

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN HYBRID ELECTRIC VEHICLES AND
COMPONENTS THEREOF**

Inv. No. 337-TA-998

**ORDER NO. 15: INITIAL DETERMINATION GRANTING AMENDED JOINT
MOTION TO TERMINATE THE INVESTIGATION BASED ON
SETTLEMENT**

(January 3, 2017)

I. INTRODUCTION

On December 20, 2016, Complainants Paice LLC and the Abell Foundation, Inc. and Respondents Volkswagen AG, Volkswagen Group of America, Inc., Audi AG, Audi of America, LLC, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc., (collectively, “the parties”), filed a joint motion to terminate this Investigation in view of an agreement resolving the disputes between the Parties (the “First Agreement”). (Motion Docket No. 998-020.) The parties also included an agreement between Complainants and Respondent Volkswagen Group of America regarding (the “Second Agreement”). At my request, the parties filed an Amended Joint Motion to Terminate the Investigation Based on Settlement on December 23, 2016, to include additional descriptions of the agreements and to reduce redactions. (Motion Docket No. 998-021.)

II. STANDARDS OF LAW

Under Commission Rule 210.21(a)(2),

Any 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

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19 C.F.R. § 210.21(a)(2). Commission Rule 210.21(b)(1) further specifies that the motion to terminate must include: (1) copies of the licensing or other settlement agreement; (2) any supplemental agreements; and (3) a statement that there are no other agreements, written or oral, express or implied, between the parties concerning the subject matter of the investigation. *See* 19 C.F.R. § 210.21(b)(1). In addition, the Rule requires that the motion must include a public version of any licensing or other settlement agreement containing confidential business information. *See id.* Commission Rule 210.21(a)(1) also provides that, “[o]n motion for good cause shown, the administrative law judge may limit the service of the agreements to the settling parties and the Commission investigative attorney.” *See id.*

Pursuant to Commission Rule 210.50(b)(2), I must also consider and make appropriate findings regarding the effect of the proposed settlement on the public interest. *See* 19 C.F.R. § 210.50(b)(2).

III. DISCUSSION

The parties filed a public version of the amended joint motion to terminate that includes redacted versions of the First Agreement and Second Agreement (Exhibits A and B, hereto). Additionally, the parties filed confidential versions of the First Agreement and Second Agreement (Exhibit A1 and B1, hereto). The parties also represented that “[t]he parties further state that there is no other agreement, written or oral, express or implied, between them concerning the subject matter of this Investigation.” (Amended Motion at 1.) Accordingly, I find that the requirements of Commission Rule 210.21(b)(1) have been met.

With regard to the public interest, I have reviewed the pleadings filed in connection with the amended joint motion to terminate and do not find any information indicating that termination of this investigation on the basis of the Agreement is contrary to the public health

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and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the United States, or U.S. consumers. To the contrary, I find that termination of this investigation is in the public interest and will conserve public and private resources. *See, e.g., Certain Consumer Elecs., Including Mobile Phones and Tablets*, Inv. No. 337-TA-839, Order No. 35, 2013 WL 453756, *2 (Feb. 4, 2013) (“[T]ermination of litigation under these circumstances as an alternative method of dispute resolution is generally in the public interest and will conserve public and private resources.”).

IV. CONCLUSION

For the reasons above, it is my Initial Determination to GRANT the Amended Joint Motion to Terminate the Investigation Based on Settlement (Motion Docket No. 998-021). This Initial Determination terminates the Investigation in its entirety.

This Initial Determination, along with any supporting documentation, is hereby certified to the Commission. Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall become 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.

A handwritten signature in black ink, appearing to read "Thomas B. Pender", is written over a horizontal line.

Thomas B. Pender
Administrative Law Judge

EXHIBIT A

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into as of December 16, 2016 ("the Effective Date"), by and between Paice LLC and the Abell Foundation, Inc. on the one hand and, on the other hand, Volkswagen Group of America, Inc. and Dr. Ing. h.c. F. Porsche AG, by and through their duly authorized representatives.

WHEREAS, the parties to *In the Matter of Certain Hybrid Electric Vehicles and Components Thereof*, Investigation No. 337-TA-998, before the U.S. International Trade Commission (the "ITC Investigation"), desire to resolve and settle their disputes and dismiss the ITC Investigation;

[REDACTED]

[REDACTED]

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, it is hereby agreed, by and between the Parties, as follows:

I. DEFINITIONS

As used in this Agreement, the following terms are defined as follows:

1.1 "Paice" means Paice LLC, a Delaware limited liability company with a principal place of business located at 111 South Calvert Street, Suite 2310, Baltimore, Maryland 21202.

1.2 "Abell" means the Abell Foundation, Inc., a Maryland corporation with a place of business at 111 South Calvert Street, Suite 2300, Baltimore, Maryland 21202.

1.3 "Paice/Abell" means Paice and Abell, jointly or individually as context dictates.

1.4 "VWGoA" means Volkswagen Group of America, Inc., with an office at 2200 Ferdinand Porsche Dr., Herndon, VA 20171.

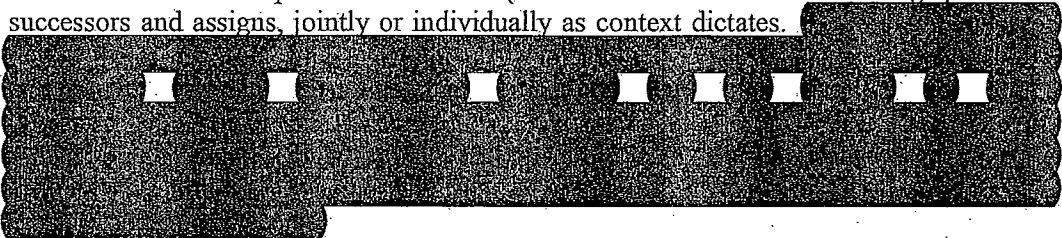
1.5 "Porsche AG" means Dr. Ing. h.c. F. Porsche AG, with an office at Porscheplatz 1, D-70435 Stuttgart, Germany.

1.6 "Paice Patents" means any U.S. or foreign patent or patent application that can be asserted against a vehicle (including utility patents, utility models, design patents, invention certificates, reexamination certificates, reissues, and renewals as well as foreign equivalents thereof) owned (in whole or in part) at any time (currently or in the future) by Paice/Abell, or exclusively licensed to Paice/Abell with a right to sublicense, including, but not limited to, the patents and patent applications listed in Exhibit A, and all related patents and/or patent applications, including all applications (including provisional and non-provisional applications), continuations, continuations-in-part, and divisionals, including all re-examinations, renewals, reissues, and extensions thereof (whether current or future) and any patent or application claiming priority in whole or part to or through any patent or patent application set forth in Exhibit A.

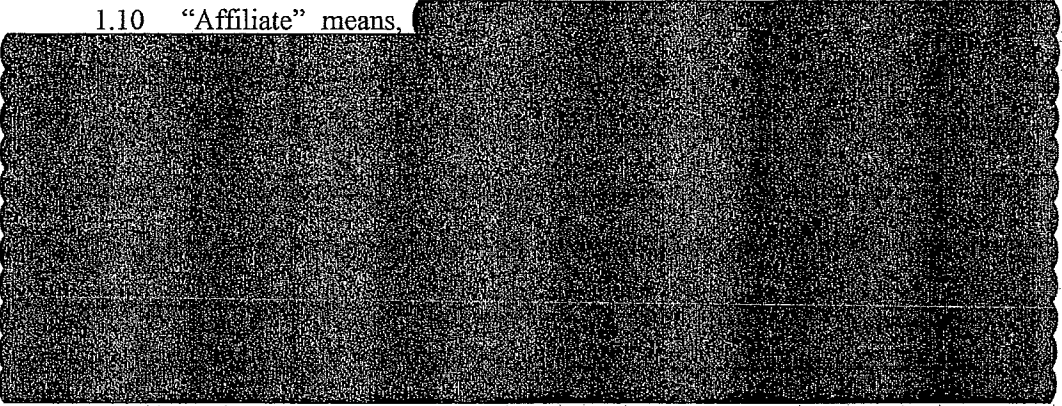
1.7 "Parties" or "Party" means the signatories to this Agreement (Paice, Abell, VWGoA, and Porsche AG), jointly or individually as context dictates.

1.8 "VWGoA/Porsche AG" means VWGoA and Porsche AG, jointly or individually as context dictates.

1.9 "Volkswagen Group" means the following companies: VWGoA, Porsche AG, Volkswagen AG, Audi AG, Audi of America, LLC, Bentley Motors, Inc., Automobili Lamborghini Holding S.p.A., Ducati Motor Holding S.p.A., Volkswagen Group of America Chattanooga Operations, LLC, Bentley Motors Ltd., Lamborghini LLC, and Bugatti Automobiles S.A.S., and Porsche Cars North America, Inc., and their current or future respective Affiliates (as that term is defined below), permitted successors and assigns, jointly or individually as context dictates.



1.10 "Affiliate" means,



[REDACTED]

1.11 "Covered Vehicles" means any vehicle (including all past, current and future vehicles, and all spare parts, replacement parts, systems, methods, processes, hardware, software and components used in the vehicle) sold or imported under at least one trademark or brand name owned by, originated by, created by, or exclusively licensed to the Volkswagen Group provided that the at least one trademark or brand name is still owned by, exclusively licensed to, or otherwise exclusively controlled by the Volkswagen Group.

[REDACTED]

1.12 "Third Party" means

[REDACTED]

1.13

[REDACTED]

II.

2.1

[REDACTED]

[REDACTED]

2.2 **Term.** The term of this Agreement shall run from the Effective Date of this Agreement to the latest of the expiration dates of the Paice Patents.

2.3 [REDACTED]

2.4 [REDACTED]

[REDACTED]

[REDACTED]

2.5 [REDACTED]

2.6 **Paice/Abell Representations.** Paice/Abell represent and warrant with respect to the Paice Patents listed on Exhibit A that: (i) Paice/Abell own the entire ownership, control and enforcement right, title and interest to the Paice Patents, [REDACTED]

(ii) the Paice Patents include all of the patents and patent applications owned or exclusively licensed to, Paice/Abell as of the Effective Date related to the Covered Vehicles; (iii) Paice/Abell have not exclusively licensed, assigned or otherwise transferred to any other Person any rights to the Paice Patents that would prevent Paice/Abell from conveying the full scope of rights being granted by it herein; and (iv) no Third Party has the right, or claimed to have the right, to enforce the Paice Patents or otherwise sue for past or future damages.

III. [REDACTED]

3.1 [REDACTED]

3.2 [REDACTED]

3.3 [REDACTED]

3.4 [REDACTED]

[REDACTED]

IV. DISMISSAL AND MUTUAL RELEASE

4.1 **Dismissal of the ITC Investigation.** Within two (2) business days after the Effective Date, the parties shall file in the ITC Investigation a joint motion to terminate without costs or attorneys' fees.

4.2

[REDACTED]

4.3

[REDACTED]

4.4

[REDACTED]

4.5 **Each Party to Pay Its Own Legal Fees and Costs.** The Parties shall each pay their own legal fees and costs and those of their Affiliates incurred in connection with the ITC Investigation and IPR Actions.

V. MISCELLANEOUS PROVISIONS

5.1 **Paice/Abell's Sole Right and Authority.** Paice/Abell represent and warrant as of the Effective Date that (a) they have the sole right and authority to enter

into this Agreement and to perform their obligations under this Agreement. [REDACTED]

and (b) they have not assigned or otherwise transferred to any other entity any rights to any causes of action that are subject to this Agreement. [REDACTED]

5.2. VWGoA/Porsche AG's Sole Right and Authority. VWGoA/Porsche AG represent and warrant as of the Effective Date that (a) they have the full right and authority to enter into this Agreement and to perform their obligations and the obligations of Volkswagen AG, Audi AG, Audi of America, LLC, and Porsche Cars North America, Inc. under this Agreement. [REDACTED]

[REDACTED] and (b) they have not assigned or otherwise transferred to any other entity any rights to any causes of action that are subject to this Agreement.

5.3 Signature Authority. The persons signing this Agreement each represent that they are duly authorized, with full authority to bind the Parties, and that no signature of any other person or entity is necessary to bind the Parties.

5.4 [REDACTED]

5.5 No Assignment or Third-Party Beneficiaries. This Agreement shall not be assignable by VWGoA/Porsche AG without the written consent of Paice/Abell, or by Paice/Abell without the written consent of VWGoA and Porsche AG. Other than as expressly specified in this Agreement, there are no Third Party beneficiaries to this Agreement.

5.6 [REDACTED]

5.7 [REDACTED]

[REDACTED]

5.8 Confidentiality.

(1) The terms of this Agreement shall be treated as confidential and may not be disclosed to any Third Party except

[REDACTED]

(2)

[REDACTED]

(3) The confidentiality provisions of this Agreement are material terms of this Agreement, and any breach of these provisions will constitute a material breach of this Agreement. The failure of any Party to enforce at any time any of the provisions governing the confidentiality of the terms of this Agreement or to require at any time performance by any of the Parties of any such provisions shall in no way be construed as a waiver of such provision or relinquishment of the right thereafter to enforce such provision.

5.9

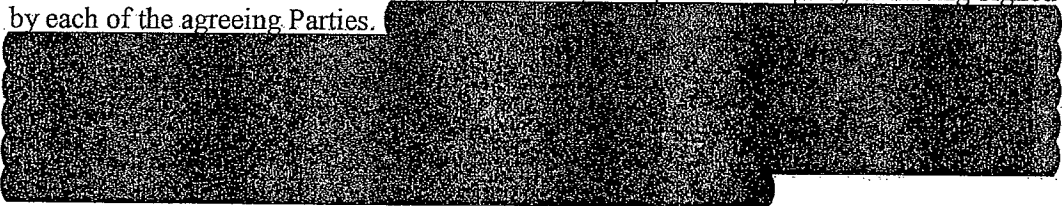


5.10 **Destruction of Information.** The Parties agree that all materials designated as Confidential Business Information shall be destroyed in a timely fashion as specified in the Protective Order (Order No. 1) issued in the ITC Investigation. The Parties further agree that all parties to the ITC Investigation shall promptly return or destroy Confidential Business Information disclosed by another party in the ITC Investigation, including any copies of such Confidential Business Information which may have been made, including, without limitation, any attorney work product, pleadings, memoranda, motions, briefs, reports, exhibits, declarations, affidavits, papers and all other documents that may be in the files of a Party's in-house or outside counsel. Each

party to the ITC Investigation shall provide a written certification that all such materials and documents have been returned or destroyed.

5.11 Jurisdiction and Choice of Law. The Parties agree that any dispute arising out of or relating to this Agreement shall be subject to the exclusive jurisdiction of the U.S. District Court for the District of Delaware. Notwithstanding the foregoing, if there is any dispute for which the U.S. District Court for the District of Delaware does not have subject matter jurisdiction, the state courts in Wilmington, Delaware shall have jurisdiction. The Parties agree that this Agreement shall be governed by laws of the State of Delaware, excluding choice of law provisions.

5.12 Entire Understanding. This Agreement and any attachments hereto constitute a single, integrated written contract expressing the entire agreement of the Parties and shall not be modified, supplemented, or repealed except by a writing signed by each of the agreeing Parties.



5.13 Execution of Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all executed counterparts together shall be deemed to be one and the same instrument.

5.14 Construed as Jointly Prepared. This Agreement shall be construed as if the Parties jointly prepared it and any uncertainty or ambiguity shall not be interpreted against any one Party because of the manner in which this Agreement was drafted or prepared. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver unless expressly stated in writing by the Party making the waiver. No waiver of any provision shall be binding in any event unless executed in writing by the party making the waiver.

5.15 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable, the remaining provisions shall not be affected. The Parties shall consult and use their reasonable and best efforts to agree upon a valid and enforceable provision which shall be a reasonable substitute for the invalid, illegal or unenforceable provision.

5.16 Notices. All notices under this Agreement shall be in writing and delivered by overnight express mail, same or next day courier service, or by personal delivery to such Party at the addresses given below, or such other addresses as provided by a Party by written notice, with copy by facsimile or e-mail:

Paice:



[REDACTED]

[REDACTED]

[REDACTED]

Abell:

[REDACTED]

VWGoA:

[REDACTED]

[REDACTED]

[REDACTED]

Porsche AG:

[REDACTED]

[REDACTED]

[REDACTED]

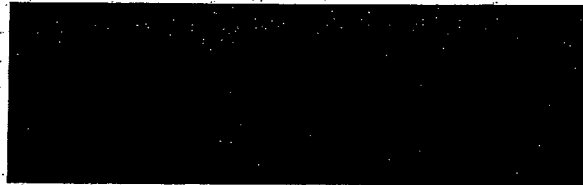
5.17 **Headings.** The headings and captions used herein shall not be used to interpret or construe this Agreement.

5.18 [REDACTED]

IN WITNESS HEREOF, the Parties being fully authorized and empowered to bind themselves to this Agreement, have authorized and executed this Agreement on the date set forth opposite their respective signatures.

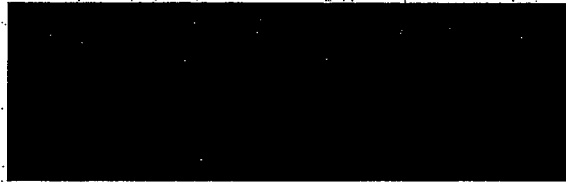
DATED: December 16, 2016

Paice LLC



DATED: December 6, 2016

Abell Foundation, Inc.



DATED: December 16, 2016

Volkswagen Group of America, Inc.



DATED: December 16, 2016

Dr. Ing. h.c. F. Porsche AG

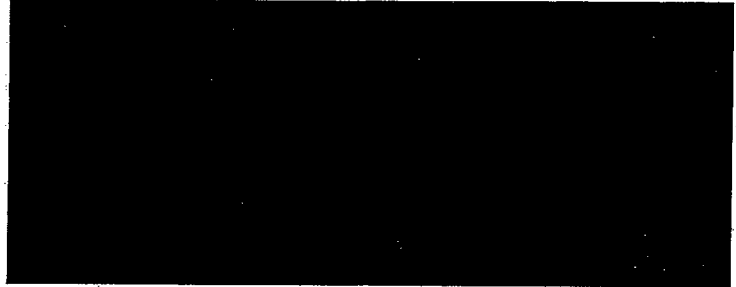


EXHIBIT A

Paice Patents

1. United States Patent No. 5,343,970 entitled "HYBRID ELECTRIC VEHICLE." (expired)
2. United States Patent No. 6,209,672 entitled "HYBRID VEHICLE."
3. United States Patent No. 6,338,391 entitled "HYBRID VEHICLES INCORPORATING TURBOCHARGERS."
4. United States Patent No. 6,554,088 entitled "HYBRID VEHICLES."
5. United States Patent No. 7,104,347 entitled "HYBRID VEHICLES."
6. United States Patent No. 7,237,634 entitled "HYBRID VEHICLES."
7. United States Patent No. 7,392,871 entitled "HYBRID VEHICLES."
8. United States Patent No. 7,455,134 entitled "HYBRID VEHICLES."
9. United States Patent No. 7,520,353 entitled "HYBRID VEHICLE CONFIGURATION."
10. United States Patent No. 7,559,388 entitled "HYBRID VEHICLES."
11. United States Patent No. 7,597,164 entitled "HYBRID VEHICLES."
12. United States Patent No. 8,214,097 entitled "HYBRID VEHICLES."
13. United States Patent No. 8,630,761 entitled "HYBRID VEHICLES."
14. United States Patent No. 9,050,972 entitled "HYBRID VEHICLES."
15. United States Patent No. 9,463,698 entitled "HYBRID VEHICLES."
16. United States Patent Application 13/694,865
17. United States Patent Application 14/544,023 (Abandoned)
18. United States Patent Application 12/806162 (Abandoned)
19. United States Patent Application 12/320600 (Abandoned)
20. United States Patent Application 13/694845 (Abandoned)
21. United States Patent Application 15/330563
22. UK Patent No. 1,113,943
23. Germany Patent No. 1,113,943
24. France Patent No. 1,113,943
25. UK Patent No. 1,932,704
26. Germany Patent No. 1,932,704
27. France Patent No. 1,932,704
28. Italy Patent No. 1,932,704
29. UK Patent No. 2,289,750
30. Germany Patent No. 2,289,750
31. France Patent No. 2,289,750
32. Italy Patent No. 2,289,750
33. Japan Patent 3,676,235 (Abandoned)
34. Japan Patent 3,779,676
35. Japan Patent 4,459,876
36. Korea Patent 10-466165 (Abandoned)
37. Mexico Patent 234286
38. Canada Patent 2,343,056
39. Canada Patent 2,556,195
40. Canada Patent 2,716,246
41. Canada Application 2,883,981 (Withdrawn)
42. Brazil Patent 9913684
43. Hong Kong Patent Application 05109023.7
44. Hong Kong Patent 1,158,583
45. WO Patent Application PCT/US2002/010197
46. WO Patent Application PCT/US1999/018844

EXHIBIT B



EXHIBIT C

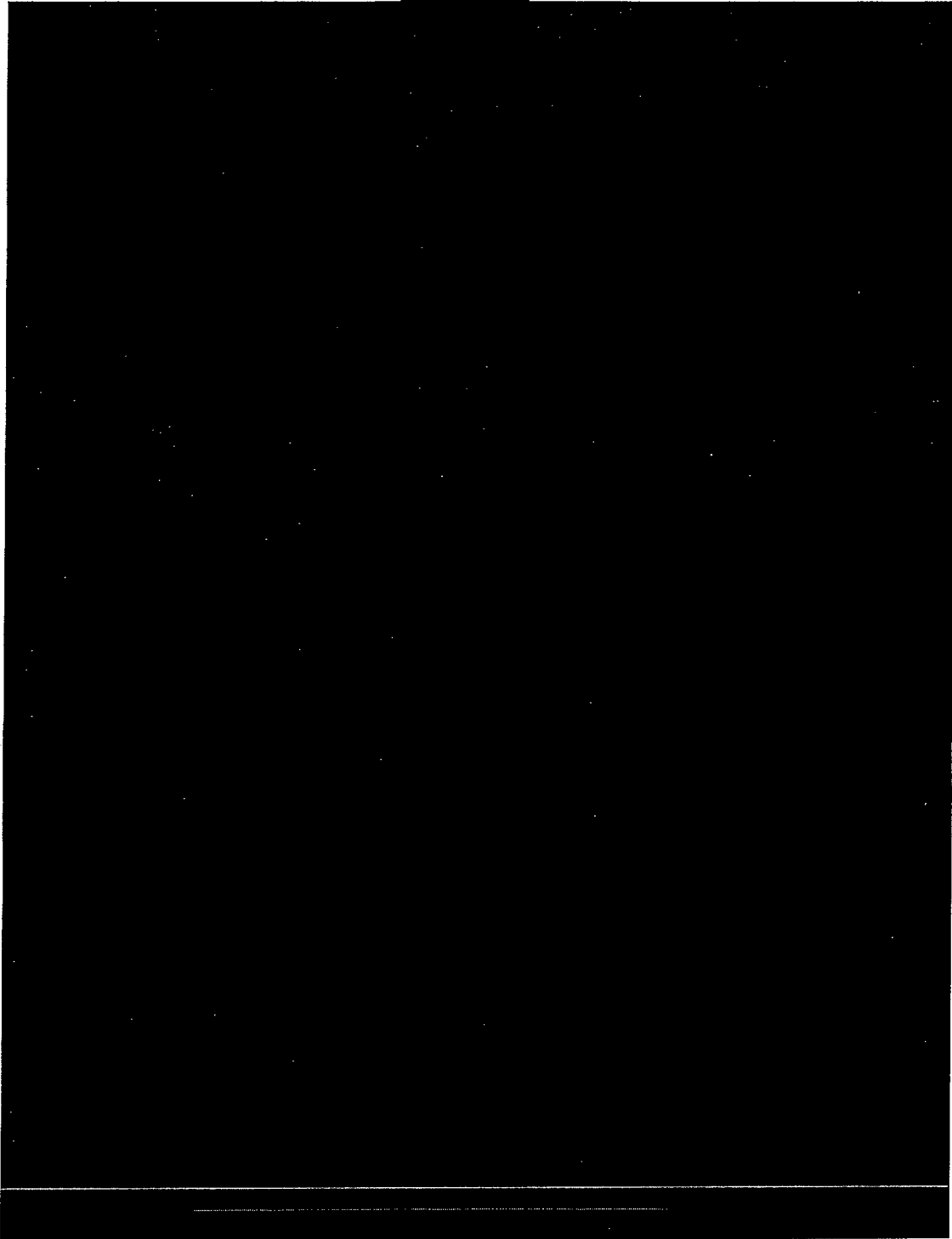


EXHIBIT B

PUBLIC VERSION



[REDACTED]
VOLKSWAGEN Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171

December 16, 2016

Re: *In the Matter of Certain Hybrid Electric Vehicles and Components Thereof*,
Investigation No. 337-TA-998

Dear [REDACTED],


Now that we have settled our litigation in the U.S. International Trade Commission, the protective order in that case requires each party to destroy all materials designated as Confidential Business Information in a timely fashion. To avoid seeking modification of the order, this will reflect our agreement that [REDACTED]

[REDACTED]


Paice LLC · 111 South Calvert Street · Suite 2310
Baltimore, MD 21202-6174
www.paicehybrid.com

December 16, 2016
Page 2 of 2

Paice LLC and the Abell Foundation, Inc. further agree:



Sincerely,



Seen and agreed:




EXHIBIT A1

(redacted in entirety)

EXHIBIT B1

(redacted in entirety)

**IN THE MATTER OF CERTAIN HYBRID ELECTRIC
VEHICLES AND COMPONENTS THEREOF**

337-TA-998

CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **PUBLIC INITIAL DETERMINATION
ORDER NO. 15** has been served upon the following parties as indicated on

JAN 03 2017



Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street, SW, Room 112A
Washington, DC 20436

FOR COMPLAINANTS PAICE LLC & ABEL FOUNDATION, INC:

Linda Liu Kordziel, Esq.
FISH & RICHARDSON P.C.
1425 K Street NW, Suite 1100
Washington, DC 20005

() Via Hand Delivery
(☒) Via Express Delivery
() Via First Class Mail
() Other: _____

**FOR RESPONDENTS DR. ING. H.C.F. PORSCHE AG & PORSCHE CARS NORTH
AMERICA, INC.**

Edgar Haug, Esq.
FROMMER LAWRENCE & HAUG LLP
745 Fifth Avenue
New York, NY 10151

() Via Hand Delivery
(☒) Via Express Delivery
() Via First Class Mail
() Other: _____

**FOR RESPONDENTS VOLKSWAGEN AG, VOLKSWAGEN GROUP OF AMERICA,
INC., AUDI AG & AUDI OF AMERICA, LLC**

Michael J. Lennon, Esq.
ANDREWS KURTH LLP
One Broadway
New York, NY 10004

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