

August 25, 2016

VIA ELECTRONIC FILING

The Honorable Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Re: *Certain Industrial Control System Software, Systems Using Same, and Components Thereof*, Inv. No. 337-TA-____, Docket No. 3165

Dear Secretary Barton:

As counsel for proposed Respondents 3S-Smart Software Solutions (“3S”), we write regarding important issues that bear on the potential institution of the above-mentioned investigation requested by Complainant Rockwell Automation, Inc. (“Rockwell”). Rockwell’s Complaint and the allegations made therein contain threshold defects that raise questions as to whether this matter should go forward.

Critically, as detailed below, even if the Commission were to find infringement of the asserted patents, 3S does not engage in any activities that could constitute importation into the United States, sale for importation, or sale within the United States after importation of articles that infringe the patents asserted in the Complaint. Accordingly, 3S’s activities regarding the accused CoDeSys Software Suite, including CoDeSys Development System v3.x, CoDeSys Control, CoDeSys Visualization and CoDeSys Gateway Server (collectively “Accused CoDeSys v3.x Software”)¹ cannot legally form the basis for a finding of violation under 19 U.S.C. § 1337(a)(1)(B).

3S submits that declining to institute the requested investigation or, if the Commission determines to institute, early resolution of this dispositive issue under the Pilot Program for Early Disposition of Certain Section 337 Investigation (“Pilot Program”)², would conserve Commission and private resources.

¹ See Complaint at 3.

² https://www.usitc.gov/press_room/featured_news/pilot_program_will_test_early_disposition_certain.htm (*last visited* August 24, 2016)

Furthermore, all of the asserted patents have been submitted to one of the automation industry standards setting organizations (“SSOs”), the OPC Foundation. The OPC Foundation has been actively reviewing five of the asserted patents for at least three months, and 3S was informed just last week by an OPC Foundation representative that the Foundation will complete its review imminently. The other three asserted patents also have been submitted to the OPC Foundation for review, and we are also informed by the Foundation’s representative that review of those patents is being made a priority by the Foundation. If any of the asserted patents are found essential by the OPC Foundation, they are subject to the IP Policy of the Foundation, and Rockwell, as a co-member of the Foundation with 3S, will be required to license those patents to 3S and all Foundation members on a royalty-free basis.

The United States Trade Representative has requested that the Commission, in investigations involving standard-essential patents (“SEPs”) that are subject to voluntary licensing commitments, (1) examine thoroughly and carefully the public interest issues at the outset of the investigation and (2) have the parties develop a comprehensive factual record related to these issues.³ Determining whether all of the asserted patents are SEPs is a necessary first step in order to follow this guidance, and is critical to provide certainty to the parties and allow the Administrative Law Judge and the parties to focus development of the factual record as directed by U.S.T.R. 3S submits that the Commission should delay institution of any investigation until the OPC Foundation makes a decision on standards essentiality of the asserted patents, which is expected to issue soon. At minimum, early resolution of this factual issue would conserve Commission and private resources, and 3S therefore requests that it too be subject to the Commission’s Pilot Program.

I. 3S’s Activities Cannot Form the Basis of a Violation Finding under 19 U.S.C. § 1337

A violation of Section 337 for patent infringement requires “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation” of an article that infringes an asserted patent. *See* 19 U.S.C. § 1337(a)(1)(B). Contrary to Rockwell’s allegations, 3S does not import the Accused CoDeSys v3.x Software into the United States, does not sell any relevant article for importation into the United States, and does not sell any relevant article in the United States after importation as required under 19 U.S.C. § 1337(a)(1)(B).

Rather, 3S is a software company headquartered in Kempten, Germany. 3S does not manufacture any article of any sort, the company is simply a provider of software and related services. 3S licenses the Accused CoDeSys v3.x Software from Germany to third parties. The

³ Letter From M. Froman to I. Williamson re Disapproval of the USITC’s Determination in the Matter of *Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers* (“Wireless Communication Devices”), Inv. No. 337-TA-794, at 3 (Aug. 3, 2013) (“Froman Letter”) (*available at* https://ustr.gov/sites/default/files/08032013%20Letter_1.PDF).

Commission recently found that, under Federal Circuit precedent, the provision of software via a license is not a sale and cannot, therefore, constitute a sale for importation. *See Certain Prods. Containing Interactive Program Guide & Parental Control Technology* (“*Program Guide*”), Inv. No. 337-TA-845, Comm’n Op. at 9-12 (Dec. 11, 2013). In that case, the Commission found that Respondent’s license agreements are not sales within the ordinary meaning of the word, noting that the Ninth Circuit has held that “software is considered to be licensed and not sold when the software maker “(1) specifies that the user is granted a license; (2) significantly restricts the user’s ability to transfer the software; and (3) imposes notable use restrictions.” *Id.* (quoting *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1111 (9th Cir. 2010)). Accordingly, because 3S merely licenses its software from Germany to third parties, its activities cannot constitute a sale for importation as required under 19 U.S.C. § 1337(a)(1)(B).

Notably, even if the provision of 3S’s Accused CoDeSys v3.x Software via a license could constitute a sale, it does not constitute a “sale for importation” to the United States under the meaning of 19 U.S.C. § 1337(a)(1)(B). 3S provides its software from Germany to entities that would like to license it. 3S does not, however, license its software “for importation” into the United States in any meaningful way. Tellingly, despite nearly a year of district court litigation and more than six months of fact discovery between 3S and Rockwell, none of the purported evidence that Rockwell identifies in its Complaint supports its allegation that 3S imports, sells for importation, or sells after importation the Accused CoDeSys v3.x Software. (*See* Compl. Exs. 26, 27, 34, and 59). Finding that 3S’s software licensing constitutes a sale *for importation* would effectively render those words meaningless, which is impermissible under binding legal precedent governing statutory interpretation.

Finally, even if the provision of software via a license could constitute a sale for importation, or importation, the Federal Circuit’s recent decision in *ClearCorrect, Inc. v. Int’l. Trade Comm’n*, 810 F.3d 1283 (Fed. Cir. Nov. 10, 2015), makes clear that digital transmissions, even from abroad to the United States, do not constitute importation of “articles” under Section 337. That precedent applies equally to any alleged “sale for importation.” Accordingly, under binding Federal Circuit precedent, 3S cannot be found in violation of Section 337 based on its digital provision of software to parties in the United States.

3S, therefore, requests that the Commission either decline to institute this Investigation due to Rockwell’s infirm allegations or, if it institutes, direct the ALJ to issue an early Initial Determination under the Commission’s Pilot Program. Doing so will conserve limited public and private resources that would otherwise be directed to providing discovery and taking evidence regarding 3S’s actions, which cannot constitute the basis of a violation of Section 337.

II. An Early Determination of Standard Essential Patents Would Streamline the Issues and Reduce the Burden on the Commission and the Parties

In *Wireless Communication Devices*, Inv. No. 337-TA-794, an entire investigation was litigated, and enormous resources expended, only to have the remedy disapproved by U.S.T.R. on the

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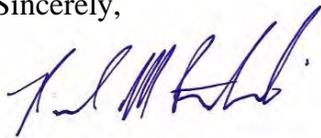
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grounds that the patents were SEPs. The Commission could avoid the same result in this Investigation by declining to institute the requested investigation until the SSO completes its review of the patents at issue and determines whether they are standards-essential.

Alternatively, if the Commission institutes an Investigation, the threshold issue of essentiality and the public interest can be resolved by directing the ALJ to issue an early determination under the Pilot Program regarding whether all asserted patents are standards-essential and are encumbered by mandatory licensing obligations pursuant to the OPC Foundation's IP Policy. The Commission's, and the parties', resources will be conserved by waiting for the OPC Foundation's decision after it completes a review of the asserted patents. Furthermore, making a determination on this SEP issue at the earliest possible stage, with the guidance of the OPC Foundation's findings, will allow the parties to develop the record adequately for U.S.T.R. to conduct a fulsome policy review of any remedial orders. By developing the record, the parties and, ultimately, the Commission will thereby be able to make a final determination that allows U.S.T.R. to analyze the "specific circumstances at issue" regarding any SEP.⁴

Accordingly, 3S requests that the Commission await the OPC Foundation's findings before instituting an investigation. In the alternative, 3S requests that, if it institutes the requested investigation, the Commission direct the ALJ to issue an early Initial Determination under the Pilot Program regarding whether the asserted patents constitute SEPs.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul M. Bartkowski".

Paul M. Bartkowski

⁴ *Froman* Letter at 3.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **LETTER TO THE HONORABLE LISA R. BARTON REGARDING 100 DAY PROGRAM** was served to the parties, in the manner indicated below, this 25th day of August 2016:

The Honorable Lisa R. Barton
Secretary

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