

ROKU, INC. v. ITC, Appeal No. 2022-1386 (Fed. Cir. January 19, 2024). Before Dyk, Hughes, and Stoll. Appealed from the USITC.

Background:

Universal Electronics, Inc. owns a patent directed to a media device that allows for communication between electronic devices that use different types of communication protocols (e.g., wired versus Bluetooth). Universal filed a complaint with the International Trade Commission (ITC) against Roku for importing TV products that infringed the patent.

During the administrative investigation before the ITC, Roku filed a motion for summary determination that Universal lacked ownership rights to the patent at the time that the complaint was filed. The ITC found otherwise and denied the motion. The ITC also found that Universal satisfied the economic prong of the domestic industry requirement required for a party to file a complaint under 19 U.S.C. § 1337 (Section 337). Ultimately the ITC determined that Roku violated Section 337 by importing infringing articles; Roku appealed the final determination.

Issues/Holdings:

(1) Did the ITC err in determining that Universal had rights to the patent when it filed its complaint? No.

(2) Did the ITC err in determining that Universal satisfied the economic prong of the domestic industry requirement? No.

Affirmed.

Discussion:

In order to bring a complaint before the ITC, "at least one complainant [must be] the owner or exclusive licensee of the subject intellectual property." 19 C.F.R. § 210.12(a)(7). Roku had argued that a 2004 agreement between Universal and one of the inventors was not a present conveyance of rights because it only said that inventions created by that inventor "shall be" the property of Universal. Roku therefore argued that the 2004 agreement was merely a promise to assign the inventor's rights in the future, and was not an actual conveyance of those rights. However, the inventor later signed a separate agreement in a provisional application that stated that the inventor "hereby sell[s] and assign[s] . . . [his] entire right, title, and interest in and to the invention," including "all divisions and continuations thereof, including the subject-matter of any and all claims which may be obtained in every such patent." The Federal Circuit held that because the patent at issue claimed priority to that provisional application and the inventor did not provide any additional inventive contribution beyond what was disclosed in the provisional application, the agreement constituted an automatic conveyance of rights in the patent.

The court also rejected Roku's argument that Universal did not satisfy the economic prong of the domestic industry requirement that is required for a party to file a complaint under Section 337. Under this requirement, the complainant must show that they have an economic domestic industry in the United States as defined in 19 U.S.C. § 1337(a)(3)(A)–(C). Universal provided evidence that it had made a substantial investment in engineering, research, and development in the United States in technologies that practice the teachings of the patent. Roku argued that Universal had not allocated its domestic industry expenses to a specific domestic industry product, but the court clarified that this is not the appropriate inquiry. Instead, Universal was only required to show a sufficiently substantial investment in the exploitation of the intellectual property. Thus, the Federal Circuit upheld the ITC's determination.