

UPI SEMICONDUCTOR CORP. v. INTERNATIONAL TRADE COMMISSION, Appeal No. 2013-1157 (Fed. Cir. September 25, 2014). Before Newman, Moore, and Chen. Appealed from International Trade Commission (Investigation No. 337-TA-698).

Background:

uPI Semiconductor Corp. ("uPI") and Richtek Technology Corp. ("Richtek") both design and sell DC-DC controllers, which are used in electronic chips to convert the voltage of direct current. uPI was founded by former Richtek employees. In 2010, Richtek filed a complaint with the International Trade Commission ("ITC") alleging that uPI misappropriated Richtek's trade secrets and infringed Richtek's patents. In response, the ITC entered a consent order in which uPI agreed to cease importation of all products that used or contained Richtek's trade secrets or that infringed Richtek's patents. About one year from entry of the consent order, Richtek filed an enforcement complaint alleging that uPI was in violation of the consent order.

The ITC found that uPI had knowingly aided, abetted, or induced importation of products by third-party downstream channels, which violated the consent order. Accordingly, the ITC assessed a civil penalty against uPI.

uPI acknowledged that the products (which used or contained Richtek's trade secrets or that infringed Richtek's patents) did indeed enter the United States after entry of the consent order through third-party channels. But, uPI objected to application of the consent order to such third-party importation. Thus, uPI appealed the ruling of liability for imported downstream products by the third-parties.

Issue/Holding:

Did the ITC err by ruling that importation of uPI's products by third-parties violated the consent order? No, affirmed-in-part, reversed-in-part, and remanded.

Discussion:

uPI argued that *Kyocera Wireless Corp. v. International Trade Commission* established that a consent order does not reach third-party importations without a general exclusion order. *See* 545 F.3d 1340 (Fed. Cir. 2008). Because a general exclusion order was not issued in this case, uPI argued that the consent order does not apply to third-party downstream channels that import uPI's products.

Additionally, uPI argued it potentially sold its products to the third-parties before the consent order was entered, even though the products were imported by the third-parties after entry of the consent order. This would not be in violation of the consent order, and therefore uPI would not be liable for such third-party importation.

The ITC found that uPI violated the knowingly aiding, abetting, or inducing provision of the consent order based on uPI's shipment dates to the third-party customers and uPI's awareness of the time lag for those third-parties to import the products into the United States. uPI did not previously object to this evidence. The Federal Circuit thus ruled that the ITC's reliance on such evidence is reasonable and supported by the record as a whole. Additionally, the Federal Circuit ruled that *Kyocera* does not prohibit the ITC from enforcing the consent order as it was entered into by the parties, which included the knowingly aiding, abetting, or inducing provision. Therefore, the Federal Circuit ruled that importation of uPI's products by third-parties violated the consent order, and the Federal Circuit affirmed the ITC.