

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN STARTER MOTORS AND
ALTERNATORS**

Investigation No. 337-TA-755

**NOTICE OF ISSUANCE OF A LIMITED EXCLUSION ORDER AND A CEASE AND
DESIST ORDER AGAINST DEFAULTING RESPONDENT AMERICAN
AUTOMOTIVE PARTS, INC.; TERMINATION OF INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has terminated the above-captioned investigation under section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and has issued a limited exclusion order and a cease and desist order against respondent American Automotive Parts, Inc. ("AAP") of Niles, Illinois, which was previously found in default in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on January 19, 2011, based on a complaint filed by Remy International, Inc. and Remy Technologies, L.L.C. (collectively, "Remy"), both of Pendleton, Indiana. 76 *Fed. Reg.* 3158 (Jan. 19, 2011). The complaint alleged violations of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337), in the importation into the United States, the sale for importation, and the sale within the United States of certain starter motors and alternators by reason of infringement of certain claims of U.S. Patent Nos. 5,105,114 ("the '114 patent"); 5,252,878; 5,268,605 ("the '605

patent"); 5,295,404; 5,307,700; 5,315,195 ("the '195 patent"); and 5,453,648 ("the '648 patent"). The notice of investigation, as amended, named ten respondents including AAP. The complaint and notice of investigation were served on AAP on January 13, 2011. AAP failed to respond to the complaint and notice of investigation. The '114 patent was terminated from the investigation based on partial withdrawal by Remy, and all other respondents have been terminated from the investigation based on either a consent order or a settlement agreement. Claims 1 and 4 of the '605 patent, claims 1-6 of the '195 patent, and claims 1, 5, and 10 of the '648 patent were asserted against AAP.

The presiding administrative law judge ("ALJ") issued an initial determination ("ID") on December 22, 2011, finding AAP in default, pursuant to 19 C.F.R. §§ 210.13 and 210.16, because respondent did not respond to the complaint and notice of investigation, or to the ALJ's December 13, 2011 order to show cause. On January 14, 2012, the Commission issued notice of its determination not to review the ID finding AAP in default.

On February 9, 2012, the Commission issued a Notice that requested briefing from interested parties on remedy, the public interest, and bonding with respect to respondent AAP found in default. *77 Fed. Reg.* 8898-00 (Feb. 15, 2012).

Both Remy and the Commission investigative attorney ("IA") submitted briefing on remedy, the public interest, and bonding along with proposed orders on March 2, 2012. The IA also submitted a reply brief on March 9, 2012, containing revised orders.

The Commission found that the statutory requirements of section 337(g)(1)(A)-(E) (19 U.S.C. § 1337(g)(1)(A)-(E)) were met with respect to the defaulting respondent. Accordingly, pursuant to section 337(g)(1) (19 U.S.C. § 1337(g)(1)) and Commission rule 210.16(c) (19 C.F.R. § 210.16(c)), the Commission presumed the facts alleged in the complaint to be true.

The Commission has determined that the appropriate form of relief is the following: (1) a limited exclusion order prohibiting the unlicensed entry of alternators that infringe one or more of claims 1 and 4 of the '605 patent, claims 1-6 of the '195 patent, or claims 1, 5, and 10 of the '648 patent, which are manufactured abroad by or on behalf of, or are imported by or on behalf of, AAP, or any of its affiliated companies, parents, subsidiaries, licensees, contractors, or other related business entities, or its successors or assigns; and (2) a cease and desist order prohibiting AAP from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, offering for sale, transferring (except for exportation), and soliciting U.S. agents or distributors for alternators that infringe one or more of claims 1 and 4 of the '605 patent, claims 1-6 of the '195 patent, or claims 1, 5, and 10 of the '648 patent.

The Commission has further determined that the public interest factors enumerated in section 337(g)(1) (19 U.S.C. § 1337(g)(1)) do not preclude issuance of the limited exclusion order or the cease and desist order. Finally, the Commission has determined that a bond of 100 percent of the entered value of the covered products is required to permit temporary importation during the period of Presidential review (19 U.S.C. § 1337(j)). The Commission's orders were

delivered to the President and to the United States Trade Representative on the day of their issuance.

The Commission has terminated this investigation. The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.16(c) and 210.41 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.16(c) and 210.41).

By order of the Commission.



James R. Holbein
Secretary to the Commission

Issued: March 30, 2012

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN STARTER MOTORS AND
ALTERNATORS**

Inv. No. 337-TA-755

CEASE AND DESIST ORDER

IT IS HEREBY ORDERED THAT American Automotive Parts, Inc. of 7007 N. Austin Ave., Niles, Illinois 60714 cease and desist from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, transferring (except for exportation), and soliciting U.S. agents or distributors for, alternators that are covered by one or more of claims 1 and 4 of U.S. Patent No. 5,268,605, claims 1-6 of U.S. Patent No. 5,315,195, or claims 1, 5, and 10 of U.S. Patent No. 5,453,648, in violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337.

I.

Definitions

As used in this Order:

- (A) "Commission" shall mean the United States International Trade Commission.
- (B) "Complainants" shall mean Remy International, Inc. and Remy Technologies, L.L.C.
- (C) "Respondent" means American Automotive Parts, Inc. of 7007 N. Austin Ave., Niles, Illinois 60714.
- (D) "Person" shall mean an individual, or any non-governmental partnership, firm,

association, corporation, or other legal or business entity other than Respondent or its majority owned or controlled subsidiaries, successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia, and Puerto Rico.

(F) The terms "import" and "importation" refer to importation for entry for consumption under the Customs laws of the United States.

(G) The term "covered products" shall mean alternators that are covered by one or more of claims 1 and 4 of U.S. Patent No. 5,268,605, claims 1-6 of U.S. Patent No. 5,315,195, or claims 1, 5, and 10 of U.S. Patent No. 5,453,648.

II.

Applicability

The provisions of this Cease and Desist Order shall apply to Respondent and to any of its principals, stockholders, officers, directors, employees, agents, licensees, distributors, controlled (whether by stock ownership or otherwise) and majority-owned business entities, successors, and assigns, and to each of them, insofar as they are engaging in conduct prohibited by Section III, *infra*, for, with, or otherwise on behalf of the Respondent.

III.

Conduct Prohibited

The following conduct of the Respondent in the United States is prohibited by the Order. For the remaining term of the respective patents, Respondent shall not:

(A) import or sell for importation into the United States covered products;

(B) market, distribute, sell, or otherwise transfer (except for exportation), in the United

States imported covered products;

(C) advertise imported covered products;

(D) solicit U.S. agents or distributors for imported covered products; or

(E) aid or abet other entities in the importation, sale for importation, sale after importation, transfer, or distribution of covered products.

IV.

Conduct Permitted

Notwithstanding any other provision of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, the owner of U.S. Patent Nos. 5,268,605; 5,315,195; and 5,453,648 licenses or authorizes such specific conduct, or such specific conduct is related to the importation or sale of covered products by or for the United States.

V.

Reporting

For purposes of this reporting requirement, the reporting periods shall commence on July 1 of each year and shall end on the subsequent June 30. However, the first report required under this section shall cover the period from the date of issuance of this Order through June 30, 2013. This reporting requirement shall continue in force until such time as the Respondent will have truthfully reported, in two consecutive timely filed reports, that it has no inventory of covered products in the United States.

Within thirty (30) days of the last day of the reporting period, Respondent shall report to the Commission: (a) the quantity in units and the value in dollars of (i) covered products that the

Respondent has imported and/or (ii) covered products that the Respondent has sold in the United States after importation during the reporting period; and (b) the quantity in units and value in dollars of reported covered products that remain in inventory in the United States at the end of the reporting period. A Respondent filing written submissions must file the original document and two copies with the Office of the Secretary. Any Respondent desiring to submit a document to the Commission in confidence must file the original and a public version of the original with the Office of the Secretary and serve a copy of the confidential version on Complainants' counsel.¹

Any failure to make the required report or the filing of any false or inaccurate report shall constitute a violation of this Order, and the submission of a false or inaccurate report may be referred to the U.S. Department of Justice as a possible criminal violation of 18 U.S.C. § 1001.

VI.

Record-keeping and Inspection

(A) For the purpose of securing compliance with this Order, Respondent shall retain any and all records relating to the sale, offer for sale, marketing, or distribution in the United States of covered products, made and received in the usual and ordinary course of business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by the federal courts of the United States,

¹ Complainants must file a letter with the Secretary identifying the attorney to receive the reports or bond information. The designated attorney must be on the protective order entered in the investigation.

duly authorized representatives of the Commission, upon reasonable written notice by the Commission or its staff, shall be permitted access and the right to inspect and copy in Respondent's principal offices during office hours, and in the presence of counsel or other representatives if Respondent so choose, all books, ledgers, accounts, correspondence, memoranda, and other records and documents, both in detail and in summary form as are required to be retained by subparagraph VI(A) of this Order.

VII.

Service of Cease and Desist Order

Respondent is ordered and directed to:

(A) Serve, within fifteen (15) days after the effective date of this Order, a copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the importation, marketing, distribution, or sale of imported covered products in the United States;

(B) Serve, within fifteen (15) days after the succession of any persons referred to in subparagraph VII (A) of this Order, a copy of the Order upon each successor; and

(C) Maintain such records as will show the name, title, and address of each person upon whom the Order has been served, as described in subparagraphs VII(A) and VII(B) of this Order, together with the date on which service was made.

The obligations set forth in subparagraphs VII(B) and VII(C) shall remain in effect until the date of expiration of U.S. Patent Nos. 5,268,605; 5,315,195; and 5,453,648.

VIII.

Confidentiality

Any request for confidential treatment of information obtained by the Commission pursuant to Sections V and VI of this Order should be in accordance with Commission Rule 201.6, 19 C.F.R. § 201.6. For all reports for which confidential treatment is sought, Respondent must provide a public version of such report with confidential information redacted.

IX.

Enforcement

Violation of this Order may result in any of the actions specified in section 210.75 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.75, including an action for civil penalties in accordance with section 337(f) of the Tariff Act of 1930, 19 U.S.C. § 1337(f), and any other action as the Commission may deem appropriate. In determining whether Respondent is in violation of this Order, the Commission may infer facts adverse to Respondent if Respondent fails to provide adequate or timely information.

X.

Modification

The Commission may amend this Order on its own motion or in accordance with the procedure described in section 210.76 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.76.

XI.

Bonding

The conduct prohibited by Section III of this Order may be continued during the sixty (60) day period in which this Order is under review by the United States Trade Representative as delegated by the President, 70 *Fed Reg* 43251 (July 21, 2005), subject to Respondent posting a 100 percent bond. This bond provision does not apply to conduct that is otherwise permitted by Section IV of this Order. Covered products imported on or after the date of issuance of this order are subject to the entry bond as set forth in the exclusion order issued by the Commission, and are not subject to this bond provision.

The bond is to be posted in accordance with the procedures established by the Commission for the posting of bonds by complainants in connection with the issuance of temporary exclusion orders. (*See* 19 C.F.R. § 210.68). The bond and any accompanying documentation is to be provided to and approved by the Commission prior to the commencement of conduct which is otherwise prohibited by Section III of this Order. Upon acceptance of the bond by the Secretary, (a) the Secretary will serve an acceptance letter on all parties and (b) Respondent must serve a copy of the bond and any accompanying documentation on Complainants' counsel.¹

The bond is to be forfeited in the event that the United States Trade Representative approves, or does not disapprove within the review period, this Order, unless (i) the U.S. Court of Appeals for the Federal Circuit, in a final judgment, reverses any Commission final determination and order as to a Respondent on appeal, or (ii) Respondent exports or destroys the products subject to this and provides certification to that effect satisfactory to the Commission.

¹ *See* note 1 above.

The bond is to be released in the event the United States Trade Representative disapproves this Order and no subsequent order is issued by the Commission and approved, or not disapproved, by the United States Trade Representative, upon service on Respondent of an order issued by the Commission based upon application therefore made by Respondent to the Commission.

By Order of the Commission.



James R. Holbein
Secretary to the Commission

Issued: March 30, 2012

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN STARTER MOTORS AND
ALTERNATORS**

Inv. No. 337-TA-755

LIMITED EXCLUSION ORDER

The Commission has previously found Respondent American Automotive Parts, Inc. ("AAP") of Niles, Illinois, in default for failing to respond to the Notice of Investigation and the Complaint that alleged a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the unlawful importation and sale of alternators by reason of infringement of claims 1 and 4 of U.S. Patent No. 5,268,605 ("the '605 patent"), claims 1-6 of U.S. Patent No. 5,315,195 ("the '195 patent"), or claims 1, 5, and 10 of U.S. Patent No. 5,453,648 ("the '648 patent") by AAP.

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determination on the issues of remedy, the public interest, and bonding. The Commission has determined that the appropriate form of relief is a limited exclusion order prohibiting the unlicensed entry of alternators that are covered by one or more of claims 1 and 4 of the '605 patent, claims 1-6 of the '195 patent, and claims 1, 5, and 10 of the '648 patent that are manufactured abroad by or on behalf of, or imported by or on behalf of, AAP.

The Commission has further determined that the public interest factors enumerated in 19 U.S.C. § 1337 (g) do not preclude issuance of the limited exclusion order. Finally, the Commission has determined that the bond during the period of Presidential review shall be in the amount of 100 percent of the entered value of the articles in question.

Accordingly, the Commission hereby **ORDERS THAT**:

1. Alternators covered by one or more of claims 1 and 4 of the '605 patent, claims 1-6 of the '195 patent, or claims 1, 5, and 10 of the '648 patent that are manufactured abroad or imported by or on behalf of AAP, or any of its affiliated companies, parents, subsidiaries, or other related business entities, or its successors or assigns are excluded from entry for consumption into the United States, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law.

2. Notwithstanding paragraph 1 of this Order, the aforesaid products are entitled to entry for consumption into the United States, entry for consumption from a foreign trade zone, or withdrawal from a warehouse for consumption, under bond in the amount of 100 percent of the entered value of imported alternators, from the day after this Order is received by the United States Trade Representative as delegated by the President, 70 *Fed. Reg.* 43251 (July 21, 2005), until such time as the United States Trade Representative notifies the Commission that this action is approved or disapproved but, in any event, not later than sixty (60) days after the date of receipt of this action.

3. At the discretion of U.S. Customs and Border Protection ("CBP") and pursuant to procedures it establishes, persons seeking to import alternators that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraph 1 of this Order. At its discretion, Customs may require persons who have provided the certification described in this

paragraph to furnish such records or analyses as are necessary to substantiate the certification.

4. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to alternators that are imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.

5. The Commission may modify this Order in accordance with the procedures described in Rule 210.76 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.76.

6. The Commission Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and Customs and Border

7. Notice of this Order shall be published in the *Federal Register*.

By Order of the Commission


James Holbein
Secretary to the Commission

Issued: March 30, 2012