

No. _____

In the Supreme Court of the United States

ROKU, INC., PETITIONER

v.

INTERNATIONAL TRADE COMMISSION AND
UNIVERSAL ELECTRONICS, INC.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Section 337's "domestic industry" requirement is the gatekeeper to the International Trade Commission's unique remedy of an exclusion order. For a patent owner complainant to establish a domestic industry, the plain language of the statute requires a showing of certain "significant" or "substantial" domestic investments in "articles protected by" its patent.

In the case below, the patent at issue claims a physical device, but for domestic industry purposes complainant relied solely on certain investments in its *unpatented software*—portions of which may be incorporated into a variety of different consumer products. The ITC found specific third-party televisions running such software to be the "articles protected by" the patent, but wrongly (1) counted *all* of complainant's domestic R&D and engineering investments in such software to be part of the domestic industry, and (2) found these investments to be "substantial" under Section 337 without evaluating them "with respect to" the "articles protected by" the patent. The ITC then issued an exclusion order barring importation of certain of petitioner's products, and the Federal Circuit affirmed.

The questions presented are:

1. Did the ITC exceed its Section 337 authority by finding the entirety of complainant's investments in unpatented, multi-purpose software to be "with respect to the articles protected by the patent?"

2. Did the ITC exceed its Section 337 authority by failing to consider whether the complainant's investments in unpatented, multi-purpose software were "substantial" "with respect to the articles protected by the patent?"

**PARTIES TO THE PROCEEDINGS BELOW AND
RULE 29.6 STATEMENT**

The following list provides the names of all parties to the proceedings below:

Roku, Inc.

United States International Trade Commission

Universal Electronics, Inc.

Petitioner Roku, Inc. has no parent corporation, and no publicly traded corporation owns 10% or more of its stock.

RELATED CASES

- *Roku, Inc. v. International Trade Commission*, No. 22-1386, United States Court of Appeals for the Federal Circuit. Opinion affirming the ITC's Final Determination entered January 19, 2024. Rehearing denied April 3, 2024.
- *In the Matter of Certain Electronic Devices, Including Streaming Players, Televisions, Set Top Boxes, Remote Controllers, and Components Thereof*, Investigation No. 337-TA-1200, United States International Trade Commission. Final Determination issued November 10, 2021.

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Petitioner Roku, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-14a) is reported at 90 F.4th 1367. The public version of the relevant Final Determination of the International Trade Commission (App., *infra*, 15a-67a) is reported at 2021 WL 5822291.

JURISDICTION

The judgment of the court of appeals was entered on January 19, 2024. A timely petition for rehearing was denied on April 3, 2024. This Court granted petitioner's request to extend the time to file this petition until

August 16, 2024. This Court has jurisdiction under 28 U.S.C. 1254(1).

INTRODUCTION

The ITC is an independent, quasi-judicial federal agency that adjudicates intellectual property and trade disputes under Section 337 of the Tariff Act of 1930. Section 337’s “domestic industry” requirement is the gatekeeper to the ITC’s extraordinary remedy of an exclusion order.

For a patent owner complainant in a Section 337 proceeding to establish a domestic industry, the plain language of the statute requires a showing of certain “significant” or “substantial” domestic investments in “articles protected by” the patent that is the subject of the proceeding. Otherwise, the Commission’s unique and powerful remedy of an exclusion order—an order not available in district court and not subject to the four-factor equitable test set forth in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006)—is unavailable, and the patent owner must pursue claims in district court.

In the case below, complainant Universal Electronics, Inc. (UEI) asserted a patent, U.S. Patent No. 10,593,196 (the ’196 patent), that claims a physical article—a “first media device,” including a processor, an HDMI port, a transmitter, memory, and software, that can be configured to control a second physical media device.

UEI, however, does not make or sell any such article “protected by” the ’196 patent, and did not present evidence of investments in such an article. Instead, UEI relied solely on its R&D and engineering investments made in its unpatented QuickSet software, portions of

which may be incorporated into or used with a variety of different consumer products from companies such as Microsoft, Sony, and Samsung, among others.

Indeed, the ITC determined that certain Samsung televisions running QuickSet software, not the QuickSet software itself, to be the “articles protected by” the ’196 patent. But despite Section 337’s requirement that the domestic industry investments be made “with respect to” these patent-practicing articles, the ITC incorrectly counted *all* of UEI’s U.S.-based QuickSet R&D and engineering investments to be part of the domestic industry. And the ITC further found these investments to be “substantial” without evaluating them “with respect to” the “articles protected by” the patent, as required by Section 337. The ITC issued an exclusion order barring the importation of certain Roku products into the United States, and the Federal Circuit affirmed.

But the ITC is entirely a “creature of Congress,” and the determinative question is not what the ITC thinks it should do, but what Congress has said it can do. See *Civil Aeronautics Bd. v. Delta Air Lines, Inc.*, 367 U.S. 316, 322 (1961); *Kyocera Wireless Corp. v. ITC*, 545 F.3d 1340, 1355 (Fed. Cir. 2008) (“The ITC is a creature of statute, and must find authority for its actions in its enabling statute.”). This principle that any authority delegated or granted to an administrative agency is necessarily limited to the terms of the delegating statute is particularly important in a situation where the administrative agency, like the ITC here, has been entrusted with the power to issue sweeping injunction-like relief free of any need to consider the equitable *eBay* factors that must be weighed by Article III judges.

This case ultimately involves two important questions concerning the ITC’s authority to remedy acts of patent infringement involving imported goods. Namely, what are the relevant investments that must be evaluated for domestic industry purposes, and what is the appropriate reference point for determining whether such investments are “significant” or “substantial?” In finding that UEI satisfied the domestic industry requirement and issuing an exclusion order in the case below, the ITC overstepped its Section 337 authority. The Federal Circuit’s published decision in this case provides a playbook for other complainants, including non-practicing entities, to evade this Court’s *eBay* standard for injunctive relief and to obtain exclusion orders that provide no genuine protection for any substantial domestic industry. This ruling, which substantially erodes the strict limits that Congress imposed on this extraordinary agency remedy, calls out for this Court’s attention.

STATUTORY PROVISIONS INVOLVED

19 U.S.C. 1337(a)(2):

Subparagraphs (B), (C), (D), and (E) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent * * * concerned, exists or is in the process of being established.

19 U.S.C. 1337(a)(3):

(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent * * * concerned—

(A) significant investment in plant and equipment;

(B) significant employment of labor or capital; or

(C) substantial investment in its exploitation, including engineering, research and development, or licensing.

STATEMENT OF THE CASE

A. Summary of Section 337 Proceedings

Congress enacted the Smoot-Hawley Tariff Act in 1930 “to regulate commerce with foreign countries, [and] to encourage the industries of the United States.” Tariff Act of 1930, Pub. L. No. 71-361, 46 Stat. 590, 590. Section 337 of that Act, codified at 19 U.S.C. 1337, is “a trade statute” that “declares certain activities related to importation to be unlawful trade acts and directs the Commission generally to grant prospective relief if it has found an unlawful trade act to have occurred.” *Suprema, Inc. v. ITC*, 796 F.3d 1338, 1345 (Fed. Cir. 2015). Section 337 “necessarily focuses on commercial activity related to cross-border movement of goods” to “regulate international commerce.” *Id.* at 1344; *ClearCorrect Operating, LLC v. ITC*, 810 F.3d 1283, 1289 (Fed. Cir. 2015).

Section 337 authorizes the Commission to investigate and remedy the importation of articles that infringe U.S. intellectual-property rights. 19 U.S.C. 1337(a)(1)(B)-(E). It forbids “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that * * * infringe a valid and enforceable United States patent.” 19 U.S.C. 1337(a)(1)(B)(i). Upon a patent owner complaint, the Commission determines “whether or not there is a violation” after quasi-judicial administrative hearings. 19 U.S.C. 1337(b)(1), 1337(c).

Upon determining “there is a violation,” the Commission “direct[s] that the articles concerned * * * be excluded from entry into the United States,” unless it concludes that “such articles should not be excluded from entry” after considering “the effect of such exclusion upon the public health and welfare,” among other considerations. 19 U.S.C. 1337(d)(1). These exclusion orders, which are enforced by U.S. Customs & Border Protection, issue as a matter of course unless the Commission determines that the so-called “public interest factors” of 19 U.S.C. 1337(d)(1) militate against issuance—which has occurred only a handful of times over the last 50 years. Notably, unlike district court injunctions, exclusion orders are not subject to the four-factor test for equitable relief set forth in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006). See *Spansion, Inc. v. ITC*, 629 F.3d 1331, 1359 (Fed. Cir. 2011) (“Given the different statutory underpinnings for relief before the Commission in Section 337 actions and before the district courts in suits for patent infringement, this court holds that *eBay* does not apply to Commission remedy determinations under Section 337.”).

B. The Unique Gatekeeping Function of the Domestic Industry Requirement

While Section 337 grants the Commission the extraordinary power to bar the importation and sale of products that infringe a patent, even in the absence of traditional factors supporting injunctive relief, the party invoking such power must satisfy the threshold “domestic industry” requirement. This requirement comes from the language of 19 U.S.C. 1337(a)(2), which provides that a complainant must show that an industry within the United States “relating to the articles

protected by the patent * * * exists or is in the process of being established.”

In cases involving assertions of patent infringement, the ITC and Federal Circuit have interpreted this language to include both a “technical prong” and an “economic prong.” *Alloc, Inc. v. ITC*, 342 F.3d 1361, 1375 (Fed. Cir. 2003). To satisfy the technical prong, a complainant must establish that it practices at least one claim of the asserted patent. *Broadcom Corp. v. ITC*, 28 F.4th 240, 250 (Fed. Cir. 2022). This requires a complainant to identify “actual ‘articles protected by the patent.’” *Microsoft Corp. v. ITC*, 731 F.3d 1354, 1361-1362 (Fed. Cir. 2013) (citing 19 U.S.C. 1337(a)(2)-(a)(3)).

To satisfy the economic prong, the complainant must demonstrate that the relevant domestic investments in the protected article are “significant” or “substantial.” 19 U.S.C. 1337(a)(3). A complainant cannot rely on domestic investments generally—these investments must “relate[] to an actual article that practices the patent.” *Microsoft Corp.*, 731 F.3d at 1361 (citing *InterDigital Commc’ns, LLC v. ITC*, 707 F.3d 1295, 1299, 1304 (Fed. Cir. 2013)); see also *Zircon Corp. v. ITC*, 101 F.4th 817, 823 (Fed. Cir. 2024) (“Section 337(a)(3) * * * ties the domestic industry to products protected by a particular patent.”). Further, the plain language of Section 337 requires a “quantitative analysis” of the “relative importance” of the complainant’s proffered domestic industry investments to the patent-practicing articles. *Lelo Inc. v. ITC*, 786 F.3d 879, 883-884 (Fed. Cir. 2015) (“All of the foregoing requires a quantitative analysis in order to determine whether there is a ‘significant’ increase or attribution by virtue of the claimant’s asserted commercial activity in the United States.”).

This threshold statutory domestic industry requirement seeks to ensure that not *all* owners of U.S. patents may invoke the Commission’s authority—only those with genuine domestic innovative activity, not mere patent ownership, are supposed to gain access to the Commission’s broad investigatory powers and extraordinary remedies. The existence of the domestic industry requirement also serves to prevent the Commission itself—a non-jury, non-Article III forum—from turning into a mere alternative arena for patent infringement claims that would otherwise need to be brought in district court. Cf. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 584 U.S. 325, 344-345 (2018) (reserving ruling on whether “infringement actions[] can be heard in a non-Article III forum”).

C. The ITC Finds in the Underlying Investigation a Domestic Industry Based on UEI’s Investments in Its Unprotected Quickset Software

The approach adopted by the ITC in the case below fails to adhere to the statutory limits on its authority. Relaxing the standard for the domestic industry requirement contravenes Congress’s mandate that the ITC’s extraordinary exclusionary remedies are available only to those with significant or substantial domestic investments in patent-practicing products, potentially opening the doors of the ITC to non-practicing patent owners who would otherwise be unable to meet the demanding standard to obtain injunctions in Article III courts. The decision below therefore threatens to upend Congress’s carefully calibrated regime.

UEI designed, developed, and sells QuickSet, software that can be used for remotely controlling media

devices such as televisions. App., *infra*, 5a; Pet. C.A. Br. 3. Years ago, UEI sought to have Roku adopt UEI’s technology in Roku’s popular video streaming devices, but Roku declined. UEI then instituted a multi-year patent enforcement campaign against Roku in district court. When those efforts stalled, UEI in 2020 filed a Section 337 complaint with the ITC, asserting several patents against Roku. Pet. C.A. Br. 2-3.

The ’196 patent at issue here is a utility patent purportedly directed to improving the remote control of consumer electronics devices in a home entertainment system, and is entitled “System and Method for Optimized Appliance Control.” App., *infra*, 81a. Claim 1 is exemplary, and is directed to a “first media device” (such as a set-top box) comprising a processing device, an HDMI port, a transmitter, and a memory device containing stored instructions that represents software—dubbed a “Universal Control Engine (UCE)” —to identify the appropriate communication protocol for controlling each device. *Id.* at 3a-5a (citing claim 1 and Figure 2 of the ’196 patent).

Recognizing that UEI’s software product QuickSet does not alone practice all of the limitations of the ’196 patent, UEI did not and could not rely upon QuickSet as an article “protected by” the ’196 patent to satisfy the domestic industry requirement. 19 U.S.C. 1337(a)(3). Instead, UEI claimed that the articles “protected by” claims 1 and 2 of the ’196 patent were certain televisions made by a third party, Samsung, which included portions of QuickSet as component software. See App., *infra*, 12a (citing C.A. App. 190). UEI contended that UEI’s QuickSet software met only the “instructions” limitations of claims 1 and 2 of the ’196 patent. See *id.* at 210a-212a.

The ALJ found that the Samsung televisions practice claims 1 and 2 of the '196 patent, satisfying the technical prong. App., *infra*, 208a-214a. The ALJ also found that UEI satisfied the economic prong based on the entirety of UEI's domestic QuickSet-related R&D and engineering expenses, finding no need (1) for UEI to allocate or quantify what portion of these investments actually pertained to the patent-practicing Samsung televisions, or (2) to consider whether UEI's QuickSet-related investments were "substantial" in the context of the patent-practicing Samsung televisions. *Id.* at 250a-253a. In other words, despite the Tariff Act's mandate that the domestic industry relates to the "articles protected by the patent"—here, the Samsung televisions—those patent-practicing articles played no role whatsoever in the ALJ's economic prong analysis.

Roku petitioned the full Commission for review of the ALJ's Initial Determination. But without comment or further explanation, and implicitly rejecting Roku's arguments that there was a failure of proof as to the investments in "articles protected by the patent" at issue, the Commission adopted the ALJ's findings that UEI satisfied the economic prong as to subsection (C) of 19 U.S.C. 1337(a)(3). App., *infra*, 57a.

D. The Federal Circuit Affirms, Rejecting the Plain Language of the Statute Requiring Investments in the "Articles Protected by the Patent"

Roku appealed and challenged the ITC's Final Determination with respect to, among other things, whether the Commission correctly determined UEI satisfied the economic prong of the domestic industry requirement in light of the unambiguous requirement in

the statute that relief can only be granted upon a showing of substantial investment in “articles protected by the patent” at issue. See App., *infra*, 11a-12a.

In the parties’ appellate briefing, no party—not Roku, UEI, or the Commission—argued that any claim of the ’196 patent was practiced by QuickSet alone, with all parties acknowledging that the “articles protected by” the ’196 patent for purposes of the domestic industry inquiry were Samsung televisions running, among other things, QuickSet software. Pet. C.A. Br. 20-21; UEI C.A. Br. 14 (“The ID found (and the Commission adopted, Appx37) that the DI products (the Samsung TVs and their corresponding remotes) practice claims 1 and 2 of the ’196 patent.”); Gov’t C.A. Br. 39 (“It is undisputed that the Samsung DI Products incorporate and use UEI’s QuickSet software to practice the ’196 patent and thereby satisfy the technical prong of the domestic industry requirement.”).

On January 19, 2024, the Federal Circuit issued a precedential panel opinion affirming the ITC’s Final Determination. App., *infra*, 1a-14a. Despite the plain language of Section 337, the panel rejected Roku’s argument that because the statute requires that domestic industry investments be made “with respect to the articles protected by the patent,” the domestic industry analysis should focus on UEI’s investments in the actual patent-practicing products, the Samsung televisions. *Id.* at 12a-13a. In doing so, the Federal Circuit stated that a focus on investments in the Samsung televisions “is not the appropriate inquiry,” *id.* at 12a, and omitted any mention of the critical statutory phrase “with respect to the articles protected by the patent”—the crux of Roku’s appeal.

Roku’s rehearing petition, which received amicus support, was subsequently denied. See C.A. Amicus Br. of Unified Patents, LLC in Support of Rehearing at 11 (“This case presents an opportunity for the Court to clarify the current state of the domestic industry requirement, and restore the ITC as a venue that is not merely an alternative used to leverage larger settlements.”).

REASONS FOR GRANTING THE PETITION

I. THE ITC EXCEEDED ITS STATUTORY AUTHORITY, AND THE FEDERAL CIRCUIT’S AFFIRMANCE CONTRADICTS THE PLAIN LANGUAGE OF THE TARIFF ACT

Section 337 explicitly requires that the relevant domestic industry investments in question are (1) made “with respect to” the “article protected by” the patent at issue, and (2) are “significant” or “substantial” in the context of the protected article. The Federal Circuit has previously confirmed as such in cases like *InterDigital Communications, LLC v. ITC*, 707 F.3d 1295 (2013) and *Lelo v. ITC*, 786 F.3d 879 (2015).

Congress’s instruction is clear:

an industry in the United States shall be considered to exist if there is in the United States, ***with respect to the articles protected by the patent*** * * * (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing.

19 U.S.C. 1337(a)(3)(A)-(C) (emphasis added). In other words, the only “investment[s]” that count under the economic prong are those made to support the same

domestic industry “article” that satisfies the technical prong. *Ibid.*

A. Before This Case, the Federal Circuit Had Properly and Consistently Adhered to the Statute

Up to now, the Federal Circuit has understood the statute to require the investments be made “with respect to” a patent-practicing article. For example, in *Microsoft Corp. v. ITC*, Microsoft attempted to show the existence of a domestic industry based on “mobile devices allegedly loaded with the Microsoft Windows mobile operating system.” 731 F.3d 1354, 1358 (Fed. Cir. 2013). However, the Federal Circuit found “Section 337 * * * unmistakably requires that the domestic company’s substantial investments relate to actual ‘articles protected by the patent,’” and “Microsoft failed to show that any Microsoft-supported products practiced the [patent-at-issue].” *Id.* at 1361-1362. Thus, while there was “no question about the substantiality of Microsoft’s investment in its operating system or about the importance of that operating system to mobile phones on which it runs,” the Federal Circuit affirmed because “that is not enough under the statute.” *Id.* at 1361.

Just a few months earlier, the Federal Circuit had made clear in *InterDigital* the relationship between the patent-practicing articles and the investments underlying an alleged domestic industry:

The “substantial investment in [the patent’s] exploitation, including engineering, research and development, or licensing” *must be “with respect to the articles protected by the patent,”* which means that *the engineering, research and development, or licensing activities must pertain to products*

that are covered by the patent that is being asserted. Thus, just as the “plant or equipment” referred to in subparagraph (A) must exist with respect to articles protected by the patent, such as by producing protected goods, *the research and development or licensing activities referred to in subparagraph (C) must also exist with respect to articles protected by the patent*, such as by licensing protected products. This accords with the common description of the domestic industry requirement as having two “prongs”: the “economic prong,” which requires that there be an industry in the United States, and the “technical prong,” *which requires that the industry relate to articles protected by the patent.*

707 F.3d at 1297-1298 (emphasis added).

A few years later in *Lelo*, the Federal Circuit explained that Section 337’s plain text requires a “quantitative analysis” of the “relative importance” of the complainant’s proffered domestic industry investments to the patent-practicing articles. 786 F.3d at 883-884. Echoing *InterDigital*, *Lelo* explained that the “relative importance” of an investment is “relative to [the] overall investment with respect to the articles at issue.” *Ibid.* (citing *In re Certain Concealed Cabinet Hinges & Mounting Plates*, Inv. No. 337-TA-289, 1990 WL 10608981, at *11-12 (USITC Jan. 8, 1990)). In *Lelo*, the Federal Circuit reversed the ITC’s finding that a domestic industry existed because the ITC “disregarded the quantitative data * * * based on qualitative factors,” and “[q]ualitative factors cannot compensate for quantitative data that indicate insignificant investment.” *Id.* at 885.

B. The Federal Circuit’s Decision Here Contradicts the Plain Language of the Statute

The Federal Circuit has now abandoned its precedents and contradicted the plain language of the statute by blessing the ITC’s incorrect approach.

Roku, UEI, and the ITC agree that the ITC found that the “article[] protected” by the ’196 patent are Samsung televisions, such that these televisions satisfy the technical prong of the domestic industry requirement. Pet. C.A. Br. 20-21; UEI C.A. Br. 14; Gov’t C.A. Br. 39. Indeed, UEI had to rely on these televisions—not just its QuickSet software—because the ’196 patent claims certain hardware elements, namely a “processing device,” an HDMI port, a “transmitter,” and “memory.” App., *infra*, 3a-5a (showing claim 1 of the ’196 patent). QuickSet itself does not have a processing device, HDMI port, a “transmitter,” or “memory”—as a software product, QuickSet is merely a set of instructions that perform functions, and UEI and the ITC never contended otherwise.

However, contradicting the plain language of the statute and its own precedent, the Federal Circuit affirmed the ITC’s finding that there is a domestic industry under subsection (C) by evaluating investments in only the unprotected, multi-purpose QuickSet software that itself does not practice the ’196 patent. App., *infra*, 12a. Astonishingly, the court went so far as to state that analyzing investments with respect to the patent-practicing Samsung televisions “is not the appropriate inquiry,” instead examining only UEI’s investments in its

QuickSet software, which, by definition, cannot be the protected “article” in question.¹ *Id.* at 11a-12a.

But Congress mandated in Section 337 that a complainant must establish that it has made “substantial” investments “with respect to” the products that are “protected by” the patent. See 19 U.S.C. 1337(a)(3)(C). Thus, UEI was required to quantify, and the ITC was required to analyze, any economic prong investments in the context of the products that actually practice the patent—here, the Samsung televisions.

1. *Section 337 Requires that Domestic Industry Investments Be Allocated to the Actual Patent Practicing Articles*

In order for the ITC to grant exclusionary relief under Section 337, it must determine that the complainant has shown the existence of a domestic industry. The statute is unambiguous that for a complainant to demonstrate a domestic industry based on subsection (C), it must show that the R&D and engineering investments it relied upon were made “with respect to” articles that practice the patent at issue. See 19 U.S.C. 1337(a)(3). Thus, the ITC needed to identify, in some manner, how much of UEI’s relied-upon investment was attributable or allocable to the Samsung televisions, as opposed to unpatented products or unrelated activities. See *John Mezzalingua Assocs., Inc. v. ITC*, 660 F.3d 1322, 1331 (Fed. Cir. 2011). The Federal Circuit had it correct a decade ago in *InterDigital*—UEI needed to

¹ The Federal Circuit has recognized that “articles” in the context of Section 337 unambiguously means “material things.” *ClearCorrect Operating, LLC v. ITC*, 810 F.3d 1283 (2015). Therefore, the intangible QuickSet software necessarily cannot be an “article” that is “protected by” the ’196 patent.

demonstrate—and the ITC had to find—that the R&D and engineering investments were made “with respect to the articles protected by the patent,” meaning that they “must pertain to products that are covered by the patent that is being asserted.” 707 F.3d at 1297-1298.

There is no dispute that UEI did not do so, and the ITC made no such findings. UEI expressly relied on its investments in an unpatented *software* product, QuickSet, which necessarily cannot practice all the *hardware* claim limitations and therefore cannot be an “article protected by” the ’196 patent. UEI did not explain—via quantification, allocation, or otherwise—what portion of these overall domestic QuickSet engineering and R&D investments actually pertained to the patent-practicing Samsung televisions. Indeed, the ALJ expressly stated that such an allocation was *not* required, permitting UEI to instead rely on *all* its domestic engineering and R&D investments in QuickSet software for the period of 2012-2020, App., *infra*, 251a-52a—despite the fact that QuickSet admittedly cannot practice any claim of the ’196 patent. See Pet. C.A. Br. 20-21; UEI C.A. Br. 14; Gov’t C.A. Br. 39.² The ITC adopted the ALJ’s decision without comment. And then finally, the Federal Circuit compounded this extra-statutorial approach by finding QuickSet to be a “subset” of the patent-practicing Samsung televisions, blessing the ITC’s decision to include all of UEI’s domestic QuickSet investments as part of the domestic industry, despite the fact that QuickSet is also used in many products, such as those from Microsoft, Sony, and others, that are not “protected by” the

² Though this software may be (but need not be) integrated into the Samsung televisions, it comprises a very small portion of the Samsung televisions and satisfies at most one of many limitations of the claims of the ’196 patent. See Pet. C.A. Br. 41.

'196 patent. See App., *infra*, 82a (listing televisions from Sony and Xbox video game systems from Microsoft as products that use UEI's QuickSet).

But as explained above, the Federal Circuit held over a decade ago that to satisfy the domestic industry requirement based on research and development activities under Section 337(a)(3)(C), the complainant must show that those activities “pertain to products that are covered by the patent that is being asserted.” *InterDigital*, 707 F.3d at 1297-1298; *Motorola Mobility, LLC v. ITC*, 737 F.3d 1345, 1351 (2013) (“The investments * * * must only be ‘with respect to the articles protected by the patent.’”). To the extent that *all* of UEI's domestic QuickSet investments *necessarily* related to Samsung televisions—*e.g.*, if Samsung was UEI's sole QuickSet customer—then it would have been appropriate for the ITC to count all of its QuickSet R&D and engineering expenses toward the domestic industry here. But the ITC never made any such finding—even UEI admits that Samsung is not its sole QuickSet customer, App., *infra*, 82a, and that large portions of its QuickSet expenses do not relate to Samsung. For example, UEI attempted to separately allocate or quantify its Samsung-related expenditures for purposes of domestic industry under 19 U.S.C. 1337(a)(3)(B) (a ground not ruled upon by the ITC). *Id.* at 237a-238a (describing “Samsung Customer QuickSet Integration Investments”). The ITC and Federal Circuit's agreement with UEI that “there is no need to allocate the engineering and R&D investments in the QuickSet Platform to the Samsung [televisions],” *id.* at 250a, is a novel interpretation that threatens the integrity of the domestic industry requirement and to upset Congress's carefully calibrated Section 337 regime.

Indeed, this loose interpretation of Section 337 allows a complainant to count the entirety of nearly a decade of investments in an unpatented, multi-purpose component as investments in a single customer’s complex, patented downstream product, contradicting the plain language and structure of Section 337. With the Federal Circuit having declined to cabin the ITC to the authority granted by its enabling statute, see *Kyocera*, 545 F.3d 1355, that task now falls to this Court. The petition should be granted and the Federal Circuit and ITC’s decisions should be reversed.

2. *Section 337 Requires that the Substantiality of Domestic Industry Investments Be Evaluated in the Context of the Actual Patent-Practicing Articles*

The ITC’s domestic industry analysis here contravened its statutory mandate for a second, separate reason. Based on the plain language and structure of Section 337, an evaluation of whether a complainant’s domestic industry investments are “substantial” under 19 U.S.C. 1337(a)(3)(C) necessarily requires viewing such investments in the context of the articles protected by the patent.

The word “substantial” in Section 337 refers to an increase in quantity or a benchmark in numbers, and “investment” refers to expenditures or purchases. *Lelo*, 786 F.3d at 883. But to satisfy the domestic industry, not just any “substantial investment” in exploitation of the patent through R&D and engineering will suffice—those investments must also be substantial “with respect to”—*i.e.*, analyzed in the context of—“the articles protected by the patent.” 19 U.S.C. 1337(a)(3). This requires a quantitative analysis to determine whether there is a

“substantial” increase in R&D and engineering activities in the patent-practicing product due to the complainant’s proffered domestic industry activities. *Lelo*, 786 F.3d at 883.

No such quantitative analysis took place here. The ITC did not compare or evaluate UEI’s 2012-2020 domestic investments in QuickSet to any investments made over that same period by UEI, Samsung, or anyone else in the “articles protected by the patent”—the Samsung televisions. See App., *infra*, 250a-252a. Instead, the ITC compared UEI’s domestic investments in QuickSet to its foreign investments in QuickSet, and finding that “approximately two-thirds of UEI’s engineering and R&D investments the QuickSet Platform and Samsung integration projects are carried out in the U.S.” *Id.* at 252a. But comparing domestic investments in unpatented products to foreign investments in those same unpatented products does not allow for an evaluation of whether any such investments are “substantial” with respect to the “articles protected by the patent.” And there is no dispute that UEI did not produce information allowing for the evaluation of the substantiality of UEI’s domestic QuickSet investments to the Samsung televisions.

The bottom line is there has been no finding—either at the ITC or by the Federal Circuit—as to whether UEI’s domestic investments are “substantial” with respect to “the articles protected by” the ’196 patent. Because the plain language of Section 337 requires such a finding before a violation of the statute can be found and exclusionary relief issued, the decisions of the ITC and the Federal Circuit should be reversed.

II. THE QUESTIONS PRESENTED ARE RECURRING AND IMPORTANT

Since this Court’s 2006 ruling in *eBay*, ITC cases have skyrocketed. According to the ITC’s own statistics, the amount of active investigations more than doubled from 2006 (70 active investigations) to 2022 (140 active investigations), and there are 90 active investigations as of Q3 2024. USITC, *Section 337 Statistics: Number of New, Completed, and Active Investigations by Fiscal Year (Updated Quarterly)*, https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm (last updated July 23, 2024).

Patent owner complainants have turned to the ITC for primarily two reasons. First, Section 337 investigations must be completed “at the earliest practicable time,” 19 U.S.C. 1337(b)(1), with the average investigation taking approximately 15-18 months to be completed on the merits.³ Second, a finding of a violation of Section 337 results in a near-automatic exclusion order absent very rare overriding issues of public interest—in stark contrast to district courts, where the availability of injunctive relief is restrained by the four-factor *eBay* test. See *Spansion, Inc. v. ITC*, 629 F.3d 1331, 1359 (Fed. Cir. 2010) (“Given the different statutory underpinnings for relief before the Commission in Section 337 actions and before the district courts in suits for patent infringement, this court holds that *eBay* does not apply to Commission remedy determinations under Section 337.”).

³ See USITC, *Section 337 Statistics: Average Length of Investigations*, https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm (last updated July 23, 2024).

A patent owner risks very little by pursuing exclusionary relief in a fast-paced Section 337 investigation in front of the ITC, especially given that:

1. The Commission's rulings on patent issues have no preclusive effect in other forums. See *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996) (“Based on this legislative history, we have stated that Congress did not intend decisions of the ITC on patent issues to have preclusive effect.”). Thus, a patent owner can effectively get two bites at the apple—it can seek an exclusion order in the ITC, and even if its patent is found to be non-infringed or invalid, it can re-litigate those issues in a subsequent district court proceeding.

2. The ITC, unlike district courts, lacks any fee-shifting provision. Section 285 of the Patent Act provides that in “exceptional cases,” courts “may award reasonable attorney fees to the prevailing party” in patent litigation. 35 U.S.C. 285. While Section 337 empowers the ITC to impose monetary sanctions for discovery violations or abuse of process, 19 U.S.C. 1337(h), it does not have an analogous provision authorizing the Commission to award attorneys' fees for exceptional cases. Thus, even frivolous lawsuits can be brought in the ITC without the threat of a patent owner having to pay such attorneys' fees, enticing patent owners to bring suit there.

3. Due in large part to ITC precedent finding that complainants may rely on not just their own activities to establish a domestic industry, but also may rely on the activities of unrelated third-party licensees, non-practicing entities (NPEs) have also increased their activity at the ITC, recognizing the ITC's unique remedy as source of leverage to bring respondents to the settlement

table.⁴ Indeed, in 2007, NPE-initiated investigations made up around 14% of all ITC investigations, while the number jumped to nearly 30% in 2023. USITC, *Section 337 Statistics: Number of Section 337 Investigations Brought by NPEs (Updated Annually)*, https://www.usitc.gov/intellectual_property/337_statistics_number_section_337_investigations.htm (last updated Jan. 12, 2024). Recognizing the issue, members of Congress have even introduced legislative proposals that would inhibit NPE access to the ITC. See Advancing America’s Interests Act, H.R. 3535, 118th Cong., 2023-2024; Trade Protection Not Troll Protection Act, H.R. 2189, 115th Cong. 2017-2018. However, none of these proposals has advanced out of committee, and none would alter the statutory language that is the subject of this petition.

Because satisfaction of the domestic industry requirement is a prerequisite to a finding of a violation of Section 337, it is therefore an important gatekeeper to the ITC’s unique remedy of exclusionary relief. Requiring the ITC to hew to the plain language of the domestic industry requirement is critical to making sure that the powerful remedy of an exclusion order is not wielded inappropriately.

The Federal Circuit’s affirmance of the Commission’s ruling here threatens to undermine Section 337’s statutory scheme, because the ITC is not protecting a

⁴ The ITC classifies NPEs into two categories: (1) inventors who may have conducted R&D, research institutions, start-ups, and other potentially productive companies; and (2) “[e]ntities * * * whose business model primarily focuses on purchasing and asserting patents.” USITC, *Section 337 Statistics: Number of Section 337 Investigations Brought by NPEs (Updated Annually)*, https://www.usitc.gov/intellectual_property/337_statistics_number_section_337_investigations.htm (last updated Jan. 12, 2024).

domestic industry in “articles protected by” the ’196 patent, as Congress required. Moreover, the erosion of the domestic industry requirement—an important factor distinguishing Section 337 investigations from district court patent infringement cases—makes the ITC arguably just another forum for resolving patent infringement disputes, exposing the ITC to potential Constitutional concerns. See *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 584 U.S. 325, 344 (2018) (reserving ruling on whether “infringement actions[] can be heard in a non-Article III forum”).

III. THE COMMISSION’S INTERPRETATION OF THE STATUTE IS NOT ENTITLED TO DEFERENCE

In the appeal below, the Commission argued that its interpretation of Section 337 in this case warrants deference, “even for those jurists sometimes skeptical of *Chevron’s* reach.” Gov’t C.A. Br. 42 n.5. Indeed, the Commission argued that the terms “relating to the articles protected by the patent” under paragraph (a)(2) and “with respect to the articles protected by the patent” are not defined, and are therefore “at the core of what Congress committed to the Commission’s expertise and its fair and considered judgment in each investigation based on the facts and evidence.” *Ibid.*

Not so. In recently overruling *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), this Court explained that “[c]ourts must exercise their independent judgment in deciding whether an agency has acted within its statutory authority.” *Loper Bright Enters. v. Raimondo*, 144 S. Ct. 2244, 2273

(2024). The ITC’s interpretation of Section 337 is not entitled to deference. *Id.* at 2261.⁵

In any event, even if the terms “relating to” and “with respect to” themselves are not expressly defined, the statutory language and structure is clear that the investments at issue must be evaluated in the context of the articles protected by the patent. *Cf. Sutton v. United Air Lines, Inc.*, 527 U.S. 471, 483 (1999) (evaluation of disability under the Americans with Disabilities Act was an “individualized inquiry” because statute required that disabilities be evaluated “*with respect to* an individual”) (emphasis added).

IV. THIS CASE IS AN IDEAL VEHICLE

This case presents the Court with an ideal opportunity to clarify the domestic industry and constrain the ITC to adhere to the statutory text. The record is clear that UEI did not rely on investments in the Samsung televisions—the only “articles protected by” the ’196 patent—and inappropriately counted its investments in intangible software that admittedly does not practice any patent claim. And the ALJ (whose decision was adopted by the ITC without comment, App., *infra*, 57a, was unabashed in his view that, despite the clear statutory language, Section 337 did not require him to evaluate UEI’s domestic industry investments in the context of the actual “articles protected by” the ’196 patent. The Federal Circuit compounded this error by stating that focusing the domestic industry analysis on UEI’s investments in

⁵ Moreover, the Commission did not “‘analyze or explain why the statute should be interpreted’ in a particular manner,” *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1318 (Fed. Cir. 2017) (en banc) (citation omitted). The Commission merely rubber-stamped the ALJ’s Initial Determination. App., *infra*, 57a.

the “articles protected by the patent”—the focus prescribed by Congress in the Tariff Act—was “not the appropriate inquiry.” *Id.* at 12a.

Although the Commission’s (and the Federal Circuit’s) misconstruing of the domestic industry requirement is an important issue affecting many companies, for procedural reasons, it is one that is unlikely to be escalated to this Court. In many Section 337 investigations, the issuance of an exclusion order and resulting bar on imports into the U.S. market forces a party to settle and forego an appeal on the merits.

Here, however, Roku has designed around the ’196 patent and obtained affirmative rulings of non-infringement from U.S. Customs and Border Protection, which has allowed Roku’s business to continue uninterrupted while it pursues its appeal of the ITC’s erroneous decision.⁶ But the exclusion order and cease and desist orders remain in effect, meaning that Roku still faces the prospect of product seizures and/or civil penalties should it inadvertently violate these orders. Thus, the Court should grant certiorari, as it may be years before this

⁶ See U.S. Customs & Border Prot., U.S. Dep’t of Homeland Sec., H323308: Ruling Request; U.S. International Trade Commission; Limited Exclusion Order; Investigation No. 337-TA-1200; Certain Electronic Devices, Including Streaming Players, Televisions, Set Top Boxes, Remotes Controllers, and Components Thereof (Feb. 8, 2002), <https://rulings.cbp.gov/ruling/H323308>; U.S. Customs & Border Prot., U.S. Dep’t of Homeland Sec., H327461: Ruling Request; U.S. International Trade Commission; Limited Exclusion Order; Investigation No. 337-TA-1200; Certain Electronic Devices, Including Streaming Players, Televisions, Set Top Boxes, Remotes Controllers, and Components Thereof (Oct. 22, 2022), <https://rulings.cbp.gov/ruling/H327461>.

Court is presented with another opportunity to restrain the ITC's overreach on domestic industry.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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