

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

**NOTICE OF 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**

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 the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on March 13, 2017 (served on March 14, 2017), finding a violation of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), as to the pending patent claims in this investigation.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3042. 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 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 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 U.S. Patent No. 8,523,235 (“the ’235 patent”). *Id.* The notice of investigation named the following respondents: Diebold, Incorporated of North Canton, Ohio and Diebold Self-Service Systems of North Canton, Ohio (collectively, “Diebold”). *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 the ID. *See* Notice of non-review (July 27, 2016).

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 the ID. *See* Notice of non-review (Aug. 16, 2016).

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. Specifically, the ALJ found 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 ALJ also found that Nautilus satisfied the importation requirement of section 337 (19 U.S.C. § 1337(a)(1)(B)). *Id.* The ALJ further found that Diebold’s accused products directly infringe asserted claims 1-3, 6, 8, and 9 of the ’235 patent, and that Diebold also contributorily infringes those claims. *See* ID at 111-160, 163-172. The ALJ also found that Diebold failed to establish that the asserted claims of the ’235 are invalid for (1) indefiniteness (2) anticipation, or (3) obviousness. ID at 232-311. Finally, the ALJ found that Nautilus established the existence of a domestic industry that practices the asserted patents under 19 U.S.C. § 1337(a)(2). *See* ID at 212.

The final ID contains the ALJ’s recommended determination on remedy and bonding. ID at 330-340. 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. ID 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. ID 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 period of Presidential review because Nautilus “did not attempt any type of price comparison.” ID at 341.

On March 27, 2017, Diebold filed a petition for review of the ID, challenging a number of the ALJ’s findings. *See* Respondents’ Petition for Review and Contingent Petition for Review. Specifically, Diebold questions the ALJ’s construction of certain claim limitations, infringement findings, and the ALJ’s finding that asserted claims are not invalid. *Id.*

On April 4, 2017, Nautilus filed a response to Diebold’s petition for review. *See* Complainants’ Response to Respondents’ Petition for Review.

Having examined the record of this investigation, including the ALJ's final ID, the petition for review, and the response thereto, the Commission has determined to review the final ID in part. Specifically, the Commission has determined to review (1) the ALJ'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" and (2) 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."

In connection with its review, the Commission is interested in responses to the following question:

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.

The parties are requested to brief only the discrete issue 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 Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent 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 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders 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.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005. 70 *Fed. Reg.* 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 parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainants are requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the date that the patent expires and the HTSUS numbers under which the accused products are imported. Complainants are further requested to supply the names of known importers of the Nautilus products at issue in this investigation. The written submissions and proposed remedial orders must be filed no later than close of business on May 25, 2017. Reply submissions must be filed no later than the close of business on June 1, 2017. Opening submissions are limited to 50 pages. Reply submissions are limited to 25 pages. Such submissions should address the ALJ's recommended determinations on remedy and bonding. No further submissions on any of 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 eight true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-989") in a prominent place on the cover page and/or the first page. (*See* Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 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^[1], solely for cybersecurity purposes. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

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

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', with a stylized flourish at the end.

Lisa R. Barton
Secretary to the Commission

Issued: May 15, 2017

^[1] All contract personnel will sign appropriate nondisclosure agreements.