

***DBN Holding v. Int’l Trade Comm’n*, 26 F.4th 1363 (Fed. Cir. 2022) (Moore, Newman, Reyna)**

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This appeal marked the fourth Federal Circuit decision in a series of cases arising from BriarTek IP Inc.’s patents on two-way global satellite communication devices. BriarTek sought to enforce its patents against multiple parties, including DBN Holding, in parallel proceedings before the U.S. District Court for the Eastern District of Virginia and the International Trade Commission.

The ITC has the authority to issue prospective injunctions against respondents involved in the importation of infringing goods but not the authority to award damages for past infringement. Accordingly, one way a respondent may extricate itself from an ITC investigation is by signing a consent order that it will no longer import, or sell for or after importation, infringing goods. A consent order is like a settlement agreement between the Commission and respondent (bypassing the patentee). And the ITC can impose a civil penalty against a respondent for breaching a consent order.

DBN entered into a consent order that included the following terms:

1. Upon entry of the proposed Consent Order, [DBN] shall not import into the United States, sell for importation into the United States, or sell or offer for sale within the United States after importation any two-way global satellite communication devices, system, and components thereof, that infringe claims 1, 2, 5, 10–12, and 34 of the ’380 Patent after April 1, 2013, until the expiration, invalidation, and/or unenforceability of the ’380 Patent.
2. [DBN] shall be precluded from seeking judicial review or otherwise challenging or contesting the validity of this Consent Order....
4. The Consent Order shall not apply with respect to any claim of any intellectual property right that has expired or been found or adjudicated invalid or unenforceable by the [ITC] or a court or agency of competent jurisdiction, provided that such finding or judgment has become final and non-reviewable.

A subsequent patent invalidity judgment will not absolve a party of liability for an earlier breach of a consent order.

In other words, DBN agreed to cease the accused infringement unless and until the asserted claim had been finally adjudicated to be “invalid or unenforceable” in any forum. Subsequently, the ITC found that DBN breached the consent order by continuing to infringe and assessed a penalty of \$6.2 million.

Meanwhile, in parallel proceedings, the district court held the asserted patent to be invalid, and the Federal Circuit affirmed. *DeLorme Publ’g Co. v. BriarTek IP, Inc.*, 622 F. App’x 912, 913 (Fed. Cir. 2015). DBN then returned to the ITC with a petition under 19 C.F.R. §§ 210.76(a)(1)–(2) to rescind its prior penalty assessment, citing clause 4 of the Consent Order. The Commission denied the petition.

The Federal Circuit vacated and remanded the denial of DBN’s petition, with instructions to the ITC to determine “whether to modify or rescind the civil penalty pursuant to 19 C.F.R. § 210.76 based on the final judgment of invalidity” of the asserted patent. *DBN Holding, Inc. v. Int’l Trade Comm’n*, 755 F. App’x 993, 998 (Fed. Cir. 2018). On remand, the ITC determined that the civil penalty did not require modification or rescission and denied the relief requested on that basis. DBN then brought the present appeal, arguing that the ITC had abused its discretion in ignoring the invalidity provision of the consent order.

DBN's argument relied mainly on a prior ITC decision, *Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same*, Inv. No. 337-TA-372 (October 1999), in which the ITC rescinded a civil penalty for breaching a consent order in view of similar post-order developments. In that investigation, however, there was not a subsequent invalidity finding. Rather, the parties agreed to a retroactive license and filed a joint motion at the ITC to vacate the civil penalty. The Federal Circuit found that the *Magnets* decision was therefore distinguishable. The parties in *Magnets* retroactively changed the infringing nature of the sales that triggered the penalty and the request to rescind the penalty was joint. Here, the sales that triggered the penalty were never authorized and were a violation at the time. That the patent was later found to be invalid did not rewrite the history of the breach. The Federal Circuit thus affirmed that the ITC did not abuse its discretion in denying the petition.

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