/A 378). The ID states that “[t]o the extent the Accused Products do not literally practice this limitation, they practice it under the doctrine of equivalents” because the accused products “perform substantially the same function (*i.e.*, transferring each banknote along the transfer path), in substantially the same way (*i.e.*, the transfer path is horizontal or substantially horizontal for a substantial portion of the transfer path), with substantially the same result (*i.e.*, transferring each individual banknote through the device for deposit processing).” *Id.* at 115-16 (citing CX-0274C (Howard WS) at Q/A 380).

With respect to the domestic industry products, the ID finds that the accused products “contain a main transfer unit coupled to the Bundle Separator that horizontally transfers the separated, individual sheets of the mixed bundle.” ID at 182 (citing CX-0274C (Howard WS) at Q/A 624). Diebold argued that the domestic industry products fail to meet this limitation because their main transfer path is not entirely horizontal. ID at 183 (citing RX-0409C (Sturges RWS) at Q/A 522-23). The ALJ rejected this argument, finding that “[i]n view of the patent’s claim language, specification, and prosecution history, the term horizontal need not be construed strictly as a horizontal plane.” *Id.*

4. Commission Review

As noted above, the Commission determined to review the ID's finding that the accused products and domestic industry products satisfy the claim limitation "a main transfer unit coupled to the bundle separator and configured to horizontally transfer the individual sheets of the banknotes along a main transfer path." *See* 82 *Fed. Reg.* 23064-66 (May 19, 2017). The Commission posed the following question to the parties:

1. Do the main transfer paths in the accused and domestic industry products deviate sufficiently from horizontal such that they do not fall within the claim limitation: "a main transfer unit coupled to the bundle separator and configured to horizontally transfer the individual sheets of the banknotes along a main transfer path"? Please consider the doctrine of equivalents in your answer.

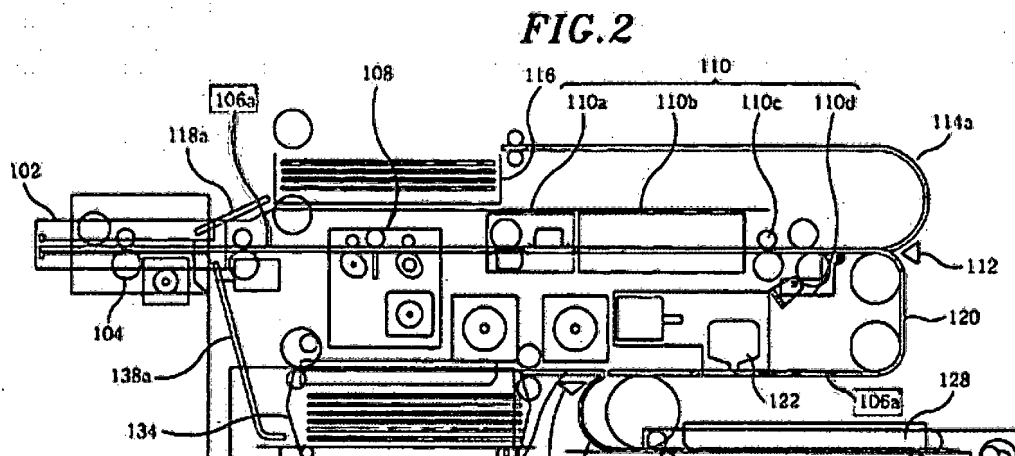
Id.

a. Diebold's Submission

In response, Diebold states that Nautilus "asked for (and convinced the ALJ to grant) a construction of 'horizontally transfer the individual sheets of the banknotes along a main transfer path' as 'plain meaning.'" Diebold Sub. at 9 (citing Compls. Post Hr. Br. at 23-24; ID at 49). Yet, according to Diebold, Nautilus argues that "the term 'horizontally transfer' includes vertical, bending and circular transfers" but that "[s]uch a construction of 'horizontally transfer' plainly exceeds the plain meaning of the term." *Id.* (citing (Tr. [Howard] 258:5-17; 259:1-24, 289:16-290:11)). Diebold contends that Nautilus has waived any argument that the claim term is broader than its plain meaning. *Id.* at 9-10 (citing *Apple Inc. v. Samsung Elecs. Co.*, 816 F.3d 788, 813 (Fed. Cir. 2016), *reinstated*, 839 F.3d 1034 (Fed. Cir. 2016) (en banc) (holding that the patentee was improperly asserting a claim construction when the parties had agreed to the plain and ordinary meaning before trial)).

Diebold further argues that “[e]ven if [Nautilus] had not waived this special construction of the term, neither the specification nor the file history supports [Nautilus’s] construction.” *Id.* at 10. Specifically, Diebold asserts that Nautilus improperly seeks to “read out the horizontal requirement of the claims.” *Id.* (citing *CAE Screenplates Inc. v. Heinrich Fiedler GmbH & Co. KG*, 224 F.3d 1308, 1317 (Fed. Cir. 2000)). As Diebold explains, “the Asserted Claims include five components that transfer banknotes” but that “[o]nly one of those components—the main transfer unit—is required to ‘horizontally’ transfer the notes.” *Id.* Diebold further explains that the “separate use of the terms ‘configured to transfer’ and ‘configured to *horizontally* transfer’ must have meaning” and that “the Federal Circuit has repeatedly found that different terms of a claim are presumed to have different meanings.” *Id.* (citing *CAE Screenplates Inc.*, 224 F.3d at 1317 (“In the absence of any evidence to the contrary, we must presume that the use of these different terms in the claims connotes different meanings.”)).

Diebold notes that Nautilus relies on Figure 2 of the Kwak patent to argue that the main transfer unit need not be strictly horizontal. *Id.* at 11-12. Yet, Diebold argues that Figure 2 “only reinforces that the main transfer path is purely horizontal” and that “as shown below, the main transfer path is identified by the reference number **106a** (JX-0001 at 2:34-36) to identify a *horizontal* transfer path”:



Diebold notes that Nautilus focuses on the portion labeled with the reference number 120, to support the argument that the main transfer path is not strictly horizontal. *Id.* at 11. But, according to Diebold, “the patent clearly explains that reference number 120 is the check temporary standby unit (ID at 50; JX- 0001 (Kwak patent) at 2:62-64 (identifying reference number 120 as the “cheque temporary standby unit”).” *Id.* According to Diebold, the “cheque standby unit of the Kwak patent is not part of the main transfer path and its function is completely different as it [is] for ‘temporarily stop[ping] a transfer of authentic cheques verified by the authentic banknote verifying unit.’” *Id.* (citing JX-0001 (Kwak patent) at 5:42-44).

Diebold states that while “the main transfer path must be horizontal; the “cheque standby unit” has no such restriction.” *Id.* at 12. Diebold further argues that Nautilus’s reliance on the prosecution history is also unavailing. *See id.* at 12-13.

With respect to infringement, Diebold asserts that [[

]] . . . deviate substantially from a horizontal path and thus cannot fall under the plain meaning of the term “horizontally transfer.”

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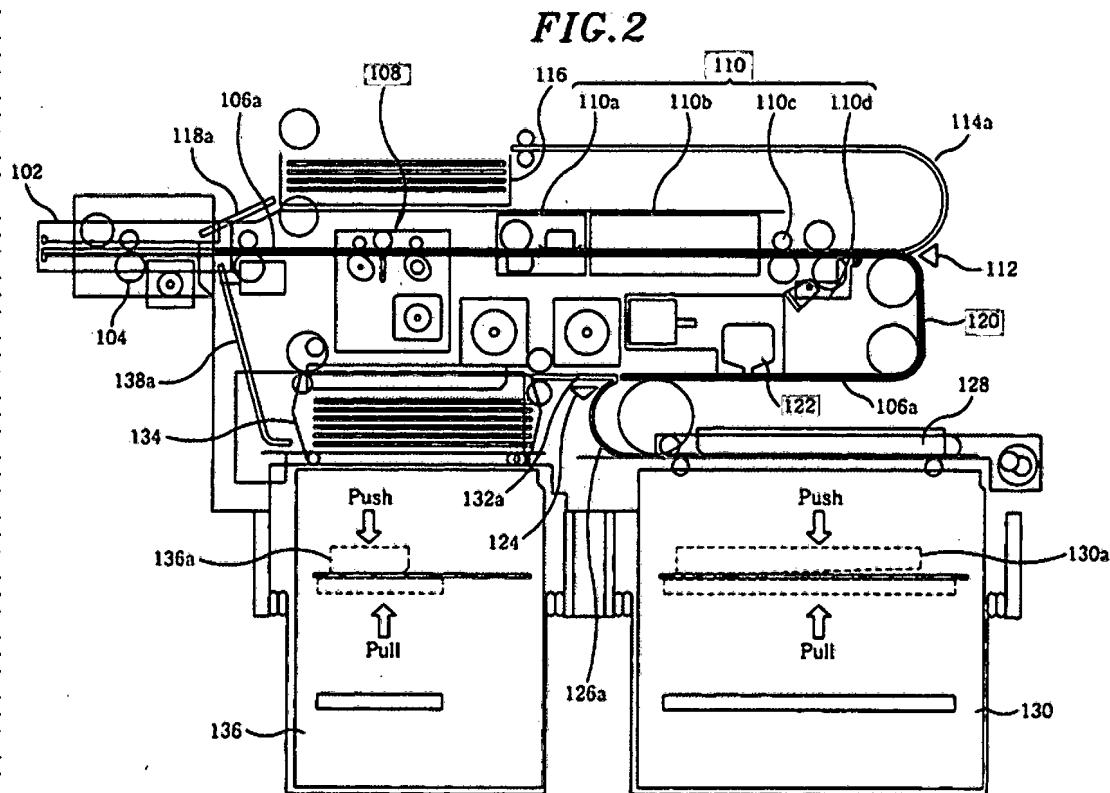
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b. Nautilus's Submission

Nautilus argues that “the patent’s requirement of “horizontally transfer[ring]” sheets along some portion of the main transfer path does not require that the entire main transfer path extend perfectly in the horizontal direction.” Nautilus Sub. at 3. According to Nautilus, “[n]o such embodiment exists in the drawings; no such embodiment is described in the specification; and, most critically, no such invention is required by the claims.” *Id.* Nautilus explains that “[t]he open-ended claims of the ’235 patent only require a main transfer unit that is configured to **include** a portion of the main transfer path that horizontally transfers banknotes, as that element would be understood by one of ordinary skill in the art.” *Id.* (emphasis supplied by Nautilus).

Nautilus argues that the record evidence shows that both the Accused Products and the domestic industry products are configured to include a horizontal transfer of banknotes along a main transfer path. *Id.* Nautilus states that Diebold’s “effort to impose artificial restrictions on a simple open-ended claim element lacks any support in the record” and that “[t]he drawings and written description of the ’235 patent describe a preferred embodiment with a main transfer path that is not strictly linear, and not strictly unidirectional.” *Id.* Nautilus explains that “the “main transfer path”) carries banknotes from the left to right, then around a curved portion, then down in a vertical direction, then around another curved portion, and then from the right to left (CX-

274C (Howard WS) at Q/A 55; JX-0001 ('235 patent) at 3:34-6:3, Fig. 2):



Nautilus notes that the patent describes the preferred embodiment as having: the alignment unit 108 “*on* the main transfer path 106a” (JX-001 at 2:36-37); the verifying unit 110 “*on* the main transfer path 106a” (JX-001 at 1:45-46, 2:41-42); the cheque temporary standby unit 120 “*on* the main transfer path 106a” (JX-001 at 2:62-64); and the endorsement printing unit 122 “*on* the main transfer path 106a.” *Id.* at 4 (citing JX-001 at 2:66-3:1). Nautilus states that “[b]y consistently describing these four different units as being ‘*on* the main transfer path 106a,’ the ’235 patent indisputably confirms that the main transfer path includes both horizontal and non-horizontal portions.” *Id.*; CX-274C (Howard WS) at Q/A 55; JX-0001 ('235 patent) at 3:48–55, Fig. 2. According to Nautilus, “[t]he claims simply require that the main transfer unit be configured to *include* a portion of the main transfer path to horizontally transfer banknotes”

and that “[i]t is irrelevant whether or not other portions of the main path deviate from horizontal, as long as the main transfer path includes a configuration that horizontally transfers banknotes as required by the claims of the ’235 patent.” *Id.*

Nautilus asserts that the ALJ correctly found that the accused products all contain main transfer units that literally practice the “horizontally transferring” limitation. *Id.* at 5 (citing ID at 116–18; CX-274C (Howard WS) at Q/A 377, 78 *et seq.*; CX-117C (Wincor Nixdorf CCDM V2 Service Manual) at WN019328. Nautilus also argues that the Domestic Industry Products also literally practice the “horizontally transfer” limitation. *Id.* at 7-8 (citing ID at 182–84; CX-274C (Howard WS) at Q/A 624-26; CX-158C (Hyosung MX8800 System Service Manual) at NH_972-0052401, 407-8; CX-160C (Hyosung Chapter 2 Hardware Architecture) at NH_972-00344806.

5. Analysis on Review

The ALJ determined to apply the plain and ordinary meaning of the claim limitation, finding that “[a] person of skill would understand that the act of horizontally transferring a sheet within such a module could include various deviations from horizontal.” ID at 49 (citing CX-0274C at Q/A 118-19). The Commission affirms the ALJ’s construction.

Diebold in its petition for review did not challenge the ALJ’s claim construction. Yet, in its response to the Commission’s inquiry on review, Diebold essentially makes a claim construction argument, contending that a plain meaning of the claim term that includes deviations from horizontal are outside the scope of the claimed invention. Diebold Sub. at 9. The ALJ, while applying the plain meaning of the claim term made clear that “[a] person of skill would understand that the act of horizontally transferring a sheet within such a module could

include various deviations from horizontal.” ID at 49 (citing CX-0274C at Q/A 118-19). Specifically, the ALJ stated that “[i]n view of the patent’s claim language, specification, and prosecution history, the term horizontal need not be construed strictly as a horizontal plane.” ID at 183. Diebold did not petition the Commission to review the ALJ’s construction and has waived the right to do so at this stage. 19 C.F.R. § 210.43(b)(2); *Finnigan Corp. v. Int’l Trade Comm’n*, 180 F.3d 1354, 1362 (Fed. Cir. 1999) (“A party seeking review in this court of a determination by the Commission must ‘specifically assert’ the error made by the ALJ in its petition for review to the Commission.”).¹⁰

Diebold relies heavily on Figure 2 of the Kwak patent to support its view that “horizontal transfer” excludes any deviation from “horizontal.” See Diebold Sub. at 9. But the specification states that “[t]he cash and cheque automatic depositing apparatus **100** further includes a cheque temporary standby unit **120** formed on the main transfer path **106a**” Kwak patent, col.2 ll.62-64. That is, the specification describes the cheque temporary standby unit **120**, as being formed on the main transfer path, *i.e.*, being a part of the main transfer path, and Figure 2 depicts the cheque temporary standby unit **120** as including curved and vertical portions. Thus, the ID’s finding that “[a] person of skill would understand that the act of horizontally transferring a sheet within such a module could include various deviations from horizontal” finds support in the intrinsic evidence. ID at 49. Diebold contends that the entire main transfer path must be horizontal. See Diebold Sub. at 9. But that requirement finds no support in the record evidence.

¹⁰ Diebold’s contention that it is Nautilus that has waived any argument that the claim term is broader than its plain meaning, and that the plain meaning of “horizontally transfer” does not include “vertical, bending and circular transfers” is unsupported by the record. Diebold Sub. at 9. Nautilus does not seek to broaden the claim term beyond the ID’s construction that “horizontal transfer” encompasses deviations from “horizontal.” See Nautilus Sub. at 5; ID at 49.

The record evidence supports the ID's finding that the accused products and domestic industry product satisfy the claim limitation. Specifically, the ID relies on the testimony of Nautilus's expert, Dr. Howard, who testified that the accused products and domestic industry product satisfy the claim limitation. ID at 116-18; CX-274C (Howard WS) at Q/A 377-381; CX-117C (Wincor Nixdorf CCDM V2 Service Manual) at WN019328; ID at 182-84; CX-274C (Howard WS) at Q/A 624-26; CX-158C (Hyosung MX8800 System Service Manual) at NH_972-0052401, 407-8; CX-160C (Hyosung Chapter 2 Hardware Architecture) at NH_972-00344806.

In addition, as can be seen in the depictions below, which reflect images from product manuals, the accused products and domestic industry product do horizontally transfer banknotes along a main transfer path.

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See also CX-117C at WN019328; CX-0158C at NH_972-0052401; ID at 113-18. Inasmuch as Diebold's infringement analysis turns on its narrow view of the scope of this limitation, we find that its non-infringement argument has no merit under the proper claim construction, which we have affirmed above.

In the question posed, the Commission asked the parties to consider the doctrine of

equivalents. However, because the Commission agrees with the ID's literal infringement finding, resort to the doctrine of equivalents is unnecessary.

B. The ALJ's Finding that Certain Prior Art Does Not Disclose the Preamble to Claim 1: "Automatic Depositing Apparatus for Automatically Depositing a Bundle of Banknotes Including at Least One Cheque."

The Commission also determined to review the ID's finding that certain prior art does not disclose the preamble to claim 1: "automatic depositing apparatus for automatically depositing a bundle of banknotes including at least one cheque." 82 *Fed. Reg.* 23064-66 (May 19, 2017); '235 Patent, col.9 ll.58-60.

The ID finds that the plain language of the claim indicates that "a bundle of banknotes including at least one cheque" must contain at least one check. ID at 33. The parties disputed the meaning of "banknotes." Diebold argued that it means "cash, check, or both," while Nautilus argued that it means "cash and checks." *See* ID at 32. The ID observes that independent claim 1 uses the term "banknotes" in various limitations to describe the flow of either cash or checks through the transport paths. *Id.* at 33 (citing '235 Patent at col.10 ll. 1-25, 56-65. The ID further notes that "the specification shows that 'banknotes' refer to cash, checks, or both cash and checks." *Id.* Thus, the ID correctly construes the claim term "banknotes" to mean "cash, checks, or both cash and checks," adopting Diebold's proposed construction.

Yet, for validity, the ID requires "banknotes" to include a mixture of cash and checks, which is at odds with the construction of "banknotes." That is, the ID's construction of the preamble cannot be reconciled with the ID's validity determination which requires a mixed bundle of banknotes. On review, the Commission has determined to reverse the ID's requirement that the preamble requires a mixed bundle of banknotes. The Commission notes that this does not alter the ID's finding that Diebold failed to establish by clear and convincing

evidence that prior art invalidates the asserted claims. The ID finds fault with Diebold's invalidity proofs because Diebold fails to show, as to each limitation of the claims, that the asserted prior art teaches the claimed invention. *See* ID at 232-312. The Commission notes the ID's detailed reasons on the merits explaining why Diebold failed to establish by clear and convincing evidence that the asserted prior art references fail to disclose the limitations of the asserted claims. *See id.* The Commission highlights Diebold's procedural deficiencies below.

As the ID finds, “[r]ather than illustrating how the alleged prior art discloses each limitation in the ’235 patent, respondents rely on the assertion that whether or not these limitations are taught is not disputed.” ID at 267 (citing Resps. Br. at 103-05). But as the ID correctly states, “Diebold bore the burden of proving that these limitations are taught or disclosed within the prior art,” and Nautilus’s “position (or silence) on the issue is immaterial to whether or not respondents have carried their burden.” *Id.* Moreover, as the ID finds, Diebold failed to offer any opinion regarding how any piece of prior art discloses or renders obvious the “main transfer path” limitation of independent claim 1. *Id.* In particular, the ID finds that “Respondents failed to include this limitation in their table of ‘undisputed terms,’ and make no reference to it as a disputed term” and that “[g]iven respondents’ failure to address this limitation, respondents have not established that any of the prior art references invalidate any of the asserted claims.” *Id.*

In its petition for review, Diebold asserts that “[t]here is no requirement that a party’s briefing provide detailed arguments in prose of all of the minutiae of the documents and testimony that support its position when the presence of claim elements in the prior art is undisputed and has never been disputed in an Investigation.” Diebold Pet. at 88. Diebold claims that “[t]his is particularly true where, as here, the ALJ imposed page limits on the briefing” and

that the table it presented “clearly provides in an efficient form the detailed evidence that supports Respondents’ arguments and emphasizes that none of the evidence offered by Respondents was challenged or disputed.” *Id.* (citing Resps. Br. at 121-127).

Diebold has it wrong. A patent is presumed valid and that presumption must be overcome by clear and convincing evidence. *Microsoft Corp. v. i4i Ltd.*, 564 U.S. 91, 95 (2011) (expressly requiring proof by clear and convincing evidence); *Checkpoint Systems, Inc. v. United States Int’l Trade Comm’n*, 54 F.3d 756, 761 (Fed. Cir. 1995). More specifically, an alleged infringer who raises invalidity as an affirmative defense has the ultimate burden of persuasion to prove invalidity by clear and convincing evidence, as well as the initial burden of going forward and pointing to record evidence to support its invalidity allegation. *See, e.g., Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1376 (Fed. Cir. 2009).

Diebold appears to argue that if the presence of certain claim elements in the prior art is allegedly undisputed, it is relieved of its burden to show that the prior art discloses those elements. But Diebold bears the burden of presenting a *prima facie* case of obviousness, and for anticipation showing that each element of the claim at issue, properly construed, is found in a single prior art reference. Moreover, here, Nautilus actually did dispute that the prior art disclosed each element of the asserted claims. *See* Nautilus Post-Hearing Br. at 165-66; Nautilus Post-Hearing Reply Br. at 61-62 (“Diebold is plainly wrong that it is ‘undisputed’ that Diebold has established that the CCDM V1 practiced any of these limitations”); *see also* Nautilus Resp. at 58.

Diebold points to a table in its post-hearing reply brief as adequately presenting sufficient evidence to meet its burden. *See* Respondents Post-Hearing Br. at 121–27. The table, however, fails to identify the necessary structures or the specific relevant pages for each claim limitation in

the prior art references. *See id.* Instead, it presents bulk citations to hundreds of pages of the prior art evidence for certain limitations that were allegedly undisputed by Nautilus. *See id.* It is certainly not the ALJ's responsibility to wade through that bulk of information to identify the relevant structure. *See Creative Compounds, LLC v. Starmark Laboratories*, 651 F.3d 1303, 1313 (Fed. Cir. 2011) ("It is not the trial judge's burden to search through lengthy technologic documents for possible evidence.") (internal citation omitted).

Diebold's attempt to show invalidity is wholly insufficient, and its attempt to blame its deficiencies on page limitations is unavailing. Diebold's initial post-hearing brief is over 200 pages, and its reply post-hearing brief is about 100 pages. The suggestion that it could not have adequately set forth its invalidity position is not credible.

Given *inter alia* these significant problems with Diebold's proofs regarding its invalidity contentions, the ID correctly finds that Diebold failed to establish by clear and convincing evidence that prior art invalidates the asserted claims.

V. REMEDY

Where a violation of section 337 has been found, the Commission must consider the issues of remedy, the public interest, and bonding. Section 337(d)(1) provides that "[i]f the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States" 19 U.S.C.

§ 1337(d)(1). The Commission has "broad discretion in selecting the form, scope, and extent of the remedy." *Viscofan, S.A. v. U.S. Int'l Trade Comm'n*, 787 F.2d 544, 548 (Fed. Cir. 1986). The Commission may issue an exclusion order excluding the goods of the person(s) found in violation (a limited exclusion order) or, if certain criteria are met, against all infringing goods

regardless of the source (a general exclusion order). The Commission also has authority to issue cease and desist orders in addition to or in lieu of exclusion orders. *See* 19 U.S.C. § 1337(f).

A. Limited Exclusion Order

The RD, issued concurrently with the ID, contains the ALJ's recommended determination on remedy and bonding. The ALJ recommends that in the event the Commission finds a violation of section 337, the Commission should issue a limited exclusion order prohibiting the importation of Diebold's automated teller machines, ATM modules, components thereof, and products containing the same that infringe the asserted claims of the '235 patent. RD at 335.

Nautilus supports the ALJ's recommendation that the Commission should issue a limited exclusion order ("LEO") directed to Diebold's infringing products. Nautilus Sub. at 15-16. Diebold does not disagree, but argues that any exclusion order should be limited to articles that infringe, *i.e.*, fully functioning ATMs. Diebold Sub. at 25.

The Commission finds, consistent with the RD's recommendation, that an LEO directed to Diebold's infringing products is appropriate to remedy the violation of section 337.

The limited exclusion order provides that:

Automated teller machines, ATM modules, components thereof, and products containing the same that infringe one or more of claims 1-3, 6, 8, and 9 of U.S. Patent No. 8,523,235 that are manufactured by, or on behalf of, or are imported by or on behalf of Diebold Nixdorf, Incorporated or Diebold Self-Service Systems or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, including Wincor Nixdorf AG, are excluded from entry for consumption into the United States, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining term of U.S. Patent No. 8,523,235, except under license of the patent owner or as provided by law, and except for service or repair articles imported for use in

servicing or repairing automated teller machines, ATM modules, components thereof, and products containing the same, for identical articles that were imported as of the date of this Order. This exception does not permit the importation of automated teller machines to replace such articles that were previously imported.

The limited exclusion order is similar to the order proposed by Nautilus and includes a standard certification provision that allows Diebold to certify that under procedures to be specified by U.S. Customs and Border Protection, Diebold is familiar with the terms of the exclusion order, that Diebold has made appropriate inquiry, and that, to the best of Diebold's knowledge and belief, the products being imported are not subject to the exclusion order. The LEO also provides an exemption for service and repair articles as requested by Diebold and explained below.

B. Cease and Desist Orders

The RD also recommends issuance of cease and desist orders. RD at 337. Specifically, the RD finds that a cease and desist order "is appropriate against respondents and any entities under their control because the evidence demonstrates the presence of respondents' commercially significant inventory in the United States." *Id.* Nautilus contends that "[t]he facts, as found by the ALJ in his recommended determination, support a cease and desist order directed at Diebold, Wincor, and any entity under Diebold's control." Nautilus Sub. at 17. Diebold does not dispute this.

The Commission finds that cease and desist orders are appropriate under 19 U.S.C. §1337(f) directed to the domestic Diebold respondents: Diebold Self-Service Systems and Diebold Nixdorf, Incorporated, both of North Canton, Ohio. Cease and desist orders are generally issued when, with respect to the imported infringing products, respondents maintain commercially significant inventories in the United States or have significant domestic operations

that could undercut the remedy provided by an exclusion order. *See, e.g., Certain Network Devices, Related Software and Components Thereof (I)*, Inv. No. 337-TA-944, Comm'n Op. at 56 (July 26, 2016) (public version). There is no dispute that the Diebold respondents have commercially significant inventories of infringing products in the United States. Thus, cease and desist orders are warranted.¹¹ The cease and desist orders prohibit the domestic Diebold respondents from:

conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, transferring (except for exportation), and soliciting U.S. agents or distributors for, automated teller machines, ATM modules, components thereof, and products containing the same covered by one or more of claims 1-3, 6, 8, and 9 of U.S. Patent No. 8,523,235 ("the Asserted Patent") in violation of Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337).

The cease and desist orders include the following standard exemption: if in a written instrument, the owner of the patents authorizes or licenses such specific conduct, or such specific conduct is related to the importation or sale of covered products by or for the United States.¹² These orders also provide an exemption for service and repair articles as requested by Diebold and explained below.

III. THE PUBLIC INTEREST

¹¹ Chairman Schmitz supports issuance of the cease and desist order in this investigation for reasons similar to those offered by her in previous investigations. *See, e.g., Certain Table Saws Incorporating Active Injury Mitigation Technology and Components Thereof*, Inv. No. 337-TA-965, Comm'n Op. at 6-7, n.2 (Feb. 1, 2017) (public version); *Certain Network Devices, Related Software and Components Thereof (I)*, Inv. No. 337-TA-944, Comm'n Op. at 56, n.20 (July 26, 2016) (public version). Specifically, she finds that the presence of some infringing domestic inventory, regardless of the commercial significance, provides a basis to issue cease and desist orders in this investigation.

¹² The Commission asked Nautilus to supply the names of known importers of the Diebold products at issue in this investigation. *See* 82 *Fed. Reg.* 23064-66 (May 19, 2017). In response, Nautilus did not identify any third party importers of the accused products.

Sections 337(d) and (f) of the Tariff Act of 1930, as amended, directs the Commission to consider certain public interest factors before issuing a remedy. These public interest factors are the effect of any remedial order 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.” 19 U.S.C. §§ 1337(d), (f).

A. Nautilus’s Submission

Nautilus argues that the ALJ’s recommended limited exclusion order and cease and desist order against Diebold and any entity under its control, including Wincor Nixdorf, AG, will not have an adverse effect on the public health or welfare, competitive conditions in the United States economy, production of like or directly competitive articles in the United States, or United States consumers. Nautilus Sub. at 24. Nautilus explains that the products in this investigation are ATMs, ATM modules, components thereof, and products containing the same, and that the recommended remedial orders, which would exclude only those ATM products manufactured or sold by Respondents (and any entity under their control), are not contrary to the public interest. *Id.* Nautilus states that “Respondents do not appear to dispute this” and that “Respondents did not respond to the statements made by Complainants in the public interest statement filed with its complaint.” *Id.* Nautilus notes that in “[Diebold’s] own public interest statement in its parallel investigation involving similar ATM products, [Diebold] argued that ‘[s]imply stated, there are no public interest concerns.’” *Id.* (citing *Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-972, Complainants’ Statement on the Public Interest Pursuant to 19 C.F.R. § 210.50(a)(4), at 1 (Dec. 30, 2016)).

1) Public Health and Welfare

Nautilus contends that Diebold has not identified any health, safety, or welfare concerns that would be at issue, if the Commission issues the recommended remedial orders in this investigation. Nautilus Sub. at 25. Nautilus explains that the excluded ATM products are not designed for, nor are they used for, any specific use that would implicate the public health, safety, or welfare. *Id.* (citing *Certain Radio Control Hobby Transmitters and Receivers and Products Containing Same*, Inv. No. 337-TA-757, Notice of Issuance of Limited Exclusion Order (Sept. 27, 2011)). Nautilus points to Diebold's statement from the 972 investigation that "there should be no public health, safety, or welfare concerns with the remedial orders here" concerning similar ATM products. *Id.* (citing *Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-972, Complainants' Statement on the Public Interest Pursuant to 19 C.F.R. § 210.50(a)(4), at 3 (Dec. 30, 2016)).

2) Competitive Conditions in the U.S. Economy

Nautilus states that it "designs, manufactures, and sells a variety of ATM products to numerous customers in the United States" and that "in a report entitled "Global ATM Market and Forecasts to 2019," it was named the largest supplier of ATM products in the United States. Nautilus Sub at 26 (citing <https://www.atmmarketplace.com/news/nautilus-hyosung-america-claims-top-spot-in-us-atmmarket-share>). *Id.* Nautilus notes that additionally, "competitors such as NCR manufacture and sell ATM products which would not be affected by any remedial order and which are widely available in the United States." *Id.* Nautilus thus states that "even if the ATM products at issue in this investigation were excluded, consumers would have access to

alternatives to the excluded ATM products and Diebold has not identified any reason why such alternatives would not be satisfactory.” *Id.*

3) The Production of Like or Directly Competitive Products in the U.S.

Once again, Nautilus states that it and other ATM manufacturers have the capacity to replace the volume of excluded products subject to the requested remedial orders in a commercially reasonable time in the U.S. Nautilus Sub at 27. According to Nautilus, it “is the largest supplier of ATM products in the United States” and that “the second largest supplier is NCR Corporation, whose products would not be subject to any exclusion order.” *Id.* Nautilus states that “[n]othing in the record even suggests that [Nautilus] and others lack the basic ability to expand their manufacturing capacity to fulfill the U.S. demand for the excluded products that would be subject to the recommended remedial orders.” *Id.*

4) United States Consumers

Nautilus states that “the recommended remedial orders would not impact consumers because they have the ability to purchase ATM products from the Respondents’ competitors.” Nautilus Sub. at 27. According to Nautilus, “end users are typically apathetic as to who manufactures a particular ATM” and that “end users choose to use a particular ATM product based on the convenience of its location, or because the product is affiliated with the user’s bank.” *Id.*

B. Diebold’s Submission

Diebold argues that American manufacturing will be harmed if an exclusion order is issued in this investigation. *See* Diebold Sub. at 25-27; Diebold Reply Sub. at 20-21. Diebold explains that it “manufactures and assembles the Accused Products in Greensboro, North Carolina” and that “the remedial orders as proposed could [[.]] the manufacturing

operations in Greensboro, threatening the jobs of the [[]] full time employees that work there.” Diebold Reply Sub. at 20-21. Diebold further explains that the “loss in manufacturing would have an exponential effect on related supporting positions in North Carolina, likely leading to the [[]] jobs in the manufacturing sector alone.” *Id.* Thus, Diebold urges the Commission to “reject the relief requested on public interest grounds, or at least allow a delay of at least six (6) months to allow for a design change that would reduce the risk of lost domestic jobs.” Diebold Reply Sub. at. 20-21

Diebold also argues that remedial orders should allow for the necessary service and repair needed to protect third parties’ investment in existing products. Diebold Sub. at 29-30. Diebold explains that “a service and repair exception is necessary so that third parties [[

]]” *Id.* Diebold further argues that a service and repair exception “is also necessary to allow customers of those third party banks to continue to have access to their funds. *Id.* Accordingly, Diebold states that “any remedial order should contain the language exempting conduct that is related to service or repair articles imported for use in servicing or repairing automated teller machines, ATM modules, components thereof, and products containing the same, for identical articles that were imported as of the date of the order.” *Id.* Diebold notes that Nautilus “requested, and received, the very same provision in the remedial orders issued in the 972 investigation for the continued service and repair of existing [Nautilus] ATMs.’ Diebold Reply Sub. at 21-22 (citing *Certain Automated Teller Machines*, Letter Containing Exclusion Order and Cease and Desist Orders (DOC ID 612487)). Diebold further states that “[t]he same third party issues are at stake here, as Diebold shares many customers with [Nautilus], including [[

]]” and that “it stands undisputed that the imported ActivMedia module [[

]], thus satisfying the necessity for the continued occasional

importation of ActivMedia modules for replacement purposes for repair of existing ATMs.” Diebold Sub. at 29 (citing RX-0414C (Cameron RWS) at Q/A 42)).

C. Public Interest Comments from Non-Parties

Homestreet, Inc. (“HomeStreet Bank”) submitted comments on the public interest. *See* Letter from Paulette Lemon, HomeStreet Bank, EVP Retail Banking Director, to Chairman Schmidtlein, dated May 19, 2017. HomeStreet Bank states that it “is a diversified financial services company based in Seattle, Washington” with “over \$6 billion in assets and 56 retail branches in the United States.” *Id.* According to HomeStreet Bank, it serves over 140,000 domestic customers and relies on Diebold’s ATMs to provide automated banking services to its customers. *Id.* HomeStreet Bank explains that it relies on Diebold to keep the ATMs running, which includes repairs and replacing components as needed. Thus, HomeStreet states that is vital that any exclusion order include a service and repair exemption to allow Diebold to keep HomeStreet Bank’s ATMs in working condition. *Id.*

The Commission also received public interest submissions from several Members of Congress. *See* Letter from Representatives Ted Budd, Walter B. Jones, George Holding, and Mark Walker to Chairman Schmidtlein, dated May 31, 2017; Letter from Representative Virginia Foxx to Chairman Schmidtlein, dated June 30, 2017; Letter from Representative James Renacci to Chairman Schmidtlein, dated June 22, 2017; Letter from Representative Pete Sessions to Chairman Schmidtlein, dated July 10, 2017; Letter from Representative John Ratcliffe to Chairman Schmidtlein, received July 11, 2017; Letter from Representative Roger Williams to Chairman Schmidtlein, dated July 11, 2017.

All of these submissions have been taken into account in the Commission’s consideration of the public interest.

D. Analysis

In the Commission's view, the public interest factors do not weigh against the issuance of remedial orders based on the record evidence in this investigation. The evidence shows that an exclusion order will not harm the public interest because Nautilus and "competitors such as NCR manufacture and sell ATM products which would not be affected by any remedial order and which are widely available in the United States." *See* Nautilus Sub. at 26-27. Indeed, Diebold does not argue that the market will be deprived of ATMs, or that demand for ATMs will be unmet, if remedial relief issues.

Instead, Diebold argues that manufacturing jobs at its facilities in North Carolina may suffer as a result of exclusion of Diebold's imported products that were found to infringe Nautilus's '235 patent. To the extent Diebold's concern falls under any of the statutory public interest factors, it may be considered in the context of the full record, which shows that complainant Nautilus has made significant investments in its facilities in Texas, California, and Ohio, and employs [[]] workers in the United States dedicated to its domestic industry relating to its articles protected by the '235 patent. ID at 315-24. The Commission further notes that the exclusion order targets Diebold's infringing imports. Specifically, as the ID finds, Diebold's importation of CCDMv2 modules is an act of contributory infringement. ID at 104. Diebold's "subsequent manufacture, offer for sale, and sale of finished ATMs containing those modules are acts of direct infringement" and "[s]uch action is sufficient to invoke Commission jurisdiction over both the imported CCDMv2 modules and the ATMs that contain them," as the Federal Circuit has recognized. *See Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338, 1347-1349, 1352 (Fed. Cir. 2015) (en banc).

Nautilus argues, and Diebold does not dispute, that the excluded ATM products are not designed for, nor are they used for, any specific use that would implicate the public health, safety, or welfare. Indeed, Nautilus notes that with respect to similar products in the 972 investigation, Diebold stated that “there should be no public health, safety, or welfare concerns with the remedial orders here.” See Nautilus Sub. at 24 (citing *Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same*, Inv. No. 337-TA-972, Complainants’ Statement on the Public Interest). The Commission in the 972 investigation found that the public interest in public health and welfare does not dictate against issuance of remedial orders. Diebold provides no facts in this record that would implicate these public interest concerns here.

To address the concerns raised relating to service and repair of existing ATMs the Commission includes a service and repair exemption in its remedial orders. As Diebold explains, the same third party issues are at stake here as in the 972 investigation. Specifically, “Diebold shares many customers with [Nautilus], including [[]]” and “the imported ActivMedia module [[]]” Diebold Sub. at 29; RX-0414C (Cameron RWS) at Q/A 42. Thus, the record supports continued importation of ActivMedia modules for replacement purposes for repair of existing ATMs.

For the reasons above, the Commission find that the statutory public interest factors enumerated in subsections (d)(1) and (f)(1) of section 337 do not preclude the issuance of remedial orders in this investigation.

IV. BOND

During the 60-day period of Presidential review, imported articles otherwise subject to remedial orders are entitled to conditional entry under bond. 19 U.S.C. § 1337(j)(3). The

amount of the bond is specified by the Commission and must be an amount sufficient to protect the complainant from any injury. *Id.*; 19 C.F.R. § 210.50(a)(3). The Commission frequently sets the bond by attempting to eliminate the difference in sales prices between the patented domestic product and the infringing product. *Certain Microsphere Adhesives, Process For Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes*, Inv. No. 337-TA-366, Comm'n Op. at 24, USITC Pub. No. 2949 (Jan. 1996). In other cases, the Commission has turned to alternative approaches, especially when the level of a reasonable royalty rate could be ascertained. *See, e.g., Certain Integrated Circuit Telecommunication Chips and Products Containing Same, Including Dialing Apparatus*, Inv. No. 337-TA-337, Comm'n Op. at 41 (1995). In cases where record shows that there is insufficient evidence upon which to base a determination of the appropriate amount of the bond, the Commission has set a 100 percent bond. *See Certain Sortation Systems, Parts Thereof, and Products Containing Same*, Inv. No. 337-TA-460, Comm'n Op. at 21 (Mar. 2003). Complainants bear the burden of establishing the need for a bond amount in the first place. *Certain Rubber Antidegradants, Components Thereof, and Prods. Containing Same*, Inv. No. 337-TA-533, Comm'n Op. at 39-40 (July 21, 2006).

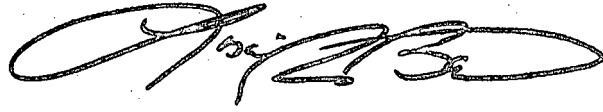
The ALJ recommends that the Commission set a bond in the amount of zero (*i.e.*, no bond) during the period of Presidential review. RD at 341. Specifically, the RD finds that “a bond based upon price differential could have been determined in this investigation, but complainants did not attempt any type of price comparison.” *Id.* Diebold agrees with the ALJ's recommendation as to a zero bond. Diebold Sub. at 30-32.

Nautilus argues that a “100% bond is appropriate because the [Nautilus] and Diebold ATMs vary so extensively in price that a price comparison between the competing ATMs is impractical.” Nautilus Sub. at 18. Nautilus states that it “did not perform a detailed price

comparison in its post-trial briefing because the price numbers were so disparate as to make such a comparison meaningless.” Nautilus Reply Sub. at 22. Yet, according to Nautilus, “to demonstrate the wide disparity in the process of the relevant products and respond to the ALJ’s criticism regarding a lack of pricing data (see ID at 341), [Nautilus] set forth the limited available data in its Commission Submission.” *Id.*

The Commission has determined to accept the RD’s recommendation and sets a bond in the amount of zero (*i.e.*, no bond) for products imported during the period of Presidential review. Before the ALJ, Nautilus requested a bond of 100% of entered value. Yet, as the RD finds, Nautilus failed to provide any evidence of why a price comparison was impractical before the ALJ. RD at 341. Unlike the record developed in other investigations to support a complainant’s request for a 100% bond, Nautilus did not present evidence and argument in its post-hearing briefing before the ALJ, but merely states that “ATM prices paid by customers vary substantially depending on the features, the quantity purchased, the customer, the additional contractual features, such as service, requested and more.” *See* RX-0062C (Hyosung Interrogatories) at Interrogatory No. 46. Nautilus, however, failed to provide any evidence of this variation. Indeed, Nautilus admits that it “did not perform a detailed price comparison in its post-trial briefing” Nautilus Reply Sub. at 22. Nautilus was afforded ample opportunity to present its pricing analysis to the ALJ during the violation phase of the investigation. The Commission finds that permitting Nautilus to present its evidence and argument on bonding before the Commission at this stage, as it attempts to do, would undermine the ALJ’s role in taking evidence and making recommendations based on the adduced evidence presented in the proceeding before the ALJ.

By order of the Commission.

A handwritten signature in black ink, appearing to read "Lisa R. Barton", written in a cursive style.

Lisa R. Barton
Secretary to the Commission

Issued: August 3, 2017

**CERTAIN AUTOMATED TELLER MACHINES, ATM
MODULES, COMPONENTS THEREOF, AND PRODUCTS
CONTAINING SAME**

Inv. No. 337-TA-989

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Office of Unfair Import Investigations and the following parties as indicated, on **August 3, 2017**



Lisa R. Barton, Secretary
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