PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

CERTAIN CONSUMER ELECTRONIC DEVICES, INCLUDING TELEVISIONS, GAMING CONSOLES, MOBILE PHONES AND TABLETS, AND NETWORK-ENABLED DVD AND BLU-RAY PLAYERS Inv. No. 337-TA-1060

ORDER NO. 27: INITIAL DETERMINATION TERMINATING INVESTIGATION BASED ON PATENT CROSS LICENSE AGREEMENT

(December 20, 2017)

On December 15, 2017, Complainant ARRIS Enterprises LLC and Respondents Sony Corporation, Sony Corporation of America, Sony Electronics Inc., Sony Interactive Entertainment, Inc., Sony Mobile Communications (USA), Inc., Sony Interactive Entertainment LLC, and Sony Interactive Entertainment America LLC filed a joint motion to terminate the investigation based on a patent cross license agreement (Motion Docket No. 1060-026). The Commission Investigative Staff ("Staff") filed a response in support of the termination on December 18, 2017.

Commission Rule 210.21(a)(2) states in relevant part that "[a]ny party may move at any time for an order 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 . . . or consent order, as provided in paragraphs (b), (c) and (d) of this section." 19 C.F.R. § 210.21(a)(2). Section (b) of Commission Rule 210.21 governs termination by settlement, and subsection 210.21(b)(1) provides that in order for an investigation to be terminated on the basis of a licensing or other

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settlement agreement, the motion for termination must include: (1) copies of the "licensing or other settlement agreement," including both a public and a confidential version if necessary; (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." 19 C.F.R. § 210.21(b)(1).

Consistent with subsection (b)(1) of Commission Rule 210.21, public and confidential versions of the private parties' cross license agreement were attached to the motion, and the motion sets forth explanations for each redaction made in the public version of the agreement. Motion at 3-6. A copy of a Memorandum of Understanding entered into by the private parties is also attached to the motion in compliance with subsection (b)(2). Motion Exhibit 4. In satisfaction of subsection (b)(3), the motion contains a statement that there are no other agreements, written or oral, express or implied between the parties concerning the subject matter of the investigation. Motion at 2. The private parties' cross license agreement appears to resolve all of their disputes related to this investigation. See Exhibit A ¶¶ 3.1, 3.2, 3.4; Staff Resp. at 3.

Commission Rule 210.50(b)(2) allows parties to submit public interest statements, and "the administrative law judge shall consider and make appropriate findings in the initial determination regarding the effect of the proposed settlement on the public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the United States, and U.S. consumers." 19 C.F.R. § 210.50(b)(2). The private parties submit that termination of this investigation will not adversely affect the public interest because it will not affect the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers. Motion at 2. Staff shares the view that termination is in the public interest.

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Staff Resp. at 4. The public interest generally favors settlement to avoid needless litigation and to conserve public resources. See Certain Navigation Products, Including GPS Devices,

Navigation and Display Systems, Radar Systems, Navigational Aids, Mapping Systems and

Related Software, Inv. No. 337-TA-900, Order No. 27, 2014 WL 426161, at *2 (Aug. 21, 2014).

Accordingly, it is my initial determination that Motion Docket No. 1060-026 is hereby GRANTED, and the investigation is terminated in its entirety. Pursuant to Commission Rule 210.21(b)(2), a copy of the parties' settlement agreement is attached hereto as Exhibit A, and a public version of this order is being issued simultaneously with a redacted version of Exhibit A. 19 C.F.R. § 210.21(b)(2).

SO ORDERED.

Dee Lord

Administrative Law Judge

¹ The procedural schedule in this investigation was stayed pursuant to Order No. 26 (Nov. 20, 2017). Pending Motion Docket Nos. 1060-005 and 1060-019 are hereby DENIED as moot.

Exhibit A

Patent Cross License Agreement

This Patent Cross License Agreement ("Agreement") is agreed on this 14th day of December, 2017 ("Effective Date") between:

- (1) SONY CORPORATION, a corporation organized and existing under and by virtue of the laws of Japan, maintaining its principal office at 1-7-1 Konan, Minato-ku, Tokyo, 108-0075 Japan (hereinafter referred to as "Sony") on the one hand; and
- (2) ARRIS INTERNATIONAL PLC, a corporation organized and existing under and by virtue of the laws of England and Wales, maintaining a principal office at 3871 Lakefield Drive, Suwanee, Georgia 30024 USA (hereinafter referred to as "ARRIS") on the other hand, for the purposes of cross licensing the Parties' patents and entering into releases in connection with such patents and the Legal Actions (as defined below), set forth in that certain Memorandum of Understanding, dated November 17, 2017, between Sony and ARRIS (the "MOU").

Sony and ARRIS (collectively referred to as the "Parties" and individually as a "Party") hereby agree as follows:

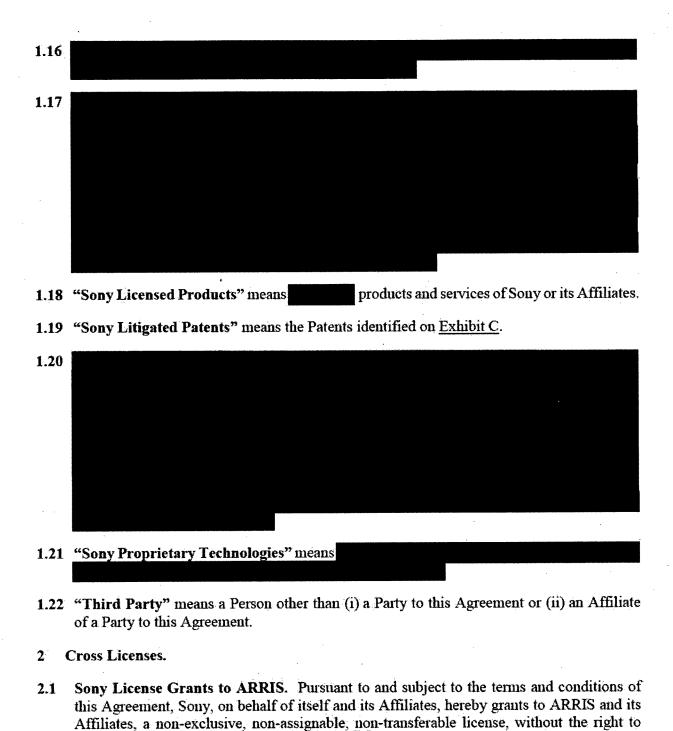
- 1 Definitions. Capitalized terms have the meaning ascribed to them in this Section 1 or elsewhere in this Agreement.
- 1.1 "Affiliate(s)" means a corporation, company, or other entity which now or hereafter, directly or indirectly, controls or is controlled by Sony or ARRIS. The term "control" as used in this definition shall mean ownership of of the outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) of such corporation, company, or other entity; provided, however, such corporation, company or other entity shall be deemed to be an Affiliate only so long as such "control" exists. Notwithstanding the foregoing, corporations, companies, or other entities acquired from Third Parties after the Effective Date shall not qualify as Affiliates hereunder and shall not enjoy the benefit of the releases or licenses set forth herein,

1.2

| 1.3 | "ARRIS Licensed Products" means products and services of ARRIS or its Affiliates. |
|------|---|
| 1.4 | "ARRIS Litigated Patents" means the Patents identified on Exhibit B. |
| 1.5 | "ARRIS Proprietary Technologies" means |
| 1.6 | |
| 1.7 | "Claims" means any and all actions, causes of action, proceedings, suits, accounts, rights, claims, demands, liabilities, losses, damages, interest, costs and expenses, of any kind or nature, whether in law or in equity, liquidated or unliquidated, fixed or contingent, known or unknown, asserted or not asserted. |
| 1.8 | |
| 1.9 | |
| 1.10 | |
| 1.11 | "Legal Actions" means the legal actions between the Parties and/or their Affiliates, as applicable, set forth in Exhibit A. |
| 1.12 | |
| 1.13 | |
| 1.14 | "Patents" means all classes or types of patents other than design patents (including originals, divisions, continuations, continuations-in-part, extensions or reissues) and all applications other than design applications (including provisional applications) for these |

1.15 "Person" means an individual, trust, corporation, partnership, joint venture, limited liability company, association, unincorporated organization, or other legal or governmental entity.

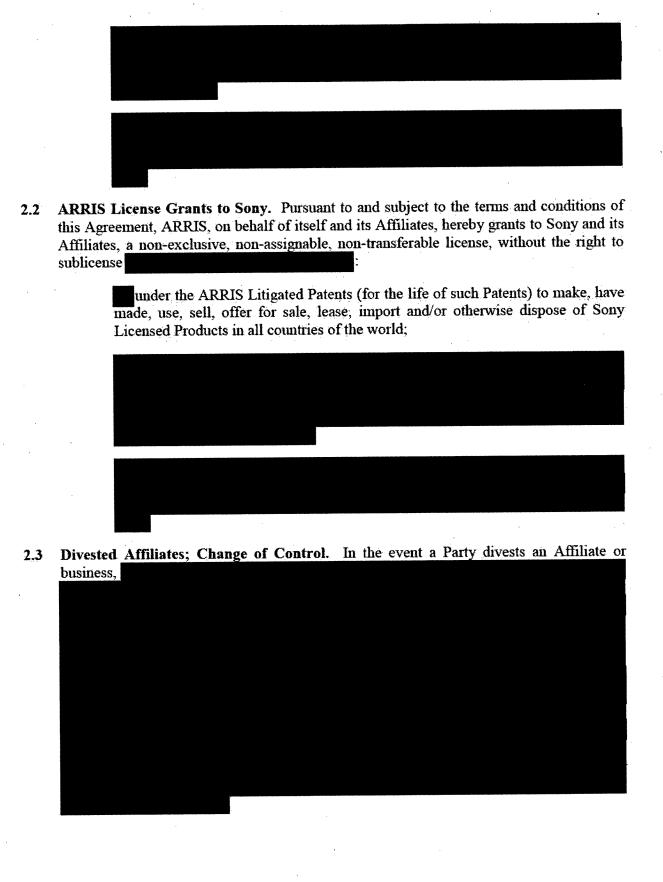
classes or types of patents throughout the world.



under the Sony Litigated Patents (for the life of such Patents) to make, have made, use, sell, offer for sale, lease, import and/or otherwise dispose of ARRIS

Licensed Products in all countries of the world;

sublicense



No Other Rights. No rights are granted under this Agreement, by implication, estoppel, statute or otherwise, except as expressly set forth herein.

3 Mutual Releases.

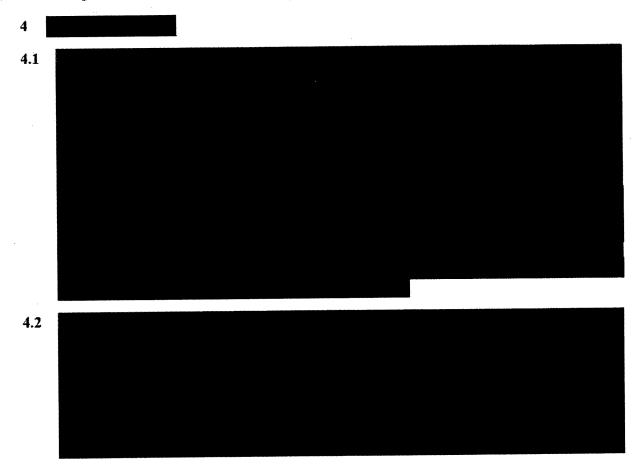
- 3.1 Sony. Sony, on behalf of itself and its Affiliates, hereby irrevocably releases, acquits and forever discharges: ARRIS, the Affiliates of ARRIS that are Affiliates as of the Effective Date, and each of their respective distributors, customers, end users, officers, directors, managing members, members, owners, employees, representatives, attorneys, successors and assigns for those of their activities conducted by or on behalf of ARRIS or such Affiliates from Claims arising from or relating to any and all (a) activities that occurred prior to the Effective Date that would have been licensed under this Agreement if they had been performed on or after the Effective Date, and (b) events or actions of ARRIS or such Affiliates occurring prior to the Effective Date to the extent such events or actions are related to any Sony Litigated Patents and/or the Legal Actions. The foregoing releases shall include any such Claims relating to Pace, Ltd. and its Affiliates existing prior to its acquisition by ARRIS on January 4, 2016
- ARRIS. ARRIS, on behalf of itself and its Affiliates, hereby irrevocably releases, acquits and forever discharges: Sony, the Affiliates of Sony that are Affiliates as of the Effective Date, and each of their respective distributors, customers, end users, officers, directors, managing members, members, owners, employees, representatives, attorneys, successors and assigns for those of their activities conducted by or on behalf of Sony or such Affiliates from Claims arising from or relating to any and all (a) activities that occurred prior to the Effective Date that would have been licensed under this Agreement if they had been performed on or after the Effective Date, and (b) events or actions of Sony or such Affiliates occurring prior to the Effective Date to the extent such events or actions are related to any ARRIS Litigated Patents and/or the Legal Actions.

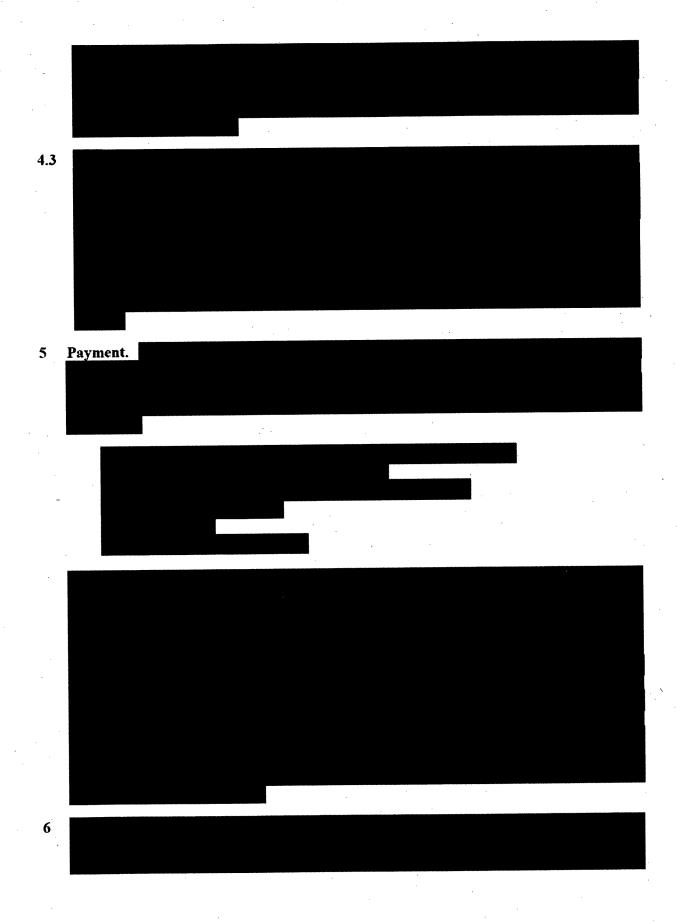
3.3 Known and Unknown Claims. Without limiting or changing the provisions of Sections 3.1 and 3.2 of this Agreement, the Parties hereby irrevocably waive any reliance upon Section 1542 of the California Civil Code, or any similar legal provision, which may be adjudicated for any reason to apply notwithstanding or as a result of Sections 3.1 and 3.2. Section 1542 of the California Civil Code states:

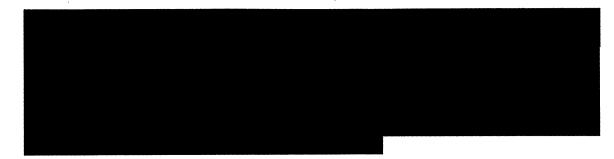
"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

This full release of known and unknown Claims applies in any jurisdiction where a Claim inconsistent with the release might be filed, notwithstanding the existence in any such jurisdiction of a statute or other legal provision similar to Section 1542 of the California Civil Code

3.4 Dismissal of Legal Actions. The Parties agree that notwithstanding anything to the contrary herein or in the MOU, the Parties' obligations to dismiss the Legal Actions pursuant to Section 2 of the MOU survive the expiration or termination of the MOU, and such obligations are hereby incorporated by reference into this Agreement.







7 Term.

- 7.1 Term. This Agreement shall become effective as of the Effective Date and remain in effect until the state of the "Term").
- 7.2 Partial Termination of Rights. This Agreement may not be terminated for any reason, and no Party shall have the right to seek rescission of this Agreement or any other remedy that seeks to invalidate, terminate, void, or undo this Agreement. Notwithstanding the foregoing or anything to the contrary in this Agreement,
- 7.3 Survival. The provisions of Sections 2.1(a), 2.1(c) (solely with respect to Section 2.1(a)), 2.2(a), 2.2(c) (solely with respect to Section 2.2(a)), 2.4, 3, 5 (with respect to payments accrued prior to expiration of this Agreement), this Section 7.3, and Sections 8, 9.2, 9.3 and 10 will survive any expiration of this Agreement.
- Confidentiality. ARRIS and Sony shall not disclose (and shall ensure that their Affiliates do not disclose) to any Third Party any information acquired from each other in connection with this Agreement, or use such information for any purpose other than the express purposes of this Agreement. This obligation shall not apply to the extent information so acquired that: (a) was known to either Party or its Affiliates prior to the date on which such information was acquired from the other Party or its Affiliates, as shown by records of the acquiring Party or its Affiliates or otherwise demonstrated to both Parties' satisfaction; (b) is or has become available to the public through no fault of either Party or its Affiliates; (c) was or is received from a Third Party who was under no confidentiality obligation in respect of such information; (d) is requested to be disclosed pursuant to subpoena or other process issued by a court or agency of competent jurisdiction or in discovery requests in an action before a court or agency of competent jurisdiction and further pursuant to a protective order issued by such court or agency that restricts the further disclosure of this Agreement in whole or in part to counsel, court or agency personnel and qualified experts subject to such protective order; (e) must be disclosed to comply with governmental or securities disclosure or reporting obligations, but only to the least extent necessary to satisfy the applicable rule or regulation mandating such disclosure; (f) to a Party's or its Affiliates' accountants attorneys, financial advisers and other

professionals engaged by such Party or its Affiliates, as reasonably required for their performance of services for such Party or its Affiliates

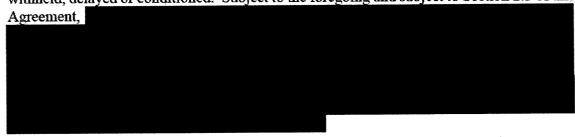
9 Representations, Warranties and Disclaimers.

- Authority. Each Party represents and warrants that (a) it has all requisite corporate power and authority to execute and deliver this Agreement and to carry out the provisions of this Agreement, and to grant the releases, licenses and other rights granted by it herein, on its own behalf and on behalf of its Affiliates, and (b) the execution, delivery, and performance by such Party of this Agreement have been approved by all requisite action on the part of such Party and its Affiliates, and no other proceedings, approvals, consents, authorizations, or other acts on the part of such Party or its Affiliates are necessary to authorize this Agreement.
- 9.2 Disclaimer. Nothing contained in this Agreement shall be construed as:
 - (a) a warranty or representation by any Party or any Affiliate as to the validity, enforceability or scope of any Patent; or
 - (b) a warranty or representation by any Party or any Affiliate that any manufacture, sale, lease, use or other disposition of products and services licensed under this Agreement will be free from infringement of any Patents or other intellectual property rights of any Third Party; or
 - (c) an agreement by or obligation of any Party or any Affiliate to bring or prosecute actions or suits against any Third Party for infringement or conferring any right to bring or prosecute actions or suits against any Third Party for infringement; or
 - (d) an agreement by or obligation of any Party or any Affiliate to defend any action or suit brought by a Third Party that challenges the validity of any of its Patents; or
 - (e) conferring any right to any Person to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of any Party or any Affiliate; or
 - (f) conferring by implication, estoppel or otherwise, to any Person, any license or other right under any Patents, copyright, maskwork, trade secret, trademark or other intellectual property right, except the licenses and rights expressly granted under this Agreement; or
 - (g) an obligation of any Party or any Affiliate to furnish any technical or other information or know-how; or
 - (h) an obligation of any Party or any Affiliate to file any Patent application, or to secure any Patents, or to maintain any Patent in force.

9.3 NO IMPLIED WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH HEREIN, EACH PARTY, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES, HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES THAT MAY ARISE FROM COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

10 Miscellaneous.

10.1 Assignment. No Party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or conditioned. Subject to the foregoing and subject to Section 2.3 of this Agreement



10.2 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be delivered by prepaid air courier or by registered or certified airmail, postage prepaid, addressed as follows:

For Sony:

Sony Corporation

Attn: General Manager

Licensing and Trademark Department

Intellectual Property Division

1-7-1 Konan Minato-ku Tokyo 108-0075 Japan

For ARRIS:

ARRIS INTERNATIONAL PLC

Attn: General Counsel

Legal Dept.

3871 Lakefield Drive

Suwanee, Georgia 30024 USA.

Such notices shall be deemed to have been served when received by addressee. Any Party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such Party as above provided at such changed address.

- 10.3 Choice of Law; Jurisdiction. This Agreement shall be construed, governed, interpreted and applied exclusively in accordance with the laws of the State of New York, USA. All disputes and litigation arising out of or related to this Agreement, including matters connected with its performance, shall be subject to the exclusive jurisdiction of the courts of the State of New York or of the Federal courts sitting therein. Solely in connection with disputes and litigation arising out of or related to this Agreement, each Party hereby agrees not to contest personal jurisdiction of such courts and irrevocably waives all objections to such venue.
- 10.4 Severability. If any provision of this Agreement is held to be illegal or unenforceable, such provision shall be limited or eliminated to the minimum extent necessary so that the remainder of this Agreement will continue in full force and effect and be enforceable. The Parties agree to negotiate in good faith an enforceable substitute provision for any invalid or unenforceable provision that most nearly achieves the intent of such provision.
- 10.5 Entire Agreement. This Agreement embodies the entire understanding of the Parties with respect to the subject matter hereof, and merges all prior discussions between them, and neither Party shall be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. No oral explanation or oral information by any Party hereto shall alter the meaning or interpretation of this Agreement.
- 10.6 Modification; Waiver. No modification or amendment to this Agreement, nor any waiver of any rights, will be effective unless assented to in writing by the Parties, and the waiver of any breach or default will not constitute a waiver of any right hereunder or any subsequent breach or default.
- 10.7 No Additional Representations. Each Party has entered into this Agreement based on its own investigation of the facts and circumstances, and its own business judgment. Neither Party has relied upon any representation of the other Party in entering this Agreement except for those expressly set forth herein. Each Party expressly waives and disclaims any representation made prior to the Effective Date of this Agreement by itself or the other Party except for those expressly set forth herein.
- 10.8 Construction; Language. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be applied in the construction or interpretation of this Agreement. As used in this Agreement, the words "include" and "including" and variations thereof will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words "without limitation." The headings in this Agreement will not be referred to in connection with the construction or interpretation of this Agreement. This Agreement is in the English language only, which language shall be controlling in all respects, and all notices under this Agreement shall be in the English language.
- 10.9 Counterparts. This Agreement shall become binding when any one or more counterparts hereof, individually or taken together, bears the signatures of each of the Parties hereto. This Agreement may be executed in any number of counterparts (including facsimile or e-mail

counterparts), each of which shall be an original as against a Party whose signature appears thereon, but all of which taken together shall constitute one and the same instrument.

[Signature Page to Immediately Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their duly authorized officers.

SONY CORPORATION

Signature:

Name: Tomonori Okuwaki

Title: Senior General Manager Intellectual Property Division ARRIS INTERNATIONAL PLC

Signature:

Name: Patrick Macken

Title: Senior Vice President, General

Counsel

EXHIBIT A

LEGAL ACTIONS

- 5-17-cv-01098 (NDCA) (filed on March 2,2017) ARRIS Solutions, Inc. et al v. Sony Interactive Entertainment LLC et al
- 2 5-17-cv-02669 (NDCA) (filed on May 9, 2017) ARRIS Enterprises LLC v. Sony Corporation et al
- 3 USITC 337-TA-1060 (filed on May 9, 2017) Certain Consumer Electronic Devices, Including Televisions, Gaming Consoles, Mobile Phones and Tablets, and Network-Enabled DVD and Blu-Ray Players
- 4 1-15-cv-00288 (DDE) (filed on April 1,2015) Sony Corporation v. ARRIS Global Ltd. et al
- 5 1-17-cv-00890 (NDGA) (filed on March 10,2017) Sony Corporation et al v. ARRIS International plc et al
- 6 USITC 337-TA-1049 (filed on March 10, 2017) Digital Cable and Satellite Products, Set-Top Boxes, Gateways, and Components Thereof
- 7 IPR2016-00834 (Patent 6,097,676)
- 8 IPR2016-00835 (Patent 6,084,643)
- 9 IPR2016-00827 (Patent RE38,898)
- 10 IPR2016-00828 (Patent 7,733,295)
- 11 IPR2017-01596 (Patent 6,467,093)
- 12 IPR2017-01699 (Patent 8,032,919)
- 13 IPR2017-01820 (Patent 6,556,221)
- 14 IPR2017-01970 (Patent RE45,126)
- 15 IPR2017-01692 (Patent 6,138,147)
- 16 IPR2017-01695 (Patent 7,107,532)
- 17 IPR2017-01803 (Patent 7,107,532)
- 18 IPR2017-01867 (Patent 6,944,880)
- 19 IPR2017-02064 (Patent 7,113,502)
- 20 IPR2017-01936 (Patent 8,300,156)
- 21 IPR2017-01963 (Patent 7,752,564)
- 22 IPR2018-00072 (Patent 9,521,466)
- 23 IPR2018-00075 (Patent 9,521,466)
- 24 IPR-2017-01964 (Patent 6,473,858)
- 25 IPR-2017-01961 (Patent 6,934,148)

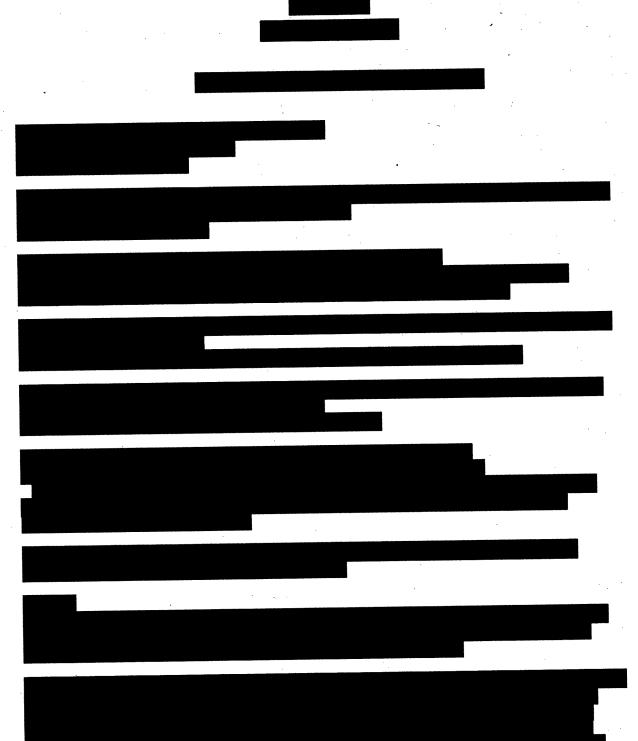
EXHIBIT B

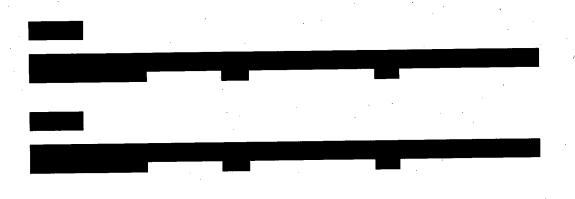
ARRIS LITIGATED PATENTS

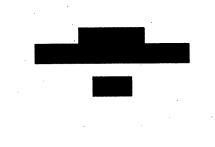
| US6,138,147 | US7,107,532 | US8,300,156 |
|-------------|-------------|-------------|
| US7,113,502 | US6,473,858 | US9,521,466 |
| US6.934.148 | US6,944,880 | US7,752,564 |

EXHIBIT C SONY LITIGATED PATENTS

| US6,084,643 | US6,097,676 | USRE38,898 |
|-------------|-------------|-------------|
| US7,733,295 | US6,467,093 | US8,032,919 |
| US6 915 525 | US6 556 221 | USRE45.126 |







CERTAIN CONSUMER ELECTRONIC DEVICES, INCLUDING TELEVISIONS, GAMING CONSOLES, MOBILE PHONES AND TABLETS, AND NETWORK-ENABLED DVD AND BLU-RAY PLAYERS

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorney, Peter Sawert, Esq., and the following parties as indicated, on 12/20/2017

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

On Behalf of Complainant ARRIS Enterprises LLC:

| Noah C. Graubart, Esq. FISH & RICHARDSON P.C. 1180 Peachtree Street NE, 21 st Floor Atlanta, GA 30309 | ☐ Via Hand Delivery ☐ Via Express Delivery ☐ Via First Class Mail | | | | |
|---|--|--|--|--|--|
| | ☐ Other: | | | | |
| On Behalf of Respondents Sony Corporation, | | | | | |
| Sony Corporation of America, Sony Electronics Inc., | | | | | |
| Sony Interactive Entertainment Inc., Sony Mobile | | | | | |
| Communications (USA) Inc., Sony Interactive | • | | | | |
| Entertainment LLC and Sony Interactive Entertainment | | | | | |
| America LLC : | | | | | |
| Aimee N. Soucie, Esq. | ☐ Via Hand Delivery | | | | |
| ANDREWS KURTH KENYON LLP | ☑ Via Express Delivery | | | | |
| 1350 I Street, N.W., Suite 1100 | ☐ Via First Class Mail | | | | |
| Washington, DC 20005 | ☐ Other: | | | | |
| | | | | | |