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**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

In the Matter of

**CERTAIN CRAWLER CRANES AND
COMPONENTS THEREOF**

Investigation No. 337-TA-887

COMMISSION OPINION

I. INTRODUCTION

On July 11, 2014, the presiding administrative law judge (“ALJ”) issued his final initial determination (“ID”) in this investigation, finding a violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 (“section 337”). Specifically, the ID found a violation of section 337 with respect to claims 1, 2, 5, 8, and 23-26 of U.S. Patent No. 7,546,928 (“the ’928 patent”) and misappropriation of Trade Secret Nos. 1, 6, 14, and 15. The ID found no violation of section 337 with respect to claims 6, 10, and 11 of the ’928 patent, claim 1 of U.S. Patent No. 7,967,158 (“the ’158 patent”), and Trade Secret Nos. 3 and 4. The Commission determined to review the ID in part with respect to: (1) importation of the accused products; (2) infringement of the asserted patents; (3) estoppel; (4) the technical prong of the domestic industry requirement; and (5) the asserted trade secrets.

Upon consideration of the record in this investigation, including the parties’ submissions, the Commission has determined the following: (1) claims 1, 2, 5, 6, 8, 10, and 11 of the ’928 patent are not infringed; (2) claims 23-26 of the ’928 patent are infringed by the SCC8500 crane with the original UltraLift package; (3) claim 1 of the ’158 patent is not infringed; (4) to take no position on the ID’s estoppel findings; (5) the domestic industry requirement has been satisfied; and (6) Trade Secret Nos. 1, 3, 4, 6, 14, and 15 are protectable and have been misappropriated by

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Sany resulting in injury to the domestic industry.¹ The Commission adopts the ID's findings that are consistent with this opinion.

II. BACKGROUND

A. Procedural History

The Commission instituted this investigation on July 17, 2013, based on a complaint filed by Manitowoc Cranes, LLC ("Manitowoc" or "Complainant") of Manitowoc, Wisconsin. 78 *Fed. Reg.* 42800-01 (July 17, 2013). The complaint alleges violations of section 337(a)(1)(B) by reason of infringement of certain claims of the '928 and '158 patents and that an industry in the United States exists or is in the process of being established as required by subsection (a)(2) of section 337. The complaint further alleges violations of section 337(a)(1)(A) by reason of trade secret misappropriation, the threat or effect of which is to destroy or substantially injure an industry in the United States or to prevent the establishment of such an industry. The Commission's notice of investigation named Sany Heavy Industry Co., Ltd. ("Sany Heavy") of Changsha, China, and Sany America, Inc. ("Sany America") of Peachtree City, Georgia, as respondents (collectively "Sany" or "Respondents"). The Office of Unfair Import Investigations ("OUII") was also named as a party to this investigation.

On November 15, 2013, Manitowoc filed a motion seeking to amend the complaint and notice of investigation to assert (1) additional patent claims (*i.e.*, claims 6, 8, 10, 11, and 23-26 of

¹ The Commission previously found that Manitowoc satisfied the economic prong of the domestic industry requirement with respect to the asserted patents and the domestic industry requirement with respect to the asserted trade secrets. *See* Notice of Commission Determination to Review in Part an Initial Determination Granting Summary Determination That Complainant Has Satisfied the Economic Prong of the Domestic Industry Requirement as to Its Patent Infringement Allegations and That It Has Satisfied the Requirement of Injury to the Domestic Industry for Its Trade Secret Misappropriation Allegations (Mar. 20, 2014).

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the '928 patent), (2) additional trade secrets, and (3) an additional unfair act. On December 13, 2013, the ALJ issued an ID (Order No. 10) granting the motion with respect to the additional patent claims and certain of the additional alleged trade secrets, but denying the motion with respect to one of the additional trade secrets, and the additional unfair act. On January 15, 2014, the Commission determined not to review the ID's determination.²

On February 12, 2014, the ALJ granted Manitowoc's unopposed motion that it had satisfied the economic prong of the domestic industry requirement with respect to the asserted patents and the domestic industry requirement with respect to the asserted trade secrets. Order No. 17 (Feb. 12, 2014). The Commission determined to review the ID in-part.³ Specifically, the Commission modified the ID's findings to specify that Manitowoc satisfied the economic prong under section 337(a)(3)(A) for its investments in plant and equipment and under section 337(a)(3)(B) for its investments in labor and capital. The Commission took no position on whether Manitowoc satisfied the domestic industry requirement under section 337(a)(3)(C). The Commission did not review the ID's finding of injury or threat thereof under section 337(a)(1).

An evidentiary hearing in this investigation was held March 25 through 28, 2014.

On July 11, 2014, the ALJ issued his final ID finding a violation of section 337 with respect to claims 1, 2, 5, 8, and 23-26 of the '928 patent and misappropriation of Trade Secret

² Notice of Commission Determination Not to Review an Initial Determination Granting-in-Part Complainants' Motion to Amend the Complaint and Notice of Investigation (Jan. 15, 2014).

³ See Notice of Commission Determination to Review in Part an Initial Determination Granting Summary Determination That Complainant Has Satisfied the Economic Prong of the Domestic Industry Requirement as to Its Patent Infringement Allegations and That It Has Satisfied the Requirement of Injury to the Domestic Industry for Its Trade Secret Misappropriation Allegations (Mar. 19, 2014). The Commission issued a corrected notice on March 20, 2014.

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Nos. 1, 6, 14, and 15. The ID found no violation of section 337 with respect to claims 6, 10, and 11 of the '928 patent, claim 1 of the '158 patent, and Trade Secret Nos. 3 and 4.

On July 28, 2014, OUII, Manitowoc, and Sany each filed petitions for review.⁴ On August 5, 2014, the parties filed responses to the respective petitions for review.⁵

On August 12, 2014, Sany filed public interest comments pursuant to Commission Rule 210.50(a)(4).

On September 19, 2014, the Commission determined to review the ID in part. *79 Fed. Reg.* 57566-68 ("Notice of Review"). The Commission determined to review the ID's findings with respect to: (1) importation of the accused products; (2) infringement of the asserted patents; (3) estoppel; (4) the technical prong of the domestic industry requirement; and (5) the asserted trade secrets. *Id.* The Commission solicited briefing on 17 questions concerning whether the Commission should find a violation of section 337, and requested submissions concerning remedy, bonding, and the public interest.

⁴ Complainant Manitowoc Cranes, LLC's Petition For Review of the Final Initial Determination ("Comp. Pet."); Petition of Respondents Sany America Inc. and Sany Heavy Industry Co., Ltd. For Review Of Final Initial Determination ("Sany Pet."); Office of Unfair Import Investigations' Petition For Review-In-Part of Final Initial Determination ("OUII Pet.").

⁵ Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Points and Authorities In Response to Complainant Manitowoc Cranes, LLC's Petition for Review of the Final Initial Determination ("Sany Resp. to Comp."); Complainant Manitowoc Cranes, LLC's Response to Respondents' Petition for Review of the Final Initial Determination ("Comp. Resp. to Sany"); Combined Response of the Office of Unfair Import Investigations to Complainant Manitowoc Cranes, LLC's and Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Petitions for Review of the Final Initial Determination ("OUII Resp."); Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Concurrence with the Office of Unfair Import Investigations' Petition For Review-In-Part of Final Initial Determination ("Sany Resp. to OUII"); Complainant Manitowoc Cranes, LLC's Response to the Office of Unfair Import Investigations' Petition for Review-In-Part of Final Initial Determination ("Comp. Resp. To OUII").

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On October 1, 2014, the parties filed initial submissions to the Commission's Notice of Review.⁶ On October 8, 2014, the parties filed response submissions.⁷

On December 3, 2014, the Commission determined to request additional briefing.⁸ On December 12, 2014, the parties filed initial submissions in response to the Commission's Supplemental Notice.⁹ On December 19, 2014, the parties filed response submissions.¹⁰

⁶ Complainant Manitowoc Cranes, LLC's Written Submissions to the Commission ("Comp. Comm. Br."); Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Initial Written Submissions in Response to Notice of the Commission's Determination to Review in Part a Final Initial Determination Finding a Violation of Section 337 ("Resp. Comm. Br."); Office of Unfair Import Investigations' Response to Commission Questions ("OUII Comm. Br.").

⁷ Complainant Manitowoc Cranes, LLC's Response to Respondents' and Staff's Written Submissions to the Commission ("Comp. Comm. Resp. Br."); Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Reply Written Submissions in Response to Notice of the Commission's Determination to Review in Part a Final Initial Determination Finding a Violation of Section 337 ("Resp. Comm. Resp. Br."); and Office of Unfair Import Investigations' Reply to Responses of the Private Parties to Commission Questions ("OUII Comm. Resp. Br.").

⁸ Notice of the Commission's Determination to Extend the Target Date; Request for Written Submissions (Dec. 3, 2014) ("Supplemental Notice").

⁹ Complainant Manitowoc Cranes, LLC's Response to the Commission's December 3, 2014 Request for Written Submissions ("Comp. 2nd Comm. Br."); Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Initial Written Submissions in Response to Notice of the Commission's Determination To Extend the Target Date; Request for Written Submissions ("Resp. 2nd Comm. Br."); Office of Unfair Import Investigations' Response to Commission's December 3, 2014 Questions ("OUII 2nd Comm. Br.").

¹⁰ Complainant Manitowoc Cranes, LLC's Reply to Respondents' and Staff's December 12, 2014 Written Submissions to the Commission ("Comp. 2nd Comm. Resp. Br."); Respondents Sany America Inc.'s and Sany Heavy Industry Co., Ltd.'s Reply Submissions in Response to Notice of the Commission's Determination To Extend the Target Date; Request for Written Submissions ("Resp. 2nd Comm. Resp. Br."); Office of Unfair Import Investigations' Reply To the Responses of the Private Parties to the Commission's December 3, 2014 Questions ("OUII 2nd Comm. Resp. Br.").

B. Products At Issue

Manitowoc accuses Sany's model SCC8500 crawler crane ("SCC8500 crane") that includes Sany's UltraLift package of infringing the asserted the patents. ID at 6. Manitowoc asserts that the UltraLift package Sany first sold for importation is the "original" UltraLift design. *Id.* The "redesigned" UltraLift package is the design that was actually imported into the United States after institution of the investigation. *Id.* Manitowoc asserts that the SCC8500 crane infringes the asserted patents based on both designs of Sany's UltraLift package. *Id.* Manitowoc's trade secret misappropriation claims likewise extend to all configurations of the Sany SCC8500 crane. *Id.*

C. Overview Of The Patents At Issue

1. Overview of the '928 Patent

The '928 patent is entitled "Mobile Lift Crane with Variable Position Counterweight" and issued on June 16, 2009. The named inventors are David J. Pech and Kenneth J. Porubcansky. The '928 patent "relates to lift cranes, and particularly to mobile lift cranes having a counterweight that can be moved to different positions in an effort to balance a load on the crane." JX-0001 ('928 patent) at 1:13-16. Manitowoc asserts method claims 1, 2, 5, 6, 8, 10, and 11 and apparatus claims 23-26 of the '928 patent, which are reproduced below:

1. A method of operating a mobile lift crane, the lift crane comprising a carbody having moveable ground engaging members; a rotating bed rotatably connected to the carbody such that the rotating bed can swing with respect to the ground engaging members; a boom pivotally mounted on a front portion of the rotating bed, with a hoist line extending therefrom[;] a mast mounted at its first end on the rotating bed; and a moveable counterweight unit; the method comprising:

- a) positioning the counterweight forward of a point directly below the top of the mast when no load is on the hoist line; and
- b) positioning the counterweight rearward of the top of the mast when the hoist line is supporting a load;

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c) wherein the moveable counterweight is never supported by the ground during crane pick, move and set operations other than indirectly by the moveable ground engaging members on the carbody; and wherein the top of the mast is defined as the furthest back position on the mast from which any line or tension member supported from the mast is suspended, and if no line or tension member is supported from the mast, then the top of the mast is the position to which any backhitch is attached; and wherein the position of the counterweight unit is defined as the center of gravity of the combination of all counterweight elements and any holding tray to which the counterweights are attached, or otherwise move in conjunction with, with all counterweight units on a crane that are tied together so as to always move simultaneously being treated as a single counterweight for purposes of determining the center of gravity.

2. The method of claim **1** wherein the counterweight is positioned by extending and retracting a hydraulic cylinder.

5. The method of claim **1** wherein the carbody is not provided with any separate functional counterweight.

6. A method of operating a mobile lift crane, the lift crane comprising a carbody having moveable ground engaging members; a rotating bed rotatably connected to the carbody such that the rotating bed can swing with respect to the ground engaging members; a boom pivotally mounted on a front portion of the rotating bed, with a hoist line extending therefrom; a mast mounted at its first end on the rotating bed; at least one hydraulic cylinder; and a moveable counterweight unit; the method comprising:

a) performing a pick, move and set operation with a load wherein the moveable counterweight is moved toward and away from the front portion of the rotating bed by extending and retracting the hydraulic cylinder during the pick, move and set operation to help counterbalance the load, but wherein the counterweight is never supported by the ground other than indirectly by the moveable ground engaging members on the carbody during the pick, move and set operation.

8. The method of claim **6** wherein the counterweight is positioned forward of a point directly below the top of the mast when no load is on the hoist line; and the counterweight is positioned rearward of the top of the mast when the hoist line supports a load.

10. The method of claim **6** wherein the mast is held at a fixed angle with respect to the rotating bed during a pick, move and set operation.

11. The method of claim **6** wherein the pick, move and set operation involves travel with a load on the hook.

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23. A mobile lift crane comprising:

- a) a carbody having moveable ground engaging members;
- b) a rotating bed rotatably connected to the carbody such that the rotating bed can swing with respect to the ground engaging members about an axis of rotation;
- c) a boom pivotally mounted on a front portion of the rotating bed;
- d) a mast mounted at its first end on the rotating bed at a fixed angle compared to the plane of rotation of the rotating bed;
- e) a moveable counterweight unit suspended from a tension member connected adjacent a second end of the mast; and
- f) a counterweight movement structure connected between the rotating bed and the counterweight unit such that the counterweight unit may be moved to and held at a first position in front of the top of the mast and moved to and held at a second position rearward of the top of the mast;
- g) wherein the top of the mast is defined as the furthest back position on the mast from which any line or tension member supported from the mast is suspended, and if no line or tension member is supported from the mast, then the top of the mast is the position to which any backhitch is attached; and wherein the position of the counterweight unit is defined as the center of gravity of the combination of all counterweight elements and any holding tray to which the counterweights are attached, or otherwise move in conjunction with, with all counterweight units on a crane that are tied together so as to always move simultaneously being treated as a single counterweight for purposes of determining the center of gravity.

24. The mobile lift crane of claim **23** wherein the counterweight movement structure can move the counterweight over a distance of at least 10 meters.

25. The mobile lift crane of claim **23** wherein the counterweight movement structure can move and hold the counterweight at a position forward of the top of the mast such that the tension member is at an angle of over 5° compared to the axis of rotation.

26. The mobile lift crane of claim **23** wherein the counterweight movement structure can move and hold the counterweight at a position rearward of the top of the mast such that the tension member is at an angle of over 5° compared the axis of rotation.

JX-0001 at 10:33-64; 11:10-29; 11:37-41; 11:49-53; 12:38-13:16.

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2. Overview of the '158 Patent

The '158 patent is entitled "Mobile Lift Crane with Variable Position Counterweight" and issued on June 28, 2011. It was filed on January 31, 2008, and is a continuation-in-part of the application that matured into the asserted '928 patent. JX-0002 ('158 patent). The named inventors are David J. Pech, Kenneth J. Porubcansky, Alan E. Pleuss, and John M. Lanning. The '158 patent "relates to lift cranes, and particularly to mobile lift cranes having a counterweight that can be moved to different positions in an effort to balance a load on the crane." JX-0002 at 1:15-18. Manitowoc asserts claim 1 of the '158 patent, which is reproduced below:

1. A method of operating a mobile lift crane, the lift crane comprising a carbody having moveable ground engaging members; a rotating bed rotatably connected to the carbody such that the rotating bed can swing with respect to the ground engaging members; a boom pivotally mounted on a front portion of the rotating bed, with a hoist line extending therefrom; a mast mounted at its first end on the rotating bed; at least one linear actuation device; and a moveable counterweight unit; the method comprising:

a) performing a pick, move and set operation with a load wherein the moveable counterweight unit is moved toward and away from the front portion of the rotating bed by extending and retracting the linear actuation device during the pick, move and set operation to help counterbalance the load, but wherein the counterweight unit is never supported by the ground other than indirectly by the moveable ground engaging members on the carbody throughout the pick, move and set operation, and wherein the counterweight is moved a greater distance than a stroke of the linear actuation device that causes the counterweight to move.

JX-0002 at 14:25-45.

D. Overview Of Trade Secrets At Issue

The trade secrets currently at issue in this investigation are: (i) an unfilled market need for certain types of cranes and Manitowoc's plan to fill that specific need (Trade Secrets Nos. 1 and 6); (ii) Manitowoc's detailed embodiment of a crane incorporating its 2nd Generation Variable Counterweight ("VPC") technology (Trade Secret No. 3); (iii) Manitowoc's decision

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that its 2nd Generation VPC technology was desirable for use in wind power applications (Trade Secret No. 4); (iv) Manitowoc's detailed cost and pricing information (Trade Secret No. 14); and (v) Manitowoc's manufacturing processes and procedures (Trade Secret No. 15). ID at 7-8; *see id.* at 135, 165-167, 170, 171, 183 (providing the detailed description of each of the asserted trade secrets).

III. SALE FOR IMPORTATION

The ID found that Sany sold for importation into the United States an SCC8500 crane with an UltraLift package. ID at 11. Specifically, Sany Heavy entered into a contract with Sany America on December 6, 2012, for purchase of the SCC8500 crane with an UltraLift package. *Id.* at 9-12; CX-0278C. On December 13, 2012, Sany America executed an agreement to rent the SCC8500 crane to AmQuip Crane Rental ("AmQuip"). *Id.* at 11. The crane was delivered to AmQuip in March 2013 without the UltraLift package. *Id.* AmQuip was unsatisfied with the crane and returned it. *Id.* The ID found that, despite there having been a sale for importation of the UltraLift package on December 6, 2012, the UltraLift package was not imported at this point. *Id.*

The ID found that after institution of the investigation, Sany redesigned the UltraLift package. *Id.* The ID also found that the redesigned UltraLift package was imported into the United States and installed on the SCC8500 crane. *Id.* (citing Nape Tr. at 416).

The ID explained that, despite Sany's argument that there was no actual sale of the SCC8500 crane within the United States, Sany Heavy sold the SCC8500 crane to subsidiary Sany America for importation into the United States. *Id.* at 10-12. The ID found that whether the original UltraLift package was ultimately imported and whether Sany received payment does not affect the fact that a sale for importation of the SCC8500 crane with the original UltraLift

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package was made. *Id.* at 12. Therefore, the ID found that Sany sold for importation the SCC8500 crane with the original UltraLift package. *Id.*

The Commission determined to review the ID's findings on importation. 79 *Fed. Reg.* 57566-68 (Sept. 19, 2014).

The parties do not appear to dispute that the SCC8500 crane and redesigned UltraLift package were imported into the United States. ID at 10-12. Therefore, the Commission affirms the ID's findings on this issue.

The parties' dispute centers on what was sold for importation, whether it was the SCC8500 crane with the original UltraLift package, the SCC8500 crane with the redesigned UltraLift package, or both. *See e.g.*, Comp. Pet. at 6-10; Resp. Comm. Br. at 4-9; Comp. Comm. Br. at 1-8; OUII Comm. Br. at 4-8; Sany Post-Hearing Br. at 11.

Sany argues that the original UltraLift package could not have been sold for importation because it was never constructed and therefore it never existed. Sany Pet. at 5; Resp. Comm. Br. at 4-8. Sany further argues that under the U.C.C. a sale for future goods does not constitute a sale. Resp. Comm. Br. at 5-6. However, U.C.C. § 2-106(1) defines a "contract for sale" as including "both a present sale of goods and a contract to sell goods at a future time." U.C.C. § 2-106(1). In *Enercon GmbH v. International Trade Commission* 151 F.3d 1376, 1381-83 (Fed. Cir. 1998) ("*Enercon*"), the Federal Circuit affirmed the Commission's determination that the sale of goods to be delivered at a future date can constitute a "sale for importation." In so doing, the Federal Circuit affirmed the Commission's determination that the term "sale" in section 337 can include a contract for sale as defined by U.C.C. § 2-106(1). Consistent with the U.C.C. and *Enercon*, a sale of goods that have not been constructed can also constitute a contract for sale and therefore a "sale for importation." Specifically, U.C.C. § 2-105(2) states that "[g]oods which are

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not both existing and identified are ‘future’ goods.” And the U.C.C. treats a sale for future goods as a contract for sale. U.C.C. § 2-105(2). Thus, the Commission finds that a contract for sale, which can cover the sale of future goods, can constitute a “sale for importation” and confer jurisdiction on the Commission.

Sany argues that its position that there was no sale for importation of the original UltraLift package is consistent with the holdings in *Enercon* and *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340 (Fed. Cir. 2012) (“*Transocean*”), because, unlike the situation in those cases, here the goods (*i.e.*, the crane with the UltraLift package) did not exist at the time of contract. Resp. Comm. Br. at 6-7. Sany contends that in *Enercon* the wind turbines existed and were specifically identified, unlike the situation in the present investigation. *Id.* at 6. However, the Court in *Enercon* did not consider or determine whether the wind turbines had been manufactured at the time of the contract. *Enercon*, 151 F.3d at 1383.

Sany also argues that the contract in *Transocean* included a detailed specification of the oil rig that was under construction and, therefore, *Transocean* is not inconsistent with Sany’s position. Resp. Comm. Br. at 7. However, the Court in *Transocean* found that the offer for sale of an oil rig that was not completely constructed and remained subject to change was still a “sale” within § 271(a). This is similar to Sany’s argument that the crane was not yet constructed and the design was not finalized. Moreover, the Federal Circuit’s decision in *Transocean* resulted from an appeal from a district court action and, therefore, the Court in its opinion did not define what constituted a “sale for importation” under section 337. *Transocean*, 699 F.3d at 1356-57.

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Further, the evidence indicates that the only design Sany had contemplated by the time of the contract at issue, CX-0278C (“the December 2012 contract”), was the SCC8500 crane with the original UltraLift package. The December 2012 contract was for the sale of Sany’s SCC8500 crane in the “Standard Export Configuration with . . . UltraLift.” CX-0278C at SanyITC0002473. By December 2012, Sany had begun marketing the SCC8500 crane with the UltraLift package. *See* CX-0133 (Email from J. Kennedy to L. Weyers et al. re: introduction of Sany SCC8500 (Jun. 5, 2012)) (a crane dealer told Manitowoc he had visited Sany’s facility and they had “introduced the 8500 crawler crane with ACE counterweight system”); CX-0042 (Article: Sara Ann McCay, Sany Launches 550 Ton Crawler crane, American Cranes & Transport Magazine (Dec. 20, 2012)) (specifying additional counterweight included in the UltraLift package, as well as boom and jib lengths associated with the UltraLift configuration); CX-0365C (Sany Press Release: SANY America Introduces 550-Ton Crawler Crane for Energy, Petrochemical, Infrastructure Projects (Dec. 19, 2012)) (describing operation of counterweight control system for the UltraLift package).

In particular, Sany’s own press release from December 2012 states the counterweight in the UltraLift package can be extended a distance of 52.5 feet, which makes clear the article is marketing the original design of the UltraLift package. CX-0365C; *see also* CX-0290C (Sany SCC8500 Product Guide); Lanning Tr. at 344-345 (confirming CX-0290C illustrates the original design of the UltraLift package, which permitted the counterweight to extend beyond the top of the mast, and explaining the UltraLift package was modified after the institution of this Investigation “such that the counterweight did not move as far.”). In addition, John Lanning, a former Manitowoc employee now at Sany, testified the design of the crane changed only after

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institution of the investigation. Lanning Tr. at 344, 345-346. Based on this evidence, the Commission finds that the original UltraLift package was sold for importation.

Regarding the redesigned UltraLift package, in its petition for review Manitowoc asked the Commission to determine that the redesigned UltraLift package was not only imported but also “sold for importation.” *See, e.g.*, Comp. Pet. at 9. The ID did not discuss whether the redesigned UltraLift package was “sold for importation.” *See* ID at 9-12. Manitowoc raised this point in its petition for review in the context of its argument that a finding of direct infringement is not necessary for indirect infringement liability when an article is “sold for importation.” Comp. Pet. at 9-10. There is no dispute the redesigned UltraLift package was actually imported, and therefore the Commission takes no position on whether the redesigned UltraLift package was sold for importation.

IV. U.S. PATENTS NOS. 7,546,928 AND 7,967,158

A. Infringement of the '928 Patent

Claims 1, 2, 5, 6, 8, 10, and 11 are the asserted method claims and claims 23-26 are the asserted apparatus claims of the '928 patent. The ID addresses the asserted method claims of the '928 patent in two groups. With respect to the first group, consisting of claims 6, 10, and 11, the ID analyzed direct infringement, contributory infringement, and inducement of infringement. ID at 47-58. With respect to the second group, consisting of claims 1, 2, 5, and 8, the ID analyzed direct infringement and inducement of infringement. *Id.* at 58-65. With respect to apparatus claims 23-26, the ID analyzed direct infringement and induced infringement. *Id.* at 68-71.

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1. Method Claims 6, 10, and 11

a) The ID

Before the ALJ, Manitowoc argued that asserted method claims 6, 10, and 11 of the '928 patent are infringed, via indirect infringement, by the SCC8500 crane with the original and redesigned UltraLift packages. ID at 46. Manitowoc argued that the ALJ may find indirect infringement without an act of direct infringement because the accused products will necessarily directly infringe the asserted claims when operated in the United States and because direct infringement is not required under a so-called "incipiency doctrine." *See id.* at 48-49.

The ID found that Manitowoc had not shown that direct infringement occurred and an incipiency doctrine does not apply to this investigation. *Id.* at 49. Specifically, the ALJ found that, with the exception of *Certain Variable Speed Wind Turbines and Components Thereof* ("*Wind Turbines*"), Inv. No. 337-TA-376, Comm'n Op. at 21, USITC Pub. No. 3003 (Nov. 1996), "Manitowoc's [incipiency] argument is based on decisions in investigations that pre-date the 1988 amendments" to section 337. *Id.* The ALJ noted that in *Wind Turbines*, the Commission found there had been a sale for importation. *Id.* The ALJ concluded the Commission's "prior precedent concerning incipiency is not applicable in this investigation," and noted that Manitowoc acknowledged "there has not been [a] sale for importation of any SCC8500 Ultralifts other than the single SCC8500 Ultralift in the United States." *Id.* at 49-50.

The ID also found that there is insufficient evidence in the record that the SCC8500 crane with UltraLift package performed a pick, move, and set operation in the United States as required by independent claim 6. *Id.* at 50-51.

The ID determined, however, that if the Commission were to find an instance of direct infringement, Sany has contributorily infringed claims 6, 10, and 11. *Id.* at 52-54. The ID also

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determined that, if the Commission were to find an instance of direct infringement, Sany had induced the infringement of claims 6, 10, and 11. *Id.* at 55-57.

b) Analysis¹¹

The Commission adopts the ID's conclusion that Manitowoc has not proven infringement of method claims 6, 10, and 11 of the '928 patent but does so on modified grounds. Manitowoc offers three arguments to support its position that a violation of section 337 may be found with respect to method claims 6, 10, and 11. First, it argues that there is no requirement to prove direct infringement under § 271 for an article "sold for importation" that, when used for its intended purpose, will necessarily give rise to liability for infringement. Comp. Pet. at 6-10. Specifically, Manitowoc argues that the phrase "sale for importation . . . of articles that infringe" in section 337(a)(1)(B) does not require an act of direct infringement. *Id.* In addition, Manitowoc contends that the Commission has authority to prevent unfair acts in their incipiency, even when there has not yet been an act of direct infringement. *Id.* at 10-14. Manitowoc relies mainly on the Commission's opinion in *Wind Turbines, Enercon* (the Federal Circuit's opinion affirming the Commission's *Wind Turbines* determination), and the presiding ALJ's determination in *Certain Low-Nitrosamine Trifluralin Herbicides*, Inv. No. 337-TA-245, Order No. 23, 1986 WL 379441 (Sept. 4, 1986) ("*Herbicides*") to make these two arguments. *See, e.g.*, Comp. Pet. at 6-14; Comp. Comm. Br. at 9-16. Manitowoc contends that the incipiency

¹¹ The Commission notes that, as it does in all investigations, it has fully considered all the arguments presented and record evidence in reaching its determination. In particular, the Commission requested and received extensive focused briefing on the issues under review from the parties, including through a second round of briefing with several detailed questions specifically on indirect infringement, and extended the target date several times to allow full consideration of the issues. The detailed analysis and discussion below represents the Commission's application of well-settled principles of law on indirect infringement as applied to the facts of this case, and considers this analysis necessary to resolving the issues before it.

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doctrine can apply to articles sold for importation and to imported articles that have not yet been used in the United States. Comp. Pet. at 14. Last, Manitowoc argues that the Commission should find a violation under *Quanta Computer v. LG Electronics, Inc.*, 128 S.Ct. 2109, 2117-20 (2008). *Id.* at 14-15.

Section 337 deems unlawful “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, ***of articles that infringe a valid and enforceable United States patent.***” 19 U.S.C. § 1337(a)(1)(B)(i) (emphasis added). Considering the plain language of the statute, only the proscribed acts with respect to articles that “infringe[] a valid and enforceable United States patent” can lead to a violation of section 337. While an article that is “sold for importation” can confer jurisdiction on the Commission for that article, and is an element of a section 337 claim predicated on a sale for importation, if the article does not also infringe a valid and enforceable U.S. patent, a violation cannot occur.

In *In re Amtorg Trading Corporation*, 75 F.2d 826, 834 (C.C.P.A 1935), the Federal Circuit’s predecessor court noted that “Congress in enacting section 337 of the Tariff Act of 1930 (19 USCA § 1337) [did not intend] to broaden the field of substantive patent rights” beyond those set forth in § 271.¹² Similarly, when Congress enacted the 1988 amendments it did not intend to expand substantive patent rights. See *TianRui Group Co. Ltd. v. Int’l Trade Comm’n*, 661 F.3d 1322, 1334 (Fed. Cir. 2011) (“*TianRui*”). Accordingly, if section 337 cannot extend beyond the limits of substantive patent laws Congress enacted, then the term “infringe” in the phrase “articles that infringe a valid and enforceable United States patent” in section 337(a)(1)(B)(i) must be interpreted to fall within the statutory confines of § 271. Therefore, the

¹² Superseded by statute on other grounds.

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Commission's determination as to whether there is a section 337 violation here must focus on whether the accused articles infringe the method claims at issue under 35 U.S.C. § 271.

For infringement of a method claim, each step of the method must be carried out within the United States. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1313-1318 (Fed. Cir. 2005). In *Limelight*, the Supreme Court reiterated that a method claim "is not infringed unless all the steps are carried out." *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111, 211 (2014) ("*Limelight*"). The Court called conduct that did not include performance of all method steps "non-infringing conduct." *Id.* at 2117-18. With regard to inducement of infringement, it is well settled that there can be no finding of inducement absent direct infringement. *Id.* at 2117 ("where there has been no direct infringement, there can be no inducement of infringement under § 271(b). [O]ur case law leaves no doubt that inducement liability may arise 'if, but only if, [there is] ... direct infringement.'") (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341, 81 S.Ct. 599, 5 L.Ed.2d 592 (1961) (emphasis deleted)). Specifically, the Court emphasized that "[t]he courts should not create liability for inducement of non-infringing conduct where Congress has elected not to extend that concept." *Id.* at 2118. The predicate requirement of direct infringement is also well established with respect to the doctrine of contributory infringement. *See e.g., Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1353 (Fed. Cir. 2010) (finding that direct infringement is a necessary predicate to a finding of contributory infringement).

The Court in *Limelight* stated: "Congress has elected not to extend" liability for contributory infringement or inducement of infringement for method-of-use claims where there is no proof that every step of the method has been performed. 134 S. Ct. at 2117, 2118. Thus, it is well settled law that it must be shown that direct infringement has occurred in the United

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States. Furthermore, while the acts of inducement may be extraterritorial, *see Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1302-03 (Fed. Cir. 2012), the Patent Act specifically limits acts of direct infringement to those performed “in the United States.” 35 U.S.C. § 271(a).

If the Commission were to find a violation of section 337 without a predicate finding of direct infringement, as Manitowoc urges, that ruling would be in tension with Supreme Court and Federal Circuit precedents that require actual performance of infringing method steps. *See, e.g., Move, Inc. v. Real Estate Alliance Ltd.*, 709 F.3d 1117, 1123 (Fed. Cir. 2013) (the law of inducement “requires that the accused inducer . . . knew of the asserted patent and performed or knowingly induced the performance of the steps of the claimed methods, *and that all of those steps were in fact performed.*” (emphasis added)); *Metro-Goldwyn-Mayer Studios Inc., v. Grokster, Ltd.*, 545 U.S. 913, 940 (2005) (“the inducement theory of course requires evidence of actual infringement by recipients of the device.”). As the Court rhetorically asked in *Limelight*, “[i]f a defendant can be held liable under § 271(b) for inducing conduct that does not constitute infringement, then how can a court assess when a patent holder's rights have been invaded?” *Limelight*, 134 S. Ct. at 2117.

In *Electronic Devices*, the Commission in addressing importation clarified how liability should be determined for a violation of section 337 based on allegations of infringement of a method-of-use claim. *Certain Electronic Devices with Image Processing Systems, Components Thereof, and Associated Software*, Inv. No. 337-TA-724, 2012 WL 3246515, Comm’n Op., (Dec. 21, 2011). The Commission explained in its opinion that a complainant is required to prove both that the steps of the method were performed in the U.S. and that the imported article is

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involved in induced or contributory infringement because importation of an article cannot, without more, constitute infringement of a method claim. *Id.* at *13.¹³

Manitowoc concedes that the record contains no proof that every step of the asserted method claims was performed in the United States. Specifically, Manitowoc has admitted that the asserted methods have not been performed in the United States. Comp. Pet. at 5 (“Nor does Manitowoc dispute the ALJ’s finding that, based on this investigative record, Respondents’ already-sold and already-imported SCC8500 Crane has not *yet* been used to perform these methods in the United States.”); Comp. Comm. Br. at 27 (“To Manitowoc’s knowledge, neither design of the SCC8500 Crane has been used to perform the asserted method claims in the U.S.”). As such, applying the above recited principles to the facts of this investigation, the Commission finds Manitowoc has not established direct infringement and, thus, no contributory infringement or inducement of infringement with respect to claims 6, 10, and 11 of the ’928 patent.

The Commission finds without merit Manitowoc’s argument that where a “sale for importation” is alleged under section 337, direct infringement need not be shown so long as the article, if imported and used in the United States at some future time, would necessarily and inevitably give rise to liability for infringement under section 271. Comp. Comm. Br. at 9. Manitowoc provides no support for this argument, which allows hypothetical instances of future use to satisfy the requirement for direct infringement. Such a position is contrary to controlling Supreme Court and Federal Circuit precedent, which requires an existing act of direct infringement.

¹³ Commissioner Schmidlein does not join this paragraph. She was sworn in as a Commissioner on April 28, 2014, after *Electronic Devices* was decided in 2011. At this time, she takes no position on whether the language of section 337 limits complainants to theories of indirect infringement in order to establish a violation when method-of-use patent claims are asserted.

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Manitowoc further argues that interpreting section 337 to require an act of direct infringement would read “sale for importation” out of the statute. Comp. Comm. Br. at 10. The Commission agrees that the phrase “sale for importation” should have meaning such that its presence in the statute is not superfluous. However, the Commission disagrees with Manitowoc that requiring a showing of direct infringement for method claims would effectively read “sale for importation” out of the statute. Rather, “sale for importation” is one of the triad of acts that constitute a required element of a section 337(a)(1)(B)(i) violation. This requirement is in addition to the statutory element of “articles that infringe a valid and enforceable United States patent” under this provision. As such, Manitowoc’s argument that “sale for importation” is read out of the statute is unpersuasive.

Section 337 states that when certain unlawful practices are “found by the Commission *to exist*,” those *existing* unlawful practices (*e.g.*, “sale for importation . . . of articles that infringe”) “shall be dealt with.” *See* 19 U.S.C. § 1337(a). Similar language also appears in section 316 of the Tariff Act of 1922, the predecessor to section 337. *See Frischer & Co. v. Bakelite Corp.*, 39 F.2d 247, 253 (C.C.P.A. 1930) (section 316 provided that “when the President shall find such unfair methods or acts to exist,” the Commission could order a remedy). This language evidences Congress’s intent for the Commission to determine whether unfair practices in import trade exist and to provide a *remedy* for such *existing* unfair trade practices. Manitowoc provides no authority, and we are aware of none, that Congress intended the Commission to issue remedial orders before unlawful acts have occurred.

The structure of section 337 also supports this interpretation. The Commission’s authority to prevent infringement is centered in the remedy paragraphs of section 337, not the violation paragraphs. For example, remedy paragraph (d) provides that “[i]f the Commission

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determines . . . that there is a violation . . . it shall direct that the articles concerned . . . be excluded.” 19 U.S.C. § 1337(d) (emphasis added). Thus, the Commission’s authority to issue orders to prevent infringement is conditional upon first finding a violation based on “articles that infringe.” *Compare* 19 U.S.C. § 1337(a)(1)(B)(i) *with id.* § 1337(d). In the same vein, the Federal Circuit has emphasized the distinction between violation and remedy when it stated, “Congress did not intend the Commission to consider questions of remedy when the agency determines whether there is a violation.” *Bally/Midway Mfg. Co. v. U.S. Int’l Trade Comm’n*, 714 F.2d 1117, 1123 (Fed. Cir. 1983).

The legislative history for the 1988 amendments to section 337 further supports this interpretation. Prior to 1988, section 337 referred to “unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either.” Tariff Act of 1930, § 337, 46 Stat. 703 (1983); *Enercon* 151 F.3d at 1382. The House Report for the 1988 amendments makes clear that the amendment adding the triad of violation acts was not intended to make a substantive change in the law:

In changing the wording with respect to importation or sale, the conferees do not intend to change the interpretation or implementation of current law as it applies to the importation or sale of articles that infringe certain U.S. intellectual property rights.

H.R. Report No. 100-576, 100th Cong., 2nd Sess. 633 (Apr. 20, 1988). The enacted law explains that the “purpose of this part is to amend section 337 of the Tariff Act of 1930 to make it a more effective *remedy* for the protection of United States intellectual property rights.” Omnibus Trade and Competitiveness Act of 1988, § 1341(b) (1988) (emphasis added). Thus, while section 337 provides an additional *remedy* to prevent infringement, it does not enlarge substantive patent law to create a right to pre-empt infringement before it occurs. *See TianRui*, 661 F.3d at 1334.

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The Federal Circuit's determination in *Enercon* is not contrary to this statutory interpretation. Specifically, in *Enercon* the Court affirmed the Commission's determination of violation by reason of infringement of a method claim where the product at issue was sold for importation but never actually imported into the United States. *Enercon*, 151 F.3d at 1382-86. However, this affirmance *was based on a finding of direct infringement of the method claim resulting from a discovery sanction*. *Enercon*, 151 F.3d at 1385. Therefore, in *Enercon* the Court's decision affirmed a violation of section 337 based on a finding of infringement.

Lastly, Manitowoc argues that the Commission should find a violation under *Quanta*. Comp. Pet at 14-15. In *Quanta*, the Federal Circuit held there is patent exhaustion when there has been an authorized sale of a product that substantially embodies a method. *Quanta*, S.Ct. at 2117-20. Manitowoc however asks the Commission to extrapolate the Court's holding to find that a method claim can be infringed and section 337 violated by the sale of a product that may substantially embody a method. As discussed in detail above, Supreme Court and Federal Circuit precedent makes clear that a finding of direct infringement requires that all elements of the claim must be practiced. Therefore, for at least this reason, the Commission does not find that that claims 6, 10, and 11 are infringed under *Quanta*.

In sum, Manitowoc has not established a violation of section 337 with respect to method-of-use claims 6, 10, and 11, which requires proof of existing direct infringement in the United States, *i.e.*, that every step of the method has been performed. *Limelight*, 134 S.Ct. at 2117. When indirect infringement is alleged, the Complainant must also prove the remaining elements of induced or contributory infringement. Upon such proof, the Commission may find that the actor who sold the accused article for importation violated section 337(a)(1)(B)(i). Here, the complainant admits that there is no proof of performance of the method recited in claims 6, 10,

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and 11 of the '628 patent. Specifically, as noted earlier, Manitowoc admits that the asserted methods have not been performed in the United States. Comp. Pet. at 5 (“Nor does Manitowoc dispute the ALJ’s finding that, based on this investigative record, Respondents’ already-sold and already-imported SCC8500 Crane has not *yet* been used to perform these methods in the United States.”); Comp. Comm. Br. at 27 (“To Manitowoc’s knowledge, neither design of the SCC8500 Crane has been used to perform the asserted method claims in the U.S.”). In addition, Manitowoc has not relied on any circumstantial evidence to prove use of the asserted method claims. Accordingly, the Commission finds that these claims of the '928 patent are not infringed. Because there is no direct infringement, there can be no indirect infringement. The Commission does not reach any of the remaining issues relating to indirect infringement.

2. Method Claims 1, 2, 5, and 8

a) The ID

In introducing the analysis with respect to claims 1, 2, 5, and 8 of the '928 patent, the ID found that “Manitowoc has shown that the original SCC8500 Ultralift infringes asserted method claims 1, 2, 5, and 8 of the '928 patent, but Manitowoc has not shown that the redesigned SCC8500 Ultralift infringes those claims.” ID at 59. Specifically, asserted method claim 1 requires “wherein the moveable counterweight is never supported by the ground during crane pick, move and set operations other than indirectly by the moveable ground engaging members on the carbody.” *Id.*; *see also* JX-001 at 10:46-49. The ID found that there is insufficient evidence that the SCC8500 crane with UltraLift package performed a pick, move, and set operation in the United States to support a finding of direct infringement. ID. at 60.

Sany raised certain defenses to infringement, including that the original and redesigned UltraLift packages do not have a counterweight that could go rearward of the top of the mast. *Id.*

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at 60-61. The ID found that the original UltraLift package had a counterweight that could go rearward of the top of the mast but that the redesigned UltraLift package counterweight does not move rearward of the top of the mast. *Id.* at 64. Therefore, the ID found, that the limitation “rearward of the top of the mast” of claim 1 is met by the original UltraLift package but is not met by the redesigned UltraLift package. *Id.* The ID determined that, if the original UltraLift package is found to be operated as designed, it would infringe claims 1, 2, 5, and 8 of the ’928 patent. *Id.*

With respect to induced infringement, the ID found that, for the same reasons as discussed with respect to method claims 6, 10, and 11, “the evidence shows that Sany was aware of the patents and induced third parties to operate the original SCC8500 Ultralift in an infringing manner.” *Id.* at 65. Therefore, the ID found that, if the Commission finds an underlying act of direct infringement or adopts Manitowoc’s incipency arguments, then the evidence shows that Sany induced infringement of method claims 1, 2, 5, and 8 of the ’928 patent with the SCC8500 crane with the original UltraLift package. *Id.*

b) Analysis

Manitowoc does not challenge the ID’s finding of no direct infringement of claims 1, 2, 5, and 8 with respect to the original UltraLift package. Comp. Resp. to OUII at 1. Manitowoc argues, however, that the Commission must find that an “incipency doctrine” is applicable and uphold the ID’s finding that claims 1, 2, 5, and 8 are infringed by the original UltraLift package by way of inducement. *Id.* As discussed above, a finding of direct infringement is required to find indirect infringement of the asserted method claims. Manitowoc does not assert that method claims 1, 2, 5, and 8 have been practiced in the United States. Comp. Pet. at 5 (“Nor does Manitowoc dispute the ALJ’s finding that, based on this investigative record, Respondents’

already-sold and already-imported SCC8500 Crane has not *yet* been used to perform these methods in the United States.”); Comp. Comm. Br. at 27 (“To Manitowoc’s knowledge, neither design of the SCC8500 Crane has been used to perform the asserted method claims in the U.S.”). Accordingly, the Commission finds the original UltraLift package with the SCC8500 crane does not directly infringe claims 1, 2, 5, and 8. Because there is no direct infringement, there can be no indirect infringement. The Commission does not reach any of the remaining issues relating to indirect infringement.

No party challenged the ID’s findings with respect to the redesigned UltraLift package. *See* Comp. Pet. at 2-19; OUII Pet. at 4-9. The Commission, therefore, adopts the ID’s determination that the “rearward of the top of the mast” limitation of claim 1 is not met by the SCC8500 crane with the redesigned UltraLift package. ID at 59-64.¹⁴ In addition, as discussed with respect to the original UltraLift package, there is no evidence that the SCC8500 crane with the redesigned UltraLift package has been used to directly infringe claims 1, 2, 5, or 8 of the ’928 patent. *See e.g.*, Comp. Pet. at 5; Comp. Comm. Br. at 27. Therefore, the Commission finds the SCC8500 crane with the redesigned UltraLift package also does not directly infringe these claims. Because there is no direct infringement, there can be no indirect infringement. The Commission does not reach any of the remaining issues relating to indirect infringement.

3. Apparatus Claims 23-26

a) The ID

The ID found that the SCC8500 crane with the original UltraLift package infringes claims 23-26 of the ’928 patent but that the SCC8500 crane with the redesigned UltraLift

¹⁴ Commissioner Kieff joins the Commission’s reasoning and adoption of the ID’s determination that the “rearward of the top of the mast” limitation of claim 1 is not met by SCC8500 crane with the redesigned UltraLift package.

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package does not infringe those claims. ID at 67. As discussed above, independent claim 23 is an apparatus claim that requires, *inter alia*:

e) a moveable counterweight unit suspended from a tension member connected adjacent a second end of the **mast**; and

f) a counterweight movement structure connected between the rotating bed and the counterweight unit such that the counterweight unit may be moved to and held at a first position in front of the top of the mast and moved to and held at a second position **rearward of the top of the mast. . . .**

ID at 67 (emphasis in original) (quoting claim 23). In analyzing direct infringement, the ID stated that: “As discussed above with respect to asserted method claims 6, 10, and 11, there is no evidence that SCC8500 UltraLift has performed a pick, move, and set operation in the United States which would constitute an act of direct infringement.” *Id.* at 69.

The ID then continued on to analyze induced infringement. *Id.* at 71. The ID found that the UltraLift packages (both original and redesign) have a “mast” as required by claims 23-26 for the same reasons discussed with respect to the asserted method claims. *Id.* at 70. The ID further found that “the original SCC8500 UltraLift, but not the redesigned SCC8500 UltraLift satisfies the ‘rearward of the top of the mast limitation’ (as required by element f) of apparatus claim 23) for the same reasons discussed above regarding asserted method claims 1, 2, 5, and 8 of the ‘928 patent.” *Id.* at 70-71. Therefore, the ID found that the original UltraLift package infringes claims 23-26 of the ‘928 patent. *Id.* at 71.

b) Analysis

No party petitioned for review of the ID’s finding that the SCC8500 crane with the redesigned UltraLift package does not infringe claims 23-26. Therefore, the Commission affirms the ID’s determination that claims 23-26 are not infringed by the SCC8500 crane with the

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redesigned UltraLift package. However, the Commission finds the SCC8500 crane with the original UltraLift package infringes asserted apparatus claims 23-26.

We first address whether the crane with the original UltraLift package meets all of the limitations of claims 23-26. The ID found that each limitation of apparatus claims 23-26 was met. No party disputes this finding. The Commission has reviewed the evidence relied upon by Manitowoc and OUII and finds that the SCC8500 crane with the original UltraLift package meets each limitation of claims 23-26. Comp. Comm. Br. at 24-27; OUII Comm. Br. at 18-19; *see also* ID at 68-71.

In addition to finding all of the limitations are met, however, Manitowoc must also show that an act of direct infringement has occurred within the United States in order for the Commission to find that the SCC8500 crane with the original UltraLift package is an “article[] that infringes.” As discussed above, section 337 deems unlawful “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, *of articles that infringe a valid and enforceable United States patent.*” 19 U.S.C. § 1337(a)(1)(B)(i) (emphasis added). The Commission must, therefore, apply the same law in determining whether the original UltraLift package is an “article[] that infringe[s]” apparatus claims 23-26 as it applies with respect to the asserted method claims. That law is found in 35 U.S.C. § 271.

Section 271(a) allows for a finding of direct infringement where one “makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention.” 35 U.S.C. § 271(a). The two acts of direct infringement at issue here with respect to claims 23-26 are “sale” and “offer for sale.”

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The Federal Circuit recently considered what constitutes an “offer for sale” and a “sale” within the United States in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 769 F.3d 1371 (Fed. Cir. 2014). With respect to a “sale,” the Court found that when all of the contracting activities, except the pricing and contracting negotiations, take place outside the United States, there has not been sale within the United States for purposes of section 271. *Id.* at 1378-81. With respect to an “offer to sell,” the Court noted that “the location of the contemplated sale controls whether there is an offer to sell within the United States.” *Id.* at 1381 (quoting *Transocean*, 617 F.3d at 1309). The Court found that while the negotiations at issue took place within the United States, the sale and performance would occur outside of the United States. *Id.* Therefore, the Court in *Halo* found there was not an offer for sale or sale within the United States. *Id.* In contrast, in *Transocean* the Federal Circuit found that, where the negotiations between two U.S. companies took place outside of the United States but the expected delivery and performance would be within in the United States, there was an “offer for sale” within the United States. *Transocean*, 617 F.3d at 1309-10.

In this investigation, Manitowoc argued that to find infringement of the apparatus claims there need be only a “sale for importation” of articles that would inevitably meet all of the asserted-claim limitations. *See e.g.*, Comp. Pet. at 90. The parties addressed whether there was an infringing act within the confines of section 271 in their supplemental briefing to the Commission. The relevant act here is the sale of the SCC8500 crane with an UltraLift package from Sany Heavy to Sany America, through a subsidiary (*i.e.*, the December 2012 contract). The question is whether this sale was a section 271(a) act. *See* CX-0278C.

As discussed above, *supra* at §III, the Commission finds the December 2012 contract includes the original UltraLift package. The parties agree that, assuming the December 2012

contract includes the original UltraLift package, the December 2012 contract is both a sale for importation under section 337 as well as a sale within the meaning of section 271(a). *See e.g.*, Comp. 2nd Comm. Br. at 10-13; Resp. 2nd Comm. Br. at 6-7; OUII 2nd Comm. Br. at 8-11. Specifically, the contract was signed within the United States and was for delivery within the United States. CX-278C at SANYITC0002472, SANYITC0002575. Because the December 2012 contract constitutes a section 271(a) act and the SCC8500 crane with the original UltraLift package meets all of the limitations of claims 23-26, the Commission finds that Sany violated section 337 by selling for importation an article that infringes claims 23-26 of the '928 patent. Because we find that there was direct infringement, the Commission takes no position on the ID's findings of induced infringement with respect to claims 23-28.

B. Infringement of the '158 Patent

1. The ID

The ID found that the accused products do not infringe claim 1 of the '158 patent. ID at 71. Specifically, the ID found that the limitation "wherein the counterweight moves a greater distance than a stroke of the linear actuation device that causes the counterweight to move" is not met by the accused products. *Id.* at 71-75. The ID explained that the dispute revolves around whether the two pairs of hydraulic cylinders in the accused products satisfy this claim limitation. *Id.* at 71. In particular, the ID noted that this limitation relates to moving the counterweight further than the stroke of the linear actual device that is moving the counterweight. *Id.* at 74.

The ID found that when the first pair of cylinders is used, the counterweight moves the distance of the stroke. *Id.* at 73, 74. He further found that, if the stroke limit is reached by the first set of cylinders, the second set of cylinders is used and extends the rearward telescoping movers to which the counterweight tray is attached. *Id.* The ID, therefore, determined that the

evidence shows the counterweight moves only the distance of the linear actuation device that causes the counterweight movement, not a “greater distance” as required by the claims. *Id.* at 74.

In discussing the teachings of the ’158 patent, the ID explained that, in both the single-cylinder and two-cylinder embodiments disclosed in the patent, the counterweight moves further than the stroke of the actuator making the movement. *Id.* at 75. The ID noted that the patent specification discloses cylinders connected to a rotating bed on a support frame that elevates the cylinders such that the geometry of the cylinder, pivot frame, and rear arm can move the counterweight through the entire range of motion. *Id.* The ID found that this geometry is different from the hydraulic cylinders in the accused products where the movement is horizontal. *Id.*

The ID also found that there has been no “pick, move, and set operation” performed in the United States to constitute an act of direct infringement. *Id.* The ID further found, as discussed above, that claim 1 is not directly infringed regardless of whether either the original or redesigned SCC8500 UltraLift is used to perform the “pick, move, and set operation.” *Id.*

With respect to indirect infringement, the ID found that if there is an act of direct infringement, Sany has contributed and induced the infringement of claim 1 for the same reasons the ID found with respect to the asserted claims of the ’928 patent. *Id.* at 76-78.

2. Analysis

Claim 1 of the ’158 patent recites “wherein the counterweight moves a greater distance than a stroke of the linear actuation device *that causes the counterweight to move.*”

Manitowoc’s argued in its petition for review that this claim language allows both linear actuation devices to move the counterweight but requires a comparison between only the movement distance of one linear actuation device and the distance the counterweight is moved.

Comp. Pet. at 15-19. This interpretation is inconsistent with the claim language. Specifically, the limitation requires that the distance be greater than the “actuation device that causes the movement.” JX-0002 at 14:43-45. The specification further supports this interpretation. Specifically, the specification describes and illustrates that the counterweight is moved further than the linear actuation device that moves it. *See* ID at 74-75.

As the ID discussed, in the accused cranes, there are two actuation devices that cause the movement, and the movement of the counterweight is not greater than the stroke of the cylinder causing the movement. ID at 74; Closson Tr. at 598. Manitowoc does not challenge this evidence. Moreover, one of the named inventors testified that he understood “a stroke” to be the stroke of each individual linear actuation device. Lanning Tr. at 348-49. Accordingly, the Commission finds that claim 1 is not infringed by the accused products and adopts the ID’s findings and reasoning that is consistent with this finding. *See* ID at 73-75. Manitowoc alleges that the ID inappropriately read limitations into the claim. The ID, however, merely provided a background discussion of the teaching of the specification to provide context for the claim. ID at 74-75. This context does not import a limitation into the claim.¹⁵

In addition, as discussed above with respect to claims 6, 10, and 11 of the ’928 patent, there is no evidence that the accused products have performed a “pick, move, and set” operation in the United States. Specifically, Manitowoc has admitted that the asserted methods have not been performed in the United States. Comp. Pet. at 5 (“Nor does Manitowoc dispute the ALJ’s finding that, based on this investigative record, Respondents’ already-sold and already-imported SCC8500 Crane has not *yet* been used to perform these methods in the United States.”); Comp.

¹⁵ Commissioner Kieff joins the Commission’s reasoning and determination on the facts regarding failure to meet all of the elements of method claim 1 of the ’158 patent, as discussed in the first two paragraphs of this “Analysis” subsection.

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Comm. Br. at 27 (“To Manitowoc’s knowledge, neither design of the SCC8500 Crane has been used to perform the asserted method claims in the U.S.”). Accordingly, there is no evidence claim 1 of the ’158 patent has been directly infringed. Because there is no direct infringement, there can be no indirect infringement. The Commission does not reach any of the remaining issues relating to indirect infringement.

In summary, the Commission finds that claims 1, 2, 5, 6, 8, 10, and 11 of the ’928 patent and claim 1 of the ’158 patent are not infringed and claims 23-26 of the ’928 patent are infringed by the SCC8500 crane with the original UltraLift package.

C. Validity

1. Estoppel

Sany petitioned for review of the ID’s findings on estoppel. The Commission reviewed these findings and, on review, takes no position on the ID’s estoppel findings. *See* ID at 79-85. We note that the Commission did not review the ID’s determination of validity of the asserted patents.

D. Technical Prong of Domestic Industry

The Commission determined to review the technical prong of domestic industry. On review, the Commission affirms the ID’s finding that the Manitowoc 3100 crane practices claims 1, 5, and 23-26. ID at 126.

V. TRADE SECRET NOS. 1, 3, 4, 6, 14 AND 15

A. Legal Standard

Misappropriation of trade secrets is a method of unfair competition defined by the common law. *See TianRui*, 661 F.3d at 1327. Paragraph (a)(1)(A) of section 337 governs common law forms of unfair competition in connection with the importation or sale of articles:

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Unfair methods of competition and unfair acts in the importation of articles (other than articles provided for in subparagraphs (B), (C), (D), and (E), into the United States, or in the sale of such articles by the owner, importer, or consignee, the threat or effect of which is—

- (i) to destroy or substantially injure an industry in the United States;
- (ii) to prevent the establishment of such an industry; or
- (iii) to restrain or monopolize trade and commerce in the United States.

19 U.S.C. § 1337(a)(1)(A). Therefore, under section 337(a)(1)(A) there is a requirement not only that the complainant demonstrate the existence of a domestic industry, but also that there be actual substantial injury or the threat of substantial injury to a domestic industry.

In *TianRui*, the Federal Circuit held that “a single federal standard, rather than the law of a particular state, should determine what constitutes a misappropriation of trade secrets sufficient to establish an ‘unfair method of competition’ under section 337.” 661 F.3d at 1327. Sources of applicable law include the Uniform Trade Secrets Act (“UTSA”), the Restatement (Third) of Unfair Competition (“Restatement”), and federal common law.

The elements of misappropriation of trade secrets are as follows: (1) the existence of a process that is protectable as a trade secret (*e.g.*, that is (a) of economic value, (b) not generally known or readily ascertainable, and (c) that the complainant has taken reasonable precautions to maintain its secrecy); (2) that the complainant is the owner of the trade secret; (3) that the complainant disclosed the trade secret to respondent while in a confidential relationship or that the respondent wrongfully took the trade secret by unfair means; and (4) that the respondent has used or disclosed the trade secret causing injury to the complainant. *Certain Sausage Casings*, Inv. No. 337-TA-148/169, 1984 WL 273789, Initial Determination at *93-94 (July 31, 1984) (unreviewed in pertinent part); *see also* UTSA, § 1.4.

B. Ownership of the Manitowoc Trade Secrets

The Commission determined to review all of the ID's trade secret findings. On review, the Commission affirms the ID's determination on the ownership of the asserted trade secrets. ID at 132-134.

C. Whether the Asserted Trade Secrets are Protectable

1. Sany's Burden Shifting Argument

In its petition for review, Sany argued that throughout the ID the ALJ improperly required Respondents to disprove the existence of the asserted trade secrets. Sany Pet. at 8-9. Specifically, Sany argues the ID's findings that certain of the alleged trade secrets are worthy of protection is legal error resulting from misallocating the burden of proof to Sany. *Id.*

The Commission has reviewed the ID and, more specifically, the statements identified by Sany and finds that the ID did not improperly shift the burden to Respondents to disprove the existence of the asserted trade secrets. Instead, in each instance, the ALJ examined whether Manitowoc satisfied its burden to prove its *prima facie* case, and reviewed Sany's statements to determine whether they rebut Manitowoc's evidence. Many of these statements were merely made in the midst of the ID's analysis considering all of the evidence. Accordingly, the Commission finds that the ID did not inappropriately shift the burden to Sany. To the extent the statements Sany relies on suggest the burden is on Sany to disprove the existence of a trade secret or misappropriation of a trade secret, the Commission confirms that it is Manitowoc's burden to prove its *prima facie* case, and Sany may rebut that evidence.

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2. Trade Secret Nos. 1 and 6

a) The ID

The ID explains that Manitowoc asserts Trade Secret Nos. 1 and 6 together as relating to identifying a specific market need and developing a crane to meet that need. ID at 135.

Specifically, the ID identified the asserted trade secrets as follows:

Trade Secret No. 1 is:

[[

]]

Trade Secret No. 6 is:

[[

]]

Id.

The ID determined Manitowoc regarded as trade secrets (1) [[

]]

and (2) [[]]. *Id.* at 136. The ID found that the trade secrets were not shared outside of the company and the trade secrets were not generally known outside of the company. *Id.* The ID also concluded it was not generally known that [[

]]. *Id.* at 136-38. Specifically, the ID found that [[

]] were not discussed in industry publications, cranes with backmasts often have higher capabilities, and [[

]]. *Id.* at 137. Based on these facts, the ID determined that [[

]] was not generally known and was not obvious. *Id.* at 137-38. The ID determined that, while the customer feedback underlying these trade secrets was not subject

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to a formal contract that prohibited disclosure of this information, it was in the best interests of the customers to keep the information secret. *Id.* at 138-39.

The ID further found Trade Secret Nos. 1 and 6 did not merely identify a market need for a new crane, but also analyzed whether there was room in the market for such a lift. *Id.* at 139-40. The ID also found that Manitowoc developed Trade Secret Nos. 1 and 6 through diligence and extensive market research. *Id.* at 140-142 (discussing the research Manitowoc performed to determine there was a market need for a new crane). The ID concluded Manitowoc determined through the research it conducted that there was a market need for a new crane. *Id.* at 142-43.

The ID found Manitowoc assigned the task of designing a new crane to Mr. Lanning. *Id.* at 143. The ID determined that Mr. Lanning was well aware of the value of Trade Secret Nos. 1 and 6 and that they would provide a competitive advantage to Manitowoc. *Id.* In making this finding, the ID discussed two slide presentations Mr. Lanning prepared while at Manitowoc that reflected the need for a new crane. *Id.* at 144 (citing JX-0032C, CX-0119C, Lanning Tr. at 214).

The ID explained that the design cycle for a new crane is extensive (*i.e.*, [[
]]) and that there is a competitive advantage to keeping the information secret. *Id.* at 144-45. The ID also found that “when a market leader decides to [[

]] and further determines that there is a market need to support a new model, that information is highly sensitive and confidential.” *Id.* at 145. The ID determined that once Mr. Lanning disclosed the sensitive information to Sany, the information was of economic value to Sany. *Id.*

The ID further concluded that Sany’s crane development without Mr. Lanning’s help compared to its development with Mr. Lanning’s help is striking. *Id.* at 146-147. The ID found

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that Sany's previous efforts further demonstrate the economic value of Trade Secret Nos. 1 and 6. *Id.*

The ID further found that Manitowoc took appropriate steps to preserve the confidentiality of its trade secrets. *Id.* at 147-148. For example, the ID explains that Mr. Lanning signed a confidentiality agreement while employed at Manitowoc and also signed a letter when he joined Sany, that he would not use or apply trade secret information from Manitowoc. *Id.* at 148-149. The ID also found that Manitowoc entered into numerous confidentiality agreements regarding the new crane. *Id.* at 149-50.

According to the ID, Manitowoc's business practices protect their trade secrets. *Id.* at 150. Specifically, the ID found that Manitowoc marks documents containing sensitive information as confidential, Manitowoc's facilities are controlled by locked doors, Manitowoc's computer systems require employee passwords, and Manitowoc informs its employees of corporate confidentiality policies when they join the company. *Id.* at 150-51. Therefore, the ID determined that Manitowoc took reasonable steps to protect Trade Secret Nos. 1 and 6. *Id.*

The ID also discussed whether Sany independently developed asserted Trade Secret Nos. 1 and 6. The ID explained that, after beginning his employment with Sany, Mr. Lanning met with several Sany customers and provided a summary of the meetings. *Id.* at 159. The ID found, however, that the summaries do not mention [[]] and "[n]othing in Mr. Lanning's report suggests either that there is a demand for a new crane [[]]." *Id.* at 160.

The ID found that Sany's contention that it determined there was a market need for [[]] is discredited by Mr. Lanning's summaries of the customer interviews. *Id.* The ID explains that Mr. Lanning contacted eight

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companies, six of whom he had contacted previously while employed at Manitowoc. *Id.*

Moreover, the ID found that the summaries of these meetings do not “mention anything about

[[

]].” *Id.* Therefore, the ID determined the customer meetings were not an independent effort by Mr. Lanning to gather market data about crawler cranes, but merely was an opportunity to confirm for his employer that there was a demand for the proposed crane. *Id.* at 161. The ID found that Sany did not present any evidence that it was pursuing [[]]] before Mr. Lanning wrote the 2010 specification or that it was previously aware of [[]]]

]]. *Id.* at 162.

b) Analysis

Sany argued in its petition for review that Trade Secret Nos. 1 and 6 are not protectable as trade secrets because all of the relevant information concerning [[

]] is contained in a single email, CX-0116C, between two third parties which was then forwarded to Manitowoc. Sany Pet. at 9-13.

We initially note that Sany did not cite to the CX-0116C email until its petition for review. However, Sany cited to email RX-0078C in its pre-hearing briefing and post-hearing briefing. RX-0078C contains substantially the same information as exhibit CX-0116C, but RX-0078C was not admitted into evidence. Resp. Comm. Br. at 20, 23-25. Sany should have cited to CX-0116C in its post-hearing briefing if it had wanted the ALJ to consider its argument. It would be unreasonable to assume the ALJ will dig through the admitted exhibits to determine that CX-0116C contains essentially the same evidence a non-admitted exhibit.

Regardless, the ID addressed the substance of the email without directly citing to CX-0116C. In discussing the customer feedback that led to this trade secret, the ID determined that

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the feedback Manitowoc received from its customers was provided in confidence. ID at 138.

The ID also determined that, while no formal contract prevented Manitowoc's customers from sharing this information with a competitor, they did not have any incentive to disseminate the information because Manitowoc's customers were leasing that crane to their own customers. *Id.*

Sany asserts that the email containing much of the substance of Trade Secrets Nos. 1 and 6 was disseminated to several other people and that they were not under a duty of confidentiality. However, there would be no advantage for Manitowoc's customers who rent/lease Manitowoc's cranes to disseminate information that [[]]. Sany further asserts that one of Manitowoc's customers, who was on the CX-0116C email, disclosed [[] to Sany. However, this disclosure was done during a Voice of the Customer interview that was conducted based on information Mr. Lanning likely gained while employed at Manitowoc. *See* ID at 161. There is no evidence that any of the people in the CX-0116C email publically disclosed their desire for a new crane. In addition, we agree with Manitowoc that it is unlikely the opinion of a single customer alone would lead a company to develop a new crane.

In this case, Manitowoc conducted market research that involved discussions with dozens of customers to determine the need for a new crane [[

]] and whether or not there was space in the market for such a crane. *See* Weyers Tr. 76.

Trade Secret Nos. 1 and 6 are the recognition of a market need for the new crane for [[

]] which is based on research that involved dozens of customers.

The second consideration in determining whether the trade secret is protectable, is whether the trade secret is known or readily ascertainable. There is no evidence Manitowoc or any third party disseminated of Trade Secrets Nos. 1 and 6 to cause them to be generally known

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or to lose their competitive advantage. *See e.g.*, ID at 136-38. Sany offered no proof that the disclosure in the CX-0116C email was so substantial as to cause Trade Secret Nos. 1 and 6 to be readily ascertainable. As the ID found, the evidence Sany relies on is not a compilation of information resulting in the determination of a market need but instead is the views of a few customers.

Sany also argued in its petition for review that the ID improperly relied on non-disclosure agreements related to Trade Secret No. 3 to find that Manitowoc safeguarded Trade Secret Nos. 1 and 6. Sany Pet. at 20-23. The Commission finds that even without relying on these non-disclosure agreements, Manitowoc took sufficient safeguards to protect Trade Secret Nos. 1 and 6. The ID appropriately found that Manitowoc applied various safeguard measures, including locked entry doors, password protected computer system, and corporate policies on trade secrets and confidentiality. ID at 150-151. We agree with the ID that these safeguards are sufficient to warrant protection without consideration of the non-disclosure agreements.

The Commission also affirms and adopts the ID's finding that Sany did not independently develop Trade Secret Nos. 1 and 6. ID at 159-161. Accordingly, the Commission affirms the ID's determination that Trade Secret Nos. 1 and 6 are protectable.

3. Trade Secret No. 3

a) The ID

The ID found that asserted Trade Secret No. 3 relates to a detailed description of Manitowoc's 2nd Generation VPC technology. ID at 165. The ID noted that the trade secret also includes 23 subparts. *Id.* Asserted Trade Secret No. 3 recites:

3. A mobile lift crane that is transformable into multiple configurations. In the first configuration, the crane has a traveling mast without a back mast and first variable position counterweight system configuration. In the second

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configuration, the crane has a back mast and a second variable position counterweight system configuration.

3.1 In one example of such a crane, the support for the first variable position counterweight system is provided primarily by the rotating bed of the crane.

3.2 In one example of such a crane, the support for the second variable position counterweight system is provided substantially by a tension member attached to the back mast.

3.3 In one example of such a crane, the variable position counterweight unit in the second variable position counterweight system can move farther from the boom of the crane than the variable position counterweight unit in the first variable position counterweight system.

3.4 In one example of such a crane, the variable position counterweight unit in the second variable position counterweight system can move farther from the boom of the crane than the variable position counterweight unit in the first variable position counterweight system and can move a farther total distance overall than the unit in the first variable position counterweight system.

3.5 In one example of such a crane, the second variable position counterweight system includes a moveable counterweight support beam that is operable to move toward and away from the boom during a pick, move, and set operation of the crane.

3.6 In one example of such a crane, the second counterweight variable position counterweight system includes a moveable counterweight support beam that is operable to move toward and away from the boom during a pick, move, and set operation of the crane and a counterweight unit is further capable of moving along the counterweight support beam during a pick, move, and set operation.

3.7 In one example of such a crane, the first variable position counterweight system comprises a counterweight unit that is capable of moving along a frame on the rotating bed such that the unit can move toward and away from the boom during a pick, move, and set operation of the crane.

3.8 In one example of such a crane, a telescoping cylinder is used to move a moveable counterweight support beam toward and away from the boom during a pick, move, and set operation of the crane.

3.9 In one example of such a crane, the first variable position counterweight system comprises a counterweight tray suspended beneath a counterweight support frame.

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3.10 In one example of such a crane, the moment generated by the first variable position counterweight unit acts predominantly through a support frame attached to the rotating bed.

3.11 In one example of such a crane, the first variable position counterweight system lacks a tension member connected to the live mast for supporting the first moveable counterweight unit.

3.12 In one example of such a crane, the weight of the moveable counterweight unit in the first variable position counterweight system is transferred to the rotating bed only through the counterweight support frame.

3.13 In one example of such a crane, the moment generated by the first moveable counterweight unit with respect to a front tipping fulcrum is transferred to the rotating bed through a support frame.

3.14 In one example of such a crane, a first moveable counterweight unit in the first variable position counterweight system is operable to move to a position so that the center of gravity of the first moveable counterweight unit is at least within a distance from the axis of rotation of the rotating bed of less than 110% of the distance from the axis of rotation to the rear tipping fulcrum of the crane.

3.15 In one example of such a crane, in both the first configuration and the second configuration, the percentage ratio of the counterweight capacity of each of the respective moveable counterweight units to the total weight of the crane is greater than 52%.

3.16 In one example of such a crane, the first moveable counterweight unit has the same configuration as the second moveable counterweight unit.

3.17 In one example of such a crane, the carbody is not provided with any additional functional counterweight.

3.18 In one example of such a crane, neither the first moveable counterweight unit nor the second moveable counterweight unit are ever supported by the ground other than indirectly by the moveable ground engaging members on the carbody during a pick, move, and set operation.

3.19 In one example of such a crane, the moveable counterweight unit of both systems is attached to a trolley operable to move toward and away from the boom during a pick, move, and set operation.

3.20 In one example of such a crane, the moveable counterweight unit of both systems is attached to a trolley operable to move toward and away from the boom during a pick, move, and set operation. A plurality of rollers may facilitate the

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movement of the counterweight unit relative to the counterweight support beam or support frame.

3.21 In one example of such a crane, a support frame for the moveable counterweight unit is removably secured to the rotating bed.

3.22 In one example of such a crane, support beams or the support frame for the moveable counterweight unit include flanges upon which the moveable counterweight unit moves.

3.23 The above listed features can be combined in any operable version of such a crane. Manitowoc Crane considers combinations of these features to have been trade secrets as well.

Id. at 165-67 (citing Comp. Post-Hearing Br. at 190-93).

The ID held that Trade Secret No. 3, as defined by Manitowoc, is described in terms that are too broad to permit protection. *Id.* at 169. The ID explained that the introduction of the trade secret describes multiple configurations but then describes only two configurations. *Id.* The ID found that it is unclear whether Manitowoc contemplates other configurations beyond those disclosed. *Id.* The ID explained that the 23 subparts provided additional “example” features that may be found in the secret mobile lift crane. *Id.* at 170. The ID concluded that Manitowoc did not state that the examples comprise the totality of the trade secret and that it is unclear what the crane is and how to determine what is entitled to protection. *Id.*

b) Analysis

A trade secret should be described with a “reasonable degree of precision and specificity [as] appropriate.” 1 Roger M. Milgrim, *Milgrim on Trade Secrets*, § 1.09[3], at 2-214 (1995). Similarly, the description of the trade secret “must be specific enough to allow the meaningful comparison of the putative trade secret with information that is generally known and ascertainable in the relevant field or industry.” *IDX Sys. Corp. v. Epic Sys. Corp.*, 165 F. Supp. 2d 812, 817 (W.D. Wis. 2001), *aff'd in part, rev'd in part*, 285 F.3d 581 (7th Cir. 2002); *Dow*

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Chem. Canada Inc. v. HRD Corp., 909 F. Supp. 2d 340, 346-47 (D. Del. 2012); *Brigham Young Univ. v. Pfizer, Inc.*, 861 F. Supp. 2d 1320, 1325 n. 17 (D. Utah 2012); *see also Imax Corp. v. Cinema Techs., Inc.*, 152 F.3d 1161, 1164-65 (9th Cir. 1998). Lists of general areas of information are not protectable. *See, e.g., AMP, Inc. v. Fleischhacker*, 823 F.2d 1199, 1203 (7th Cir. 1987) (citation omitted) (“Other courts have warned Plaintiffs of the risks they run by failing to identify specific trade secrets and instead producing long lists of general areas of information which contain unidentified trade secrets.”).

We disagree with the ID that Trade Secret No. 3 is too broad to be afforded protection as a trade secret. Trade Secret No. 3 relates to a transformable crane with multiple configurations. Trade Secret No. 3 further specifies that in “the first configuration, the crane has a traveling mast without a back mast and first variable position counterweight system configuration. In the second configuration, the crane has a backmast and a second variable position counterweight system configuration.” Moreover, the subparts of Trade Secret No. 3 provide additional details regarding the crane configuration that show Manitowoc has developed concrete details of the crane. For example, subparts 3.14 and 3.15 include details regarding the rotating axis and percentage ratio of the counterweight capacity of each moveable counterweight. In addition, Manitowoc engineers were able to discuss the advantages the new crane had over the existing technology. *See* Comp. Comm. Br. at 41-42; CX-0454C, Q/A 162; CX-458C, Q/A 18-20, 47-54, 56-62; JX-0025C; CX-0132C; CX-0119C; Lanning Tr. at 233-34. Larry Weyers, Global Executive Vice President at Manitowoc, testified to the value of Trade Secret No. 3. *See, e.g.,* CX-0454C (Weyers WS) at Q/A 204. Mr. Lanning also confirmed the value of this information when he described the second generation VPC technology as “game changing” and urged tight confidentiality. CX-0139C at MANITOWOC 1010003 and 1010014. Sany cites to no evidence

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that Trade Secret No. 3 was known. Therefore, the details set forth in the Trade Secret No. 3 are sufficiently specific to warrant trade secret protection because they distinguish the trade secret from what was generally known in the industry.

Sany contends that Manitowoc must prove trade secret protection for every combination of elements. Resp. Comm. Br. at 47-49. However, Sany cites to no case law to support its position.

As the ID discussed with respect to Trade Secret Nos. 1 and 6, Manitowoc requires its employees to sign non-disclosure agreements to prevent disclosure of Manitowoc confidential information, has established corporate policies regarding confidentiality, controls access to computer systems, controls access to its facilities, and marks confidential information appropriately among other safeguards. In addition, [[

]]. CX-0454C at Q/A 55-57; *see also* CX-0172C; CX-0173C; CX-0174C; CX-0183C; CX-0205C; CX-0206C; CX-0207C; CX-0208C; CX-0209C; CX-0210C; CX-0211C; CX-0212C; CX-0213C; CX-0214C; CX-0215C. And, as discussed with regard to value of the trade secret, Mr. Lanning urged confidentiality of the information and marked the presentation materials containing the trade secret as confidential. Therefore, the evidence shows Manitowoc took steps to maintain the secrecy of Trade Secret No. 3 at least until the subject matter of Trade Secret No. 3 was published in the U.S. Patent Application No. 2011/0031202 (“the ’202 patent application”) in February 2011. Accordingly, the Commission reverses the ID’s determination and findings that

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Trade Secret No. 3 is not protectable and finds that Trade Secret No. 3 was protectable until its disclosure in February 2011.¹⁶

In addition, before the Commission, Manitowoc argued that the introduction of Trade Secret No. 3 is separately protectable from the subparts of Trade Secret No. 3. However, before the ALJ, Manitowoc asserted Trade Secret No. 3 as a whole against Sany. Manitowoc cannot now argue that the subparts constitute a separate trade secret. The Commission finds this argument waived.

4. Trade Secret No. 4

a) The ID

The ID explains that Trade Secret No. 4 states:

A desirable crane useful for wind power applications is the crane described in paragraph 3 above. Any combination of the additional features denoted in paragraphs 3.1-3.22 can be used to create a desirable crane for wind power applications.

ID at 170-71 (Comp. Post-Hearing Br. at 214).

The ID found that Trade Secret No. 4 incorporates Trade Secret No. 3 and therefore, because Trade Secret No. 3 is not a trade secret, Trade Secret No. 4 also cannot be a trade secret. ID at 171.

b) Analysis

Trade Secret No. 4 is based in part on Trade Secret No. 3. As noted above, Trade Secret No. 4 provides a specific use for Trade Secret No. 3.

Trade Secret No. 4 is a culmination of Manitowoc's market research and proof of concept engineering work for its 2nd Generation VPC technology. *See e.g.*, CX-0454 at Q/A 211. The time and effort Manitowoc invested into developing Trade Secret No. 3 is also applicable to

¹⁶ We address the misappropriation of Trade Secret No. 3 *infra* at §V.D.4.b.i.

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Trade Secret No. 4. CX-0454 at Q/A 205. In addition, there is value in keeping secret the use of Manitowoc's VPC technology for wind power applications. *Id.* at Q/A 205, 191. For example, without misappropriating Manitowoc's trade secrets, Sany would not have begun developing the SCC8500 crane until at least the publication of the '202 patent application, and, more likely, until later at the CONEXPO trade show in March 2014 when Manitowoc unveiled its new cranes. There is no evidence Trade Secret No. 4 was generally known or ascertainable.

Manitowoc protected the confidentiality of this information through its general access and security measures, as well as measures specific to the 2nd Generation VPC development. *Id.* at Q/A 53-57, 201, 307. In particular, figures illustrating the crane were marked confidential. *See, e.g.*, CX-0139C. Moreover, [[

]]. CX-0454 at Q/A at 55-57, 201. There is no evidence in the record that this information was public prior to 2014. CX-0454 at Q/A 201-2. Therefore, the Commission reverses the ID's findings and finds that Trade Secret No. 4 is protectable as a trade secret.

5. Trade Secret No. 14

The ID explained that Trade Secret No. 14 states:

Manitowoc's pricing of its cranes within the domestic industry targeted by the Sany SCC8500 Crane, including distributor discounts, profit margins, unit and dollar volumes, and manufacturing costs.

ID at 171 (citing Comp. Post-Hearing Br. at 222).

The ID found that Manitowoc spends a substantial amount of time and resources setting its dealer discount prices. *Id.* at 174. The ID explained that Manitowoc determines and analyzes many factors when establishing dealer discounts and determines the cost and pricing information on a model-by-model basis. *Id.* For example, Manitowoc gathers feedback on its pricing based on meetings with its sales team and a subset of its dealers. *Id.* The ID found that, although the dealers that meet with Manitowoc do not sign confidentiality agreements, there is a mutual

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understanding that the information is confidential and not to be disclosed. *Id.* at 174-75. The ID found that Manitowoc's profit margins are also confidential. *Id.* at 175. The ID noted that Mr. Lanning would have received regular reports on profit margins by product while employed at Manitowoc. *Id.* The ID determined that these profit margins are kept confidential and not shared outside of Manitowoc. *Id.* at 176. The ID therefore concluded that profit margins are valuable statistics to maintain as trade secrets. *Id.*

The ID considered Sany's argument that the pricing information is non-confidential but found that the information Sany relied on was the public retail price. *Id.* The ID explained that the public retail price is public while the pricing information, such as dealer discounts and profit margins on individual products, is confidential. *Id.*

The ID also found that Manitowoc's dealer discounts and profits margin were safeguarded through various measures. *Id.* at 177. Accordingly, the ID determined that Trade Secret No. 14 qualifies for trade secret protection. *Id.*

The Commission determined to review the ID's findings on the asserted trade secrets. On review, the Commission affirms the ID's findings that Trade Secret No. 14 is protectable as a trade secret. *See ID* at 173-77.

6. Trade Secret No. 15

The ID explained that asserted Trade Secret No. 15 is directed to certain Manitowoc manufacturing processes. *ID* at 183. Trade Secret No. 15 recites:

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Certain of Manitowoc's manufacturing processes and procedures, including its boom fabrication procedures, its methods for processing large weldments, and its material testing standards.

Id. (citing Comp. Post-Hearing Br. at 230).

i. Charpy requirements

The ID explained that a Charpy value is a physical property of material that is determined during a high impact test. *Id.* The high impact test measures the energy absorbed by a component during fracture. *Id.*

The ID found that Manitowoc does not disclose its Charpy requirements to a person without a confidentiality obligation and that periodically a component requirement is given to suppliers who are under a duty of confidentiality. *Id.* at 184. According to the ID, knowledge of the requirements would save a competitor time and money when designing a new product. *Id.* The ID noted that a balancing act is required between competing considerations in determining the appropriate Charpy requirements. *Id.* The ID further explains that Charpy values affect the cost of a particular metal alloy used in the manufacturing process. *Id.*

The ID found that Manitowoc developed its Charpy requirements based on years of experience. *Id.* at 185. The ID also found that knowing Charpy requirements would be useful to a competitor in designing a crawler crane. *Id.* at 185-86. Lastly, the ID found that Manitowoc took appropriate precautions to keep its Charpy requirements confidential. *Id.* at 186.

ii. Boom fabrication and large weldments

The ID explains that a lattice boom includes a lattice of steel work that is welded. *Id.* at 189. The ID explains that the steel that runs parallel to the length of the boom is the "chord" steel, while the crisscrossing steel is called "lacing." *Id.* The ID noted that Manitowoc conducted a study in 2008 to determine how it could improve its manufacturing efficiency. *Id.*

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From this study, Manitowoc determined that [[

]]. *Id.* The ID

found that like other asserted trade secrets, Manitowoc took general measures to protect the confidentiality of this information. *Id.* at 189-90.

The ID explains that Manitowoc is proficient in making large weldments. *Id.* at 190. The ID determined that Manitowoc's welding procedures are highly sensitive confidential information, and that the information is not shared outside the company and is subject to limited distribution within the company. *Id.* at 191. The ID found that, despite Sany's assertion, Manitowoc's welding processes could not be determined from a plant tour. *Id.* The ID found that Manitowoc's methods for processing large weldments are valuable because they are important to the quality of the crane and they took many years to develop. *Id.* at 192. The ID found that, like other asserted trade secrets, Manitowoc took general measures to protect the confidentiality of this information. *Id.* at 192.

The Commission determined to review the ID's findings on the asserted trade secrets. On review, the Commission affirms the ID's findings that Trade Secret No. 15 is protectable as a trade secret. ID at 183-86, 189-92.

D. Misappropriation of the Asserted Trade Secrets

1. Controlling Precedent

In its petition for review, Sany argued that the ID improperly relied on the Restatement to define what constitutes "use" of a trade secret and applied the wrong prong of the misappropriation test. Sany Pet. at 28-33.

The Commission applies a four-factor test in determining trade secret misappropriation, including: (1) whether a trade secret exists which is not in the public domain; (2) whether the

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complainant is the owner of, or possesses a proprietary interest in, the trade secret; (3) whether the complainant disclosed the trade secret to respondent while in a confidential relationship or the respondent wrongfully took the trade secret by unfair means; and (4) whether the respondent has used or disclosed the trade secret causing injury to the complainant. *Certain Sausage Casings*, Inv. No. 337-TA-148/169, 1984 WL 273789, Initial Determination at *93-94 (July 31, 1984). However, this test does not define what constitutes “use” in element four.

The UTSA defines misappropriation as:

(i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(ii) disclosure or use of a trade secret of another without express or implied consent by a person who

(A) used improper means to acquire knowledge of the trade secret; or

(B) at the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was

(I) derived from or through a person who had utilized improper means to acquire it;

(II) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

(C) before a material change of his [or her] position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

UTSA § 1.2.

The UTSA also does not define “use.” The Restatement, however, defines “use” to include the marketing of goods that embody a trade secret, the trade secret is employed

in manufacturing or production, or is relied on to assist or accelerate research or development. Restatement (Third) of Unfair Competition § 40, Comment c. In *TianRui*, the Federal Circuit held that “a single federal standard, rather than the law of a particular state, should determine what constitutes a misappropriation of trade secrets sufficient to establish an ‘unfair method of competition’ under section 337.” *TianRui*, 661 F.3d at 1327. The Federal Circuit did not limit the Commission to the application of the UTSA, and we believe that it was reasonable for the ID consider and rely on the Restatement to understand the meaning of “use.”

Under the Restatement of Agency, “[a] master is subject to liability for the torts of his servants committed ***while acting in the scope of their employment.***” Restatement of Agency § 219(1) (emphasis added); *see also Newport News Ind. v. Dynamic Testing, Inc.*, 130 F. Supp. 2d 745, 750-54 (E.D. Va. 2001). Similarly, the Restatement of Agency further provides that “[a] master is subject to liability to third persons injured in their business relations by the tortious conduct of a servant acting within the scope of employment.” Restatement of Agency at § 248. The Restatement includes an employee’s actions within the scope of employment if the action: “(a) [] is of the kind [the employee] is employed to perform; (b) [] occurs substantially within the authorized time and space limits’ associated with employment and (c) ‘[] is actuated, at least in part, by a purpose to serve the master.’” *Id.* at § 228(1).

The Commission finds that Sany is liable for the actions of Mr. Lanning and the other former Manitowoc employees, including Kyle Nape and Jeffery Dreger, because they were acting within the scope of their employment. Even before starting work at Sany, Mr. Lanning wrote to Greg Trainer at Sany stating that he had an idea for a new crane. CX-0224C. Shortly

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after arriving at Sany, Mr. Lanning wrote a specification for a Sany crane that included identification of the VPC technology. CX-303C.

At Sany, Mr. Lanning was the Cross-Functional Team Leader for the SCC8500 crane, and he had responsibility over the design of the crane. Lanning Tr. 310, 680. When Mr. Lanning was working on pricing for the SCC8500 crane he asked Mr. Nape for Manitowoc's price information in order to use it for "data development." CX-0364C. Mr. Nape thereafter requested the information from Mr. Dreger who provided the pricing information to Mr. Lanning. CX-0364C. This pricing information was included in an internal Sany presentation. CX-0370C.

In addition, Mr. Lanning sent an email to other Sany engineers seeking Manitowoc's Charpy values. CX-0265C. Mr. Lanning also sent an email to other Sany employees regarding Manitowoc's boom fabrication process, and admits it was based on information he learned while at Manitowoc. CX-0251C; JX-0042C; Lanning Tr. 329-330. Further, Mr. Lanning provided an overview of Manitowoc's large weldment process to Sany. CX-0252C.

Sany hired Mr. Lanning, Mr. Dreger, and Mr. Nape for their expertise, initially doubled Mr. Lanning's salary to induce him to join Sany, and gave Mr. Lanning overall control of designing a crane to compete in the North American market. Lanning Tr. at 310, 680. The most reasonable explanation for Mr. Lanning's actions is that he was carrying out what he was hired to do. The other former Manitowoc employees also communicated protected information to Sany employees during the scope of their employment. The nondisclosure agreement did not appear to have any effect. Sany did not take steps to stop any disclosure or use of such information by the new employees it recruited away from Manitowoc. On the contrary, the disclosures made by the former Manitowoc employees were made in order to benefit Sany.

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Therefore, the Commission finds Sany liable for the actions of Mr. Lanning and the other former Manitowoc employees. The actions of Mr. Lanning and the other former Manitowoc employees were foreseeable for the same reasons.

Sany argued that the ID applied the wrong prong of the misappropriation test. Sany Pet. at 29-31. However, Sany generally asserted that only the first prong (acquisition) did not apply to this investigation and failed to address the second prong (disclosure or use). *Id.* The evidence supports finding misappropriation due to unauthorized disclosure/use. With respect to acquisition by improper means, the driving force behind Sany's hiring of Mr. Lanning was his knowledge of Manitowoc's trade secrets. Before Mr. Lanning joined Sany he told Sany he had ideas for a crane that Sany should develop. Lanning Tr. at 274. When Sany hired Mr. Lanning, Sany doubled Mr. Lanning's salary. *Id.* at 276-277. Mr. Lanning then recruited additional people from Manitowoc. *Id.* at 328, 335-336. In addition, Manitowoc pricing information was put into a Sany slide presentation and Manitowoc's weldment processes were discussed by Mr. Lanning with Sany management. CX-0258C; CX-0252. The evidence, therefore, supports the ID's findings that Sany actively encouraged misappropriation of Manitowoc's trade secrets and knew the trade secrets were acquired by improper means.

In addition, the actions of Mr. Lanning are properly imputed to Sany. Sany had reason to know that the Manitowoc trade secrets were improperly obtained, specifically via a breach in Mr. Lanning's confidentiality obligations. Although Sany instructed Mr. Lanning not to use Manitowoc's information, it did nothing to prevent the use of Manitowoc's information when it was shared. Lanning Tr. 189-91; CX-0223C; CX-0092C; CX-0460C, Q/A 269. Accordingly, the Commission finds that the ID applied the proper test, and the evidence supports finding misappropriation.

2. Evidence Relied Upon by the ID to Find Misappropriation

Sany argued that the ID's conclusions of misappropriation are inappropriately based on circumstantial evidence. Sany Pet. at 35-36. Courts, however, have found trade secret misappropriation based on circumstantial evidence in circumstances when the accused party denies the misappropriation. *See, e.g., Greenberg v. Croydon Plastics Co. Inc.*, 378 F. Supp. 806, 814 (E.D. Pa. 1974). Accordingly, the Commission finds that it was appropriate for the ID to base its determinations on circumstantial evidence.

3. Trade Secret Nos. 1 and 6

a) The ID

The ID found that Mr. Lanning disclosed to Sany the substance of Trade Secret Nos. 1 and 6. ID at 151. Specifically, Mr. Lanning disclosed Trade Secret Nos. 1 and 6 in a specification he prepared for the SCC8500 crane that he sent to his boss, Greg Trainer, and Sany America's Vice President of Marketing, Kyle Nape, on July 12, 2010 ("the 2010 specification"). *Id.* The 2010 specification was prepared as part of a Sany research and development plan. *Id.* The 2010 specification was also translated into Chinese and sent to Sany in China. *Id.*

The ID noted that the 2010 specification proposed a "very simple crane configuration" [[] and explained that a [[]]

Id. at 151-52. The ID found that these statements were a disclosure of Trade Secret No. 1 and this information came directly from Mr. Lanning. *Id.* at 152-53. The ID found that, although the 2010 specification did not include the substance of Trade Secret No. 6, the ID found "it is a reasonable inference that Manitowoc's Trade Secret No. 6 motivated Mr. Lanning to write" the 2010 specification. *Id.* at 153. The ID explained that, after receiving the 2010 specification,

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Sany placed the SCC8500 crane on the development path, which led to the introduction of the crane prior to [[]]]—thereby beating Manitowoc to the market with its own technology. *Id.* at 154.

The ID noted that courts have recognized the need for complainants to prove misappropriation by circumstantial evidence. *Id.* at 154-155 (quoting *Greenberg*, 378 F. Supp. at 814). The ID found that a reasonable inference can be drawn that Trade Secret No. 6 was misappropriated. *Id.* at 155. The ID determined that for Trade Secret No. 1 inference is not needed. *Id.* The ID explained that Mr. Lanning disclosed the substance of Trade Secret No. 1 to Sany and, as a result, Sany introduced the crane, [[]]], as a “perfect solution” to [[]]]. *Id.* at 155-56. The ID found that Sany’s use of these trade secrets, among others, is further supported by circumstantial evidence relating to Sany’s hiring of Mr. Lanning and the state of Sany’s intelligence in the marketplace at the time Mr. Lanning joined Sany. *Id.* at 156.

i. Mr. Lanning’s Expertise

The ID determined Sany was looking to hire people with the experience Mr. Lanning had, Sany paid him approximately double what he was earning at Manitowoc, and Mr. Lanning wrote no other specifications for new cranes prior to the 2010 specification. *Id.* at 156-57. The ID also found “Mr. Lanning’s knowledge of Manitowoc’s trade secrets played prominently in Sany’s recruitment of him.” *Id.* at 157. The ID found, as admitted by Mr. Lanning, that there would not have been a SCC8500 crane without Mr. Lanning. *Id.* at 157-58. Specifically, the ID found the reasons for this include the confidential information Mr. Lanning provided and the lack of competence of the research and development personnel at Sany. *Id.* The ID explained Mr. Lanning observed Sany did not have an understanding of crawler crane products or how

such cranes were used outside of China, and Sany is a technology follower. *Id.* at 158. The ID also noted Mr. Lanning testified Sany engineers had difficulty developing new technology and Mr. Closson determined Sany would likely have not developed the SCC8500 crane without misappropriation of Manitowoc's technology. *Id.*

ii. Sany's understanding of the relevant market demand

The ID found that Sany's market research and Mr. Lanning's view of Sany's competence both illustrate Sany's lack of understanding of the relevant market. *Id.* at 159. For example, in June 2010, after attending a wind power trade show, Sany generated a report about what it learned at the trade show. *Id.* The ID noted the report did not include any mention of "[[

]].” *Id.* The ID also explained that Mr. Lanning met with eight companies, six of whom he had previously contacted while at Manitowoc, and provided a summary of the meetings. *Id.* at 160. The ID found Sany's contention that it independently determined there was a market need for a crane [[

]] is discredited by Mr. Lanning's summaries of the customer interviews. *Id.* Specifically, the ID found this summary does not mention [[]] and “[n]othing in Mr. Lanning's report suggests either that there is a demand for a new crane [[

]].” *Id.*

The ID therefore determined the customer meetings were not an independent effort by Mr. Lanning to gather market data about crawler cranes but was merely an opportunity to confirm for his new employer that there was a demand for the proposed crane. *Id.* at 161. The ID found Sany did not present any evidence it was pursuing [[]] before Mr.

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Lanning wrote the 2010 specification and found Sany was not previously aware of [[
]]. *Id.* at 162. Therefore, the ID concluded,
“[t]here is no evidence that Sany’s January 2011 ‘market research’ would have occurred in the
absence of Mr. Lanning’s misappropriation of trade secrets in July 2010.” *Id.*

In addition, the ID found the existing Sany cranes were purpose-built cranes, which
disqualified them for use in the United States because domestic companies prefer to purchase
cranes to lease to third parties that have multiple purposes. *Id.* at 162-63. The ID also noted the
transport weight of one of the existing Sany cranes was beyond what was acceptable in the
United States. *Id.* at 163. Therefore, the ID concluded, without Mr. Lanning Sany would not
have entered the United States wind energy market. *Id.* at 164. The ID found “Sany developed
the accused products specifically to compete with the 400-ton Manitowoc 16000 Crane and the
600-ton Manitowoc 18000 Crane.” *Id.*

b) Analysis

Sany challenges the ID’s determination that Sany used Trade Secret Nos. 1 and 6 to cause
injury without arguing any specifics. Sany Pet. at 39-40. Rather, Sany generally asserts that a
public disclosure of a trade secret must include all elements of the trade secret and, therefore,
misappropriation must also include each element of the trade secret. *Id.* at 39. Sany, however,
fails to identify what portion of the trade secrets it contends it did not misappropriate.
Accordingly, the Commission affirms the ID’s determination that Sany misappropriated Trade
Secret Nos. 1 and 6.

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4. Trade Secret Nos. 3 and 4

a) The ID

i. Trade Secret No. 3

The ID found that, because Trade Secret No. 3 is not a trade secret, there can be no misappropriation of Trade Secret No. 3. ID at 170. The ID further stated that the definition of Manitowoc's trade secret can include any of the combination of features used in an operable version of the crane and the discussion and charts provided by Manitowoc merely "works backward from the accused product to suggest that a trade secret must have been misappropriated, without having clearly defined the parameters of trade secret protection." *Id.*

ii. Trade Secret No. 4

The ID likewise found that because Trade Secret No. 4 is not a Trade Secret, that there can be no misappropriation of Trade Secret No. 4. *Id.* at 171.

b) Analysis

i. Trade Secret No. 3

The parties all agree the '202 patent application published in February 2011 disclosed Trade Secret No. 3. A party may, however, recover for misappropriation before the publication of a patent application containing the trade secret. *See Diomed, Inc. v. Vascular Solutions, Inc.*, 417 F. Supp. 2d 137, 144 (D. Mass. 2006); UTSA §2(a). The question then becomes whether Sany misappropriated Trade Secret No. 3 prior to publication of the '202 application in February 2011.

Mr. Lanning knew of the VPC technology as a Manitowoc employee and testified he urged confidentiality because, if another company knew the information, it would have a "competitive advantage." Lanning Tr. at 236; CX-139C. Mr. Lanning testified he prepared the

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original specification for the SCC8500 without direction from Sany and he is not aware of any other proposal to develop a heavy capacity crane in 2010. Lanning Tr. 287, 299, 300, 308. In fact, Mr. Lanning agreed that, in the summer of 2010, Sany did not understand the work being done with the class of cranes Mr. Lanning proposed. Lanning Tr. 307.

The evidence supports finding that the details of the VPC concept at Sany came directly from Mr. Lanning. Lanning Tr. 308. In November 2010, Mr. Lanning revised the 2010 specification he prepared to indicate that “replacement of carbody with a variable position counterweight is very desirable.” Lanning Tr. 309; CX-0303C. Before receiving Mr. Lanning’s input, Sany had done no engineering analysis about [[

]]. Lanning Tr. 309-10. Mr. Lanning had responsibility for design and also served as the Cross-Functional Team Leader for the team that designed and developed the SCC8500 crane. Lanning Tr. 310, 680; Liu Tr. 712. By January 2011, Sany was informing potential customers it was working on a new crane and discussing the crane’s lifting capacity. CX-0153C.

The incorporation of the VPC technology into the early specifications for the SCC8500 demonstrates Sany had begun to misappropriate the technology prior to publication of the ’202 patent application. While it is clear Sany’s use of Manitowoc’s trade secret was not complete by the time the ’202 patent application published, Sany did not need to have a final crane specification to constitute misappropriation. Therefore, the Commission finds that Sany misappropriated Trade Secret No. 3.

ii. Trade Secret No. 4

Sany asserts the ’202 patent application discloses Trade Secret No. 4 but admits the ’202 application does not do so directly. There is no evidence in the record, however, that someone familiar with the ’202 patent application would determine the disclosure was for use specifically

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in wind applications. Therefore, the Commission finds the '202 patent application did not disclose Trade Secret No. 4.

As discussed above with respect to Trade Secret No. 3, Mr. Lanning used the knowledge he gained at Manitowoc to develop the SCC8500 crane. The SCC8500 crane included thirteen features of Trade Secret No. 3 and was specifically marketed for wind power applications. CX-0187C; Lanning Tr. 290-291. By designing a crane with the components of Trade Secret No. 3 and then marketing the crane for wind power applications, Sany used Trade Secret No. 4. Accordingly, the Commission finds Sany misappropriated this trade secret.

5. Trade Secret No. 14

a) The ID

The ID determined the price of the SCC8500 crane was based on the price of Manitowoc's 1600 crane. ID at 178. Specifically, the ID found the only comparative price information Sany used to set the price of the SCC8500 crane was price information for the Manitowoc 1600 crane. *Id.* The ID explained that the three people involved in setting the price of the SCC8500 crane were all former Manitowoc employees. *Id.*

The ID noted that Mr. Lanning provided Sany with a strategy for developing a new crane, as discussed above, and prepared a presentation for Sany on the proposed crane. *Id.* In this presentation, he disclosed the dealer discounts and profit margins of the Manitowoc crane to Sany. *Id.* The ID found this information was used to set the price of the new Sany crane. *Id.* The ID further found that, even though Mr. Lanning knew the dealer discount information was confidential, he requested the information from Mr. Nape, another former Manitowoc employee who also worked at Sany. *Id.* at 178-79. The ID determined that Mr. Lanning received the information from Mr. Dreger, another former Manitowoc employee who also later worked at

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Sany, at the request of Mr. Nape. *Id.* at 179. Therefore, the ID determined Mr. Lanning breached his confidentiality agreement with Manitowoc when he disclosed the dealer discounts to Sany. *Id.*

With respect to the profit margins, the ID found that while there is no “paper trail” for the profit margin information Mr. Lanning provided to Sany, “it is highly unlikely that number came from any source other than his (or Mr. Nape’s or Mr. Dreger’s) familiarity with those margins from his/their term at Manitowoc.” *Id.* The ID concluded there is “no credible explanation as to how the profit margin number Mr. Lanning reported to his management so closely matches the actual profit margins reported internally within Manitowoc for 2010. The evidence strongly suggests that information Mr. Lanning gathered and reported to his management figured into the ultimate decision to approve development of the Sany SCC8500 Crane.” *Id.* at 179-80.

The ID reviewed the evidence and determined Sany’s use of Trade Secret No. 14 injured Manitowoc’s domestic industry for 400-600 ton crawler cranes because Sany was able to target its pricing at the Manitowoc 16000 crane. *Id.* at 180. The ID further determined that at a minimum, Manitowoc’s Trade Secret No. 14 was used to guide Sany’s decision to develop the SCC8500 crane. *Id.* at 180-81.

The ID shows that the ALJ considered Sany’s argument that it independently developed Trade Secret No. 14 and found that, although it is logical Sany determined its own pricing model, the evidence strongly suggests Sany considered Manitowoc’s dealer discounts and profit margins in setting the price for the SCC8500 crane. *Id.* at 181.

The ID also noted Sany offered a different dealer discount but determined it did “not change the fact that Manitowoc’s discount was considered in pricing the crane.” *Id.* Specifically, the ID noted that Sany priced its crane with a different profit margin and dealer

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discount, but determined that Manitowoc's information was used as a guide to making these determinations such that they were set in order to win more contracts. *Id.* The ID reasoned that, without knowledge of Manitowoc's profit margin, "Sany might have set a lower price and obtained lower margins" or may have "set a higher price and made [fewer] sales or a higher dealer discount and obtained lower margins." *Id.* at 181-82. Therefore, the ID determined Sany benefited from known profit margins and dealer discounts of its "true competitor." *Id.* at 182. The ID further found the evidence that the first sale of the SCC8500 crane was a rent to purchase contract at a lower price does not change the fact that Sany used Trade Secret No. 14 to set and establish profit margins and dealer discounts. *Id.*

The ID determined that, when Mr. Lanning was charged with setting the crane price and he communicated that price to Sany, Sany became responsible for the misappropriation. *Id.* According to the ID, when Sany's management approved the price Mr. Lanning recommended, it misappropriated Manitowoc's Trade Secret No. 14. *Id.* at 182-83. Therefore, the ID concluded "Manitowoc has shown by a preponderance of the evidence that Sany misappropriated Manitowoc's dealer discounts and profit margins." *Id.* at 183.

b) Analysis

The ID discussed the knowledge of Sany's management concerning Trade Secret No. 14 and found that, although Sany did not set the same profit margin or dealer discounts as Manitowoc, the information was used to guide development and assist in pricing the SCC8500 crane. The Commission affirms the ID's finding that Sany misappropriated Trade Secret No. 14.

Despite knowing Manitowoc's dealer discount information was confidential, Mr. Lanning requested the information from Mr. Nape, another former Manitowoc employee then working for Sany. CX-0236C. Mr. Nape then requested another former Manitowoc employee,

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Mr. Dreger, provide the information to Mr. Lanning. CX-0364C. Manitowoc's price and profit margins were in a presentation Mr. Lanning provided to Sany management proposing the SCC8500 crane. Lanning Tr. at 319-321; CX-0258C. It was based on this presentation that Sany determined to proceed with the SCC8500 crane. *Id.* At a minimum Sany's consideration of this information to support development of its SCC8500 crane is sufficient to establish a "use" of the trade secret under the Restatement. CX-0364C.

In addition, the evidence shows Sany used Manitowoc's profit margins and distributor discount in its pricing strategy. CX-304C (at SanyITC0009568). The three people involved in setting the price of the SCC8500 crane were all former Manitowoc employees, and no other price information was considered. Lanning Tr. at 315-317. The reasonable inference is that the information regarding profit margin and dealer discounts guided Sany's decision to develop the SC8500 crane and set its own dealer discounts and profit margins. The circumstantial evidence, therefore, supports finding that Sany misappropriated Trade Secret No. 14. Accordingly, the Commission finds that Trade Secret No. 14 was misappropriated by Sany.

6. Trade Secret No. 15

a) The ID

i. Alleged misappropriation of Manitowoc's minimum Charpy requirements

The ID determined that Sany's misappropriation of Manitowoc's Charpy requirements is memorialized in an email chain. ID at 186 (citing CX-0265C). Specifically, the ID found that Mr. Lanning sought experience from others in determining the appropriate Charpy values. *Id.* at 186-187. In response to Mr. Lanning's request, Mr. Cui, a former Manitowoc employee, disclosed values identical to those of Manitowoc. *Id.* at 187. The ID found Mr. Lanning was familiar with Charpy requirements from his employment with Manitowoc and he invited Mr. Cui

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to violate his duty of confidentiality and reveal the trade secret information to Sany. *Id.* The ID determined a manufacturer's Charpy requirements are not generally known in the industry because they are a company's requirements for the product they are manufacturing and help a company determine what materials to purchase. *Id.*

The ID found that the disclosure of Manitowoc's Charpy values by Mr. Cui and Mr. Lanning is an act of trade secret misappropriation, regardless of whether or not Sany made use of this information. *Id.* at 188 (citing UTSA § 1.4 (1985) (defining misappropriation, *inter alia*, as "acquisition of a trade secret"); see *Astro-Med, Inc. v. Nihon Kohden Am., Inc.*, 591 F.3d 1, 18 (1st Cir. 2009)). The ID determined Sany did not provide any "reasonable explanation" of why Mr. Lanning sought Manitowoc's Charpy values if he did not intend to use them. *Id.* The ID explained Mr. Lanning even characterized the need for good Charpy requirement as critical. *Id.* (citing CX-0265C). The ID concluded Mr. Lanning's request for Manitowoc's Charpy values strongly suggests they were used. *Id.* The ID also found that, even if Sany did not set the same Charpy requirements, "the use of Manitowoc's values in considering what values to adopt nonetheless constitutes a use of Manitowoc's trade secrets." *Id.* Accordingly, the ID found Manitowoc has shown that Sany misappropriated Manitowoc's minimum Charpy requirements by a preponderance of the evidence. *Id.*

ii. Manitowoc's methods for boom fabrication

The ID also determined Sany misappropriated Manitowoc's trade secret regarding its boom manufacturing process. *Id.* at 192. The ID explained that Sany asked Mr. Lanning about Manitowoc's boom manufacturing time during a meeting and Mr. Lanning responded that [[
]]. *Id.* at 193. The ID determined that,

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although this time did not match directly with the study results Manitowoc had obtained, it is consistent with the studies' findings. *Id.*

The ID noted that "use" of information is not required to prove misappropriation but instead found that simply obtaining the confidential information regarding Manitowoc's boom manufacturing methods is misappropriation. *Id.* The ID determined the "the fact that Mr. Lanning disclosed this information in response to a direct request from his coworkers at Sany gives rise to a reasonable inference that this information was used." *Id.*

The ID found that the information was, in fact, used and the disclosure by Mr. Lanning was made with the objective of improving Sany's manufacturing process. *Id.* Moreover, the ID determined that, even if Sany did not implement the study's recommendation, Sany was informed about whether its boom fabrication times were consistent with a competitor's process. *Id.* Therefore, the ID concluded Sany misappropriated Manitowoc's methods of boom fabrication. *Id.*

iii. Manitowoc's methods for processing large weldments

The ID found Sany hired Mr. Lanning, among others, to improve its welding methods for crawler cranes. *Id.* at 194. The ID explained that Jim Hoffman, another Manitowoc employee recruited by Sany, told Mr. Lanning that Sany's welding methods were equivalent to Manitowoc welding processes more than 25 years ago. *Id.*

The ID noted Mr. Lanning gave a presentation on manufacturing processes to Sany and, when he emailed the related slides to his boss, he indicated the slides contained information on Manitowoc's large weldment processes. *Id.* According to the ID, the slides included "detailed information on the layout of Manitowoc's manufacturing facility and specific manufacturing techniques." *Id.* (citing CX-0252C at SANY 010061-79). The ID explained Sany was in the

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process of updating its manufacturing facilities and Mr. Lanning noted in his email to his boss that the building layouts were progressing. *Id.* at 194-95. The ID found it was reasonable to infer the progress Sany had made in its improvements included the Manitowoc information Mr. Lanning disclosed. *Id.*

The ID noted that “use” was not required to prove misappropriation, and Sany misappropriated Manitowoc’s large weldment processing when it was disclosed by Mr. Lanning. *Id.* at 195. Further, the ID determined that the circumstantial evidence proved Sany misappropriated Manitowoc’s trade secrets. *Id.* Specifically, the ID found Sany’s welding technology was inadequate, Sany received a detailed presentation regarding Manitowoc’s welding processes, and Mr. Lanning would not waste the time of senior management discussing the processes unless Sany intended to use the information. *Id.*

The ID found Sany’s misappropriation caused injury to Manitowoc’s domestic industry. *Id.* Specifically, the ID concluded that, at a minimum, Manitowoc’s welding procedures guided Sany in its development of the SCC8500 crane. *Id.*

The ID concluded the use of the three components of Trade Secret No. 15 increased the chances Sany’s cranes would increase in quality and be more competitive to manufacture and sell than without Trade Secret No. 15.

b) Analysis

As discussed above, the UTSA defines misappropriation to include “(i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means.” UTSA §1.2. “Improper means” is defined by the UTSA to include “theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means.” *Id.* at §1.1. The Restatement states

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that “use” of a trade secret can occur when goods that embody a trade secret are marketed, the trade secret is employed in manufacturing or production, or it is relied on to assist or accelerate research or development. Restatement (Third) of Unfair Competition § 40, Comment c.

The ID’s findings of misappropriation are based on improper acquisition and circumstantial evidence that the products assisted or accelerated Sany’s research or development. The Commission finds that none of the ID’s conclusion of law or fact as summarized above are erroneous and therefore, affirms the ID’s findings of misappropriation.

VI. REMEDY, BONDING AND PUBLIC INTEREST

A. Remedy

Where a violation of section 337 has been found, the Commission must consider the issues of remedy, the public interest, and bonding. Section 337(d)(1) provides that “[i]f the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States” 19 U.S.C.

§ 1337(d)(1). The Commission has “broad discretion in selecting the form, scope, and extent of the remedy. . . .” *Viscofan, S.A. v. U.S. Int’l Trade Comm’n*, 787 F.2d 544, 548 (Fed. Cir. 1986).

The Commission may issue an exclusion order excluding the goods of the person(s) found in violation (a limited exclusion order) or, if certain criteria are met, against all infringing goods regardless of the source (a general exclusion order). The Commission also has authority to issue cease and desist orders in addition to or in lieu of exclusion orders. *See* 19 U.S.C. § 1337(f).

The Commission generally issues cease and desist orders to respondents who maintain commercially significant inventories of infringing products in the United States. *See, e.g.,*

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Certain Laser Bar Code Scanners and Scan Engines, Components Thereof, and Products Containing Same, Inv. No. 337-TA-551, Comm'n Opinion at 22 (June 14, 2007).

1. Limited Exclusion Order

Section 337(d)(1) requires that “[i]f the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States” 19 U.S.C. § 1337(d)(1). As discussed above, the Commission finds that a violation of section 337 has occurred with respect to certain asserted patent claims and the asserted trade secrets.

The parties agree a limited exclusion order should issue if the Commission finds a violation of the asserted patents or trade secrets. *See e.g.*, *Sany Post-Hearing Br.* at 181; *Manitowoc Post-Hearing Br.* at 248. The Commission finds the appropriate remedy with respect to claims 23-26 of the '928 patent is a limited exclusion order for the term of the patent. For a violation of section 337 involving trade secrets, the Commission has stated the duration of the exclusion order for the trade secrets is the length of time it would have taken the respondent to develop the complainant's trade secrets. *See Certain Rubber Resins and Processes for Manufacturing Same*, Inv. No. 337-TA-849, Comm'n Op. at 82-83 (Feb. 26, 2014). The Commission has previously explained that, when multiple trade secrets are at issue, the remedy may be determined by considering the trade secrets together. *See, e.g., Certain Processes for the Manufacture of Skinless Sausage Casings and Resulting Product*, Inv. No. 337-TA-148/169, USITC Pub. 1624, Comm'n Op. at 19 (Dec. 1984).

Based upon a balancing of a totality of the evidence presented, the Commission finds the length of the limited exclusion for the asserted trade secrets should be 10 years. The parties

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dispute whether Sany would have ever developed the SCC8500 crane without misappropriating Manitowoc's trade secrets. Here, each of the trade secrets at issue is related to the development and marketing of the SCC8500 crane.¹⁷ Specifically, Sany utilized Trade Secret Nos. 1 and 6 to determine if there was need for a new crane and then utilized Trade Secret Nos. 3 and 4 to design a new the crane for wind applications. Trade Secret No. 15 was used to manufacture the new crane design misappropriated by Trade Secret Nos. 3 and 4. Finally, Manitowoc used Trade Secret No. 14 to price the newly developed crane.

The evidence shows that with respect to the manufacturing trade secrets in Trade Secret No. 15, the boom manufacturing would have taken Sany approximately one year to develop. Manitowoc's welding processes were developed over 50 years, and there is testimony in the record that Sany's welding processes were 25 years behind Manitowoc's processes. CX-0454C at Q/A 357-60, 377; Weyers Tr. at 59; Lanning Tr. at 327. Likewise, Manitowoc's Charpy requirements trade secret was developed over many years. CX-0456C, Q/A 66. In contrast, Trade Secret No. 3 became public approximately 18 months after Sany hired Mr. Lanning.

[[

]]. Manitowoc Post-Hearing Br. at 258. Furthermore, Manitowoc asserts that it is unlikely that Sany would have determined the pricing information of Trade Secret No. 14, but provides no evidence in support. Balancing the 25 years of baseline knowledge Manitowoc had in its manufacturing processing with the shorter lead times provided to Sany through misappropriation of Trade Secret Nos. 1, 3, 4, and 6, the Commission determines the

¹⁷ Manitowoc and OUII both acknowledge that when there are multiple trade secrets at issue, they are not considered independently. Comp. Comm. Resp. Br. at 66; OUII Comm. Br. at 55.

appropriate duration of the exclusion order with respect to the asserted trade secrets is 10 years.^{18, 19}

¹⁸ Commissioner Schmidtlein finds that the duration of the limited exclusion order for the asserted trade secrets should be 25 years.

The Federal Circuit has explained that “the duration of relief in a case of misappropriation of trade secrets should be the period of time it would have taken respondent independently to develop the technology using lawful means.” *Viscofan*, 787 F.2d at 550. In this case there is un rebutted evidence suggesting that it would have taken Sany 25 years to independently arrive at Manitowoc’s welding techniques. Specifically, the evidence shows that Jim Hoffman, a Manitowoc employee with welding expertise, told Mr. Lanning during a Sany plant tour that the welding of crawler cranes at Sany was about where Manitowoc was when it began welding high strength steels more than 25 years ago. CX-166 at 1143855; Lanning Tr. at 324. Mr. Hoffman’s assessment is reflected in an internal Sany email between Mr. Lanning and his supervisor and is not disputed by Sany. *Id.* The assessment occurred around the time Manitowoc’s methods for processing large weldments were misappropriated by Sany. *See ID* at 194-196; CX-166 at 1143855. The evidence also shows that one of Manitowoc’s core competencies lies in making large weldments and it took Manitowoc over 50 years to develop its welding techniques. *ID* at 190; Weyers Tr. at 59: 7-14; CX-0454C (Weyers WS) at A:376-377. By contrast, there is no evidence in the record indicating it would have taken Sany only 10 years to independently arrive at Manitowoc’s welding techniques. Thus, based on the undisputed record, Commissioner Schmidtlein finds that the length of the remedy for the asserted trade secrets should be 25 years.

The Commission’s opinion in *Sausage Casings* does not compel a different result, nor does it stand for the proposition that when multiple trade secrets are at issue the remedy must be determined by considering the trade secrets together. That case involved trade secrets covering individual steps of a process for manufacturing sausage casings. There, the Commission rejected Respondent Viscofan’s position of a relatively short remedy length based on the time it would have required Viscofan to discover each individual trade secret. *See Comm’n Op.* at 19. Instead, the Commission determined to consider the trade secrets collectively as part of the complete manufacturing process. *Id.* at 19-21. To do otherwise in that case, the Commission explained, “ignores the interrelationships between and among the trade secrets and technology involved” and would have led to an inequitable result by having too short of a remedy. *See id.* at 19, 21. The Commission found Complainant Union Carbide’s position “most persuasive” and granted a 10-year remedy. *Id.* at 20-21.

Here, the trade secrets at issue are not individual steps of a process and do not appear to be as interrelated as in *Sausage Casings*. Commissioner Schmidtlein is not persuaded that Manitowoc should be provided a 10-year remedy, instead of a 25-year remedy, simply because it suffered the misappropriation of other trade secrets with shorter development times. In her view, doing so deprives Manitowoc of the remedy it would otherwise deserve. Accordingly, based on the facts of this case she finds that the length of the remedy for the asserted trade secrets should be the trade secret with the longest development time, which the evidence shows is 25 years for Manitowoc’s welding techniques. In the alternative, the trade secrets could be assessed individually, on a trade-secret-by-trade-secret basis, for purposes of determining the duration of

2. Cease and Desist Order

The Commission may issue cease and desist orders to respondents found to have violated section 337 in addition to, or instead of, an exclusion order. *See* 19 U.S.C. § 1337(f)(1). Under Commission precedent, cease and desist orders are generally warranted with respect to respondents that maintain commercially significant inventories in the United States of the product found in violation of section 337 that could be sold to undercut the remedy provided by an exclusion order. *See e.g. Certain Laser Bar Code Scanners and Scan Engines, Components Thereof and Products Containing Same*, Inv. No. 337-TA-551, Comm’n Op. at 22-23 (June 14, 2007). Complainants bear the burden of proving that respondents have commercially significant inventories of infringing products in the United States. *Certain Sleep-Disordered Breathing Treatment Systems and Components Thereof*, 337-TA-890, Comm’n Op. at 49 (Jan. 16, 2014).

As discussed above, Sany has imported one crane into the United States; it has never imported the original UltraLift package which is a required component of the infringing article with respect to claims 23-26 of the ’928 patent. Accordingly, the Commission finds there is no

the remedy. *See Certain Apparatus for the Continuous Production of Copper Rod*, Inv. No. 337-TA-52, Comm’n Op., at 67 (Nov. 1979). This approach would have the benefit of achieving the goal of ensuring that Manitowoc obtains appropriate relief for trade secrets with longer development times while also ensuring that any relief that is provided is not overly long in duration for trade secrets that may have shorter development times.

¹⁹ Commissioner Kieff joins the majority with respect to the outcome regarding the length of time for the general reasons relating to the balance of the evidence outlined in the accompanying text in the body of the opinion. Without suggesting they are adopted by others, he writes separately here to just make clear that he does not adopt either of the seeming rule of thumb approaches that appear to be suggested by either the majority or Commissioner Schmidtlein: what might be called a “*Sausage Casings* considered together” rule of thumb, which appears to be important to the majority’s framework, or a “longest development time” rule of thumb, which appears to be important to Commissioner Schmidtlein’s framework.

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commercially significant inventory in the United States for the SCC8500 crane with the original UltraLift package and declines to issue a cease and desist order for the patent-based section 337 violation.

With respect to the trade secret violation, the Commission finds the one crane imported into the United States is a commercial significant inventory in light of the products at issue. The market for the SCC8500 cranes is small, and, therefore, even a single crane is a commercially significant inventory. Accordingly, the Commission issues a cease and desist order against Sany America with respect to the asserted trade secrets for a period of 10 years.²⁰

B. Bonding

During the 60-day period of Presidential review, imported articles otherwise subject to remedial orders are entitled to conditional entry under bond. 19 U.S.C. § 1337(j)(3). The amount of the bond is specified by the Commission and must be an amount sufficient to protect the complainant from any injury. *Id.*; 19 C.F.R. § 210.50(a)(3). The Commission frequently sets the bond by attempting to eliminate the difference in sales prices between the protected domestic product and the product found in violation based upon a reasonable royalty. *Certain Microsphere Adhesives, Process For Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes*, Inv. No. 337-TA-366, Comm'n Op. at 24, USITC Pub. No. 2949 (Jan. 1996). Where the available pricing information is inadequate, however, the Commission has set the bond at 100 percent of the entered value of the accused product. *See, e.g., Certain Voltage Regulators, Components Thereof and Products Containing Same*, Inv. No. 337-TA-564, Comm'n Op. at 79-80, USITC Pub. 4261 (Oct. 2011). However, the complainant

²⁰ For the reasons explained above in footnote 18, Commissioner Schmidtlein finds that the duration of the cease and desist order should be 25 years.

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bears the burden of establishing the need for its requested bond amount. *Certain Rubber Antidegradants, Components Thereof, and Prods. Containing Same*, Inv. No. 337-TA-533, Comm'n Op. at 39-40 (July 21, 2006).

The Commission finds that the amount of bond should not be set based on a price differential in this investigation because the Manitowoc crane and the SCC8500 represent two different classes of cranes. *See* ID at 203-204. Notably, the Manitowoc crane sells for approximately \$27 million while the SCC8500 crane sold for \$2.77 million. CX-0017C; Kennedy Tr. at 443; CX-0279C. Similarly, the lifting capacity of the Manitowoc crane is 2300 tons while the lifting capacity of the SCC8500 crane is 500 tons. ID at 203-204. In addition, no reasonable royalty is available because Manitowoc has not licensed the asserted patents. Accordingly, the Commission sets the bond at 100 percent of the entered value during the period of Presidential Review.

C. Public Interest

Section 337(d) and (f) of the Tariff Act of 1930, as amended, directs the Commission to consider certain public interest factors before issuing a remedy. When determining whether to issue remedial orders upon finding a violation of section 337, the Commission weighs the effect of the orders on four public interest factors: (1) the public health and welfare, (2) competitive conditions in the United States economy, (3) the production of like or directly competitive articles in the United States, and (4) United States consumers. 19 U.S.C. § 1337(d), (f). The Commission considers these public interest factors in determining the appropriate remedy in each investigation.

The evidence in the record does not indicate that the remedial orders raise any public health and welfare concerns. Furthermore, although the market for crawler cranes is small, there

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are other competing products in the market. For example, when Manitowoc conducted its market research it determined its competitor Liebherr was leading the market as the supplier of cranes for wind applications. JX-0027C at MANITOWOC 0807372-73. Moreover, Manitowoc produces its cranes in the United States, while Sany produces cranes outside the United States such that there is not likely to be an adverse impact on the production of like or directly competitive articles in the United States. Finally, we find no evidence that the remedial orders would have an adverse impact on U.S. consumers. Therefore, the Commission finds, based on the record evidence, that the public interest factors enumerated in sections 337(d) and (f) do not preclude issuance of the remedial orders.

VII. CONCLUSION

For the forgoing reasons, the Commission issues a limited exclusion order based on a finding of violation of section 337 by reason of infringement of claims 23-26 of the '928 patent and misappropriation of Trade Secret Nos. 1, 3, 4, 6, 14, and 15. The Commission also issues a cease and desist order against Sany America for violation of section 337 by reason of misappropriation of Trade Secret Nos. 1, 3, 4, 6, 14, and 15.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: May 6, 2015

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Opinion of Commissioner Kieff Concurring in Result and Dissenting in Part

I join the Commission's result in determining no indirect infringement by respondents in this investigation with respect to the asserted method claims of the relevant patents; but do so for other reasons.

The Commission and I appear to be in unanimous agreement with some well-settled legal principles relating to the law of indirect patent infringement. We agree that a threshold determination of direct infringement is required before a determination of indirect infringement can properly be reached. *See Aro Mfg. v. Convertible Top Replacement*, 365 U.S. 336, 341-42 (1961) ("The determinative question, therefore, comes down to whether the car owner would infringe the combination patent by replacing the wornout fabric element of the patented convertible top on his car, or even more specifically, whether such a replacement by the car owner is infringing 'reconstruction' or permissible 'repair.'"); *Toshiba Corp. v. Imation Corp.*, 681 F.3d 1358, 1364 (Fed. Cir. 2012) ("Direct infringement is a required element to establish induced infringement.") (citation omitted). And we also agree that direct evidence is not required and that circumstantial evidence can be sufficient. *See, e.g., Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1326 (Fed.Cir. 2009) ("Direct infringement can be proven by circumstantial evidence.") (citing *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed.Cir.1986)); Investigation No. 337-TA-796, Commission Opinion at *36-37 (Sept. 6, 2013) ("The Federal Circuit has found circumstantial evidence sufficient to prove direct infringement when the evidence shows that the accused products were intended to be used only to practice the infringing method and that method was explicitly taught, for example, by product manuals.")(citations omitted).

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With respect to the underlying facts, this appears to me, after review of the record, to be a simple case of failure of proof. More particularly, because the Complainant failed to establish that all of the elements of the asserted method claims of the relevant patents either were performed (past tense) or would be necessarily performed (subjunctive or future tense) in the allegedly infringing method, there was no direct infringement. For example, in response to the Commission's written questions, the Complainants relied on evidence regarding performance of the steps required by the relevant patent claim elements that boiled down to statements of mere capability rather than certainty; and they did so only with respect to some of the asserted claims while completely overlooking others of the asserted claims.¹ As a result, the Commission could

¹ In this case, the Commission requested further briefing on various occasions, including specifically on December 3, 2014 about law and the facts underlying the direct infringement of method claims that was required to support a determination of indirect infringement. The Complainant's evidence identified in response to this questioning appears to me to be facially insufficient to prove direct infringement of the relevant method claims. *See, e.g.*, Complainant Manitowoc Cranes, LLC's Response to the Commission's December 3, 2014, Request for Written Submissions, at 20-21, citing, *inter alia*, CX-460C at Q/A 72-194 (with respect to claim 6 of the '928 patent, CX-460C (Closson WS) at Q/A 118: "The SCC8500 is a mobile lift crane because the SCC8500 is a lift crane that *is capable* of traversing the ground with or without a load on the hook."; CX-460C (Closson WS) at Q/A 125: "Both CX-0290C (SCC8500 Product Guide) at SANYITC004605 and CX-0299C (Sany Presentation: SCC8500) at SANYITC0009467 indicate that the moveable counterweight *can be moved* toward and away from the front portion of the rotating bed by extending and retracting the hydraulic cylinders. This *can be done* in the course of a pick, move and set operation."; with respect to claim 11 of the '928 patent, CX-460C (Closson WS) at Q/A 135: "The Operating Manual for the SCC8500 indicates that the crane is *able to* perform a pick, move and set operation that involves travel with a load on the hook."; with respect to claim 1 of the '158 patent, CX-460C (Closson WS) at Q/A 159: "The SCC8500 is a mobile lift crane because the SCC8500 is a lift crane that is *capable* of traversing the ground with or without a load on the hook."; CX-460C (Closson WS) at Q/A 166: "The SCC8500 *can perform* a pick, move and set operation with a load wherein the moveable counterweight is moved toward and away from the front portion of the rotating bed by extending and retracting the linear actuation device during the operation to help counterbalance the load.") (italics added to highlight the portions of the cited Q&A range in the witness statement that discuss merely what steps "can be" conducted by the machinery while failing to offer proof of what steps the machinery necessarily would perform). I also notice that Complainant's response to the Commission's December 3, 2014 questions does not appear to even address the other

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have rested its determination of no indirect infringement on this lack of evidence; and I rest my determination on these factual grounds.

But it appears that the Commission goes further in making a legal determination to select between two contrasting views of the substantive law of indirect infringement. I have not and would not take that step for at least three procedural reasons. I think that we are at our best when we rest our determinations on the narrowest grounds necessary to resolve the disputes put before us, recognizing that reliance on individual strengths or deficiencies within a particular factual record will generally have a narrower impact on other parties than would a determination based on a legal question. I also think we are at our best when we have received focused briefing by parties, or the public, or both before deciding a legal question that can have broad impact. At the same time, I recognize the reasons parties and members of the public may have for electing to not brief every issue, even when we have asked specific questions about those issues. But of course, regardless of its cause and regardless of motivation, the absence of a rich exchange of diverse perspectives on important legal questions can meaningfully impede our ability to reach as reasoned and deliberative of a determination about such legal questions as we might prefer. Similarly, I think we are at our best when we provide the public with detailed reasoning for our decision to pick one legal view over another. As the Supreme Court has recently made clear, an agency's appropriate attention to procedural concerns such as these can meaningfully improve the impact of the agency's determinations. *See B&B Hardware, Inc. v. Hargis Indus., Inc.*, No. 13-352, slip op., 575 U.S. __ (2015) (deciding that an agency's determinations can have preclusive effect in court if the same procedural concerns ordinarily raised regarding preclusion

relevant method claims, namely, claims 1, 2, 5, and 8 of the '928 patent. *See, e.g., id.* at 20-25 (arguing infringement only with respect to claims 6, 10, and 11 of the '928 patent and claim 1 of the '158 patent).

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by district court determinations have been satisfied); *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944) (noting increased deference based in part on an agency's thoroughness, reasoning, and persuasiveness).

Without endorsing the alternative legal view to the one apparently adopted by the Commission, it may help the public and reviewing courts to have it briefly noted here. The point of departure essentially boils down to the law governing the timing of the predicate act of direct infringement in the context of a claim for indirect infringement (in this case, the indirect infringement is via the doctrine of inducement of infringement).

In the context of inducement under Section 271(b), there appears to be a split in the precedents on the legal question of when exactly the predicate act of direct infringement must exist. Some cases suggest there are two viable approaches to showing direct infringement (*i.e.*, the performance of every element of the patent claim) within the context of the legal test for indirect infringement. *See, e.g., Toshiba Corp.*, 681 F.3d at 1364 ("To satisfy the direct infringement requirement, the patentee 'must either point to specific instances of direct infringement or show that the accused device necessarily infringes the patent in suit.' *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1313 (Fed.Cir.2007) (citing *Dynacore*, 363 F.3d at 1275–76)."). The Federal Circuit appears to have offered a further articulation of these two approaches:

Inducement requires a threshold finding of direct infringement. Because Exergen presented no evidence of any 'specific instance of direct infringement,' Exergen was required to show that 'the accused device **necessarily infringes** the patent in suit.' . . . Exergen relied on instructions and drawings accompanying SAAT's infrared thermometers as circumstantial evidence that customers would necessarily infringe the '685 patent. *See Moleculon Research Corp. v. CBS, Inc.*, 793 F. 2d 1261, 1272 (Fed.Cir. 1986) (holding that sales of product with instructions to use product in an infringing manner may constitute circumstantial evidence that customers **would use** the product in the manner directed).

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Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312, 1321-22 (Fed. Cir. 2009) (bold italics added) (reversing a jury finding of induced infringement where anyone who followed the defendant's instructions would not have performed the steps recited in the asserted claims, and the accused device does not necessarily infringe because it can be used at any given time in a non-infringing manner). Although there evidently are many reported decisions that refer to the predicate act of direct infringement in the past tense, these cases just mentioned appear to use the subjunctive tense, thereby contemplating future direct infringement. Put differently, cases such as these suggest that the logically predicate determination of direct infringement can be based on direct infringement that would necessarily occur at some time in the future, in contrast to only being satisfied by acts of direct infringement that had occurred in the past. This alternative reading may make sense in some broader context. For example, as a trade statute designed to remedy unfair acts, it would provide an available remedy at the time of importation for high-value, low-volume acts of indirect infringement, such as those alleged to be at issue in this case involving small numbers of large and expensive pieces of machinery. Similarly, it would be consistent with what may appear to be a custom in some district court indirect infringement cases in which, at the damages phase, it appears that within the calculation of the amount of the non-punitive, purely remedial portion of liability, there is often an inclusive accounting for those units of infringement that will later be induced, as well as those that have already been induced. To be sure, the approach that appears to have been adopted by the Commission also may make sense. I hope that this brief outline of the contrast between these alternative views of the precedents may help stimulate an opportunity for us to receive further guidance going forward about what exactly the law is.

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For similar reasons, I take no position with respect to the various legal issues discussed in the sections of the majority opinion analyzing the law of infringement of method claims.

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the Commission Investigative Attorney, Andrew Beverina, Esq., and the following parties as indicated, on **May 6, 2015**.



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

On Behalf of Complainant Manitowoc Cranes LLC:

Mark L. Whitaker, Esq.
BAKER BOTTS LLP
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2400

- ☐ Via Hand Delivery
☒ Via Express Delivery
☐ Via First Class Mail
☐ Other: _____

**On Behalf of Respondents Sany Heavy Industry Co., Ltd. and
Sany America, Inc.:**

Bryan G. Harrison, Esq.
MORRIS, MANNING & MARTIN LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, GA 30326

- ☐ Via Hand Delivery
☒ Via Express Delivery
☐ Via First Class Mail
☐ Other: _____