

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

CERTAIN FLASH MEMORY
CONTROLLERS, DRIVES, MEMORY
CARDS, AND MEDIA PLAYERS AND
PRODUCTS CONTAINING SAME

Investigation No. 337-TA-619

NOTICE OF COMMISSION FINAL DETERMINATION OF NO VIOLATION OF
SECTION 337; TERMINATION OF INVESTIGATION

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined that there has been no violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, in this investigation, and has terminated the investigation.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3042. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on December 12, 2007, based on a complaint filed by SanDisk Corporation of Milpitas, CA. 72 *Fed. Reg.* 70610 (Dec. 12, 2007). The complaint alleged violations of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain flash memory controllers, drives, memory cards, media players and products containing the same by reason of infringement of various claims of United States Patent Nos. 6,426,893; 6,763,424 ("the '424 patent"); 5,719,808; 6,947,332; and 7,137,011 ("the '011 patent"). Three patents and several claims were subsequently terminated from the investigation. Claims 17, 24 and 30 of the '424 patent and claim 8 of the '011 patent remain in the investigation. The complaint named nearly

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fifty respondents. Twenty-one respondents were terminated from the investigation based on settlement agreements, consent orders and withdrawal of allegations from the complaint. Five respondents defaulted. The following respondents remain in the investigation: Imation Corporation of Oakdale, MN; Imation Enterprises Corporation of Oakdale, MN; and Memorex Products, Inc. of Cerritos, CA (collectively, "Imation Respondents"); Phison Electronics Corporation of Hsinchu, Taiwan; Silicon Motion Inc. of Taiwan; Silicon Motion, Inc. of Milpitas, CA; Skymedi Corporation of Hsinchu, Taiwan; Power Quotient International Co., Ltd. of Taipei, Taiwan; Power Quotient International (HK) Co., Ltd. of Hong Kong; Syscom Development Co., Ltd. of the British Virgin Islands; PQI Corporation of Fremont, California; Kingston Technology Corporation of Fountain Valley, CA; Kingston Technology Company, Inc. of Fountain Valley, CA ; MemoSun, Inc. of Fountain Valley, CA; Transcend Information Inc. of Taipei, Taiwan; Transcend Information Inc. of Orange, CA; Transcend Information Maryland, Inc. of Linthicum, MD; Apacer Technology Inc. of Taipei Hsien, Taiwan; Apacer Memory America, Inc. of Milpitas, CA; Dane Memory S.A. of Bagnolet, France; Deantusaiocht Dane-Elec TEO of Spiddal, Galway, Ireland; Dane-Elec Corporation USA of Irvine CA; LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey; and LG Electronics, Inc. of Seoul, South Korea.

On April 10, 2009, the ALJ issued his final ID finding no violation of section 337 by Respondents. The ALJ issued a corrected version of his final ID on April 16, 2009. The ID included the ALJ's recommended determination on remedy and bonding. In the subject ID, the ALJ found that the accused products do not infringe asserted claims 17, 24 and 30 of the '424 patent. The ALJ also found that none of the asserted claims of the '424 patent were proven to be invalid as anticipated or obvious in view of the prior art. The ALJ further found the Respondents not liable for contributory or induced infringement of the asserted claims of the '424 patent. Likewise, the ALJ found that SanDisk failed to prove that the Imation Respondents, the only respondents accused of infringing claim 8 of the '011 patent, induced or contributed to infringement of the patent. The ALJ also found that SanDisk's rights in the '011 patent were not exhausted and that claim 8 of the '011 patent satisfies the indefiniteness requirement of 35 U.S.C. § 112, second paragraph. The ALJ, however, concluded that the prior art rendered claim 8 of the '011 patent obvious.

On May 4, 2009, SanDisk and the Commission investigative attorney filed petitions for review of the ID. That same day, Respondents filed a collective contingent petition for review of the ID with respect to the '424 patent. Skymedi Corporation and the Imation Respondents, in addition to joining the collective contingent petition for review, filed individual contingent petitions for review. On May 18, 2009, the parties filed responses to the various petitions and contingent petitions for review.

On August 24, 2009, the Commission determined to review the final ID in part and requested briefing on several issues it determined to review, and on remedy, the public interest and bonding. 74 *Fed. Reg.* 44382 (Aug. 28, 2009). The Commission determined to review the claim construction of claims 17, 24 and 30 of the '424 patent; infringement of the asserted claims

of the '424 patent; validity of the '424 patent; and the ALJ's decision not to consider the Sinclair PCT publication as evidence of prior art to claim 17 of the '424 patent. *Id.*

On September 3, 2009, the parties filed written submissions on the issues on review, remedy, the public interest and bonding. On September 14, 2009, the parties filed response submissions on the issues on review, remedy, the public interest and bonding.

Having examined the record of this investigation, including the ALJ's final ID, the Commission has determined to (1) reverse the ALJ's finding that claim 17 of the '424 patent does not cover single-page updates; (2) reverse the ALJ's finding that the claim term "reading and assembling data from the first and second plurality of pages" as recited in claim 20 of the '424 patent excludes the so-called table method as disclosed in Figure 12; (3) affirm the ALJ's finding that the accused products do not infringe the asserted claims of the '424 patent; and (4) affirm the ALJ's finding that none of the asserted claims of the '424 patent were proven to be invalid as anticipated or obvious in view of the prior art considered by the ALJ. Given the Commission's affirmance of the ALJ's determination that SanDisk failed to establish that the accused controllers infringe claim 17 of the '424 patent, the Commission declines to reach the issue of whether the ALJ should have considered the Sinclair PCT publication as evidence of prior art to claim 17 of the '424 patent.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-46 and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.



Marilyn R. Abbott
Secretary to the Commission


Issued: October 23, 2009

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CONTAINING SAME**

337-TA-619

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION FINAL DETERMINATION OF NO VIOLATION OF SECTION 337; TERMINATION OF INVESTIGATION** has been served by hand upon the Commission Investigative Attorney, Christopher G. Paulraj, Esq., and the following parties as indicated, on October 23, 2009.


Marilyn R. Abbott, Secretary *JNO*
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

On Behalf of Complainant Sandisk Corporation:

Gregory A. Castanias, Esq.
JONES DAY
51 Louisiana Avenue, NW
Washington, DC 20001-2113

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

On Behalf of Respondents Phison Electronics Corporation; Kingston Technology Company, Incorporated; Kingston Technology Corporation; and, Memo Sun Incorporated:

Jeffrey R. Whieldon, Esq.
FISH & RICHARDSON PC
1425 K Street, NW – Suite 1100
Washington, DC 20005

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

On Behalf of Respondents, Skymedi Corporation:

Robert R. McKelvie, Esq.
Covington & Burling Llp
1201 Pennsylvania Avenue, Nw
Washington, Dc 20004-2401

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

**On Behalf Of Respondents Apacer Technology,
Incorporated and Apacer Memory America,
Incorporated:**

Daniel J. Lueders, Esq.
WOODARD, EMHARDT, MORIARTY, MCNETT &
HENRY LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204-5137

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

**On Behalf of Respondents LG Electronics, Incorporated
and LG Electronics USA, Incorporated:**

Brian Koo, Esq.
SIDLEY AUSTIN LLP
1501 K Street, NW
Washington, DC 20005

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

**On Behalf of Respondents Dane Elec Corporation USA,
Dane-Memory, S.A., and Deantusaiocht Dane-Elec
TEO:**

Charles C.H. Wu, Esq.
WU & CHEUNG LLP
98 Discovery
Irvine, CA 92618-3105

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

DOCUMENT SEPARATOR

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**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436**

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**CERTAIN FLASH MEMORY
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Investigation No. 337-TA-619

COMMISSION OPINION

I. BACKGROUND

A. Procedural History

The Commission instituted this investigation on December 12, 2007, based on a complaint filed by SanDisk Corporation ("SanDisk"). 72 Fed. Reg. 70610 (Dec. 12, 2007). The complaint alleged violations of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain flash memory controllers, drives, memory cards, media players and products containing the same by reason of infringement of certain claims of five United States patents: U.S. Patent No. 6,763,424 ("the '424 patent"), U.S. Patent No. 7,137,011 ("the '011 patent"), U.S. Patent No. 5,719,808 ("the '808 patent"), U.S. Patent No. 6,947,332 ("the '332 patent") and U.S. Patent No. 6,426,893 ("the '893 patent"). SanDisk named forty-seven respondents. *See id.* Subsequently, SanDisk filed motions to terminate the investigation with respect to the '808, '332 and '893 patents. Only the '424 and '011 patents remain in the investigation.

During the course of the investigation, several respondents were terminated based on

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settlement agreements, consent orders, and/or withdrawal of allegations from the complaint. Five respondents defaulted. The following groups of respondents remain in the investigation after the various defaults and terminations:

1. Phison Electronics Corporation of Hsinchu, Taiwan (“Phison”);
2. Silicon Motion Inc. of Taiwan; and Silicon Motion, Inc. of Milpitas, CA (collectively “Silicon”);
3. Skymedi Corporation of Hsinchu, Taiwan (“Skymedi”);
4. Power Quotient International Co., Ltd. of Taipei, Taiwan; Power Quotient International (HK) Co., Ltd. of Hong Kong; Syscom Development Co., Ltd. of the British Virgin Islands; and PQI Corporation of Fremont, California (collectively “PQI”);
5. Kingston Technology Corporation of Fountain Valley, CA; Kingston Technology Company, Inc. of Fountain Valley, CA; and MemoSun, Inc. of Fountain Valley, CA (collectively “Kingston”)
6. Transcend Information Inc. of Taipei, Taiwan; Transcend Information Inc. of Orange, CA; and Transcend Information Maryland, Inc. of Linthicum, MD (collectively “Transcend”);
7. Imation Corporation of Oakdale, MN; Imation Enterprises Corporation of Oakdale, MN; and Memorex Products, Inc. of Cerritos, CA (collectively “Imation”);
8. Apacer Technology Inc. of Taipei Hsien, Taiwan; and Apacer Memory America, Inc. of Milpitas, CA (collectively “Apacer”);
9. Dane Memory S.A. of Bagnolet, France; Deantusaiocht Dane-Elec TEO of Spiddal, Galway, Ireland; and Dane-Elec Corporation USA of Irvine CA (collectively “Dane-Elec”); and
10. LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey; and LG Electronics, Inc. of Seoul, South Korea (collectively “LG”).

The ALJ held a *Markman* hearing from May 6-7, 2008, and issued an order construing the terms of the asserted claims of the patents-in-issue on July 15, 2008. *See* Order No. 33. The ALJ further stated that all briefing in this investigation is governed by the claim construction order and “[a]ll other claim terms shall be deemed as undisputed and shall be interpreted by the undersigned in accordance with ‘their ordinary meaning as viewed by one of ordinary skill in the art.’” *Id.* at 9. The ALJ incorporated Order No. 33 into his final ID. ID at 8.

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On April 10, 2009, the ALJ issued his final ID in this investigation, finding no violation of section 337 by Respondents with respect to any of the asserted claims.¹ Specifically, the ALJ found that the accused products do not infringe the asserted claims of the '424 patent. The ALJ also found that none of the references properly before him anticipated the asserted claims or rendered the asserted claims of the '424 patent obvious. The ALJ further found the Respondents not liable for contributory or induced infringement of the asserted claims of the '424 patent. Likewise, the ALJ found that SanDisk failed to prove that Imation, the sole respondent accused of infringing the '011 patent, induced or contributed to infringement of the patent. The ALJ also found that SanDisk's rights in the '011 patent were not exhausted and that claim 8 of the '011 patent satisfied the indefiniteness requirement of 35 U.S.C. § 112, second paragraph. The ALJ further found claim 8 of the '011 patent invalid for obviousness. The ALJ concluded that an industry exists within the United States with respect to SanDisk's products that practice the '424 and '011 patents, as required by 19 U.S.C. § 1337(a)(2) and (3).

The ID includes the ALJ's recommended determination ("RD") on remedy and bonding. The ALJ recommended that in the event the Commission finds a violation of section 337, the Commission should issue a limited exclusion order to exclude the accused products of all the named respondents as well as a cease and desist order directed towards respondents, [] because they maintain significant inventories of accused products in the United States. The ALJ recommended that the Commission set a bond of [] based on a reasonable royalty rate, during the period of

¹ The ALJ issued a corrected version of the ID on April 16, 2009.

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Presidential review.

On May 4, 2009, SanDisk filed a petition requesting review of the ID's finding that the accused products do not infringe the asserted patents. SanDisk also sought review of the ID's finding that the prior art invalidates the asserted claim of the '011 patent. That same day, the Commission investigative attorney ("IA") filed a petition seeking review of the ID's finding that the accused products do not infringe claim 17 of the '424 patent. The IA further asked the Commission to review the ALJ's decision not to consider U.S. Patent No: 6,725,321 ("the '321 patent") to Alan Welsh Sinclair *et al.* and its corresponding Patent Cooperation Treaty ("PCT") publication, WO 00/49488 ("the Sinclair PCT publication") as prior art references to claim 17 of the '424 patent. Also on May 4, 2009, Respondents filed various contingent petitions for review of the ID's findings should the Commission decide to review the subject ID. The contingent petitions sought review of the ID's findings regarding validity of the asserted claims, waiver of non-infringement contentions and patent exhaustion.

On August 24, 2009, the Commission determined to review the final ID in part and requested briefing on several issues it determined to review, and on remedy, the public interest and bonding. 74 *Fed. Reg.* 44382 (Aug. 28, 2009). The Commission determined to review the claim construction of claims 17, 24 and 30 of the '424 patent; infringement of the asserted claims of the '424 patent; validity of the '424 patent; and the ALJ's decision not to consider the Sinclair PCT publication as evidence of prior art to claim 17 of the '424 patent. *Id.* The Commission determined not to review the remaining issues decided in the ID. In its notice of review, the Commission asked the parties the following:

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1. Address whether the accused products would infringe claim 17 of the '424 patent if construction of the claim term "updating pages of original data within any of the metablock component blocks less than all the pages within the block" is construed to cover single-page updates. Please cite record evidence and/or relevant legal precedent to support your position.
2. Address whether the claim term "reading and assembling data from the first and second plurality of pages" as recited in claim 20 of the '424 patent should be construed to cover the so-called "table method," and whether the accused products would infringe claims 24 and 30 of the '424 patent as a result. *See* '424 patent (JX-2) at column 10, lines 44-59; FIG. 12. Please cite record evidence and relevant legal authority to support your position.
3. Address why the Sinclair PCT publication was not listed on any notice of prior art as required by Ground Rule No. 5, and having violated the ground rule, why none of the parties availed itself of its remedy to submit a timely written motion showing good cause why the reference was not listed. *See* Order No. 2 at 9-10.
4. Address under what circumstances, if any, the Commission should consider a reference that was not submitted in accordance with an ALJ's ground rule.
5. Address the similarities and differences, if any, between U.S. Patent No. 6,725,321 to Alan Welsh Sinclair *et al.* (RX-628) and its corresponding Patent Cooperation Treaty publication, WO 00/49488 ("the Sinclair PCT publication") (RX-1038 – rejected by ALJ) and whether the Sinclair PCT publication invalidates claim 17 of the '424 patent. Please cite record evidence and any relevant legal authority to support your position.

On September 3, 2009, the parties filed written submissions on the issues under review, remedy, the public interest and bonding. On September 14, 2009, the parties filed response submissions on the same issues.

For the reasons discussed below, the Commission affirms the ID's determination of no violation of section 337. Specifically, we affirm the ID's finding that Complainant has failed to prove that Respondents indirectly infringe asserted claims 17, 24 and 30 of the '424 patent. In

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other words, Complainant's proffered evidence falls short of establishing that Respondents either contribute to, or induce infringement of, the asserted claims of the '424 patent. The Commission affirms the ID's construction of the claim term "updating pages of original data within any of the metablock component blocks less than all the pages within the block" in claim 17 of the '424 patent to mean "updating fewer than all the pages of a block within the metablock," but reverses the ID's application of the claim construction to exclude single-page updates. The Commission also finds that the "reading and assembling" claim term recited in independent claim 20, from which asserted claims 24 and 30 depend, is not limited to the so-called reverse-read method, but rather construes the term to cover the so-called table method as described in Figure 12 of the '424 patent. Finally, because the Commission finds no section 337 violation due to Complainant's failure to prove that Respondents indirectly infringe the asserted claims of the '424 patent, the Commission does not decide the issue of whether the ALJ should have considered the Sinclair PCT publication as evidence of prior art to claim 17 of the '424 patent.

B. Patents and Technology at Issue

This investigation pertains to flash memory controllers, drives, memory cards, and media players and products containing same. Flash memory signifies a non-volatile memory system, for example, a USB flash drive. The term "non-volatile" refers to the fact that flash memory retains the information stored on it, even in the absence of electrical power, making flash memory useful as a portable storage device. In contrast, most personal computers utilize a memory drive (Random Access Memory or RAM) that loses the information stored on it in the absence of electrical power.

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The '424 patent, entitled "Partial Block Data Programming and Reading Operations in a Non-Volatile Memory," issued on July 13, 2004, to Kevin M. Conley. SanDisk owns the '424 patent and has asserted independent claim 17 as well as dependent claims 24 and 30, depending from independent claim 20, in this investigation. The asserted claims cover two categories of inventions. Claim 17 discloses an allegedly novel technique for updating data stored in the component blocks of a metablock, while claims 24 and 30 disclose an allegedly novel method for performing partial block updates to data stored in a non-volatile memory system.

The '011 patent, entitled "Removable Mother/Daughter Peripheral Card," issued on November 14, 2006, to Eliyahou Harari, Daniel C. Guterman and Robert F. Wallace. SanDisk owns the patent and has asserted only independent claim 8 in this investigation. Claim 8 discloses an allegedly novel non-volatile memory card that incorporates a flash memory array in an enclosure and that is removably attached to a host system. The memory card is allegedly designed to provide "security with portability." Unlike prior art systems, SanDisk asserts that the memory card recited in claim 8 stores both a decryption algorithm and encrypted user data in the flash memory array so that they can be read out for use together.

C. Products at Issue

The accused products fall into two general categories: (1) Flash memory controllers, and (2) products or systems containing Flash memory controllers, generally referred to as Flash memory systems. Specifically, SanDisk asserted the '424 patent against particular controllers manufactured by certain respondents, as well as against Flash memory systems imported and sold

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by certain respondents that incorporate the accused controllers.² With respect to the '011 patent, SanDisk accused various products manufactured by Imation of infringement.³

II. STANDARD OF REVIEW

Under the Administrative Procedure Act, upon review of the initial determination of the ALJ, “the agency has all of the powers which it would have in making the initial decision except as it may limit the issues on notice or by rule.” 5 U.S.C. § 557(b) (*quoted in Certain Acid-Washed Garments and Accessories*, Inv. No. 337-TA-324 (U.S.I.T.C. Aug. 6, 1992)); 19 C.F.R. § 210.45(c). In other words, once the Commission decides to review the decision of the ALJ, the Commission may conduct a review of the findings of fact and conclusions of law presented by the record under a *de novo* standard.

III. CLAIM CONSTRUCTION

A. Legal Standard

Claim construction “begin[s] with and remain[s] centered on the language of the claims themselves.” *Storage Tech. Corp. V. Cisco Sys., Inc.*, 329 F.3d 823, 830 (Fed. Cir. 2003). That is, the words of the claims “define the scope of the patented invention.” *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). Claims should be given their ordinary and customary meaning as understood by a person of ordinary skill in the art, viewing the claim

² For a detailed list of accused controllers, representative controllers and system products, see ID at pages 19-21.

³ For a detailed list of Imation products accused of infringing claim 8 of the '011 patent, see the ID at page 20.

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terms in the context of the entire patent. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005) (*en banc*). In construing claims, a court looks first to the intrinsic evidence, which consists of the language of the claims, the patent's specification, and the prosecution history, as such evidence "is the most significant source of the legally operative meaning of disputed claim language." *Vitronics*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). The claims themselves, however, "provide substantial guidance as to the meaning of particular claim terms." *Phillips*, 415 F.3d 1303, 1314 (Fed. Cir. 2005). In addition, it is essential to consider a claim as a whole when construing each term, because the context in which a term is used in a claim "can be highly instructive." *Id.*

When the meaning of a claim term remains uncertain, the specification is usually the first and best place to look, aside from the claim itself, in order to find that meaning. *Phillips*, 415 F.3d at 1315. The specification of a patent "acts as a dictionary" both "when it expressly defines terms used in the claims" and "when it defines terms by implication." *Vitronics*, 90 F.3d at 1582; *Phillips*, 415 F.3d at 1323. "The construction that stays true to the claim language and most naturally aligns with the patent's description of the invention will be, in the end, the correct construction." *Phillips*, 415 F.3d at 1316. However, a court may not read particular examples or embodiments discussed in the specification into the claims as limitations. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995).

Differences between claims may be helpful in understanding the meaning of claim terms. *Phillips*, 415 F.3d at 1314. A claim construction that gives meaning to all the terms of a claim is preferred over one that does not do so. *Merck & Co. v. Teva Pharms. USA, Inc.*, 395 F.3d 1364,