

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In The Matter Of

**CERTAIN SILICON MICROPHONE
PACKAGES AND PRODUCTS
CONTAINING SAME**

Inv. No. 337-TA-825

**ORDER NO. 21: INITIAL DETERMINATION TERMINATING INVESTIGATION BASED
ON SETTLEMENT AGREEMENT**
(March 12, 2013)

On March 12, 2013, Complainant Knowles Electronics, LLC (“Knowles”) and Respondents Analog Devices, Inc. (“ADI”), Amkor Technology, Inc. (“Amkor”), and Avnet, Inc. (“Avnet”) (collectively, “Respondents”) filed a joint motion to terminate this investigation in its entirety based on settlement agreement between Knowles and ADI.

The Commission’s Rules provide that “[a]ny party may move at any time to terminate an investigation in whole or in part as to any or all respondents on the basis of a settlement, a licensing, or other agreement...” 19 C.F.R. § 210.21(a)(2). In the instant Investigation, the motion to terminate is based on the Agreement between Knowles and ADI. The parties state that the agreement completely resolves the dispute between Knowles and Respondents. A copy of the Agreement is attached hereto as Exhibit A. In accordance with Commission Rule 210.21(b), Knowles and ADI filed both confidential and public versions of the motion to terminate. Consistent with 19 C.F.R. § 210.21(b)(1), the moving parties state that “[t]here are no other agreements, written or oral, express or implied between the parties concerning the subject matter of this investigation.” (Mem. at 1.)

The Commission’s Rules provide that in the case of a proposed termination by settlement agreement or consent order, the parties may file statements regarding the impact of the proposed termination on the public interest, and the administrative law judge may hear argument, although no discovery may be compelled, with respect to issues relating solely to the public interest. *See* 19

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C.F.R. § 210.50(b)(2). In any initial determination terminating an investigation by settlement agreement or consent order, the administrative law judge is directed to consider and make appropriate findings regarding the effect of the proposed settlement on the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers. *Id.*

The parties note in their memorandum in support of their motion to terminate that Commission policy and the public interest generally favor settlements, which preserve resources for both the Commission and the private parties. (Mem. at 2.) The parties state that terminating this investigation “falls squarely within the public interest.” Additionally, the parties assert that terminating this investigation pursuant to settlement agreement will have no adverse impact on the public health and welfare and/or competitive conditions in the United States. (*Id.*) I agree with the parties that termination of this Investigation does not impose any undue burdens on the public health and welfare, competitive conditions in the United States economy or United States consumers.

Accordingly, it is my Initial Determination that the joint motion for termination of this Investigation based upon a settlement agreement be GRANTED. This Initial Determination, along with supporting documentation, is hereby certified to the Commission.

Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall be the determination of the Commission unless a party files a petition for review of the Initial Determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders, on its own motion, a review of the Initial Determination or certain issues herein.

SO ORDERED.



Thomas B. Pender
Administrative Law Judge

EXHIBIT A

PUBLIC VERSION

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

~Execution Copy~

CROSS LICENSE, SETTLEMENT AND RELEASE AGREEMENT

This Cross License, Settlement and Release Agreement ("**Agreement**") is made as of March 11, 2013 (the "**Effective Date**") by and between Knowles Electronics LLC, a Delaware limited liability company having its principal place of business at 1151 Maplewood Drive, Itasca, Illinois 60143 ("**Knowles**"), and Analog Devices Inc., a Massachusetts corporation having its principal place of business at One Technology Way, Norwood, MA 02062 ("**ADI**"). Capitalized terms shall have the meanings set forth in Exhibit A and elsewhere in this Agreement. ADI and Knowles are each referred to herein as a "**Party**" and are collectively referred to as "**the Parties**". In consideration of [REDACTED]

[REDACTED] the Parties hereto agree as follows:

1. License to Minervini Patents.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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SUBJECT TO FRE 403, LOCAL EQUIVALENTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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SUBJECT TO FRE 403, LOCAL EQUIVALENTS

[REDACTED]

2. License to WASA Patents.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUBJECT TO FRE 408, LOCAL EQUIVALENTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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SUBJECT TO FRE 403, LOCAL EQUIVALENTS

[Redacted]

[Redacted]

[Redacted]

3. AudioAsics Patents.

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

A. License to AudioAsics Patents [REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

D. Amendment. [REDACTED]

[REDACTED]

SUBJECT TO FRE 408, LOCAL EQUIVALENTS. [REDACTED]

4. Scope of Licenses [REDACTED]

A. Scope [REDACTED]

The licenses and covenants (including the covenants not to sue) granted by Knowles herein shall extend to ADI, the ADI Affiliates, ADI Customers and ADI Suppliers; and the licenses and covenants (including the covenants not to sue) granted by ADI herein shall extend to and cover Knowles, the Knowles Affiliates, Knowles Customers and Knowles Suppliers. The license "to have made" granted by one Party to the other Party in this Agreement means only that the licensee may contract with a third party or parties to manufacture Licensed Products solely for use or sale by the licensee pursuant to the terms of this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. Covenants Not to Sue.

[REDACTED]

[REDACTED]

[REDACTED]

SUBJECT TO FRE 403, LOCAL EQUIVALENTS, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUBJECT TO FRE 403, LOCAL EQUIVALENTS

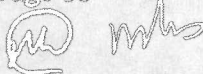
[REDACTED]

[REDACTED]

E. Defenses and Counterclaims. For the sake of clarity, nothing in this Agreement shall prohibit a Party or its Affiliates from asserting defenses or counterclaims (including invalidity) to any action or proceeding for patent infringement brought by the other Party or its Affiliates, successors or assigns.

[REDACTED]

[REDACTED]



SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

6. Representations and Warranties.

A. Mutual Representations and Warranties. Each Party represents and warrants to the other Party, as of the Effective Date, that: (i) it is a corporation or limited liability company, duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite power and authority, corporate or otherwise, to execute, deliver and perform this Agreement; and (ii) this Agreement is a legal, valid, and binding obligation enforceable against it in accordance with its terms.

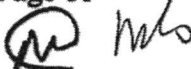
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[REDACTED]

D. Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS SECTION 6, ALL RIGHTS GRANTED HEREIN WITH RESPECT TO PATENTS ARE GRANTED ON AN "AS IS" BASIS AND NEITHER PARTY MAKES ANY OTHER REPRESENTATIONS OR WARRANTIES BY VIRTUE OF THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED.

7. Release and Dismissal of Claims in Pending Litigation.

A. Release Granted by ADI. From and after the Effective Date, ADI, on behalf of itself and its parents, subsidiaries, predecessors, successors, Affiliates, divisions, permitted assigns and any Person claiming by or through them ("ADI Releasing Parties"), discharges and releases, unconditionally, absolutely and forever, each Knowles Released Party from any and all Claims (i) made, asserted or brought in the Pending Litigation, (ii) related to the subject matter of the Pending Litigation that could have been made, asserted or brought in the Pending Litigation, and/or (iii) associated with the WASA Patents or AudioAsics Patents; provided, however, that (A) the release in this Section 7A is personal to each Knowles Released Party and is not intended to benefit any unnamed third party in any way, (B) the release in this Section 7A shall not prevent or limit the ability of ADI to assert any defense or counterclaim to a Claim for infringement of a Minervini Patent initiated by Knowles after the Effective



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Date, and (C) nothing in this Section 7A shall operate to release or discharge any Claim for breach of this Agreement.

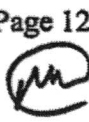

B. Release Granted by Knowles. From and after the Effective Date, Knowles, on behalf of itself and its parents, subsidiaries, predecessors, successors, Affiliates, divisions, permitted assigns and any Person claiming by or through them ("**Knowles Releasing Parties**"), discharges and releases, unconditionally, absolutely and forever, each ADI Released Party from any and all Claims (i) made, asserted or brought in the Pending Litigation, (ii) related to the subject matter of the Pending Litigation that could have been made, asserted or brought in the Pending Litigation, and/or (iii) associated with the Minervini Patents; provided, however, that (A) the release in this Section 7B is personal to each ADI Released Party and is not intended to benefit any unnamed third party in any way, (B) the release in this Section 7B shall not prevent or limit the ability of Knowles to assert any defense or counterclaim to a Claim for infringement of a WASA Patent or AudioAsic Patent initiated by ADI after the Effective Date, and (C) nothing in this Section 7B shall operate to release or discharge any Claim for breach of this Agreement.

C. Dismissal of Claims. Each Party who is a claimant, counterclaimant or defendant in any Pending Litigation shall (i) concurrently with the execution of this Agreement, complete, execute and deliver (or cause its applicable Affiliate to complete, execute and deliver) to the other Party the joint motions and instruments ("**Dismissal Motions**") requesting that the Pending Litigation between the Parties be dismissed in the forms attached hereto as Exhibit D; and (ii) within seven (7) business days of the Effective Date, file the Dismissal Motions in the respective courts and administrative agencies where the Pending Litigations are pending [REDACTED]

D. Reexamination Withdrawal. [REDACTED]

E. No Decision on the Merits. This Agreement sets forth a compromise and settlement of disputed claims for the purpose of avoiding the costs, disruptions, and uncertainties associated with further litigation. Nothing in this Agreement is or will be deemed an admission as to any issue of fact or principle at law or an admission of liability of any Party hereto, and neither Party admits infringement, non-infringement, validity, or invalidity of any patent.

F. Expenses. Each Party will pay its own expenses incurred in the prosecution and defense of the Pending Litigation and incurred in the negotiation, preparation and execution of this Agreement.

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

Without limitation of the foregoing, each Party irrevocably waives (for itself and its Affiliates) its right to claim attorneys' fees as the prevailing party under 35 U.S.C. §285 in any Pending Litigation.

[REDACTED]

8. Term.

A. Term. This Agreement shall commence upon the Effective Date. The rights and obligations of the Parties under this Agreement shall remain in effect until [REDACTED]



9. Dispute Resolution.

[REDACTED]

[REDACTED]

10. General Terms.

A. Assignment. This Agreement shall not be assigned, delegated or otherwise transferred, by operation or law or otherwise, by a Party, in whole or in part, to any other Person, except as expressly permitted in Section 1F or Section 2E herein. Any other attempted assignment, delegation or transfer of this Agreement in violation of the preceding sentence shall be void and of no effect. Subject to the

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

foregoing, this Agreement shall be binding upon and will inure to the benefit of the Parties hereto and their respective permitted successors.

B. Further Assurances. Each Party hereto shall execute and deliver, and cause to be executed and delivered, such additional documents and perform, and cause to be performed, such acts as are reasonably requested by the other Party in order to dismiss the Pending Litigation and to effect fully the intent of this Agreement. Without limitation of the foregoing, [REDACTED]

C. Counterparts; Signature. This Agreement and any amendment hereto may be executed in several counterparts and by each Party on a separate counterpart, each of which, when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. A fax signature or signature delivered as an imaged attachment (for example, .pdf or .TIFF format) to an e-mail message shall be deemed the equivalent to an original ink signature. This Agreement shall not become binding on either Party until each Party has transmitted to the other Party a counterpart executed by the transmitting Party.

D. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (iv) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10C:

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUBJECT TO FRE 408, LOCAL EQUIVALENTS. [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

E. Concluding Provisions: This Agreement: (i) shall be governed by and construed in accordance with the laws of the [REDACTED] without giving effect to its principles or rules of conflict of laws; (ii) may be amended or supplemented only by written instrument signed by the Parties hereto, except as provided in Section 5A with respect to Exhibit C; (iii) is the product of negotiation and shall not be deemed to have been drafted by either Party; (iv) does not create a partnership, joint venture, agency, employment or other similar relationship between the Parties hereto; (v) shall not be construed as giving any Person, other than the Parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof, except as expressly provided herein; (vi) shall remain valid and enforceable despite the holding by any court or arbitrator that any specific provision is invalid or unenforceable, except for such specific provision; and (vii) constitutes the entire agreement and understanding of the Parties with respect to its subject matter and supersedes all oral communications and prior writings with respect thereto. No provision of this Agreement may be waived orally, but only by a written instrument signed by the Party against whom enforcement of such waiver is sought. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

[End of text; signature page follows]

PUBLIC VERSION

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

IN WITNESS WHEREOF, this Cross License, Settlement and Release Agreement has been executed and delivered by the Parties hereto on the Effective Date.

KNOWLES ELECTRONICS, LLC

By: [Signature]
Name: MICHAEL A ADELL
Title: PRESIDENT
Date: MARCH 11 2013

ANALOG DEVICES, INC.

By: [Signature]
Name: Margaret Seiff
Title: Vice President, General Counsel
Date: MARCH 11 2013

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SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

Exhibit A

Definitions

1. [REDACTED]

2. "ADI Customers" means the customers, dealers, and distributors of ADI and its Affiliates, but solely in their capacities as customers, dealers, and distributors of ADI and its Affiliates and solely with respect to the ADI Licensed Products.

4. "ADI Licensed Products" has the meaning set forth in Section 1A.

5. "ADI Released Party" means (a) ADI, (b) each and every one of ADI's present and former parents, subsidiaries, and Affiliates, and their present and former directors, officers, shareholders, attorneys, and employees (solely in those capacities), (c) the ADI Customers, and (d) ADI Suppliers.

6. "ADI Releasing Party" has the meaning set forth in Section 7A.

8. "ADI Supplier" means Amkor Technology, Inc. (and its affiliates and subsidiaries), Avnet, Inc. and the other contract manufacturers and suppliers of ADI and its Affiliates, but in each case solely in their capacities as contract manufacturers and suppliers of ADI and its Affiliates and solely with respect to the ADI Licensed Products.

10. "Affiliates" means, with respect to a Party, any other Person (whether now existing or hereafter formed or acquired) that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Party, but in each case, only for so long as it remains such.

13. "ASIC" means an application-specific integrated circuit.

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

[REDACTED]

17. "Claims" means all claims, counterclaims, actions, causes of action, demands, judgments, debts, expenses, losses, liabilities, and obligations of any kind and of whatever nature or character, whether known or unknown, whether asserted or unasserted, or whether accrued, actual, contingent, latent or otherwise, made or brought for the purpose of recovering any damages or for the purpose of obtaining any equitable relief or any other relief of any kind.

[REDACTED]

19. "Covenanting Party" means the Party to this Agreement that is making a covenant not to sue for the benefit of the other Party to this Agreement. For purposes of illustration only, if Knowles makes a covenant not to sue ADI in this Agreement, then Knowles is the Covenanting Party for purposes of that particular covenant not to sue and ADI is the beneficiary of the covenant.

[REDACTED]

22. "Effective Date" has the meaning set forth in the Preamble of this Agreement.

[REDACTED]

25. "Knowles Customers" means the customers, dealers, and distributors of Knowles and its Affiliates, but solely in their capacities as customers, dealers, and distributors of Knowles and its Affiliates and solely with respect to the Knowles Licensed Products.

26. "Knowles Group" means Knowles and any wholly-owned subsidiary of the ultimate parent company of Knowles, but only for so long as it remains a wholly-owned subsidiary.

27. "Knowles Licensed Products" has the meaning set forth in Section 2A.

28. "Knowles Released Party" means (a) Knowles, (b) each and every one of Knowles's present and former parents, subsidiaries, and Affiliates, and their present and former directors, officers, shareholders, attorneys, and employees (solely in those capacities), (c) the Knowles Customers; and (d) Knowles Suppliers.

29. "Knowles Releasing Party" has the meaning set forth in Section 7B.

[REDACTED]

31. "Knowles Supplier" means the contract manufacturers and suppliers of Knowles and its Affiliates, but solely in their capacities as contract manufacturers and suppliers of Knowles and its Affiliates and solely with respect to the Knowles Licensed Products.

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SUBJECT TO FRE 408, LOCAL EQUIVALENTS [REDACTED]

32. "Licensed Products" means (a) when used with respect to ADI, the ADI Licensed Products, and (b) when used with respect to Knowles, the Knowles Licensed Products.

[REDACTED]

36. "Pending Litigation" means the cases described in Exhibit B and any other case, action or proceeding that was (a) initiated by ADI or its Affiliates against Knowles and its Affiliates, or (b) initiated by Knowles or its Affiliates against ADI and its Affiliates, in either case, that is pending as of the Effective Date.

37. "Person" means a natural person, partnership, limited liability company, limited liability partnership, association, joint venture, corporation, legal representative, trustee, trustee in bankruptcy, receiver, governmental authority, or any other legal entity whatsoever.

[REDACTED]

* * *

SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

Item Number

Exhibit B

Pending Litigation

<u>No.</u>	<u>Plaintiff</u>	<u>Patents</u>	<u>Forum</u>	<u>Case No.</u>
1	Knowles	231, 089	ITC	337-TA-695
2	ADI	614, 942	ITC	337-TA-700
3	ADI	614, 942	D. Del.	C.A. No. 09-826-GMS
4	Knowles	049	N.D. Ill.	1:11-cv-06804
5	Knowles	049, 616	ITC	337-TA-825
6	ADI	196, 876	Mass	1:12-cv-10412 PB5 (Stayed)
7	Knowles	196, 876	Denmark	
8	ADI	Chinese Pat No. ZL01804444.1 (counterpart to 614)	Shanghai No. 2 Intermediate People's Court	Case No. [2012] Hu Er Zhong Min Wu [Zhi] Chu Zi No.74
Invalidity Proceedings				
9	Knowles	Chinese Pat No. ZL01804444.1 (counterpart to 614)	Patent Reexamination Board of Chinese Patent Office	First invalidation petition (Case No.: 4W101614)
10	Knowles	Chinese Pat No. ZL01804444.1 (counterpart to 614)	Patent Reexamination Board of Chinese Patent Office	Second invalidation petition (Case No.: 4W101850)
11	Knowles	Chinese Pat No. ZL01804444.1 (counterpart to 614)	Patent Reexamination Board of Chinese Patent Office	Third invalidation petition (Case No.: 4W101962)

SUBJECT TO FRE 408, LOCAL EQUIVALENTS,

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12	ADI	049	USPTO	U.S. Patent Control Number 95/001,850 (<i>Inter partes</i> reexamination of U.S. Patent No. 8,018,049)
13	ADI	964	USPTO	U.S. Patent Control Number 95/001,849 (<i>Inter partes</i> reexamination of U.S. Patent No. 7,537,964)
14	ADI	616	PTAB	IPR2013-00108
15	ADI	616	USPTO	U.S. Patent Control Number 90/010,985 (<i>Ex parte</i> reexamination of U.S. Patent No. 7,439,616)
16	ADI	089	USPTO	U.S. Patent Control Number 95/000,515 (<i>Inter partes</i> reexamination of U.S. Patent No. 7,242,089)

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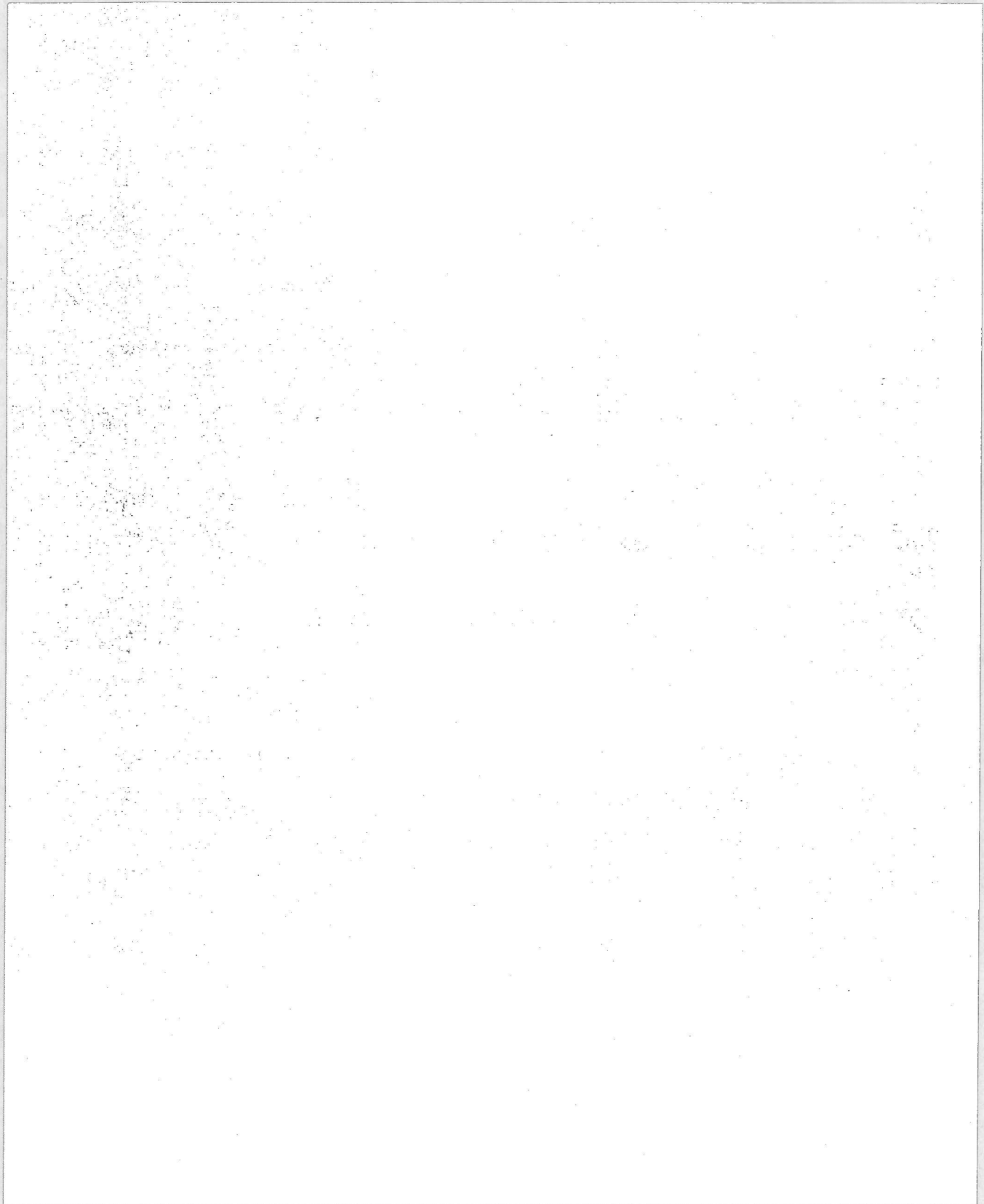
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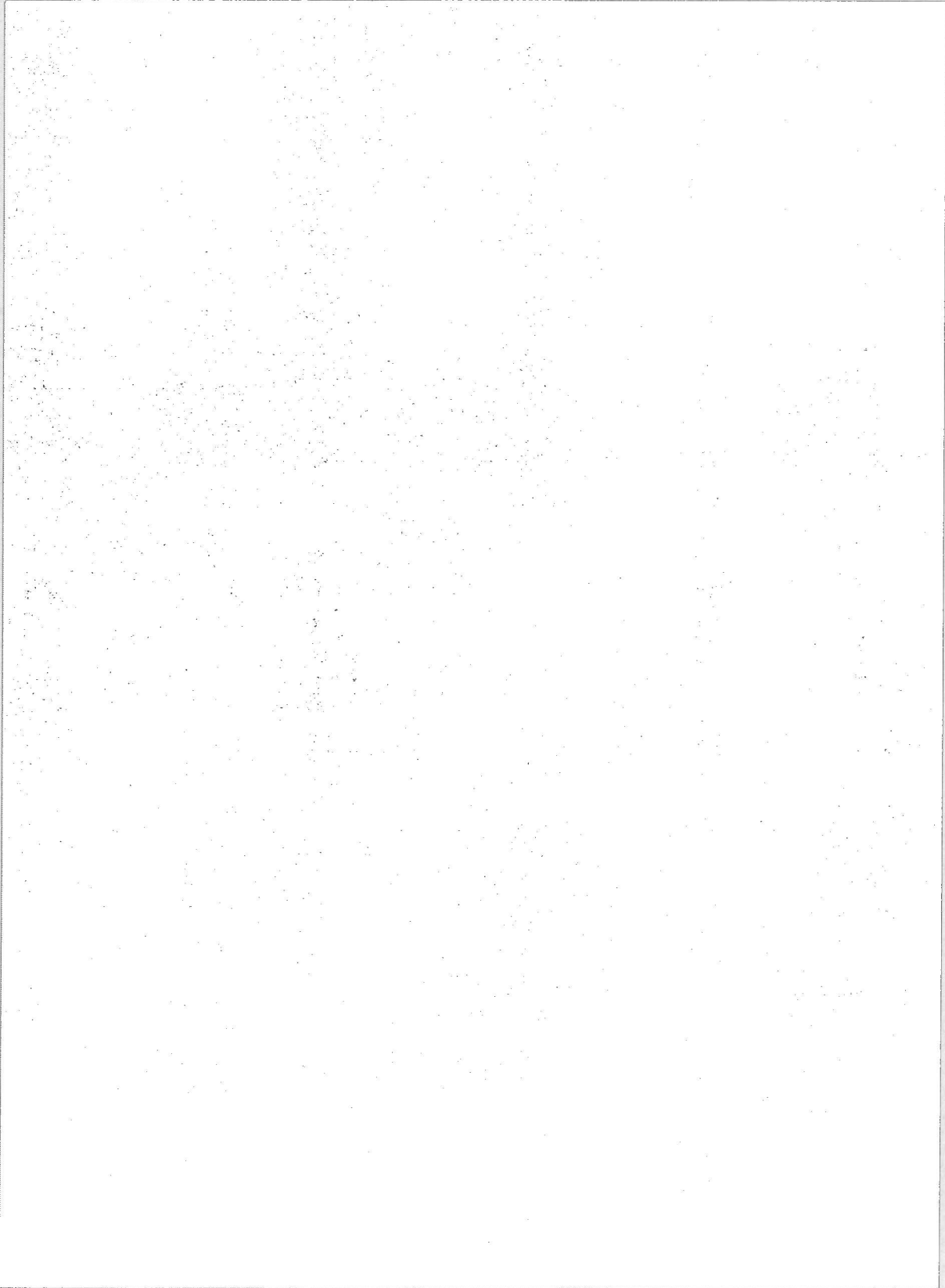


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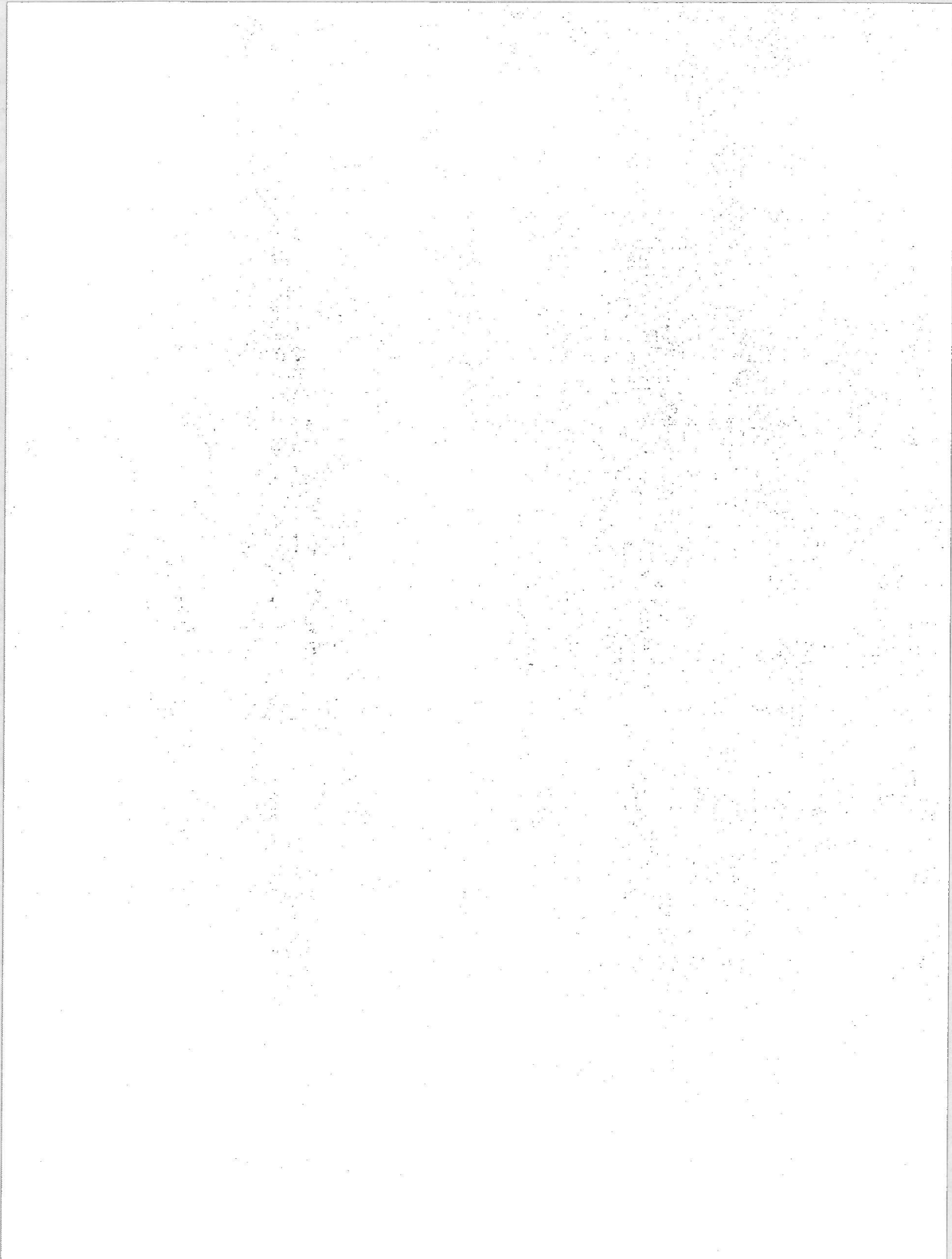


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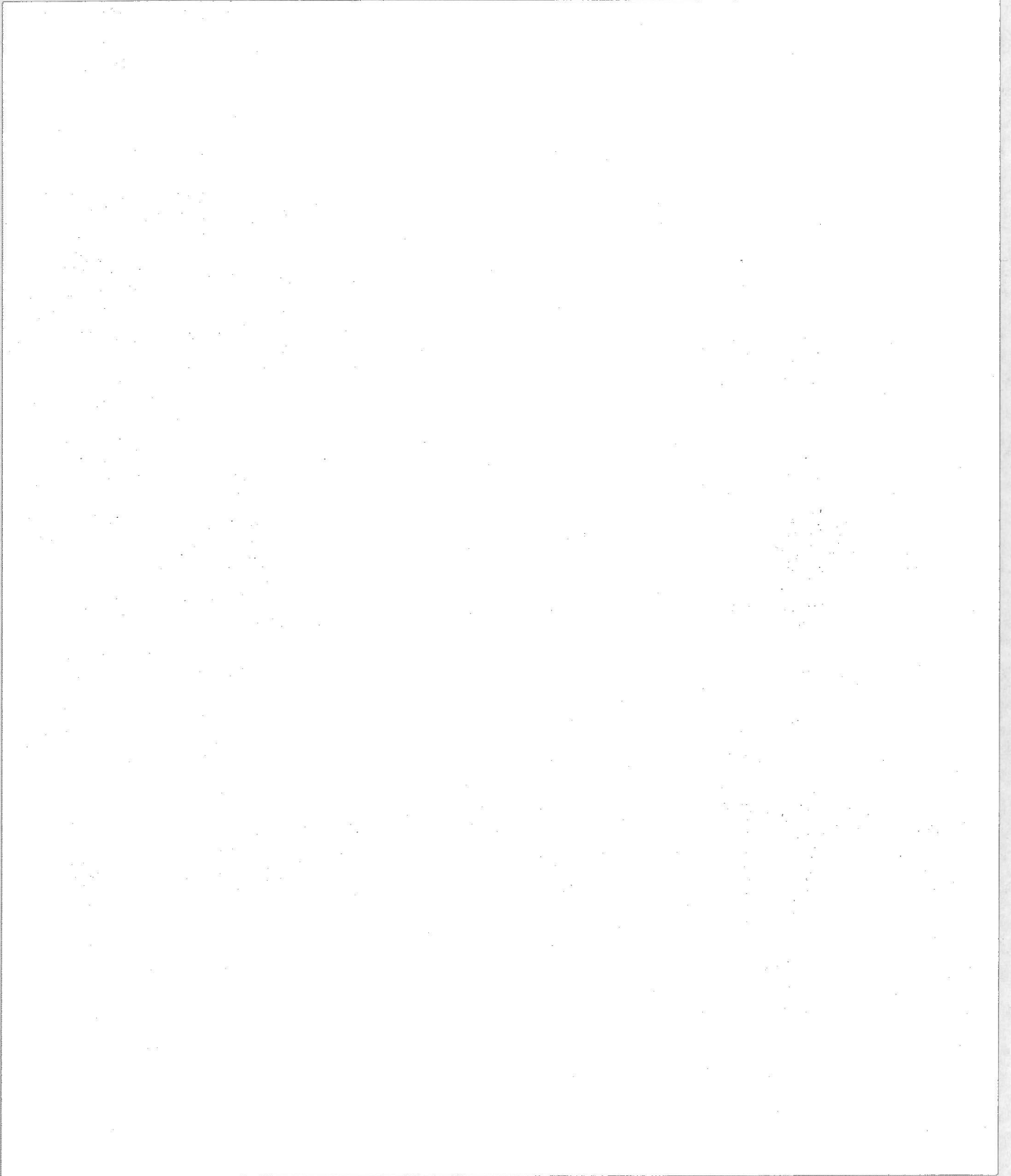
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SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

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SUBJECT TO FRE 403, LOCAL EQUIVALENTS, [REDACTED]

Item Number

SUBJECT TO FRE 403, LOCAL EQUIVALENTS, [REDACTED]

Item Number

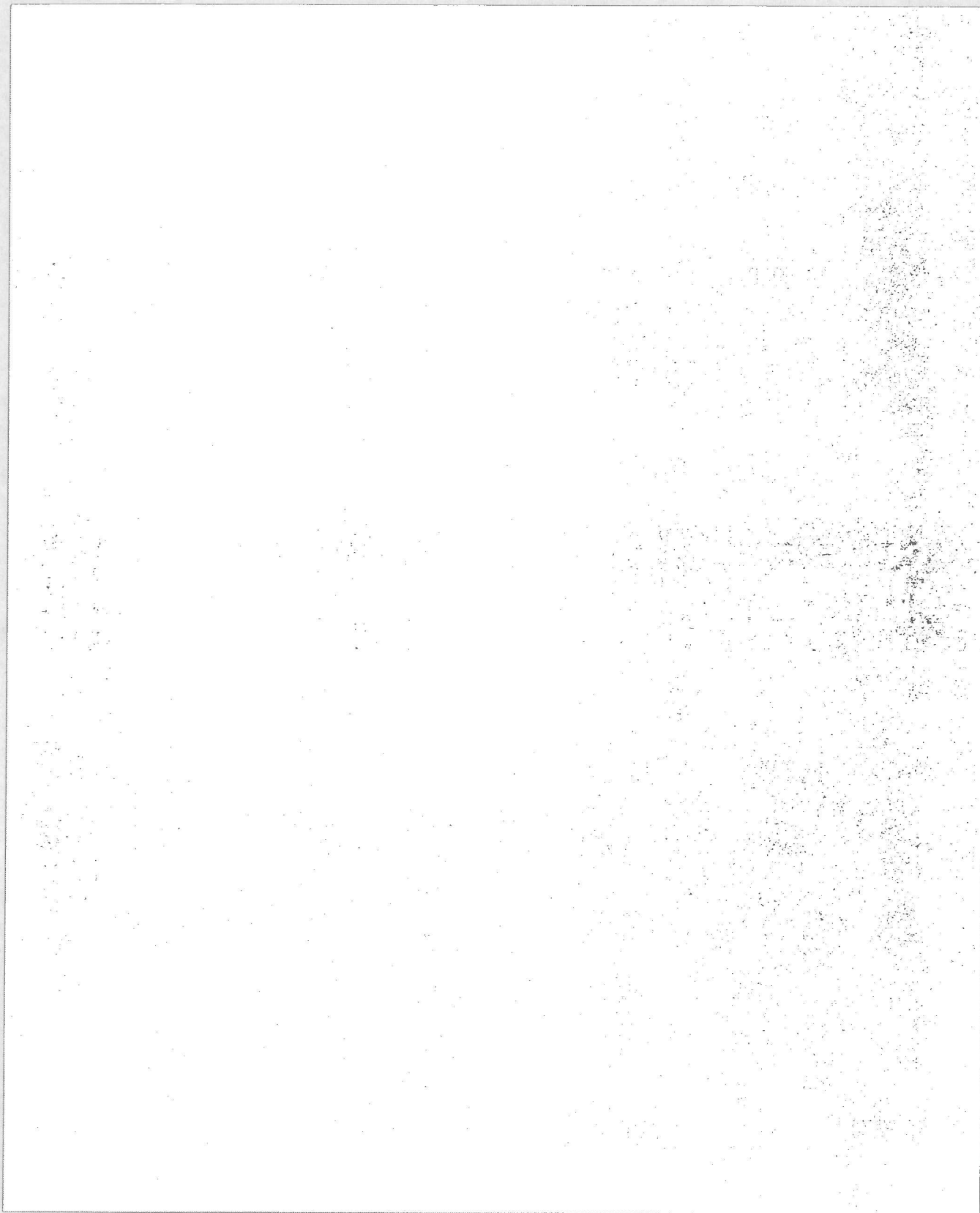
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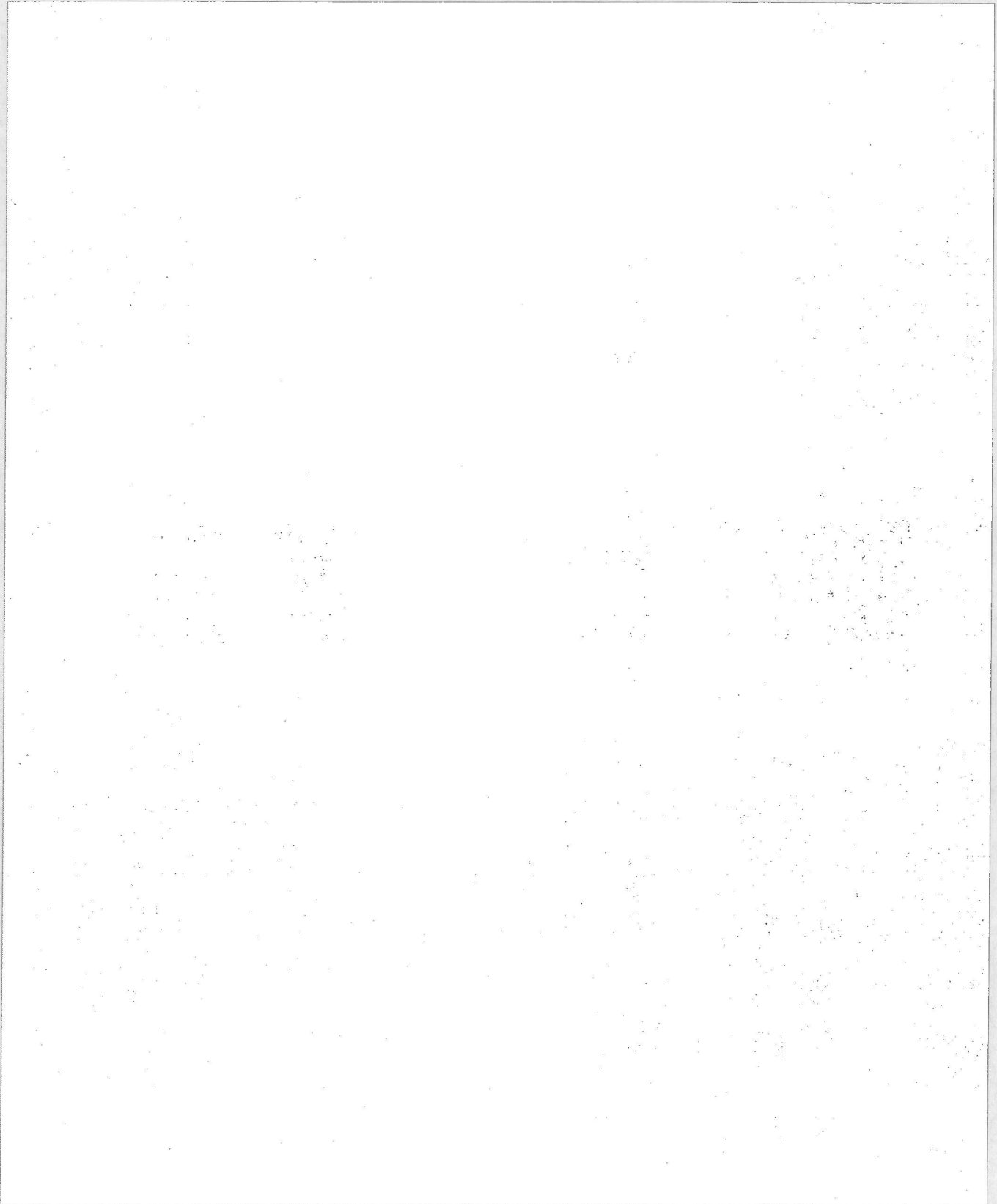
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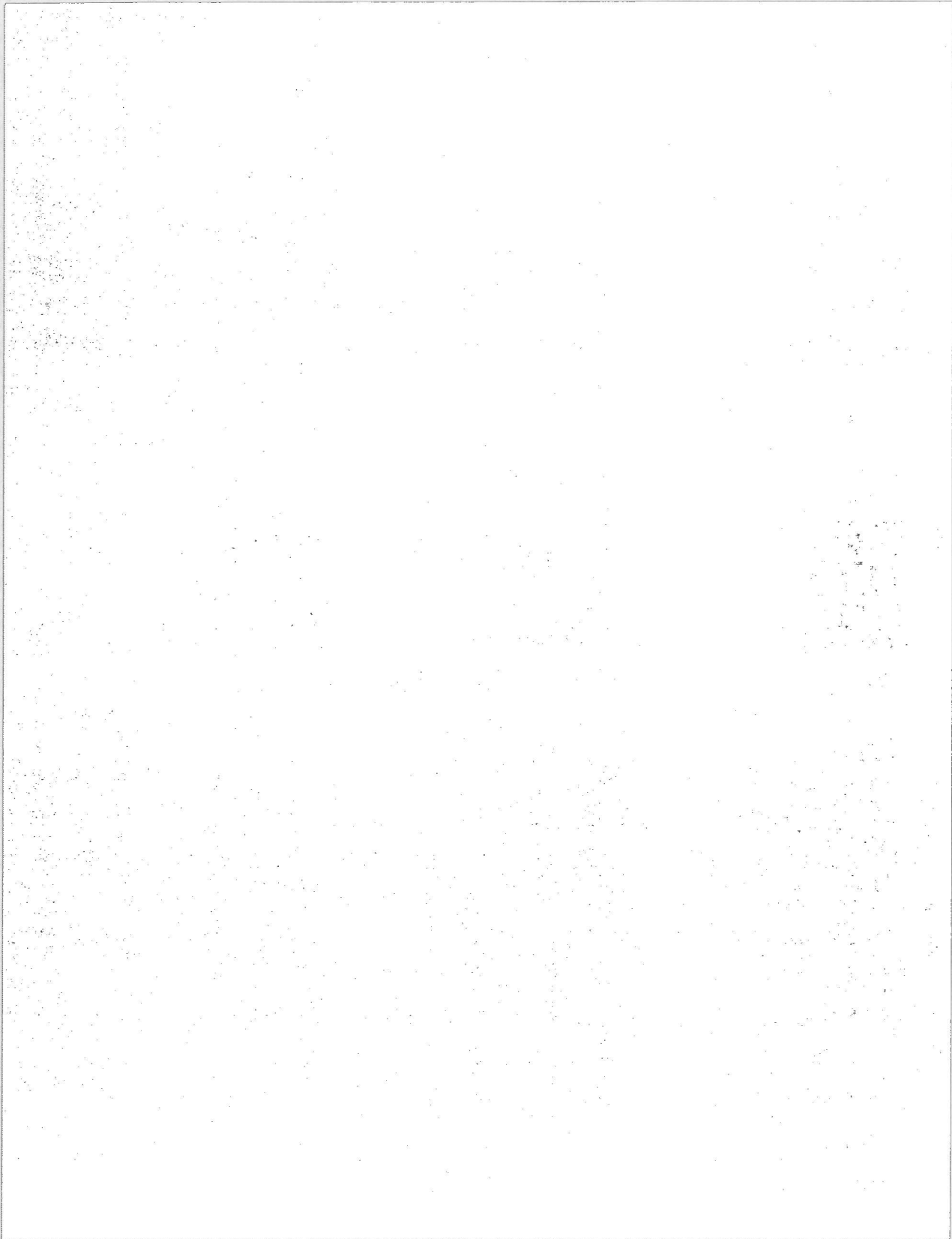
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SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

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SUBJECT TO FRE 403, LOCAL EQUIVALENTS, [REDACTED]

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SUBJECT TO FRE 408, LOCAL EQUIVALENTS, [REDACTED]

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