

Signify Loses at the U.S. International Trade Commission in Setback to its LED Patent Enforcement Campaign

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July 11, 2019

On July 1, 2019, the U.S. International Trade Commission (“ITC”) dealt a significant blow to Signify’s (formerly Philips) over decade-long campaign, dubbed the “EnabLED Licensing Program,” to license its portfolio of patents directed to LED luminaires and retrofit bulbs. The following provides a brief review of the EnabLED Program and the recent ruling by the ITC—Signify’s only litigation under the EnabLED program that reached a trial on the merits of the asserted patents—which ended in a loss for Signify.

EnabLED Licensing Program History

Signify’s EnabLED Licensing Program was launched in 2008, with a portfolio of about 1,000 patents including those originally filed by Color Kinetics, which Philips acquired in 2007 for nearly \$800 million.² Today, Signify boasts that the portfolio contains about 2,800 patents and more than 1,000 licensees.³ Signify’s assertion strategy has been to largely focus on a few specific patents.

Signify’s Litigation History

Since 2008, Signify has filed approximately 20 patent infringement cases asserting only a handful of patents in its portfolio. These cases were notable in that, with only one exception, every single one was settled before a court could issue a substantive ruling on Signify’s infringement claims or any invalidity challenges asserted by the various defendants. The one exception was the four-year battle between Signify and WAC Lighting, where WAC Lighting was successful in invalidating a number of Signify’s patent claims before the U.S. Patent Office, a result that was subsequently affirmed on appeal before the Court of Appeals for the Federal Circuit (click [here](#) and [here](#) for EdisonReport’s prior reporting on WAC Lighting’s successes).⁴ Perhaps in response to WAC’s success before the Patent Office, Signify then filed an ITC action in September 2017 against WAC Lighting and six other companies (and affiliates): Feit, Lowe’s, Satco, RAB Lighting, Topaz Lighting, and MSi Lighting. As discussed below, the ITC ultimately found no violation of the asserted patents.⁵

¹ Radulescu LLP. The views expressed herein are those solely of its authors and should not be attributed to Radulescu LLP or any of its clients.

² <https://www.ledsmagazine.com/home/article/16698014/philips-introduces-licensing-program-for-ledbased-luminaires>.

³ <https://www.signify.com/global/our-company/news/press-releases/2019/20190220-signify-accelerates-enabled-memberships-1000>

⁴ For full disclosure, our firm represented WAC Lighting in its dispute with Signify.

⁵ With the exception of MSi Lighting, who was found in default, and WAC Lighting, RAB Lighting, and Topaz Lighting, who settled prior to the termination of the investigation.

ITC Finds No Violation of Signify Patents

The ITC is a U.S. trade agency with jurisdiction over potential patent infringement by products imported into the United States. In the ITC, the patentee (known as the “Petitioner”) requests that an administrative law judge (“ALJ”) at the ITC investigate alleged patent infringement by companies (known as “Respondents”) that import the allegedly infringing products into the United States. The ALJ’s initial determination is subject to review by the Commissioners of the ITC (there are currently five), who can either adopt the ALJ’s determination or reverse it.

If the ALJ finds a violation of one or more patent claims that are not found invalid, and the full Commission does not review or agrees with the ALJ’s determination, then the remedy is usually to prevent the importation of the infringing products and substantially similar products into the United States. Such a remedy is not normally available in regular district courts. The ITC provides a powerful tool for patent owners, especially where companies import most of the products they sell in the United States. So a successful action at the ITC could potentially shut companies down.

Signify initially asserted infringement of five patents: 6,686,890 (“the ’890 patent”); 7,038,399 (“the ’399 patent”); 7,256,554 (“the ’554 patent”); 7,262,559 (“the ’559 patent”); and 8,070,328 (“the ’328 patent”). These are the same patents Signify had asserted in numerous earlier lawsuits. Notably, the ’890 patent had earlier been asserted against WAC Lighting, and WAC Lighting successfully invalidated a number of the claims of the ’890 patent in an offensive proceeding before the Patent Office. Eight months into the ITC investigation (after some discovery and the ALJ making some initial rulings on the scope of its patents), Signify dropped about half of its case, including all asserted claims in the ’328 and ’890 patents, and certain claims of the ’399 and ’554 patents.

After these developments, the remaining Respondents were Feit, Lowe’s, and Satco, and only the ’399, ’554, and ’559 patents remained. On December 19, 2018, the ALJ issued a 170-page initial determination finding that the Respondents infringed claims 7, 8, and 17-19 of the ’399 patent, but that there was no infringement of the ’559 patent. In addition, while Lowe’s technically infringed claims of the ’554 patent, Signify failed to show that the products were imported or sold by any named Respondent, which is a necessary requirement to obtain a remedy at the ITC. The ALJ’s initial determination, then, found only that Respondents infringed the ’399 patent, and that infringing products should be banned from importation into the United States. The ALJ also found that none of the remaining Respondents were successful in asserting patent invalidity.⁶

As is typical in ITC investigations, parties on the losing end of an ALJ’s Initial Determination are able to request that the full Commission review that Determination for error. That is what the parties did here. Accordingly, on July 1, 2019, the Commission issued its Final Determination, reversing the ALJ’s findings of infringement on the ’399 patent. Since the Commission reversed the ALJ, Signify failed to show infringement and therefore completely lost its case.

The Commission’s Determination is subject to review by the Court of Appeals for the Federal Circuit, which decides appeals on decisions involving patents. Signify has not yet filed an

⁶ WAC Lighting thus remains as the only successful challenger of patent claims asserted by Signify as not deserving of patent protection and, therefore, not proper licensable technology.

appeal. If it intends to, it must do so within 60 days of the Commission's July 1 decision. Appeals at the Federal Circuit typically take about 12-18 months from filing the appeal to the decision. Thus, the litigation between these Respondents is likely to continue for some time unless the parties settle, which, in our opinion, could only happen if Signify offers the successful Respondents a very attractive—and confidential—deal.

In summary, Signify has, for the time being, lost the only decision from a judicial body involving alleged infringement of its patents in its EnabLED portfolio. It is difficult to summarize in this forum how this will affect Signify's enforcement campaign, but potential licensees and those in the process of renegotiation should be aware of this significant decision.

Radulescu LLP is a patent litigation boutique firm that specializes in cases where a deep understanding of the interplay between technology and legal issues is critical to a company's litigation success. We have more expertise adverse to Signify than any firm in the country including in litigation, negotiations for a license or counseling behind the scenes. For more information on our firm and experience adverse to Signify, see <https://www.radip.com/philips-lighting-licensing-program>