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## Intellectual Property Litigation at the U.S. International Trade Commission

Is the ITC your best friend or your worst nightmare?



Host: Elizabeth Cohen, Member  
Ralph Mittelberger, Member  
Dave Hamill, Member

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Elizabeth Cohen



Ralph Mittelberger



Dave Hamill

# Agenda

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- I. Litigating IP Cases at the ITC**
- II. Customs Enforcement of 337 Orders**
- III. Q&A**



Elizabeth Cohen



Ralph Mittelberger



Dave Hamill

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## Part I: **Litigating IP Cases at the ITC**



Ralph Mittelberger

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**IP Litigation at the International Trade Commission**

## What do the following products have in common?

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- Teeth Straightening Devices
  - Automobile Parts
  - Flash Memory Devices
  - PCs and Digital processors
  - Light Emitting Diodes
  - Devices for Determining Organ Positions
  - Laser Scanners
  - Small pox vaccines
  - Ink Sticks
  - Mice (the computer variety)
- They are all products that have been the subject of recent complaints and investigations at the ITC.

# What is the International Trade Commission?

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**The U.S. International Trade Commission is an independent agency of the U.S. government.**

- Its principal job is to protect the U.S. economy from unfair competition from abroad
- ITC cases that get the most notoriety are dumping and countervailing duty cases -- but we are not going to talk about them today



# Today's focus: Unfair foreign competition based on PATENT INFRINGEMENT.

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## Two types:

- Importation of products that infringe a U.S. patent
- and*
- Importation of products made by a process covered by a U.S. patent.





Statutory basis for both: 19 U.S.C. § 1337 (section 337 of the Tariff Act of 1930, as amended)

Corresponding ITC regulations: 19 C.F.R. Pt. 210.

In addition to patent infringement, other causes of action have also been litigated:

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## Other Infringement Cases

- Federally Registered Trademarks 
- Federally Registered Copyrights 
- Federally Registered Mask Works

## Other Unfair Acts

- Common law causes of action
- Antitrust

## Other causes of action (continued)

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**Section 337 cases based on patents, registered trademarks, copyrights and mask works do not require proof of injury and have relaxed domestic industry requirements**

## What's so attractive or dangerous about a Section 337 case?

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1. SPEED
2. AN EFFECTIVE NON-MONETARY REMEDY ENFORCED BY THE U.S. GOVERNMENT
3. CAN BE COMBINED WITH OTHER REMEDIES
4. BROAD JURISDICTIONAL REACH

# Speed

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Section 337 cases are fast -- very fast!



Cases take roughly a year from start to finish (and even faster relief is sometimes possible)



Comparable patent cases in district courts can take 2-3 times as long

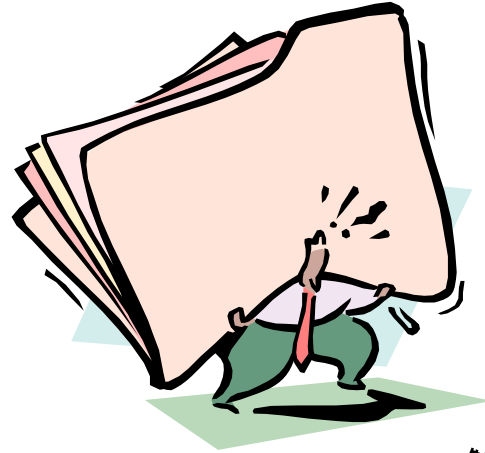


## What happens during the year?

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### Full discovery (completed in about 4-5 months)

- Interrogatories
- Document productions
- Depositions



Extensive motions practice before  
an Administrative Law Judge



## A full-blown evidentiary trial (about 6 months from institution)

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- Fact witnesses
- Expert witnesses
- Documentary evidence of all sorts
- Rules of Evidence apply
- Pre- and post-trial briefing



## A swift decision on the merits

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A decision on the merits by the Judge about nine months after commencement of the case.

A recommendation from the Judge about the appropriate remedy.

A fully briefed appeal to the Commissioners.

A final decision by the Commission on the merits and on remedy.



## Effective Remedy

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- 1. An Exclusion Order -- instructs the U.S. Customs Service to prevent further importation of infringing products.**

Can be directed to all infringing products regardless of origin (a "general" exclusion order), or

Can be directed to all infringing products of the named "respondents" (a "limited" exclusion order)

## Effective Remedy (continued)

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2. A Cease and Desist Order -- prohibits respondents from disposing of inventory already in the United States.

Penalty for a violation: as much as \$100,000 per violation.



## Bottom Line

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If a violation is found, the importation and sale of the infringing product ceases because the U.S. Government enforces the ITC's decision.



Can be combined with other remedies

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Most common: proceed simultaneously at ITC  
and in District Court

Stay of district court case likely but not  
automatic



## Advantages

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### Speed

Section 337 cases move much more quickly

### Shared discovery

Discovery received in ITC cases can be used in court

### Complementary remedies

ITC: an exclusion order and a cease and desist order

Court: a money judgment and an injunction

## Immense pressure on respondents

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Possibility of losing access to U.S. market prospectively and paying for past acts

Threatens customer base



## Three points

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ITC decisions not always binding on district court

No collateral estoppel on patent issues

ITC protective order may limit use of discovery in court

## Disadvantages

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Speed

Cost



ITC cases cost less than district court cases  
But -- costs incurred in one year  
no chance of monetary relief  
eventual money damages may be  
deferred

Political dimension -- Presidential review

## Broad jurisdictional reach

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### *In rem* jurisdiction

If the product is coming into the U.S., the ITC has jurisdiction

ITC can include everyone in chain of distribution

Manufacturer

Exporters and importers

Distributors

Sales outlets



Eliminates problems associated with..

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Identifying manufacturers and middlemen

Service of process

Enforcing relief

Statutory right to remedy against defaulters



## Limitations on use of Section 337

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### Statutory Requirements:

Only available with respect to imported products



Must be **in** the United States

Must come from **outside** the United States



## Domestic industry requirement

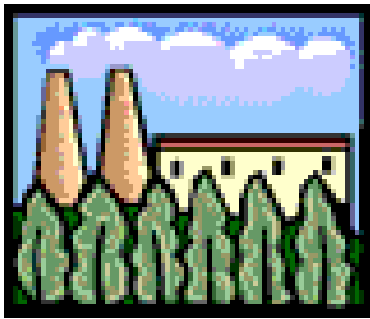
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Some domestic activity related to the infringed patent necessary

Significant investment in plant and equipment

Significant employment of labor and capital

Substantial domestic exploitation



## Three final points

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About 50% of all section 337 cases settle.

The "public" is represented by the ITC Staff Attorney.

No "notice" pleading and no automatic institution.

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Part II:  
**Customs Enforcement of  
337 Orders**



Dave Hamill

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**IP Litigation at the International Trade Commission**

## Exclusion Orders

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- General Exclusion Orders.
- Limited Exclusion Orders.
- More powerful enforcement tool than recordation of trademarks.

## Customs Service Directive 2310-006A

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- Exclusion orders administered by Customs (OR&R, IPR Branch).
- Upon receipt of orders from ITC, an “Exclusion Order Notice” is released to the ports.
- Exclusion Order Notices provide details relating to the enforcement of a particular order.

## Now That Your Exclusion Order Has Been Issued...

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- Keeping open lines of communications with Customs.
- Educating Customs on precise characteristics of merchandise.
- Tracking sources of potentially infringing goods.

## Other Tools

# Outstanding Exclusion Orders

— <http://info.usitc.gov/SEC/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21?OpenView>



Investigation No.	Investigation Title	U.S. Patent Number(s)	Date Patent(s) Expires
337-TA-055	Certain Novelty Glasses	Nonpatent	--
337-TA-069	Certain Airtight Cast-Iron Stoves	Nonpatent	--
337-TA-087	Certain Coin-Operated Audio Visual Games and Components Thereof	Nonpatent	--
337-TA-105	Certain Coin-Operated Audio Visual Games and Components Thereof	Nonpatent	--
337-TA-112	Certain Cube Puzzles	Nonpatent	--
337-TA-114	Certain Miniature Plug-In Blade Fuses	Nonpatent	--
337-TA-118	Certain Sneakers with Fabric Uppers and Rubber Soles	Nonpatent	--
337-TA-137	Certain Heavy Duty Staple Gun Tackers	Nonpatent	--
337-TA-152	Certain Plastic Food Storage Containers	Nonpatent	--
337-TA-167	Certain Single Handle Faucets	Nonpatent	--
337-TA-174	Certain Woodworking Machines	Nonpatent	--
337-TA-195	Certain Chaissonne Jewelry	Nonpatent	--
337-TA-	Certain Commercial and Retail Mail Containers and Components Thereof	Nonpatent	--

## Other Tools

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### IPR Help Desk

- Compiles seizure statistics.
- Tracks trends in seizures.
- Work with IPR holders to enforce rights.



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## Part III: Q&A



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# Thank you for joining us!

*Later this week, this presentation will be available for download from [www.arentfox.com/webinarcentral](http://www.arentfox.com/webinarcentral)*

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