

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN INDUSTRIAL AUTOMATION
SYSTEMS AND COMPONENTS THEREOF
INCLUDING CONTROL SYSTEMS,
CONTROLLERS, VISUALIZATION
HARDWARE, MOTION CONTROL
SYSTEMS, NETWORKING EQUIPMENT,
SAFETY DEVICES, AND POWER
SUPPLIES**

Inv. No. 337-TA-1074

**ORDER NO. 38: DENYING RESPONDENT RADWELL INTERNATIONAL, INC.'S
MOTION FOR TERMINATION OF COPYRIGHT
INFRINGEMENT CLAIM, OR, IN THE ALTERNATIVE,
SUMMARY DETERMINATION OF NO COPYRIGHT
INFRINGEMENT**

(July 12, 2018)

I. BACKGROUND

On October 16, 2017, the Commission instituted this investigation based on a complaint by Rockwell Automation, Inc. (“Rockwell”) for alleged violations of section 337 “based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain industrial automation systems and components thereof including control systems, controllers, visualization hardware, motion and motor control systems, networking equipment, safety devices, and power supplies” under subsection (a)(1)(B) and (C) of section 337 by reason of infringement of various copyrights and trademarks, and under subsection (a)(1)(A) of section 337 “by reason of unfair methods of competition[] and unfair acts, the threat or effect of which is to destroy or substantially injure an industry in the

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United States.” 83 F.R. 48113-48114 (Oct. 16, 2017). Among other respondents, the complaint names Radwell International, Inc. (“Radwell”).

Rockwell alleges that its products use its copyrighted firmware as the operating system that enables users’ “customized logic programs to use and interface with the hardware components.” Complaint at 51. “For example,” Rockwell alleges, “a user may compose a logic program using Rockwell’s Studio 5000 software, load the logic program onto a ControlLogix® controller and the controller will execute the logic program with the help of the controller’s copyrighted firmware.” *Id.* Rockwell says its controllers are not sold with the firmware pre-installed, “Instead, authorized purchasers are directed to download or otherwise obtain compatible firmware from Rockwell to install on their controllers at the time that the controller is put into use.” *Id.* at 52.

Rockwell alleges that when an end user buys a Rockwell controller, “the user is instructed to download and install the necessary firmware.” *Id.* According to Rockwell, unless the end user got the controller from Rockwell or an authorized distributor, the user is not permitted to download the firmware. If a user downloads the firmware to use on a controller obtained from another source, Rockwell says the user infringes Rockwell’s copyright in the firmware. *Id.* at 52-53. Rockwell alleges that Radwell contributes to and induces infringement through the unauthorized download of Rockwell’s firmware by users who obtained Rockwell controllers from Radwell and that Radwell “knows or should know of the infringing activity as the infringing products have no other use than to infringe the Asserted Copyrights.” *Id.* at 53.

On May 25, 2018, Radwell moved to terminate Rockwell’s claim of copyright infringement or, in the alternative, for summary determination of no copyright infringement (Motion Docket No. 1074-21) (the “motion”). Radwell says that to prevail on a claim of indirect

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copyright infringement, Rockwell “must first prove an underlying direct infringement by a third party.” Motion at 1 (quoting *BMG Rights Mgmt. (US) LLC v. Cox Commc’n Inc.*, 199 F. Supp. 3d 958, 969 (E.D. Va. 2016), *aff’d in part and rev’d in part*, 881 F.3d 293 (4th Cir. 2018)).

Radwell maintains that “in its Complaint, contentions and expert reports,” Rockwell “has not shown an instance of direct infringement of the Asserted Copyrights by any third-party.” *Id.*

Radwell also maintains that “Rockwell has not shown a nexus between any alleged direct infringement by a third party and the importation of an accused product by Radwell, a necessary element for finding a violation of Section 337.” *Id.* at 1-2. For these reasons, Radwell seeks termination of the copyright infringement claim under Commission Rule 210.21(a) or summary determination under Commission Rule 210.18.

On June 7, 2018, Rockwell filed an opposition (“Opp.”). Rockwell argues that “all of Radwell’s customers of imported Rockwell Copyright Products (of which there are ■■■ known examples) directly infringe Rockwell’s Asserted Copyrights.” Opp. at 2. Rockwell claims, moreover, that its copyright infringement claims may be proven by circumstantial evidence, and no direct evidence of a user downloading the Rockwell firmware is required for Rockwell to prevail.

On June 7, 2018, Staff filed its response, in which it opposes the motion. Staff interprets Radwell’s motion as one challenging the sufficiency of Rockwell’s interrogatory responses. Staff Response at 4. Staff says Radwell lacks standing to challenge Rockwell’s responses because Radwell did not propound an interrogatory on the issue of copyright infringement. Staff also maintains that Rockwell has adduced strong circumstantial evidence of direct infringement by end users of products sold by Radwell. On the importation issue, Staff says Radwell has not contested importation and that there is evidence in the record of specific purchase orders. On the

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basis of this evidence, Staff says “Rockwell can easily establish a nexus between any alleged direct infringement by a third party and the importation of an accused product by Radwell.” *Id.* at 7.¹

On June 12, 2018, Radwell filed a reply brief, in which it argues that circumstantial evidence cannot be used to demonstrate copyright infringement where the accused products have non-infringing uses, citing *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1313 (Fed. Cir. 2007). Radwell says the accused products “can be and are used by third parties in the United States without the alleged unlawful download of firmware.” Reply at 7. Radwell says “customers purchase products from Radwell to replace units they already owned which have failed” and that such purchasers “necessarily were already in possession of the firmware they needed to operate the devices they purchased from Radwell.” *Id.* Radwell argues that because there are non-infringing uses of the products sold by Radwell, it follows that Rockwell must present direct evidence of infringement by end users.

On June 22, 2018, Rockwell filed a motion for leave to file a sur-reply in opposition to the motion. Motion Docket No. 1074-30 (Rockwell’s motion). Rockwell argues that it should be permitted to file a sur-reply because Radwell argues for the first time in its reply brief that the accused products have non-infringing uses. Rockwell points to Radwell’s discovery responses and claims that the omission of the non-infringing uses argument “is not only fatal to Radwell’s motion for summary determination, it is solid ground for exclusion of any such defense in this case.” Sur-reply at 3.² Rockwell argues that even if Radwell’s argument is deemed timely,

¹ Staff’s argument concerning Radwell’s failure to propound contention interrogatories appears to be inapposite. The relief requested by Radwell is not a discovery sanction but a substantive ruling that, on this record, there can be no liability based on copyright infringement.

² Even if, as Rockwell argues, the issue of non-infringing uses should have been asserted by Radwell in response to contention interrogatories, it appears that Radwell alluded to the issue in

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Radwell provides no instance of actual non-infringing use and has not shown that alleged non-infringing uses “are not unusual, far-fetched, illusory, impractical, occasional, aberrant, or experimental.” *Id.* at 3 (quoting *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1327 (Fed. Cir. 2009)). On July 5, 2018, Radwell filed an opposition to Rockwell’s motion to file a sur-reply. Radwell argues that there are no extraordinary circumstances that justify permitting a sur-reply, citing Ground Rule 3.1.2.

With respect to the sur-reply, on Radwell’s theory that Rockwell cannot prevail on circumstantial evidence of infringement unless Rockwell demonstrates that there are no non-infringing uses, Radwell needed to move for a summary determination on that ground, as well as the ground that Rockwell has allegedly failed to present direct evidence of end-user infringement. By holding back the non-infringing uses argument, Radwell unfairly prejudiced Rockwell by depriving Rockwell of the opportunity to oppose that prong of Radwell’s argument. Because Radwell did not raise the issue of non-infringing uses in its original motion, Rockwell’s motion to file a sur-reply, Motion Docket No. 1074-030, is hereby GRANTED.

II. DISCUSSION

A. Termination

Commission Rule 210.21(a) states, in sum, that a party may move at any time to terminate an investigation in whole or in part for good cause. 19 C.F.R. § 210.21(a). In *Certain*

response to Rockwell’s interrogatories. As shown in Exhibit A to Rockwell’s motion for leave to file a sur-reply, Radwell states, “It is important to note that the gravamen of Rockwell’s theory is that the imported units have no use other than to infringe (at the point that end-users install firmware on them)” Motion for Sur-Reply Exh. A. at 26, n.14. Radwell’s responses were submitted on March 23, 2018, within the time for seeking further discovery. Sur-Reply Exh. A at 86; Order No. 6 at 2 (setting April 4, 2018 as discovery cutoff). If Rockwell had duly noted Radwell’s “important” assertion, it could have asked Radwell whether it contended that the products Radwell sold had significant non-infringing uses. Having failed to do so, Rockwell cannot now fault Radwell for failing to disclose such alleged non-infringing uses.

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