UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Hyosung TNS Inc. v. Int'l Trade Comm'n

Hyosung TNS Inc. v. Int'l Trade Comm'n, 926 F.3d 1353 (Fed. Cir. 2019) · No. 2017-2563 · Decided June 17, 2019

SUMMARY

The Federal Circuit held that an appeal from an ITC exclusion order became moot after the patent expired, dismissing that portion and vacating the ITC's decision due to the lack of collateral consequences or claim preclusive effect in co-pending district court litigation. The court affirmed the ITC's finding that the asserted claims of the remaining patent were not obvious, as the accused infringer failed to show that the prior art combination taught reading MICR data regardless of the check’s facing position. Additionally, the court upheld the ITC's determination that the domestic industry requirement was satisfied, ruling that past multi-million-dollar R&D investments may support the economic prong when connected to ongoing qualifying expenditures, and rejecting a bright-line temporal limit on such investments.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	DYK; CLEVENGER; O'MALLEY
JURISDICTION	Federal
DECIDED	June 17, 2019
DOCKET	2017-2563
DISPOSITION	affirmed in part, vacated in part, dismissed in part, and remanded
PROCEDURAL POSTURE	Appeal from the United States International Trade Commission in Investigation No. 337-TA-972
STANDARD OF REVIEW	We review the ITC’s factual findings for substantial evidence and legal conclusions de novo.
PRECEDENTIAL VALUE	Published
PARTIES	Hyosung TNS Inc., Nautilus Hyosung America Inc., HS Global, Inc. v. International Trade Commission

TOPICS

patent law · patent infringement · administrative law · appellate procedure · standard of review

PRACTICE AREAS

Patent | Intellectual Property | International Trade

QUESTIONS PRESENTED

1. Whether the appeal as to the '616 patent is moot due to patent expiration.
2. Whether the ITC erred in finding that Hyosung failed to show the '631 patent claims were invalid as obvious.
3. Whether the ITC erred in finding that the domestic industry requirement was satisfied for the '631 patent.

HOLDINGS

1. The appeal as to the '616 patent is moot because the patent expired and there is no evidence of past violations or plausible future enforcement.
2. Substantial evidence supports the ITC's conclusion that the prior art combination did not satisfy the 'regardless of facing position' limitation, and Hyosung failed to show obviousness.
3. The ITC did not err; past R&D investments connected to ongoing expenses can satisfy the economic prong, and substantial evidence supports the finding.

KEY QUOTATIONS

> *“We review the ITC’s factual findings for substantial evidence and legal conclusions de novo.”* (926 F.3d at 1356)

> *“Because the ’616 patent has expired, the ITC’s limited exclusionary order and cease and desist orders as to that patent have no further prospective effect.”* (926 F.3d at 1358)

> *“Hyosung has failed to show that the alleged prior art combination satisfied the limitation of reading a check’s MICR line information 'regardless of the facing position of the check.'”* (926 F.3d at 1362)

> *“There is nothing in the statutory language that supports Hyosung’s bright line rule for rejecting research expenditures that are made more than five years earlier.”* (926 F.3d at 1364)

FACTUAL BACKGROUND

Hyosung and Diebold are both in the ATM market. Diebold owns patents directed to ATMs, including the '616 patent (related to a rollout tray for servicing) and the '631 patent (related to a method for reading MICR data on checks regardless of orientation). Diebold filed a complaint with the ITC, which initiated an investigation and concluded that Hyosung's imported ATMs infringed the patents. The ITC issued a limited exclusion order and cease and desist orders. Hyosung redesigned its products to avoid infringing the '616 patent, and Customs ruled the redesigned products did not infringe.

PROCEDURAL HISTORY

Diebold filed a complaint with the ITC alleging patent infringement; the ITC initiated an investigation, found infringement, and issued a limited exclusion order and cease and desist orders; Hyosung redesigned its products and sought a Customs ruling; Hyosung appealed the ITC's decision.

DISPOSITION

affirmed in part, vacated in part, dismissed in part, and remanded

REMAND INSTRUCTIONS

As to the '616 patent, vacate the ITC's decision and remand with instructions to amend the cease and desist orders and the limited exclusion order so that the orders are inapplicable to importation of products alleged to infringe the '616 patent.

CASES CITED

- Honeywell Int'l, Inc. v. Int'l Trade Comm'n, 341 F.3d 1332 (Fed. Cir. 2003)
- Cardinal Chem. Co. v. Morton Int'l, Inc., 508 U.S. 83 (1993)
- Tessera, Inc. v. Int'l Trade Comm'n, 646 F.3d 1357 (Fed. Cir. 2011)
- Tex. Instruments Inc. v. U.S. Int'l Trade Comm'n, 851 F.2d 342 (Fed. Cir. 1988)
- Clapper v. Amnesty Int'l USA, 568 U.S. 398 (2013)
- United Transp. Union v. ICC, 891 F.2d 908 (D.C. Cir. 1989)
- Friends of the Earth, Inc. v. Laidlaw Envtl. Servs. (TOC), Inc., 528 U.S. 167 (2000)
- Arizonans for Official English v. Arizona, 520 U.S. 43 (1997)
- Bio-Tech. Gen. Corp. v. Genentech, Inc., 80 F.3d 1553 (Fed. Cir. 1996)
- Tex. Instruments Inc. v. Cypress Semiconductor Corp., 90 F.3d 1558 (Fed. Cir. 1996)
- Tandon Corp. v. U.S. Int'l Trade Comm'n, 831 F.2d 1017 (Fed. Cir. 1987)
- A.L. Mechling Barge Lines, Inc. v. United States, 368 U.S. 324 (1961)
- United States v. Munsingwear, Inc., 340 U.S. 36 (1950)
- Allied Erecting & Dismantling Co. v. Genesis Attachments, LLC, 825 F.3d 1373 (Fed. Cir. 2016)
- In re Keller, 642 F.2d 413 (CCPA 1981)
- Ariosa Diagnostics v. Verinata Health, Inc., 805 F.3d 1359 (Fed. Cir. 2015)
- Motiva, LLC v. Int'l Trade Comm'n, 716 F.3d 596 (Fed. Cir. 2013)
- InterDigital Comm'cns, LLC v. Int'l Trade Comm'n, 707 F.3d 1295 (Fed. Cir. 2013)
- Lelo Inc. v. Int'l Trade Comm'n, 786 F.3d 879 (Fed. Cir. 2015)

CITED IN

- Hyosung TNS Inc. v. Int'l Trade Comm'n, Hyosung TNS Inc. v. International Trade Commission, 926 F.3d 1353, 1357 (Fed. Cir. 2019)
