

DELORME PUBLISHING CO., INC. v. INTERNATIONAL TRADE COMMISSION, Appeal No. 14-1572 (Fed. Cir. November 12, 2015). Before Moore, Reyna, and Taranto. Appealed from International Trade Commission.

Background:

The ITC terminated an investigation to determine whether DeLorme was violating section 337 of the Tariff Act by infringing BriarTek's patent directed to two-way global satellite communication devices based on entry of a Consent Order proposed by DeLorme. In the Consent Order, DeLorme agreed not to import or sell two-way global satellite communication devices, system, or components thereof that infringe BriarTek's patent "until the expiration, invalidation, and/or unenforceability" of the patent. Subsequently, an ITC enforcement proceeding was instituted based on BriarTek's allegations that DeLorme violated the Consent Order by selling devices containing imported components and DeLorme filed action against BriarTek in district court seeking a declaratory judgment of noninfringement and invalidity of BriarTek's patent. While the district court action was pending, the ITC issued a decision in the enforcement proceeding finding that DeLorme violated the Consent Order and imposing a civil penalty of \$6.2 million.

Issues/Holdings:

Did the ITC err in finding that Delorme violated the Consent Order? No, affirmed. Did the ITC abuse its discretion in imposing a civil penalty of \$6.2 million? No, affirmed.

Discussion:

Despite concurrently affirming the district court's finding that BriarTek's patent is invalid, the majority found that DeLorme violated the Consent Order by selling devices containing imported components with instructions for use of the devices in an infringing manner. In its opinion, the majority rejected DeLorme's argument that the Consent Order did not preclude DeLorme from selling domestically manufactured devices containing imported, noninfringing components.

The majority further opined that the Consent Order was unambiguous in stating that "until" the occurrence of one of three events, "expiration, invalidation, and/or unenforceability" of BriarTek's patent, the Consent Order applies to and bars DeLorme from the specified acts. That is, the majority found that the Consent Order is forward-looking and contains no language indicating that the invalidation (or expiration or unenforceability) trigger would apply retroactively. Therefore, because the conduct found to violate the order occurred prior to the finding of invalidity, the order was binding on DeLorme.

Finally, the majority rejected DeLorme's arguments that the ITC's civil penalty of \$27,500 a day was grossly excessive, noting that the amount was substantially less than the \$100,000 maximum authorized by the statute. Additionally, the majority found that the ITC did not abuse its discretion as it took into account the *EPROM* factors and there was no clear error in the ITC's fact finding or application of the law.

In a partial dissent, Judge Taranto stated that he would have remanded the case back to the ITC for further briefing as to what effect the invalidity decision should have on the civil penalty, as argued by the ITC.