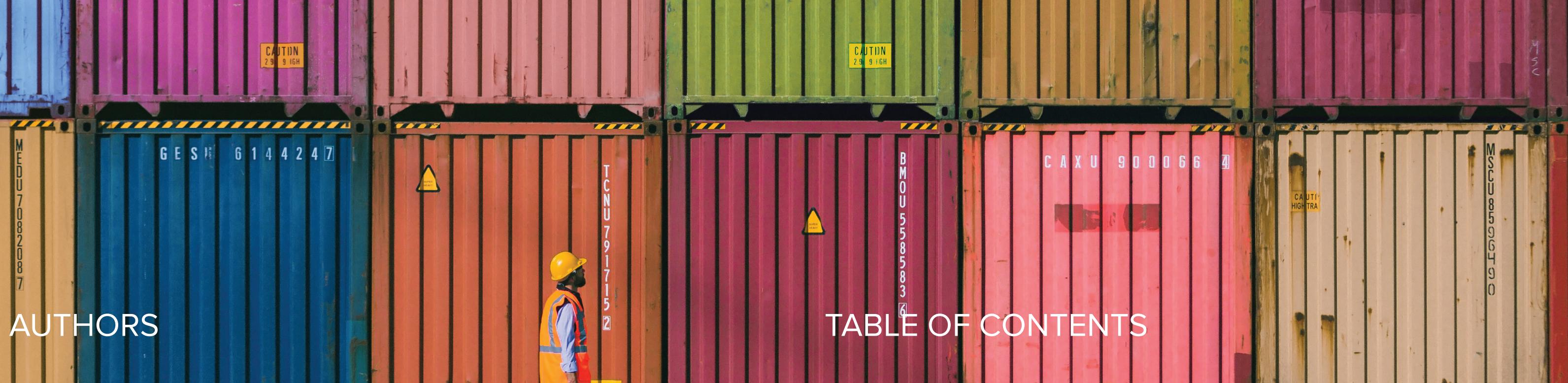


# COMPETITION CLAIMS UNDER SECTION 337 OF THE TARIFF ACT

An ITC Primer





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# OVERVIEW

The United States International Trade Commission (“ITC”) is a popular venue for curbing unfair importation practices.

Specifically, 19 U.S.C. § 1337 authorizes the ITC to investigate, and when warranted exclude from U.S. markets, any products imported made by unfair means, such as patent infringement, copyright infringement, false advertising, trade secret violations, in violation of antitrust laws, or by other unfair acts. Although the most common disputes adjudicated under Section 337 have historically involved patent infringement, 337 investigations are not so limited. The goal of the ITC is to protect United States domestic industries from practices that provide an unfair advantage to the resulting imported products.

Targets of Section 337 investigations, the so-called “Respondents”, need not be foreign companies. Via its *in rem* jurisdiction, Section 337’s reach covers imported into the U.S. at any time during such product’s life cycle. This is true regardless of the domicile of the responsible corporate entity. The remedies attached to the ITC’s reach can be daunting. In particular, although there are no monetary damages available under Section 337, if violated, the statute provides equitable relief in the form of an exclusion order prohibiting goods from entering the U.S. market. Section 337 violations also can result in cease and desist orders that prohibit domestic inventory from being distributed in the United States. Violations of any such remedies result in crushing penalties.

This guide explains the unique legal and practical aspects of Section 337 investigations, and offers insights for litigating these important cases. The guide is organized into three substantive sections: (1) an overview of litigating in the ITC under Section 337 compared to litigating in the U.S. federal courts; (2) unique Section 337 legal issues including domestic industry, importation, injury and remedy; and (3) practical advice for litigants.<sup>1</sup> The Commission’s Rules are found at 19 C.F.R. Part 210 et seq. For the readers’ benefit, the guide also includes the biographies of the current Administrative Law Judges and Commissioners as Attachments A and B respectively.

## SECTION 337 AND HOW IT UNIQUELY GOVERNS COMPETITIVE DISPUTES

Section 337 matters are technically “investigations” instituted by the ITC, based upon the filing of a complaint by a private party referred to in the investigation as the “Complainant”. In addition to the litigating private parties, Section 337 investigations can include participation by the Office of Unfair Import Investigations (“OUII” or the “Staff”). When involved, the Staff acts as an independent third-party representing the public’s interests. In that capacity, the Staff can conduct its own discovery, appear at hearings and argue the public’s positions.



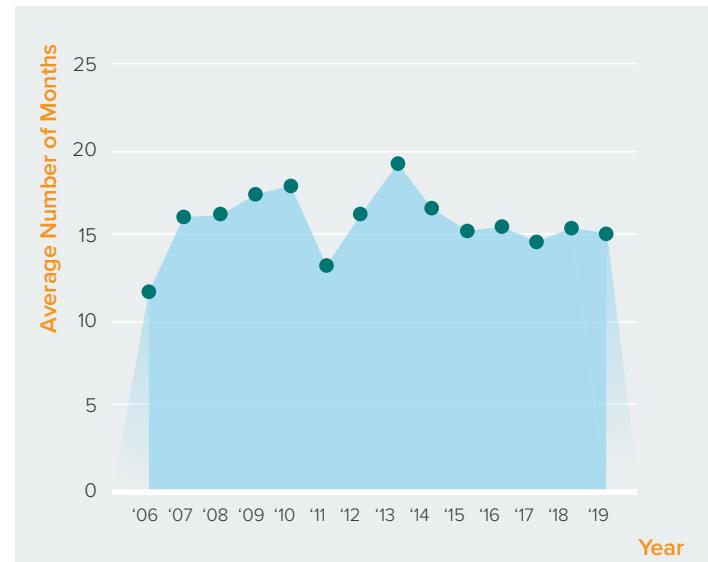
Section 337 investigations differ from litigation in U.S. district courts in several other respects. Although Section 337 investigations are typically initiated, like in District Court, by filing a complaint, the pleadings require a lot more detail. Additionally, in the first 30 days prior to “instituting” the investigation, the complaint is first scrutinized by the Commission (typically made up of six “commissioners”) who vote whether or not an investigation should be “instituted.” While the Commission may at times require additional details in a complaint, the overwhelming majority of complaints lead to the institution of an investigation. At that point, an Administrative Law Judge (ALJ) is assigned to handle each investigation. The ITC currently has six ALJs whose sole responsibility is to preside over Section 337 investigations.

*Importantly, Section 337 investigations move quickly.* Within 45 days of institution, the presiding ALJ sets a target date for a final determination. Most investigations last between twelve to eighteen months, much faster than a typical intellectual property litigation in the district courts. As will be explained below, the general timeline for Section 337 investigations includes a discovery phase, a bench trial (“hearing”) before the ALJ, post-hearing briefs, an Initial Determination by the ALJ, and the Commission’s Final Determination. To enable the Commission to issue a final determination within twelve to eighteen months, litigants can expect a merits hearings to occur as early as six months from the filing of the complaint. By comparison, according to Docket Navigator, patent litigations even in the fastest district courts average closer to three years to trial.

The chart to the right shows the average length of ITC investigations during the last ten-plus years.<sup>2</sup> The sample timeline above is for an 18-month investigation, and also illustrates the speed of these cases.

There is no jury, and the ALJ sits as the sole fact finder. In cases that rely on patent infringement as the alleged

unfair act, some ALJs hold *Markman* hearings and/or a technology tutorial before the hearing on the merits. After the hearing and after the parties submit post-hearing briefs, the ALJ issues a decision called an Initial Determination (“ID”) setting forth the evidence and arguments presented and the ALJ’s determination on whether the Complainant has shown a violation of Section 337. After an ID is issued, the investigation proceeds before the Commission for a final decision.



*Unlike district court actions, Section 337 litigations are virtually never stayed.* For example, even in patent based cases where a petition for inter partes review (“IPR”) is granted by the U.S. Patent and Trademark Office (“PTO”), the ITC is not likely to stay the investigation.<sup>3</sup> A good example of the ITC’s reluctance to stay can be seen in Certain Laser-Driven Light Sources, Inv. No. 337-TA-983, Order No. 8 (Mar. 4, 2016) where ALJ Shaw denied a request for stay even though IPRs were instituted and set to conclude prior to the ITC investigation target date. This is consistent with past Commission practices.

*Injunctive relief is the norm, not the exception at the*

ITC. The ITC has the power to issue broad injunctive relief in the form of exclusion orders that prevent the importation of the unfairly imported goods.<sup>4</sup> These exclusion orders are enforced by Customs.

This enforcement mechanism is significantly different from injunctions from a district court, which can be difficult to enforce against companies lacking headquarters or other significant contacts with the U.S. In addition, although the Commission will look at public interest factors in determining whether an exclusion order should issue, the ITC does not require an analysis of the four factor test for injunctive relief set forth by the Supreme Court in *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).<sup>5</sup>

Numerous parties can be named as respondents in a single Section 337 investigation. Since the enactment of the AIA, District Court infringement complaints can no longer join multiple parties simply because they allegedly infringe the same patents. In the ITC however, there is no such restriction. As a result, single complaints can name multiple manufacturers and all parties in the chain of distribution, including, for example, online retail sites.

Relatedly, many of the personal jurisdiction issues that arise in District Court are not applicable at the ITC. In the ITC, jurisdiction is *in rem*. As such, jurisdiction simply turns on whether an accused product (or an indirectly infringing component) is imported into the United States (at any time during the product's life-cycle). Jurisdiction can be established regardless of whether there is personal jurisdiction over the company importing the product. Notably, foreign entities are subject to the Commission's jurisdiction as long as their products are being imported to the U.S. Thus, there is no special complaint service requirement for binding foreign entities to the Commission's jurisdiction.

There are additional elements of proof required in a Section 337 action beyond what is required in a district court case for the same substantive unfair act. Specifically, as discussed in Section II, proof of an importation, an unfair act, and of the existence of a domestic industry is required for all types of ITC investigations. Also, because relief at the ITC is equitable in nature and there are no monetary damages, the ITC does not include damages-related discovery or proofs.

*The ITC allows for a "100-day proceeding" if there is a case dispositive issue that can be determined early.<sup>6</sup>* Unlike District Court litigation, where early dispositive motions are generally available, the ITC's ALJs will rarely issue an early summary determination that dismisses the investigation on the merits. In 2013, in response to this fact and to comments from the public that Section 337 investigations were expensive to litigate, the ITC in 2013 initiated what is referred to as a "100- day proceeding." This is an expedited proceeding on a potentially dispositive issue that results in a ruling by the ALJ within 100 days from institution. The proceeding may include an expedited fact-finding and an abbreviated hearing limited to the specific issue identified as potentially dispositive. The ITC has not granted requests for "100-day proceedings" frequently. Between 2013 and the end of 2019, this proceeding had been used only \_\_\_\_ times.

*The ITC's remedial orders are equitable in nature and compensatory (e.g., monetary) damages are not available.* Upon finding of a violation of Section 337, the ITC can issue a general exclusion order ("GEO"), a limited exclusion order ("LEO"), and/or a cease and desist order, barring the importation and sale of the accused articles in the United States, unless the ITC determines that such an order would harm the public interest. A GEO is a powerful remedy as it is effective against the public at large and is not limited to products of the named respondents. In contrast, a LEO is directed only to products of the named respondents. A cease and desist order prohibits the sale of goods from US inventory. As stated above, exclusion orders are enforced by Customs. The Commission's final decision can be appealed to the U.S. Court of Appeals for the Federal Circuit. Although the ITC cannot award monetary damages, it can award sanctions for misconduct and penalties for parties that disregard remedial orders.

*ITC remedial orders cannot issue without consideration of the public interest as a whole.* Before issuing a remedial order, the ITC must consider the effect the remedy will have on the public interest (i.e., how the order effects the general public). The statute specifies four public interest factors: 1) public health and welfare; 2) competitive conditions in the United States economy; 3) the production of similar or directly competitive articles in the United States; and 4) United States

consumers. The ITC may decline to issue the remedial order only when the adverse effect on public interest outweighs the interest in protecting the complainant. In the vast majority of cases, the ITC does not block the remedial order on public interest grounds.

*The President reviews remedial orders.* After the ITC issues a remedial order, the President of the United States has sixty days to review the order and has the power to veto the order for policy reasons. During this sixty day period, products covered by the proposed order may enter the U.S. if a bond is posted. The amount of the bond varies from case to case and is determined based on certain factual findings. In 2013 President Obama vetoed the ITC's limited exclusion order and cease and desist order in *In Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablets*, Inv. No. 337-TA- 794, which would have barred certain Apple iPhones and iPads. This was the first Presidential veto of an ITC remedial order since 1987, and there have been none since.

## THE POPULARITY OF SECTION 337

The fast pace of these actions and the powerful exclusionary remedies available makes the ITC a popular venue for intellectual property owners to assert their rights. The chart below illustrates the number of Section 337 investigations instituted by the ITC over the last 13 years:



On average there are more than 50 new ITC investigations and ancillary proceedings each year, many with multiple respondents.

A frequent question of prospective complainants and respondents is, what are the outcomes in investigations? Trends in ITC investigations are difficult to evaluate for several reasons. Although a greater percentage do proceed to final decision than in District Courts, many investigations still do not reach the Initial Determination phase because they end early by way of settlement, withdrawal of the complaint, consent order, etc., before an ALJ issues an Initial Determination. Also, many investigations involve multiple, unrelated respondents and not all respondents may continue to the end of the case or some respondents may default. However, data from the ITC indicates that findings of violations for complainants have ranged from 35 percent in 2011 to 62 percent in 2018:



The chart below compares the average success rates for patentees in Delaware, the Eastern District of Texas, and the Northern District of California with complainants in the ITC from 2011 to 2018.





## THE CORE PROOF ELEMENTS TO SHOW A SECTION 337 VIOLATION

There are a few basic elements to establish a violation of Section 337 depending on the type of unfair act asserted:

(1) An unfair act; (2) Importation; (3) Domestic industry; and (4) Injury to the complainant, but only in cases *not* involving alleged infringement of a patent, registered trademark, copyright or mask work.

Because Section 337 remedies are unique, this section also discusses the legal aspects of exclusion orders, cease and desist orders, and public interest considerations.

### SECTION 337 ADDRESSES NUMEROUS POSSIBLE UNFAIR ACTS

Section 337 declares unlawful “unfair methods of competition and unfair acts in the importation of articles.” 19 U.S.C. § 1337(a). “Unfair acts” is interpreted broadly to covers a variety of conduct. Although most 337 investigations have historically been based on patent or trademark infringement, unfair acts also include copyright infringement, common law trademark infringement, trade dress infringement, false advertising, price fixing, and trade secret theft. Non-patent based cases have been gaining popularity at the ITC. For example, in 2016 U.S. Steel Corporation filed a complaint against numerous Chinese steel manufacturers alleging unfair acts of price fixing, false designation of origin, and trade secret theft.<sup>7</sup> The Chinese steel manufacturers that responded ultimately got a final determination in their favor, but the case highlighted the breadth of “unfair acts” falling within Section 337’s purview.

Not surprisingly, it is also an unfair act to make a product outside the United States using a patented process.<sup>8</sup> This type of infringement is also prohibited by Section 271(g) of Title 35 and can be litigated in district court.<sup>9</sup> However, under Section 271(g) there are defenses to such actions that are not available to respondents in a Section 337 investigation. Specifically, under Section 271(g), there is no liability for infringement if the product made by the patented process is materially changed by subsequent processes or if the product made by the patented process becomes a “trivial and nonessential component of another product.” 35 U.S.C. § 271(g)(1) and (2). These defenses are not recognized in Section 337 actions; rather, the Commission looks to the interdependence between the patented process and the production of the imported product.

The analysis in the Sucralose case is instructive. There, the patented process covered the making of an intermediate compound used in the making of

the sucralose product that was ultimately imported. The Commission looked to whether the intermediate product had uses other than in the final sucralose product, and the number of steps between the patented process and the imported article. Because there was a “close interdependence” between the patented intermediate process and the imported product, the Commission found that Section 337 extended to the imported sucralose even though the patented process occurred several steps prior to the final steps to make the imported product.

### JURISDICTION EXTENDS TO IMPORTED GOODS

#### Importation

Another key element of proving a violation of Section 337 is importation. The statute is the starting point for determining what activities constitute an importation. Section 337 prohibits “unfair methods of competition and unfair acts in the importation of articles” and “the importation into the United States, the sale for importation, or the sale within the United States after importation . . . of articles that” infringe a U.S. patent, registered trademark or copyright. 19 U.S.C. § 1337(a).

Typically, a complainant alleges importation by showing the purchase in the United States of an accused article that bears indicia that it was manufactured outside of the United States. Although in most cases, the accused article has already been imported, Section 337 also extends to the imminent importation of a product, such as a contract for a future sale for importation.<sup>10</sup> The importation requirement includes the importation of even a small quantity of an accused article, for example an importation of products for a U.S. trade show.<sup>11</sup>

Even though importation is often not contested, it also should not be overlooked. Recently, the importation requirement has been addressed in the context of indirect infringement issues and electronic submissions.

#### PRACTICE TIP

It is not necessary to have *in personam* jurisdiction in order to bring a Section 337 action as an exclusion order is directed to the unfairly traded articles.

*In personam* jurisdiction, however, is required for the ITC to issue and enforce a cease and desist order.

All parties in the chain of distribution may be named, from the manufacturer to the retailer, including online retailers.

Jurisdiction may be based on either an actual importation of the accused article, the sale of an article for importation, or the sale of an accused article within the United States after importation. This feature of *in rem* jurisdiction makes Section 337 an attractive tool for combating unfairly imported goods when a US Court might not have personal jurisdiction over that entity because the manufacturer or distributor either has minimal contacts with the U.S. or the identity of the manufacturer is not known.

Even though importation is often not contested, it also should not be overlooked. In recent years, the importation requirement was addressed in the context of indirect infringement issues and electronic submissions.

For example, in *Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338 (Fed. Cir. 2015), in an *en banc* decision, the Federal Circuit held that imported components can be excluded if they are indirectly infringing. In that case, the accused biometric scanners did not infringe the asserted claims at the time of importation but could be used in a manner that infringed after they were imported.

The Federal Circuit (sitting *en banc*) eventually upheld an exclusion order that prohibited the scanners from being imported based on the theory that they induced infringement of the asserted method claim.

The Federal Circuit reasoned in part that even though liability for inducement must be predicated on a finding of direct infringement, “direct infringement commonly occurs after the inducement” but “[l]iability for inducement nevertheless attaches as of the time of the inducing activity.” *Suprema* at 1349. Thus, “the acts necessary for induced infringement, including acts of direct infringement, may not [or need not] occur simultaneously at the time of importation.” *Id.* Thus, Section 337’s authority over “articles... that infringe” extends to articles that indirectly infringe.

The Federal Circuit separately interpreted what it means to be an “article” under this same statutory language in *ClearCorrect Operating, LLC v. Int'l Trade Comm'n*, 810 F.3d 1283, 1299 (Fed. Cir. 2015). There, the Federal Circuit found that electronic transmissions are not “articles.” Thus, the Commission does not have jurisdiction over purely electronic imports—at least for now. An *en banc* request with respect to that 2-1 decision was denied.

## THE DOMESTIC INDUSTRY REQUIREMENT

Domestic industry or “DI” requirement is another key element necessary to establish a violation of Section 337. In understanding the domestic industry requirement, it is important to remember that Section 337 is a trade statute that was enacted to protect American industries from unfairly traded imports. A complainant thus must establish that an “industry” exists or an “industry is in the process of being established.”

19 U.S.C. § 1337(a)(2). But, as explained below, a complainant need not be a US-based company and a US-based complainant will not always be able to establish a domestic industry. DI has two prongs: a technical prong and an economic prong.

### The “Technical” Prong of the Domestic Industry Requirement

Under the “technical prong” of the DI requirement, as prescribed by 19 U.S.C. § 1337(a)(2), a complainant must identify “articles” that practice the intellectual property right at issue. For patents, this is typically akin to an infringement analysis, and requires that a complainant establish that it, or one of its licensees, practices at least one valid claim of each asserted patent. Similarly, for non-patent cases the complainant must establish that there are products that utilize the intellectual property right.

#### PRACTICE TIP

Typically the complainant only has to establish that it practices at least one valid claim of each asserted patent—but it does not have to be an asserted claim. *Certain Vision-Based Driver Assistance System Cameras and Components Thereof*, Inv. No. 337-TA-907, Comm'n Op. (Dec. 1, 2015).

### The “Economic” Prong of the Domestic Industry Requirement

#### Introduction

Generally, the economic prong of the domestic industry requirement is met when the complainant can show a nexus between substantial or significant economic activity in the U.S. relating to the asserted intellectual property right. The standard for proving the economic prong of domestic industry depends in part on the type of unfair act being alleged, e.g., patent or trademark infringement or unfair competition. The statute sets forth three ways of satisfying the “economic” prong.

Under Section 337(a)(3), a complainant can satisfy the economic prong by proving one of the following related to the protected articles:

- (A) significant investment in plant and equipment;
- (B) significant employment of labor or capital; or
- (C) substantial investment in its exploitation, including engineering, research and development, or licensing.

19 U.S.C. § 1337(a)(3). Subsections (A) and (B) apply to all types of unfair acts. Subsection (C) applies to unfair acts based on patent, registered trademark, copyright or mask work infringements.

In 1988, the statute was amended to include the three prongs above. Prior to 1988, complainants alleging any type of unfair act had to show their own relevant manufacturing activities and that the respondents were causing economic injury. Manufacturing and economic injury are not specifically required under the statute anymore. As explained below, however, economic injury is still a requirement when the unfair act is not infringement of a patent, trademark, copyright or mask work.

Even if a complainant does not have a well-established domestic industry, it may still satisfy the domestic industry requirement if it can show that it is in the process of establishing a domestic industry. The Commission has articulated the following test for proving that a domestic industry is in the process of being established:

An industry is “in the process of being established” if the patent owner “can demonstrate that he is taking the necessary tangible steps to establish such an industry in the United States,” S. Rep. 100-71 at 130, and there is a “significant likelihood that the industry requirement will be satisfied in the future.” H. Rep. 100-40 at 157.

*Certain Stringed Instruments*, Inv. No. 337-TA-589, Comm'n Op. (May 16, 2008).

Subsections (A) and (B) require a “significant” investment in “plant or equipment” or employment of “labor or capital,” respectively, while subsection (C) requires a “substantial investment.” 19 U.S.C. § 1337(a)(3)(A)-(C). Neither “significant” nor “substantial” is defined in the statute and the Commission does not determine whether this standard is met based on “any rigid mathematical formula.”<sup>12</sup> Rather, the Commission

will evaluate whether qualified investments and/or employment activities are significant or substantial in a case-by-case manner, based upon the articles protected by the intellectual property right.<sup>13</sup> A comparison of the value-added to the article by U.S. activities compared to the value added by non-U.S. activities is a tool that may be used to determine if a complainant has established that its U.S. activities are significant.<sup>14</sup> In several cases, the Commission has found that a U.S. value added of approximately one-third of the value of the product represents a “significant investment.”

Besides relying on its own activities to establish a domestic industry, a complainant can also rely on the activities of its licensees or its contractors.<sup>15</sup> However, establishing domestic industry is more complicated when the complainant relies on third parties. If, for example, a licensing company were to license a patent, the licensor-complainant could rely on its licensee’s “significant investment in plant and equipment” or “significant employment of labor or capital” within the U.S. in order to satisfy the domestic industry requirement. Such an arrangement, however, requires the cooperation of the licensee.

#### PRACTICE TIP

If relying on a third-party’s information and activities to establish or contest domestic industry, consider starting discovery of the third-party early in the case to avoid delays—or, ideally, seek cooperation prior to filing the complaint.

A quantitative analysis is required in determining each of the above requirements for a domestic industry; qualitative factors alone are insufficient. *Lelo Inc. v. U.S. Int'l Trade Comm'n*, 786 F.3d 879, 883 (Fed. Cir. 2015). A complainant must show that it has made investments related to the “industry” in the United States. *Id.* Under any of the statutory sections, the proofs being offered by the complainant must be specific and detailed. Broad, generalized assertions that a complainant has made a “significant investment” or “substantial investment” will not suffice to satisfy a complainant’s burden on domestic industry.

Notably, not all domestic business investments satisfy the domestic industry requirement, e.g., sales related activities do not qualify as domestic industry investments. In most instances, the complainant must

apportion its overall U.S. investments to the relevant products or activities.<sup>16</sup>

#### PRACTICE TIP

Any data relied upon by a complainant to prove up a “significant investment” or “substantial investment” must be detailed and specific. See *Lelo Inc. v. ITC*, 786 F.3d 879, 883 (Fed. Cir. 2015).

#### Establishing domestic industry based on U.S. investments in plant, equipment, or employment of labor or capital

Due to their similarities in language, subsections (A) and (B) are frequently discussed together. In order to satisfy these subsections, a complainant alleging any type of unfair act must show a significant investment in the U.S. of the type enumerated in the statute. This might include, for example, investments in labor relating to the manufacture or assembly of products in the United States, labor relating to testing and quality control, servicing of the goods in question, or investments relating to equipment used in connection with these activities. Importantly, however, these activities must specifically relate to the product or component that practices the intellectual property right being asserted.<sup>15</sup>

#### Establishing domestic industry based on U.S. investments in licensing or research and development

The question of whether a complainant can establish the existence of a domestic industry based on U.S. licensing activities has received considerable attention in the past several years as non-practicing entities or licensing entities have filed patent infringement complaints at the ITC and have relied on licensing or R&D activities to prove a domestic industry. Subsection (C) focuses on activities relating to “exploitation” of the intellectual property and applies only to investigations where the domestic industry is based on a patent, registered trademark, copyright or mask work. As mentioned above, subsection (C) was added in 1988 after the ITC denied relief in two cases where the complainants had relied on licensing activities and R&D activities. This history is helpful to understand the Commission’s analyses under this section.

That history involves the Gremlins. In the 1980’s, Warner Brothers had a robust licensing program with regard to its Gremlin characters. In the U.S., it managed sales and promotion and oversaw the production by licensees of articles using its copyrighted Gremlin images, but no

manufacturing was done in the United States. Warner Brother's filed a complaint at the ITC based on copyright infringement. *Certain Products With Gremlins Character Depictions*, Inv. No. 337-TA-201, Comm'n Op. (Dec. 10, 1984). The ITC determined that these licensing activities were insufficient to constitute a domestic industry because there were no manufacturing activities in the United States. At the same time, the Commission had denied relief to a complainant that had relied on R&D activities to establish a domestic industry. *Schaper Manufacturing Co. v. Int'l Trade Comm'n*, 717 F.2d 1368, 1371 (Fed. Cir. 1983). The ITC's denial of relief to the complainant, Warner Brothers, in the Gremlins case, inspired Congress to expand the definition of domestic industry.<sup>17</sup> Recognizing that there are substantial licensing and R&D industries in the United States that deserved protection under Section 337, Congress amended the statute by adding subsection (C).

#### ***Satisfying domestic industry based on licensing activities***

Since the enactment of subsection (C) in 1988, the issue of what constitutes a domestic industry based on licensing activities has evolved. The ITC may take a variety of factors into account when evaluating a licensing arrangement through the lens of a domestic industry analysis.

Up until 2014, a complainant relying on licensing activities to establish a domestic industry did not have to show the existence of any articles that practiced the asserted patent; it was sufficient to rely on licensing activities. This changed in 2014 when the Commission decided *Certain Computers and Computer Peripheral Devices, and Components Thereof, and Products Containing Same*, Inv. No. 337-TA-841 (Jan. 9, 2014). In that decision, the Commission departed from its prior practice and found that since the complainant, a licensing company, did not show that there were any products that practiced the asserted patents, it failed to meet the domestic industry requirement. The take-away message from this decision is that while a complainant is not required to make the article, it is required to show that someone (e.g., a licensee) is making or developing an article protected by the asserted patent.

One consistent theme that runs throughout Commission decisions on this subject is that activities and investments relating to patent procurement do not qualify as domestic industry activities. The mere act of purchasing a patent or portfolio "is solely related to ownership, not licensing" and is not considered

part of a domestic industry. *Certain Liquid Crystal Display Devices, Including Monitors, Televisions, and Modules, and Components Thereof*, 337-TA-741/337-TA-749, Comm'n Op. (July 6, 2012). The Commission has also rejected the argument that expenses relating to reexamination of patents in the context of licensing negotiations should be considered part of the domestic industry: "reexaminations are simply a continuation of prosecution that reaffirm or modify the boundaries of the patentee's ownership." *Id.* at 115. Some investments in infringement litigation, however, may satisfy the economic prong if the expenses are "substantial and directed toward a licensing program" that would encourage commercialization of the asserted technology.<sup>18</sup>

Another issue that has been litigated is whether revenue-driven licensing activities as opposed to production-driven licensing can qualify as a part of a domestic industry. The Commission addressed this question in *Certain Multimedia Display and Navigation Devices*, Inv. No. 337-TA-694, Comm'n Op. at 23-25 (Aug. 8, 2011) and ruled that the statute requires them to "consider *all* 'licensing' activities," (emphasis added). However, the Commission also suggested that revenue-driven licensing be given "less weight" than production-driven licensing. *Id.* No matter, in *Certain Computers and Computer Peripheral Devices*, Inv. No. 337-TA-841 (Jan. 9, 2014), the Commission expressly confirmed that a licensing domestic industry need not be "production driven."

Several unique domestic industry issues have arisen in the context of relying on licensing activities relating to patent portfolios where only a few of the patents are asserted. In these situations, the Commission looks to whether there is a nexus between the licensing activities, the investments and the asserted patents.<sup>19</sup> Accordingly, in establishing domestic industry, a relationship between the asserted patents and the licensing activities must be established, as opposed to a broad assertion of activities relating to the entire portfolio. For instance, the Commission considered a complainant's licensing investment to be substantial where the complainant invested more resources in the five asserted patents than the other patents in the portfolio, and the complainant's licensing program focused heavily on the asserted patents.<sup>20</sup> Other factors the Commission considers is the size of the licensing investment and the royalties in relation to the relative size of the overall business activity.<sup>21</sup>

#### ***Satisfying domestic industry based on U.S. R&D activities***

A domestic industry analysis based on U.S. "engineering, research and development" also has some unique aspects. A complainant attempting to establish a domestic industry based on R&D activities must show that there is a nexus between the R&D and the patented feature. It is not sufficient to show R&D generally relating to the article that includes the patented feature. Prior to 2014, the Commission presumed a nexus between the R&D and the asserted patent if the R&D related to some aspect of the article practicing the patent. However, in *Certain Integrated Circuit Chips and Products Containing the Same*, Inv. No. 337-TA-859, Comm'n Op. (Aug. 22, 2014), the complainant's U.S. R&D activities relating to chip design were insufficient to constitute a domestic industry where the asserted patent related to another feature, bond-pads. According to the Commission, "exploitation" under subparagraph (C) requires a showing of a nexus between the R&D activity and the claims of the asserted patent—not just to the article protected by that patent. The Commission recently confirmed that R&D activities also qualify for the analysis under subparagraphs (A) and (B). *Certain Robotic Vacuum Cleaning Devices*, Inv. No. 337-TA-1057, Comm'n Op. (Aug. 1, 2018).

#### **PRACTICE TIP**

For complainants establishing DI under the "research and development" prong of (C), it may be prudent to consider and evaluate the implications of the R&D under subsections (A) and (B), as well.

complaint alleging patent infringement and seeking a general exclusion order.

The Commission in affirming the ALJ's determination that the economic prong of domestic industry was satisfied, found the following expenditures to be substantial investments under subsection (C): domestically-produced instruction manuals; assembly/quality control time; raw materials for a freight elevator to store kits; time spent making the freight elevator; rent; website costs and development time; YouTube instructional videos; craft and hobby association memberships; a booth at a craft show; advertising to support craft show booths; value of inventor's development work time; modeling clay for prototypes; and domestic manufacture of prototypes. These activities were sufficient to meet the domestic industry requirement. The Commission excluded the following expenditures from the domestic industry: patent prosecution fees for U.S. and international patent applications; money paid to manufacturers in China; and the cost of travel to visit Chinese manufacturers.

#### **PRACTICE TIP**

Generally, the existence of a domestic industry is established at the time the complaint is filed. See *Certain Video Game Systems and Controllers*, Inv. No. 337-TA-743, Comm'n Op. at 4-6 (Jan. 20, 2012). If the domestic industry in question is "in the process of being established," this must be clearly pled with deliberate and thorough specificity. *Certain Communications Equipment*, Inv. No. 337-TA-817 (Comm'n Notice March 28, 2012).

#### **INJURY**

When the unfair act is not infringement of a patent, trademark, copyright or mask work, the complainant must also prove economic injury due to the unfairly traded imports.<sup>23</sup> Since the majority of Section 337 cases are based on patent infringement, injury is not often an issue. However, in cases where the complainant has the burden to establish substantial injury from the unfair acts, the following factors are often considered:

- (1) lost sales due to the unfairly traded imports;
- (2) respondent's volume of imports;
- (3) underselling by the respondent;
- (4) evidence of complainant's declining production, profitability and sales; and

(5) harm to goodwill and reputation.

*Certain Digital Multimeters*, Inv. No. 337-TA-588 (ID) (Jan. 2008).

## REMEDY

Section 337's exclusionary remedy is one of the ITC's most attractive features for prospective complainants. The ITC has the power to issue exclusion orders and cease and desist orders. Significantly, the ITC does not consider the *eBay* factors in deciding the appropriate remedy.<sup>24</sup> This is an advantage for a complainant compared to a plaintiff seeking an injunction before a district court. As noted earlier, however, the ITC cannot award damages.

Although the ITC issues its remedy at the conclusion of the investigation, it does not go into effect until after the 60-day Presidential Review Period. The President reviews the orders for policy issues and can only disapprove orders for policy reasons. During this 60-day period, offending products can be imported or sold in the United States provided a bond is posted. 19 U.S.C. § 1337 (j)(1). The amount of the bond is recommended by the ALJ and approved by the Commission. It is generally based on either the price differential between the domestic industry product and the unfairly traded imports or a reasonable royalty. It is worth noting though that a 100% bond has been required when no effective alternative existed.<sup>25</sup>

### Exclusion Orders

Exclusion orders are powerful remedies as they stop the importation of the infringing articles into the U.S. and are enforced by Customs. There are two types of exclusion orders: general exclusion orders ("GEOs"), which exclude all articles found to infringe regardless of the identity of the importer or manufacturer, and limited exclusion orders ("LEOs"), which exclude infringing articles by parties named as respondents in the investigation.

A GEO is a broad remedy and is useful in situations where there are multiple manufacturers of infringing products. To obtain a GEO, the complainant must establish one of two criteria under Section 337(d)(2): a) a GEO is "necessary to prevent circumvention of an [LEO]"; or b) "there is a pattern of violation of this section and it is difficult to identify the source of infringing products." This framework for assessing whether to grant a GEO was established in 1981 in *Certain Airless Spray Pumps and Components Thereof ("Spray Pumps")*, Inv. No. 337-TA-90. In *Spray*

*Pumps*, the Commission provided a non-exhaustive list of the types of "business conditions" that are relevant: 1) an established demand for the patented product in the U.S. market and conditions of the world market; 2) the availability of marketing and distribution networks in the U.S. for potential foreign manufacturers; 3) the cost to foreign entrepreneurs of building a facility capable of producing the patented article; and 4) the cost to foreign manufacturers of retooling their facility to produce the patented articles.

GEOs are less common than LEOs. In fact, the Commission has issued \_\_\_ GEOs between 2010 and the end of 2019, as compared to \_\_\_ LEOs. Nevertheless, GEOs continue to be issued including most recently in *In the Matter of Certain Height-Adjustable Desk Platforms and Components Thereof*, Inv. No. 337-TA-1125 (Jan. 22, 2020) when the Commission found that a GEO was proper based on a widespread pattern of violation.

### Downstream Relief

For LEOs, a common debate is whether the exclusion order will extend to downstream products or if it will be limited to the infringing component. Historically, the Commission extended LEOs to downstream products even when the downstream manufacturer was not a named respondent *when* the "EPROMs" factors were met. The "EPROMs" factors get their name from the investigation of which they were a part: *Certain Erasable Programmable Read Only Memories*, Inv. No. 337-TA-276, Comm'n Op. (May 1989). These factors were:

- (1) the value of the infringing articles compared to the value of the downstream products in which they were incorporated;
- (2) the identity of the manufacturer of the downstream products (*i.e.*, whether the manufacturer was a respondent to the investigation or a third-party);
- (3) the incremental value to the complainant of the exclusion of downstream products;
- (4) the incremental detriment to respondents of such exclusion;
- (5) the burdens imposed on third parties resulting from exclusion of downstream products;
- (6) the availability of alternative downstream products that did not contain the infringing articles;
- (7) the likelihood that imported downstream products

actually contained the infringing articles and were thereby subject to exclusion;

- (8) the opportunity for evasion of an exclusion order that did not include downstream products; and
- (9) enforceability of an order by Customs.

*Id.* This list of factors was not intended to be exclusive, and the Commission could also consider other relevant factors.

However, in *Kyocera Wireless Corp. v. U.S. Int'l Trade Comm'n*, 545 F.3d 1340 (Fed. Cir. 2008), the Federal Circuit held that LEOs could only apply to products manufactured and imported by named respondents, and could not extend to downstream products manufactured and imported by unnamed third parties. The Federal Circuit reasoned that because the ITC's authorizing statute provided for LEOs, applying only to articles manufactured by respondents in the investigation; and GEOs, applying broadly to all infringing articles, the statute could not be interpreted to authorize the issuance of an LEO applying to unnamed third parties.

Thus, the Commission limits LEOs to products of named respondents, and does not include products of unnamed third parties.

### Cease and Desist Orders

The ITC may also issue cease and desist orders to prevent all sales in the U.S. of the infringing articles, including those that are already in U.S. inventory. Cease and desist orders may be issued in addition to or instead of an exclusion order upon a finding of violation and in most cases are issued in addition to an exclusion order. Cease and desist orders are directed to specific parties—respondents in the investigation—and prevent the U.S. sale, distribution, or other use of the infringing articles. To issue a cease and desist order, the ITC must find that the domestic entity maintains a "commercially significant" inventory of the infringing articles in the U.S. The complainant has the burden of proof on this issue. For example, in *Certain Voltage Regulators*, Inv. No. 337-TA-654, Comm'n Op. (Aug. 3, 2010), the complainant had established that the respondent maintained a domestic inventory of 5,800 samples of the infringing articles and 75,000 engineering parts. The Commission found that this did not constitute a "significant inventory" given the "millions of parts maintained and sold abroad" by the respondent. Thus, the Commission did not issue a cease and desist order.

Violations of cease and desist orders carry stiff penalties. Under 19 U.S.C. §1337(f)(2), a civil penalty "for each day on which an importation of articles, or their sale, occurs in violation 33 of [an] order" carries a penalty of "the greater of \$100,000 or twice the domestic value of the articles entered or sold on such day."

## Public Interest

Before issuing any remedial order, the Commission, by statute, must consider the effect of such orders on four public interest factors. 19 U.S.C. § 1337(e). The public interest factors are: 1) public health and welfare; 2) competitive conditions in the U.S. economy; 3) production of like or competitive articles in the U.S.; and 4) U.S. consumers. The Commission must consult with administrative agencies such as the Federal Trade Commission, the Department of Health and Human Services, the Department of Justice, and other agencies it deems appropriate in order to evaluate the effect of a potential remedy on the public interest. The Commission also invites public comment from interested parties and members of the public on the public interest factors. The Commission considers only the four public interest factors listed above and need not consider the *eBay* factors applied by federal district courts in determining whether to issue injunctive relief to remedy patent infringement.<sup>26</sup>

Although almost every respondent found to have violated Section 337 argues that the public interest precludes the issuance of a remedy, as of beginning of 2020, the Commission has only denied complete relief based on public interest factors in three cases, and the bases for these decisions is that the complainant was unlikely to meet the demand if an exclusion order was issued and the subject products offered significant benefits to the public.<sup>27</sup>

In late 2018, recently retired Judge Pender denied Qualcomm an exclusion order due to alleged public interest concerns in the case *Certain Mobile Electronic Devices*, Inv. No. 337-TA-1065, ID (Sept. 28, 2018). Judge Pender determined that an exclusion order would inhibit technology development in 5G wireless technology. Judge Pender's ID was reversed by the Commission on validity grounds. Because the Commission found no violation, it did not issue an opinion addressing the public interest issue.



## PRACTICAL TIPS FOR LITIGATING SECTION 337 ACTIONS

This section of the guide discusses practical aspects of participating in Section 337 investigations and offers suggestions for both complainants and respondents.

### PRE-FILING CONSIDERATIONS AND FILING THE COMPLAINT

The unique statutory requirements and administrative procedures in an ITC investigation give rise to a number of strategic considerations unique to filing an ITC complaint and defending against allegations in these investigations. Preparation and organization are key to bringing and defending a Section 337 action.

#### Selection of Venue—ITC and District Court

To address the Commission's inability to award monetary damages, complainants usually file a contemporaneous district court complaint covering at least the allegations raised in the ITC complaint. If the two cases overlap with regard to the accusations, the parallel district court case can be stayed as a matter of right by the defendant pursuant to 28 U.S.C. § 1659 once the ITC investigation is instituted.

The general rule is that patent-based ITC determinations do not have preclusive effect in district court litigation,<sup>28</sup> but they can be persuasive in district court litigation.<sup>29</sup> There remains an on-going debate, however, as to whether patent decisions should have preclusive effect, especially because findings in ITC investigations involving trademarks or unfair

trade practices can have preclusive effect in district court litigation.<sup>30</sup> Indeed, in 2015, the Supreme Court found in *B&B Hardware, Inc. v. Hargis Indus., Inc.* that decisions by non-article III agency courts (in that case, the U.S. Trademark Trial and Appeal Board, TTAB) can have preclusive effects in district court. Whether it remains true that patent decisions by the ITC are only persuasive appears to be an unsettled issue<sup>31</sup>.

The rise of proceedings before the Patent Trial and Appeal Board ("PTAB")—*Inter Partes Review* petitions ("IPR(s)") and Covered Business Method reviews ("CBM(s)")—continues to be a hot topic in patent litigation everywhere, including at the ITC.<sup>32</sup> IPR and CBM proceedings are concluded in approximately 18 months, which is considerably faster than most district court litigation, but slightly longer than an ITC investigation, particularly when adding in the time needed to prepare the petition. District courts will sometimes, in their discretion, stay litigation if a CBM or IPR petition is instituted to conserve judicial resources and prevent conflicting claim interpretations.

Filing an IPR petition on patents in an ITC case will almost certainly not result in a stay. This is a factor that discourages respondents from going to the PTAB. But there also is effectively no estoppel at the ITC,

meaning that respondents can try to invalidate the patent based on the same arguments in the ITC and at the PTAB, giving themselves two bites at the apple. These competing principles should be weighed against the business interests of any respondent in making a strategic decision regarding filing an IPR.

#### Speed of Proceedings

Because of the expedited nature of these actions, advance planning is critical for a complainant bringing an ITC action. To the extent practical, a complainant should develop its claim constructions, its infringement theories and domestic industry evidence before the complaint is filed. Although this requires more work up front than a district court complaint might, it provides a significant advantage to the complainant compared to the respondent who will be considerably less prepared.

Early selection of consulting and testifying experts, both for technical issues and for remedy and domestic industry, also helps to ease the burdens associated with an ITC investigation. Finally, advance preparation and organization allows counsel to identify and focus on the most critical issues, particularly in cases involving complex technology.

#### PRACTICE TIP

Develop a discovery plan, start initial document collection, and identify and interview potential witnesses before filing or institution to help ease the burdens associated with an ITC investigation.

#### Selection of Respondents

The choice of respondents to name in an investigation is also a consideration. As explained in Section II, B., it is not necessary to have *in personam* jurisdiction over a respondent. In addition, it is generally easier to obtain discovery against foreign companies in the ITC than in district court litigation, so this factor may drive the selection of respondents. Because of these jurisdictional requirements, complainants generally name all known foreign manufacturers and importers of the accused products, and sometimes name retailers, particularly if the retailers' online presence is a significant factor driving importation. This is an important consideration especially if a complainant is seeking downstream relief. That is, if you are seeking a limited exclusion order against products that incorporate an infringing component, you generally must name any party against whose finished products

you want excluded.<sup>33</sup> Developing a comprehensive list of potential respondents is a critical step to obtaining complete and effective relief. After an investigation is instituted, additional respondents may be added only by motion upon a showing of good cause.

#### Role of the Office of Unfair Import Investigations

The nature of the ITC as an administrative agency also leads to some unique considerations. Because ITC exclusion orders are considered a drastic remedy that are enforced at the border, the statute sets forth mandatory public interest factors that must be evaluated prior to issuing any remedy. Though an ITC investigation is adversarial between a complainant and a respondent, the public interest is in effect represented by another entity—the Office of Unfair Import Investigations ("OUII" or "the Staff"). The OUII is an independent party to the investigation and is separate from the Office of the Administrative Law Judges. The Staff remains neutral until he or she declares a position on an issue (usually at the time of filing the pre-hearing brief), and because of this, coupled with their expertise, the Staff's position can be persuasive to the ALJ or to the Commission. The Rules used to require that all investigations include an OUII Staff attorney, but currently only a subset of investigations are assigned an OUII Staff attorney. Recently, it appears OUII Staff are most often assigned on cases where the public interest appears to be a meaningful issue or where a general exclusion order has been requested. This is anecdotal, however, and there are no official criteria for whether any given case will include participation by the OUII Staff.

#### Preparing the Complaint

The ITC rules set forth detailed requirements for filing a complaint. A summary of the elements that make up the substance of an ITC complaint is below:<sup>34</sup>

- A statement of facts constituting the alleged unfair competition and unfair acts.
- A description of specific instances of alleged unlawful importation and sales.
- A description and brief of any litigation or administrative proceedings that have occurred over the same subject matter as the current complaint.
- A description of the domestic industry.
- A description of the complainant's business and its interest in the relevant domestic industry, and a showing that the complainant is the owner or exclusive licensee of the asserted patent.

- Identification of each of the asserted patents and identification of each licensee for each patent.<sup>35</sup>
- A showing that each potential respondent imports or sells an article covered by the asserted patent. This is generally done using claim charts that compare each element of the claim to the subject article.
- A request for relief—that is, a statement of whether the complainant seeks a general exclusion order, a limited exclusion order, and/or cease and desist order.
- A clear statement in plain English of the category of products accused. For example, if an investigation seeks to exclude tablet computers, a description of the kinds of tablet computers.

At the time of filing a complaint, a complainant must also file a statement on the public interest. The statement is limited to five pages and should address the effect of the relief requested on the four statutory public interest factors: the public health and welfare, competitive conditions, or production of competitive goods in the United States, and the effect of the proposed remedy on consumers in the United States. Proposed respondents and others are given the opportunity to respond.

These requirements for a Section 337 complaint are more far-reaching than the requirements to file a district court case. For example, even under the recently revised Federal Rules of Civil Procedure, claim charts are not required to plead patent infringement in a district court. They are, however, a necessary and integral part of an ITC complaint. In addition, the complainant must have in hand a significant amount of the information that it will use to show that it meets the domestic industry requirement. Proof of importation (actual or circumstantial) must also be collected.

#### Pre-Filing Review and Filing the Complaint

Once the complaint is filed, the ITC has thirty days to review the complaint and determine whether to institute an investigation. During this time, the OUII staff attorneys may consult with the complainant, and sometimes with the proposed respondents, to obtain additional information to make a decision on institution. In some instances, the OUII staff attorneys may request that changes be made to the complaint to make it more likely that the investigation will be instituted. The complaint can be amended at any time as of right before an investigation is instituted,<sup>36</sup> so compliance

with the OUII's suggested changes can greatly increase the likelihood that an investigation is instituted.

Within days after the complaint is filed, the ITC publishes a notice in the Federal Register seeking comments. The purpose of these comments is to alert the ITC to potential public interest issues. If the ITC determines that there are potential public interest issues, it may instruct the ALJ to take evidence on public interest so that there is a complete record. Proposed respondents (and members of the public) have eight days from publication of the notice in the Federal Register to provide comments.<sup>37</sup> The complainant then has an opportunity to respond to any comments on the public interest.

#### PRACTICE TIP

Once a draft complaint is prepared, a common and valuable practice is to consult with OUII in advance of filing a complaint and provide them a draft complaint for review and comment. OUII will review a draft complaint for substance and form and provide helpful suggestions. Because the OUII staff attorneys are ultimately responsible for making recommendations to the Commission regarding institution, meeting with them in advance of filing the complaint provides a significant benefit and can be critical to filing a complaint that will be instituted.

#### THE ALJs AND DISCOVERY

The investigation proceeds before an ALJ, who oversees discovery and the hearing. Each ALJ is assisted by an attorney advisor. Biographies of the ALJs are attached as Appendix A. Discovery in Section 337 actions is expedited and is governed by the ITC's Rules of Practice and by detailed Ground Rules specific to each ALJ. Although the ITC's rules roughly track the Federal Rules of Civil Procedure, the accelerated discovery pace has important strategic implications because discovery is usually concluded in five to seven months. The importance of knowing the ALJs' Ground Rules cannot be overemphasized.

The chart on the next page summarizes the Ground Rules of the current ALJs. However, in practice, the ALJs have preferences that are not reflected in their Ground Rules.

#### THE ADMINISTRATIVE LAW JUDGES AND DISCOVERY

		CHARLES E. BULLOCK, CHIEF ALJ	DAVID P. SHAW	SANDRA (DEE) LORD	MARY JOAN McNAMARA	CHARLES S. CHENRY	CAMERON ELLIOT
DISCOVERY	Disclosures of Contentions	Timely notice of prior art required for assertion of invalidity or non-infringement of a patent claim	Respondent to file notice of prior art; parties to file joint statements regarding identification of accused products, products to be relied on for domestic industry, representative accused product, joint stipulation regarding accused products	Respondent must timely file notice of prior art	Required disclosure of patent priority dates and respondent must file disclosure of prior art	Respondent to file notice of prior art	Respondent to file notice of prior art
	Amending Contentions	Notice of prior art may not be supplemented except on motion showing good cause.	Notice of prior art may not be supplemented except on written motion showing good cause.	Notice of prior art may not be supplemented except on written motion showing good cause.	Notice of prior art may not be supplemented except on written motion showing good cause; notices with excessive disclosure of prior art may be stricken.	Notice of prior art may not be supplemented except on written motion showing good cause.	Notice of prior art may not be supplemented except on motion showing good cause.
	Discovery Motions	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter at least 2 business days before filing	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter at least 2 business days before filing; moving party must notify ALJ immediately if motion becomes moot	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter at least 2 business days before filing; moving party must notify ALJ immediately if motion becomes moot	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter prior to filing the motion. If after attempts to resolve fail and dispute persists, that party shall submit a letter by email to Judge Cheney and shall be no more than 2 pages. Other party may submit a responsive letter no later than 2 business days later; this shall also be no more than 2 pages. The dispute will then be placed on the agenda for an already scheduled monthly teleconference with the judge.	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter at least 2 business days before filing; 48 hours prior to a conference call with ALJ, party intending to file motion shall write a written explanation no longer than 3 pages; any other party wishing to file a written explanation must do so at least 24 hours, also no longer than 3 pages	Moving party must certify that it made reasonable, good-faith efforts to resolve the matter at least 2 business days before filing; 48 hours prior to a conference call with ALJ, party intending to file motion shall write a written explanation no longer than 3 pages; any other party wishing to file a written explanation must do so at least 24 hours, also no longer than 3 pages

## THE ADMINISTRATIVE LAW JUDGES AND DISCOVERY

		CHARLES E. BULLOCK, CHIEF ALJ	DAVID P. SHAW	SANDRA (DEE) LORD	MARY JOAN McNAMARA	CHARLES S. CHENEY	CAMERON ELLIOT
DISCOVERY (CONTINUED)	Cooperation in Discovery	Reasonable efforts to resolve disputes, Discovery Committee <sup>38</sup>	Intensive good faith to facilitate and resolve discovery issues without intervention from ALJ	Reasonable efforts to resolve disputes, Discovery Committee	Parties exchange terms and constructions, meet and confer to narrow scope of disputes; parties file a joint brief of disputed terms and constructions	Judge holds monthly teleconferences with the parties. One business day before each scheduled teleconference, the parties jointly submit to the Judge a proposed agenda with any discovery disputes.	Reasonable efforts to resolve disputes, Discovery Committee
	Claim Construction Exchanges	Parties and staff meet and confer on disputed terms, file joint or separate statements on interpretations of claim terms and support for same	Parties file joint lists of disputed claim terms and constructions	Parties and staff meet and confer to identify disputed terms	Parties exchange terms and constructions, meet and confer to narrow scope of disputes; parties file a joint brief of disputed terms and constructions	Parties exchange terms, meet and confer to narrow scope of disputes, parties file a chart of agreed and disputed terms and specify most significant terms	Parties exchange terms and constructions, meet and confer to narrow scope of disputes; parties file a joint proposed claim construction chart
MARKMAN PROCEEDINGS	Markman Hearing	ALJ may order claim construction hearing if beneficial; parties submit joint chart after hearing setting forth constructions	No claim construction hearing unless otherwise ordered by ALJ	ALJ may order claim construction hearing if beneficial to the Investigation; exhibits limited to those attached to parties' briefs and demonstratives	ALJ may order separate claim construction hearing; parties must file pre-hearing statement and may enter exhibits into evidence	ALJ may order claim construction hearing if beneficial to the Investigation.	ALJ may order claim construction hearing if beneficial; parties submit joint chart after hearing setting forth constructions
	Technology Tutorial	If necessary and ordered by the ALJ	Not specified in ground rules	Not specified in ground rules	Recommended, but not required	Not specified in ground rules	If needed, tutorial should not exceed one hour and should consist of one presentation agreed upon by all parties
Narrowing Accused Products and Asserted Claims		Not specified in ground rules	For investigations involving more than 4 patents or 20 claims, complainant must file biweekly declarations on efforts to reduce claims and patents	Not specified in ground rules	Not specified in ground rules	Not specified in ground rules	Not specified in ground rules

## THE ADMINISTRATIVE LAW JUDGES AND DISCOVERY

		CHARLES E. BULLOCK, CHIEF ALJ	DAVID P. SHAW	SANDRA (DEE) LORD	MARY JOAN McNAMARA	CHARLES S. CHENEY	CAMERON ELLIOT
		Witness Testimony	Direct witness testimony made by witness statement	Direct witness testimony made by witness statement	Direct witness testimony made by witness statement	Live direct examinations; witness statements containing background statements and sponsoring admission of exhibits only upon showing of good cause set forth in a motion	Live direct examinations
		Opening Statement	Limited to one hour	Permitted, and comes out of each side's allotted time	Limited to one hour	Permitted and limited to one hour	Permitted, and comes out of each side's allotted time
MARKMAN PROCEEDINGS (CONTINUED)	Closing Argument	Not scheduled, may be permitted by request, and typically scheduled after post-hearing briefs are submitted	Not specified	Not scheduled, may be permitted by request	Not scheduled, may be permitted by request	Not specified in ground rules	Not permitted
	TRIAL/HEARING	Number of Required Settlement Conferences	Two required settlement conferences and one-day mediation, each to be submitted with a joint report	Parties required to attend two settlement conferences, each to be submitted with a joint report	Two required settlement conferences and one-day mediation, each to be submitted with a joint report	Parties required to attend at least one settlement conference, each to be submitted with a joint report	One-day mediation required with a joint report to be submitted

## PRACTICE TIP

Check with the Staff for current ALJ preferences and check with the ALJs attorney advisor on procedural questions. Attorneys should refrain from asking the ALJ's attorney advisor substantive questions. ALJ's will also usually give updates on rules they consider important at a preliminary conference early in the investigation.

## Discovery Methods and Timing

As in district court, parties in ITC investigations may seek discovery through a variety of methods: requests for admission, interrogatories, subpoenas, document requests, and depositions. See 19 C.F.R. § 210.27(a). However, the timeline is much more compressed and most discovery responses are due within ten days of service, but practitioners should consult the Ground Rules for specific timing for each respective ALJ. Discovery begins the first day after the notice of institution publishes in the Federal Register.

## PRACTICE TIP

During the month between the filing of the complaint and the institution of an investigation, parties should be preparing outbound discovery requests and preparing production of certain core documentation. A common tactic is to be the first side out of the gates to serve discovery and catch the other side on its heels.

Unlike in district court, complainants learn technical details about the accused products very early in the proceedings, and are able to fashion their theories accordingly. Respondents can also learn about the basis for the complainants' allegations early on (such as by requesting testing documentation). The domestic industry requirement is another area of early discovery for both sides. Focusing discovery and resources on the best arguments is critical.

Because a complainant has prepared much of its case before filing the complaint, a respondent will oftentimes be playing catch-up and should immediately develop a discovery strategy and initiate collection of documents and information. There are several categories of information a respondent should collect soon after receiving the complaint to ensure its ability to meet discovery obligations and fully present its defense, including the following:

- Information regarding the quantity and value of the accused products imported into the U.S.

- Information regarding the respondent's production capacity
- Customs documents related to importation of the accused products
- The Harmonized Tariff Schedule item number(s) for the accused products
- The name(s) and address(es) of any relevant supplier(s) of parts/materials used in the accused products
- Any relevant license agreements.

Respondents should also identify and/or collect:

- Specifications and other detailed technical information about the accused products
- Information identifying suppliers of key components related to functionality in the patent's claims
- Relevant prior art
- Communications with the complainant
- Employees with the most relevant knowledge
- Technical experts who can often assist in identifying relevant prior art and/or help in redesign efforts.

Another unique aspect of ITC discovery is the usual inclusion of multiple respondents. Coordinating discovery responses and strategies among multiple respondents is challenging, and complainants will exploit any differences in respondents' positions.

Yet another feature unique to these cases is the potential involvement of the Staff Attorney in discovery issues, and the private parties should make an effort to educate the Staff Attorney on key issues. There is no prohibition against the private parties engaging in *ex parte* communications with the Staff.

The ITC typically requires early disclosure of expert witnesses. So, aside from the general strategic benefits of identifying and working with experts early, meeting the schedule requirements also motivates parties to find experts quickly.

Also, because discovery at the ITC often includes documents written in foreign languages, parties must determine early how best to manage such documents, whether clients can assist with translations, and whether to hire translators or use attorneys fluent in the language. Parties must be careful with their translations of any such documents.

Many ALJ's Ground Rules require that any existing English translations be produced. Certainly, any foreign language documents a party seeks to introduce into evidence at the hearing are required to be translated into English.

The ITC vigilantly protects confidential information. At the outset of an investigation the ALJ will issue a protective order. See 19 C.F.R. § 210.34. Protective orders in ITC investigations are generally more stringent than their counterparts in district court and exclude in-house counsel from accessing any confidential business information ("CBI"), absent mutual consent of the parties.<sup>39</sup> For investigations where source code production is necessary, the parties will often separately agree to a source code protective order.

## Mandatory Disclosures

ALJs typically require mandatory disclosures for priority dates, conception and reduction to practice dates, and prior art notices,<sup>40</sup> but some ALJs have more exhaustive requirements. For some ALJs, parties may set contention deadlines, and may choose to provide for preliminary contentions in addition to final contentions. Other ALJs require contention dates.

## Discovery: Scope, Disputes, and Motions to Compel

### Scope of discovery

The ITC tends to permit broad discovery. Relevance, with regard to products, is judged with reference to the Notice of Investigation ("NOI") and is typically not limited to specific products referenced in the complaint. By default, each party is limited to 175 interrogatories, but there is no limit on the number of document requests. See 19 C.F.R. § 210.29(a). For depositions, unless parties stipulate or the ALJ orders otherwise, complainants may take a maximum of five

fact depositions per respondent or no more than a total of twenty fact depositions (whichever is greater). Respondents, collectively, may take a maximum of twenty fact depositions. See 19 C.F.R. § 210.28(a). Each corporate deposition notice counts as a single deposition. *Id.* As a result, corporate depositions often include dozens of topics, resulting in a large number of depositions.<sup>41</sup> If the Commission Investigative Staff Attorney is a party, he or she may take a maximum of ten fact depositions and is permitted to participate in all depositions taken by any party. *Id.* The Staff most often will not take its own depositions and will instead separately participate in a number of the private parties' depositions.

## PRACTICE TIP

For taking foreign depositions, it is important to understand the rules and regulations related to depositions in the foreign jurisdiction and to make adequate preparations. For example, depositions are not permitted in mainland China. In Japan, consulate space should be reserved early and appropriate Visas should be obtained.

The rules also limit electronic discovery and electronic discovery is not required from sources that are not reasonably accessible due to undue burden or cost. See 19 C.F.R. § 210.27(c). Efforts should be made to negotiate e-discovery parameters early in the investigation. Parties often agree on a general discovery stipulation that addresses discovery issues like email discovery and locations for foreign depositions. 19 C.F.R. § 210.27(d) introduces proportionality requirements similar to the Federal Rules to limit duplicative, cumulative, and burdensome discovery.

### Discovery committees and disputes

In an effort to minimize discovery disputes, most ALJs require the formation of a "discovery committee" in each investigation. The discovery committee consists of lead counsel for each party and the Staff, and regular teleconferences for the committee are often required by the Ground Rules. ALJs generally require that discovery motions cannot be filed until the discovery committee has confirmed there is an impasse. The Ground Rules give specific guidance on parameters required before discovery motions are permissible.

The ALJs have the authority to issue sanctions for failure to comply with a discovery order. See

Commission Rules §§ 210.25, 210.27 and 210.33. For example, now retired Judge Pender issued a sanction decision in *Opaque Polymers*<sup>42</sup>, which was affirmed by the Commission. Judge Pender concluded that there was spoliation of evidence relating to a key witness' laptop as well as intentional deletion of files by another employee. As a sanction, Judge Pender found the respondent in default and imposed a monetary sanction. Notably, the sanctions included imposition of joint and several liability of the respondent's counsel, due to the counsel's failure to initiate a litigation hold, safeguard the laptop, and conduct an inadequate investigation of the respondent's explanation of the spoliation.<sup>43</sup>

Similarly, in *Flash Memory Chips*, Chief Judge Bullock imposed monetary sanctions where a party denied the existence of relevant documents in response to a discovery request, but had produced responsive documents in another investigation. In a detailed opinion, ALJ Bullock rejected the respondent's arguments attempting to explain why it should not be sanctioned for "misleading" discovery responses and ordered the respondent to reimburse complainant and the Staff for fees and costs relating to the discovery motion and any additional depositions.<sup>44</sup>

Among other examples, Judge McNamara issued similar monetary sanctions in *Certain Light-Emitting Diode Products*, Inv. No. 337-TA-947, Order No. 46 (Dec. 11, 2015). In addition to the monetary sanctions, she also precluded introduction of certain evidence and found certain adverse inferences.

Finally, ALJ orders on discovery motions are interlocutory and typically cannot be appealed to the Commission, except in limited circumstances. See 19 C.F.R. § 210.24. It is also noteworthy that all ALJ Ground Rules provide that no motion stops discovery, except for a timely motion to quash a subpoena. See Bullock G.R. 3.8; Cheney G.R. 5.3.2; Essex G.R. 3.8; Lord G.R. 3.8; McNamara G.R. 2.7; Shaw G.R. 1(k).

### Third-party discovery

Third-party discovery is common in Section 337 investigations and is obtained through subpoenas. The ITC's subpoena power is nationwide. Procedurally, a party seeking issuance of a subpoena submits an *ex parte* application to the ALJ and the ALJ issues a subpoena that is then served. See 19 C.F.R. § 210.32(a). ALJs often rule on the applications within a few days.

#### **PRACTICE TIP**

Parties should seek discovery from third parties early in the case and work closely with third parties to narrow the scope of any subpoena and minimize the burdens of discovery.

Third parties should document any agreements about the scope of discovery reached after conferring with the issuing party. Some third parties receive ITC discovery requests so frequently that they have established policies for responding to subpoenas and may require supplemental protective orders to address source code issues and other sensitive confidential information. Third parties may move to limit or quash a subpoena or lodge objections. 19 C.F.R. § 210.32(d).

Foreign discovery of third parties is difficult and time-consuming. It is typically a slow, multi-tiered process. For countries that are signatories of the Hague Convention, parties must file a motion requesting that the ITC formally request that a U.S. federal court issue a letter of request under the Hague Convention. This process typically takes months. The U.S. Department of State's website provides a high-level overview of treaties and procedures that may be involved in foreign discovery, including a guide for preparation of letters rogatory. See, e.g., <https://travel.state.gov/content/travel/en/legal-considerations/judicial/service-of-process.html> and <https://travel.state.gov/content/travel/en/legal-considerations/judicial/obtaining-evidence/preparation-letters-rogatory.html>. In addition, some countries may not accept letters rogatory issued by the ITC.<sup>45</sup> Thus, parties may need to direct a motion seeking issuance of letters rogatory with the District Court for the District of Columbia. Consultation with foreign attorneys is often advisable to assist with foreign discovery.

Foreign discovery of third parties poses other challenges. Some countries (such as China) do not permit depositions, and in others, the process may take longer than the discovery period or even the investigation itself. The ITC and U.S. federal courts may lack jurisdiction to enforce discovery against foreign third parties. Parties should also keep in mind that privilege and privacy laws are often different in other countries. Given the complexity and variability of foreign discovery procedures, parties should consider the need for foreign discovery and take steps for pursuing it as early as possible. Parties should consider seeking discovery from a related domestic entity (if any exists) as an alternative to or in parallel with seeking discovery from a foreign third-party. Parties should consider implications of their legal strategy if discovery does not proceed in a timely fashion.

If a third-party subpoena is not complied with, a party can move to enforce the subpoena at the ITC. Under 19 C.F.R. § 210.32(g), the ALJ can certify an order to the Commission requesting that the subpoena be complied with. The Commission can issue a notice authorizing the Office of the General Counsel to seek enforcement.

## **PRE-HEARING, HEARING, AND POST-HEARING PROCEDURES**

Once fact and expert discovery are completed, the investigation proceeds to the pre-hearing briefing and hearing stage.

### **Pre-Hearing Submissions**

#### Pre-hearing briefs

All parties, including the Staff, file pre-hearing briefs. The pre-hearing brief<sup>46</sup> provides the ALJ, opposing parties, and OUII with notice of the arguments and evidence that a party expects to present at the hearing. The brief is also the final opportunity to raise issues to be considered in the investigation.

#### **PRACTICE TIP**

It is vital that all arguments that a party may potentially raise are included in the pre-hearing brief, as arguments not raised are deemed to be waived.

Each ALJ has detailed instructions for pre-hearing submissions in his or her Ground Rules, and these instructions should be carefully reviewed and followed.

Generally, the pre-hearing brief includes at least the following:

- A Statement Of The Issues To Be Considered, including but not limited to a parties contentions on: claim construction, infringement, invalidity, unenforceability, domestic industry, remedy and bonding, and jurisdiction.
- Witness Identification.
- A proposed Pre-Hearing Conference Agenda.
- Exhibit List.
- Stipulations.

Some ALJs have additional requirements for the pre-hearing brief, including:

- Accused Article Chart. A chart specifically matching all asserted patent claims to each accused article.
- Detailed Claim Constructions.
- Use of Depositions.
- Preference for Opening/Closing Arguments.

### Exhibit lists

Exhibits are the primary method through which evidence is entered into the record. Depending on the issues in the case, including the number of products, patents at issue, and the number of parties involved, the total number of exhibits in a case can range from hundreds to thousands. Exhibits not listed on the exhibit list are generally not allowed to be presented at the hearing, except for impeachment purposes. So, it is important to ensure that all of the exhibits that may be used during the hearing are included in the exhibit list. It is important also that each exhibit includes a "sponsoring witness," to establish a foundation for the exhibit and to prevent exhibits from coming into the record that have no explanation. The parties may seek the admission of testimony through the designation of deposition testimony pursuant to 19 C.F.R. 210.28(g)-(h).

Parties may submit objections to exhibits, but the ALJs strongly urge the parties to resolve the majority of objections without the court's assistance. Recently, many parties have opted to stipulate not to provide objections on all exhibits and resolve any major issues via motions *in limine* or high priority objections. High priority objections are those objections a party believes to be the most important for discussion and/or ruling at the pre-hearing conference. Generally, ALJs limit the

number of high priority objections to ten, though some ALJs do not provide for high priority objections. See Cheney G.R.

For most ALJs, exhibits at the hearing include witness statements. Witness statements are each party's direct testimony in written question and answer form and serve as their direct testimony in place of live direct testimony at the hearing. These statements are provided prior to the pre-hearing brief. The submission of witness statements means that once a party witnesses takes the stand at the hearing, the testimony begins almost immediately with cross-examination. This procedure is obviously different than district court jury trials where witnesses can present live direct testimony and build a rapport with the fact finder. Judges Cheney and McNamara do not use witness statements and accept live direct testimony.

#### Motions *in limine*

As in district court cases, parties may submit motions *in limine* at the pre-hearing stage. Generally, the ALJ limits the number of motions *in limine* that each party can submit to ten or less. Common types of motions *in limine* include motions to exclude or limit expert testimony and exclude untimely disclosed evidence.

#### **The Pre-Hearing Conference**

The pre-hearing conference provides the parties with an opportunity to raise pre-hearing issues to the ALJ's attention and request a resolution before the hearing starts. See 19 C.F.R. § 210.35. This is the final opportunity for the parties to resolve outstanding issues in an efficient manner without being constrained by the hearing time. Often ALJs will rule on objections and motions *in limine* at the pre-hearing conference.

#### **The Hearing**

##### Schedule and logistics

In a typical case, the order of examination is as follows:

- (1) Brief Opening Statements, if permitted;
- (2) Complainant's Case-in-Chief;
- (3) Respondent's Case-in-Chief;
- (4) Commission Investigative Attorney's Case-in-Chief;
- (5) Complainant's Rebuttal; and
- (6) Respondent's Rebuttal, if permitted.<sup>47</sup>

The ALJs limit the duration of the hearings. Current ALJ practice appears to limit hearings to five days or less. Hearing time is first allocated to the Staff and then the remaining time is usually split evenly among respondent and complainant. Because respondents are typically provided the same amount of time as complainants, regardless of whether there is a single respondent or multiple respondents, they must coordinate their witnesses and arguments. Additional time may be requested if warranted.

#### Presenting the Case-in-Chief

Whether a witness may provide his or her direct testimony live at the hearing depends on the individual ALJ. Only two presiding ALJs currently allow direct testimony at the hearing. The practice of using witness statements for direct testimony results in the first live testimony being a cross-examination of complainant's fact witnesses along with any appropriate redirect.

Experts are significant witnesses in Section 337 cases and issues frequently arise with their testimony. For expert witnesses, a written report must be produced to the other parties well prior to the hearing date and an expert's hearing testimony is limited based on the scope of the reports, deposition testimony, or within the discretion of the ALJ. Expert witnesses typically testify regarding technical aspects of a case, including patent infringement and validity, domestic industry, remedy, and bonding. Legal experts are occasionally used, but their testimony is limited to issues such as foreign law or procedures of the U.S. Patent and Trademark Office.

At the request of a party or at the ALJ's discretion, the ALJ may exclude fact witnesses from the hearing room so that they cannot hear the testimony of other witnesses. Similarly, while ITC hearings are typically open to the public, parties may request that portions of the hearing be on the confidential record. However, the ALJs attempt to keep as much of the hearing public as possible.

#### **Post-Hearing Submissions**

No "verdict" is rendered at the close of the evidence. After the hearing, the parties, including the Staff, submit post-hearing briefs, and infrequently (as the ALJs generally discourage them), proposed findings of fact. These submissions are relied upon by the ALJ in preparing the ID and also by the Commission during review of the Initial Determination ("ID"). Because the ALJ must issue the initial determination on violation

at least four months before the target date, the ALJ will set the post-hearing briefing schedule so as to leave sufficient time to draft the ID from the end of the hearing until the ID deadline. Due dates for post-hearing submissions are usually set by the ALJ at the end of the hearing. Typically, the deadline for the initial post-hearing briefs is ten to fourteen days after the end of the hearing and the deadline for the rebuttal brief is generally seven to ten days after the initial post-hearing brief deadline. The ALJ also sets page limits for these submissions.

#### **PRACTICE TIP**

Parties should adhere to the page limits and refrain from attaching dense appendices or incorporating other documents by reference. The parties should also not attach evidence that is not in the record and was not offered during the hearing.

Most ALJs allow each party to file an initial opening brief and a reply brief. The reply brief is limited to issues discussed in the initial post-hearing briefs of the opposing party and OUII. As a result, a party must present all of its positions in its opening brief, including those relating to issues for which the opposing party bears the burden (e.g., a complainant must include arguments relating to validity and a respondent must include arguments relating to invalidity). Issues that are not initially briefed are deemed waived.

#### **INITIAL DETERMINATIONS**

whether or not there is a violation of Section 337. The ID is certified to the Commission along with the evidentiary record. Usually at the same time the ID is issued, but no later than fourteen days after issuing the ID, the ALJ issues a Recommended Determination (or "RD") on an appropriate remedy in the event that the Commission finds a violation of Section 337, and the amount of any bond to be posted by respondents during the 60-day Presidential review period. The RD will also address public interest issues if ordered as part of the investigation. See 19 C.F.R. § 210.42(a) (1)(ii). IDs concerning temporary relief have a different timeline.<sup>48</sup>

#### **COMMISSION REVIEW OF THE ID**

After the final ID is issued, the case then proceeds before the Commission. IDs become the final

Commission's determination forty-five days after the date of service of the ID in permanent relief proceedings, unless the Commission reviews the ID or extends its deadline. See 19 C.F.R. §§ 210.42(h), 210.66(b). Parties can seek Commission review of the ALJ's ID by filing a petition for review. The standard for granting review is a clear error of material fact, an error of law, or that there is a policy matter warranting consideration by the Commission. See 19 C.F.R. §§ 210.43(b), 210.66(c). The Commission may also review an ID on its own motion. After Commission review of the ID, or if the Commission decides not to review the ID, and expiration of the 60-day Presidential review period, the determination becomes final and is appealable to the Federal Circuit. If the Commission does review the ID, the review will be *de novo*.

#### **REMEDY, BONDING, AND CUSTOMS**

If the ITC determines there is a violation of Section 337, the next phase is the remedial and Presidential review phase. The ITC determines the appropriate remedy, e.g., a GEO, LEO and/or cease and desist orders. The ITC's remedial orders are then submitted to the President for review before going into effect. This period is referred to as the 60-day Presidential review period. 19 U.S.C. § 1337(j).

During this 60-day period, the subject imported articles are permitted entry into the United States or can be sold from inventory provided a bond is posted. 19 U.S.C. § 1337(j)(3).

At the conclusion of the 60-day Presidential review period, the orders go into effect. As noted above, Customs is tasked with enforcing ITC exclusion orders and the ITC enforces its cease and desist orders. Upon receipt of an exclusion order from the ITC, Customs will issue a memorandum to the ports providing details on enforcement of the exclusion order. Customs often consults with the ITC on the scope of the orders.

It is important for both complainants and affected respondents to interact with Customs during this time period.

A party facing potential exclusion of its products can take several steps to address the issue. Customs considers requests from importers of articles that may be subject to exclusion orders, and may issue rulings regarding whether such articles are subject to exclusion. These requests are brought under 19 C.F.R. Part 177, and are often referred to as "Rule 177 Letters." See 19 C.F.R. Pt. 177. Rule 177 Letters are addressed

to the IPR “Intellectual Property Rights” Branch and are considered on an ex parte basis. For example, in *Certain Mobile Devices, Associated Software, and Components Thereof*, Inv. No. 337-TA-744, the ITC issued a limited exclusion order directed to certain mobile phones. The respondent, Motorola Mobility, Inc. (“Motorola”), modified the operating system on its infringing products and requested a Rule 177 ruling from Customs that its redesigned products were not within the scope of the LEO.<sup>49</sup> The IPR Branch found that Motorola “met its burden to establish that its devices with modifications . . . are not covered by the relevant claims of the patent at issue and therefore the devices in question should not be refused entry.”<sup>50</sup> Thus, Motorola was successful in its redesign attempt, and the redesigned products were allowed entry.

If products have already been excluded, a party can file a protest under 19 C.F.R. § 174. A party files a protest using Customs Form 19 and must do so within 180 days of the decision to exclude the imported articles. 19 C.F.R. § 174.12(b), (e). The protest is filed with the port director who decided to exclude the articles, and the port director must issue a decision within thirty days of its filing. 19 C.F.R. § 174.12(b), (d), (f).

A party can appeal an adverse decision from Customs under either of these procedures to the Court of International Trade (“CIT”). 28 U.S.C. § 1581(a), (h). The Federal Circuit, in turn, has jurisdiction to review decisions from the CIT. 28 U.S.C. § 1295(a)(5). Because the suit is brought against the United States, a party with a direct interest in enforcing the underlying exclusion order is not a party to the appeal. Indeed, the patentee is statutorily barred from intervening in the action, and therefore can only participate in the action as an amicus in a limited manner.<sup>51</sup>

For example, in *Corning Gilbert Inc. v. United States*<sup>52</sup>, Corning had first responded to a GEO by submitting multiple protests with Customs.<sup>53</sup> Customs denied these protests,<sup>54</sup> and Corning filed suit in the CIT.<sup>55</sup> The original ITC complainant-patentee, PPC, sought to intervene in the proceeding, but its motion was denied, pursuant to 28 U.S.C. § 1581(a), which explicitly “forecloses intervention by any other interested party.”<sup>56</sup> In *Corning*, the court found that the Customs decision did not warrant any deference, Corning, 896 F.Supp.2d at 1288-93, and that Corning’s excluded product did not infringe upon the patent that served as the basis of the GEO.<sup>57</sup> Thus, the court granted Corning’s motion for summary judgment and ordered Customs to admit Corning’s products into the United States. Id. at 1297.

## ACTIONS AFTER A FINAL DECISION: MODIFICATION AND ENFORCEMENT ACTIONS

A party that has been found to violate Section 337, e.g., infringe an asserted patent, and is facing exclusion, can redesign its product to avoid infringement of the patent. Such a party may, under 37 C.F.R. § 210.79, seek an advisory opinion from the ITC as to whether a “proposed course of action or conduct would violate a Commission exclusion order.” Utilizing this procedure can be another effective method for a respondent to determine whether such a design-around attempt has been successful.

### PRACTICE TIP

An additional strategic consideration for parties considering a request for an advisory opinion is that the ITC decision in an advisory action is not appealable to the Federal Circuit. *Allied Corp. v. U.S. Int’l Trade Comm’n*, 850 F.2d 1573, 1578 (Fed. Cir. 1988).

In deciding whether to institute an advisory action, the ITC considers whether instituting the action would: 1) facilitate enforcement of Section 337, 2) be in the public interest, or 3) benefit consumers. The ITC also considers competitive conditions. See 19 C.F.R. § 210.79(a). The ITC will determine whether the party requesting the advisory opinion has a “compelling business need” for the advice and has framed the request as fully and accurately as possible.<sup>58</sup>

In the context of an advisory action, the burden of proof is on the requesting party.<sup>59</sup> That is, even though the burden is usually on the patentee to prove infringement, in an advisory action, the party with a redesigned product will have the burden of proving its new product does not infringe.<sup>60</sup>

On the other hand, a prevailing complainant in an investigation may also seek enforcement of the exclusion order by the ITC against a respondent’s redesigned product, or to remedy any other perceived violation of a remedial order. There are formal and informal enforcement proceedings at the ITC. On the one hand, a complainant may informally seek redress through the Office of Unfair Import Investigations by way of correspondence or a conference.<sup>61</sup> The Commission can then issue an appropriate order to ensure compliance with a prior exclusion or cease and desist order.<sup>62</sup>

As for formal enforcement proceedings, these may be initiated either by the complainant or the ITC on its own initiative by docketing a complaint setting forth the alleged violation of a previous ITC exclusion or cease and desist order.<sup>63</sup> If a proceeding is instituted, the complaint is served upon the alleged violator and published in the Federal Register.<sup>64</sup> Within fifteen days of service of the complaint, the named respondent must file a response advising the Commission of any defense and admitting or denying any allegation of the complaint.<sup>65</sup> The Commission, or a delegated ALJ, will then hold a public hearing and take evidence from the parties.<sup>66</sup>

If the Commission finds that a violation of an order has occurred, the Commission may: 1) modify the order in any manner necessary to remedy the violation; 2) bring a civil action in district court seeking a civil penalty for the U.S. or an injunction enforcing the Commission’s determination; and/or 3) if the underlying order was a cease and desist order, revoke such order and direct that the articles be excluded from entry into the U.S. 19 C.F.R. § 210.75(b)(4). Notably, violating a cease and desist order can result in severe civil penalties of up to \$100,000 per violation or twice the value of the imported goods, whichever is greater.

## APPEALS TO THE FEDERAL CIRCUIT AND RELATED DISTRICT COURT CASES

Final determinations in Section 337 investigations by the ITC are appealable to the Federal Circuit. These appeals take much the same form as appeals from district court decisions, except that jurisdiction is no longer in rem and the appeal is brought against the ITC as the appellee. The private parties who would otherwise be in the position of an appellee, however, often intervene. Appeals must be filed within 60 days of the date on which the ITC’s decision becomes final. 19 U.S.C. § 1337(c).

Under 28 U.S.C. § 1295(a)(6), the Federal Circuit has jurisdiction over final decisions of the ITC, and its review is limited to issues addressed in the Commission’s final determination. In other words, if the ALJ considered both patent infringement and validity in the ID, but the final determination from the Commission was based only on a finding of patent infringement, the Federal Circuit will only have jurisdiction to review the infringement question, not the ALJ’s finding as to validity in his or her ID.

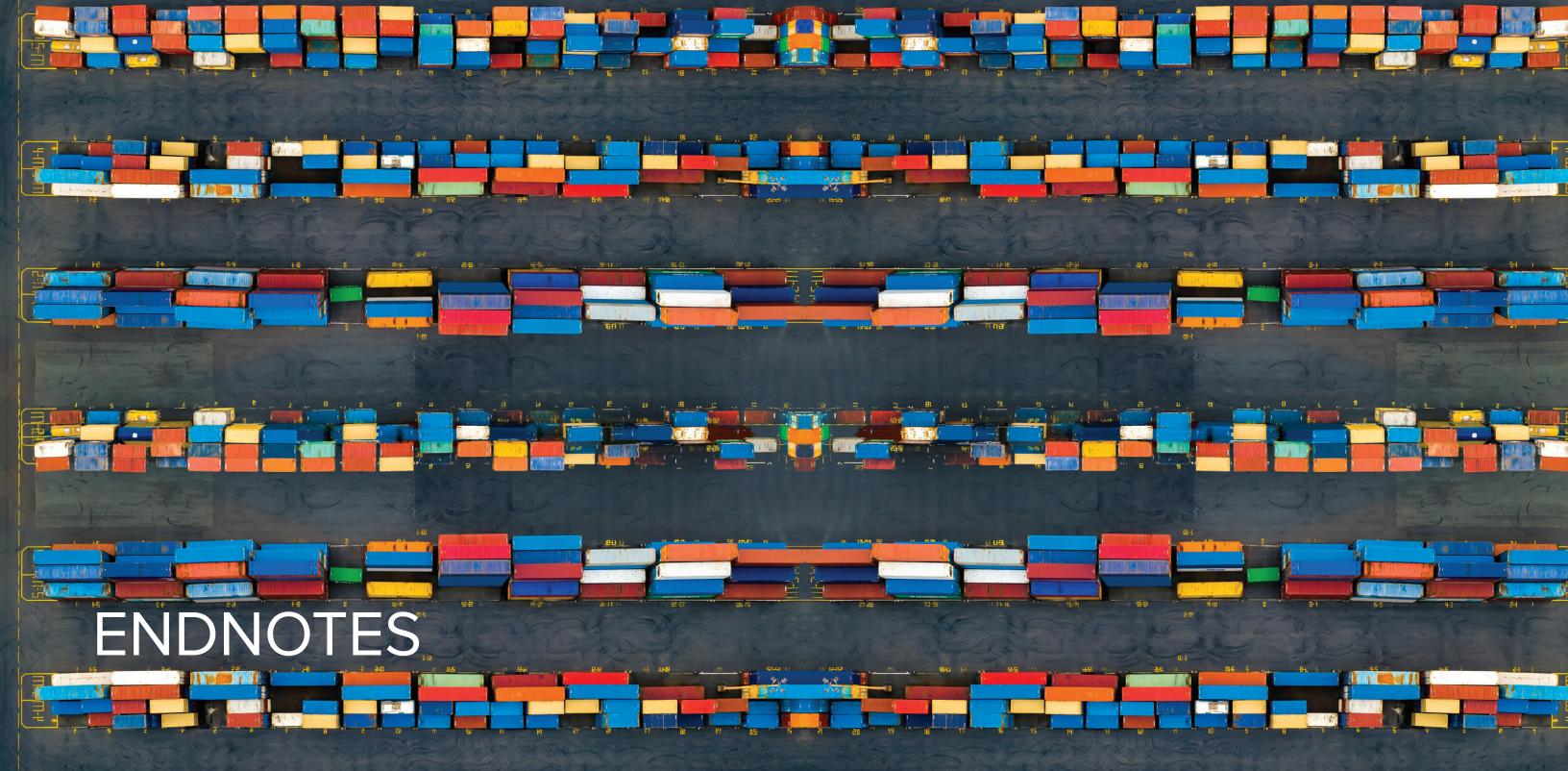


## THE FUTURE OF SECTION 337

In 2019, we saw an uptick in life sciences and non-patent cases. As more industries and legal professionals become aware of the ITC's jurisdiction, we expect to see more of these cases going forward.

Of particular interest right now, there are a number of trade secret misappropriation cases pending at the ITC that are scheduled for initial determination and commission opinion throughout 2020. If those cases do not settle before those decisions are rendered there should be a relatively large new body of case law surrounding trade secrets cases at the ITC. For example, we expect clarity on how exclusively the ITC will rely on the DTSA in determining whether or not there has been a misappropriation. Likewise, the ITC will be forced to provide additional guidance on how complainants can prove that the alleged misconduct has resulted in a "substantial injury" to its domestic industry. Relatedly, the ITC will likely provide counsel on how domestic industry is defined in non-patent, non-trademark, and non-copyright cases.

Intellectual property rights will continue to be an important asset and Section 337 will continue to be an important tool to combat infringing products or monetize intellectual property rights. This is particularly true in an environment where injunctive relief continues to be a remedy to secure in district court litigations. Likewise, the ITC is appealing because the cases will not be subjected to a stay.



<sup>1</sup> This guide primarily discusses Section 337 actions requesting permanent relief. However, Section 337 also provides a procedure for seeking temporary relief, which is akin to seeking a preliminary injunction.

<sup>2</sup> Please note that for all Court and ITC statistics listed in this publication, the data is current as of September 2018.

<sup>3</sup> In *Certain Three Dimensional Cinema Systems*, Inv. No. 337-TA-939, a PTAB decision of unpatentability came down while the Commission was deciding whether there was a violation. The Commission suspended the remedy with regard to the claims found to be unpatentable.

<sup>4</sup> The ITC can also issue cease and desist orders that prohibit the sale of infringing products from inventory in the United States.

<sup>5</sup> A more detailed discussion regarding exclusion orders and the eBay factors is in Section II, E.

<sup>6</sup> A current list of cases during which a "100-day proceeding" has played a role is provided at Attachment C.

<sup>7</sup> *Certain Carbon and Alloy Steel Products*, 337-TA-1002, 81 Fed. Reg. 35381 (June 2, 2016).

<sup>8</sup> See *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, Inv. No. 337-TA-604, Comm'n Op. (Apr. 28, 2009).

<sup>9</sup> Prior to 1988, process patent holders could only sue for infringement of products produced outside of the U.S. by a patented process under Section 337. In 1988, Congress amended 35 U.S.C. § 271(g), giving process patent holders the ability to sue for infringement in district court.

<sup>10</sup> See, e.g., *Certain Variable Speed Wind Turbines and Components Thereof*, Inv. No. 337-TA-376, Comm'n Op. (Oct. 19, 1995).

<sup>11</sup> See, e.g., *Certain Acesulfame Potassium and Blends*, ITC Inv. No. 337-TA-403, Comm'n Op. (Jan. 15, 1999).

<sup>12</sup> See *Certain Male Prophylactic Devices*, Inv. No. 337-TA-546, Comm'n Op. (Aug. 1, 2007).

<sup>13</sup> *Certain Printing and Imaging Devices*, Inv. No. 337-TA-690, Comm'n Op. (Feb. 17, 2011).

<sup>14</sup> See, e.g., *Lelo Inc. v. U.S. Int'l Trade Comm'n*, 786 F.3d 879, 884-885 (Fed. Cir. 2015); *Certain Male Prophylactic Devices*, Inv. No. 337-TA-546, Comm'n Op. (June 21, 2007).

<sup>15</sup> *Certain Products Having Laminated Packaging, Laminated Packaging, and Components Thereof*, Inv. No. 337-TA-874, Comm'n Op. at 29 (Sept. 3, 2013).

<sup>16</sup> See, e.g., *Lelo*, 786 F.3d 879, 883 (Fed. Cir. 2015); see also *Certain Semiconductor Chips and Products Containing Same*, Inv. No. 337-TA-753, Comm'n Op. (Aug. 17, 2012).

<sup>17</sup> Calvaruso, AIPLA, Recent Developments in the ITC: The Domestic Industry Requirement and the scope of ITC Jurisdiction over non-US Activities.

<sup>18</sup> *Motiva, LLC v. U.S. Int'l Trade Comm'n*, 716 F.3d 596, 600 (Fed. Cir. 2013).

<sup>19</sup> *Certain Multimedia Display and Navigation Devices and Systems, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-694, Comm'n Op. at 7-8 (August 8, 2011).

<sup>20</sup> *Certain Liquid Crystal Display Devices, Including Monitors, Televisions, and Modules, and Components Thereof*, 337-TA-741/337-TA-749, Comm'n Op. (July 6, 2012).

<sup>21</sup> *Certain Multimedia Display and Navigation Devices and Systems, Components Thereof, and Products Containing Same*, Inv. No. 337-TA-694, Comm'n Op. (July 1, 2011).

<sup>22</sup> While this case was a default case, the analysis is instructive.

<sup>23</sup> Prior to 1988, proof of economic injury was required in all Section 337 actions. The Omnibus Trade & Competitiveness Act of 1988, 19 U.S.C. § 2191 (2012), eliminated the injury requirement for unfair acts based on infringement of a patent, registered trademark, copyright or mask work.

<sup>24</sup> Under *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), in order to obtain an injunction from a district court, a plaintiff must show that (1) it has a likelihood of success on the merits; (2) irreparable harm; (3) a remedy in equity is warranted after balancing the hardships; and (4) the public interest would not be disserved. *Id.* at 391.

<sup>25</sup> *Automated Teller Machines*, Inv. No. 337-TA-972, Comm'n Op. at 29-30 (May 19, 2017).

<sup>26</sup> See *Spansion, Inc. v. U.S. Int'l Trade Comm'n*, 629 F.3d 1331, 1358-59 (Fed. Cir. 2010).

<sup>27</sup> See *Certain Automatic Crankpin Grinders*, Inv. No. 337-TA-60, Comm'n Op. at 18 (Dec. 1979) (U.S. producer would not be able to meet demand); *Certain Inclined-Field Acceleration Tables*, Inv. No. 337-TA-67, Comm'n Op. at 29 (Dec. 1980) (an exclusion order would adversely impact certain scientific search); and *Certain Fluidized Supporting Apparatus*, Inv. Nos. 337-TA-182/188 (Oct. 1984) (complainant was unable to meet demand for beds used to treat burn patients). In a few recent cases, however, the Commission delayed the exclusion order or grandfathered certain products based on public interest factors. See *Certain Baseband Processors*, Inv. No. 337-TA-543, Comm'n Op. at 2-3 (Oct. 2011) and *Certain Personal Data and Mobile Communication Devices*, Inv. No. 337-TA-710, Comm'n Op. at 79-83 (Dec. 2011) (exclusion order directed to cell phones delayed for four months so wireless providers could transition devices).

<sup>28</sup> See *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1568-69 (Fed. Cir. 1996).

<sup>29</sup> See *Epistar Corp. v. Philips Lumileds Lighting Co., Inc.*, No. C 07-05194-CW, 2008 WL 3930030 (N.D. Cal. 2008) (finding that defense based on covenant not to sue was not precluded by not being decided at the ITC, but staying claims until after decision from ITC); *Sandisk Corp. v. Phison Electronics Corp.*, 538 F. Supp. 2d 1060, 1067 (W.D. Wisc. 2008) (noting that ITC decisions do not have preclusive effect, but that "the record developed in the proceeding before the commission may be used to 'expedite proceedings and provide useful information to the court.'").

<sup>30</sup> See *Union Manufacturing Co., Inc. v. Han Baek Trading Co., Ltd.*, 763 F.2d 42 (2d. Cir. 1985).

<sup>31</sup> *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 575 U.S. 138 (2015)

<sup>32</sup> Once a patent claim is asserted, an accused infringer has the option of filing an administrative proceeding before the PTAB to challenge the patentability of the claims. In an IPR, a petitioner asserts before the PTAB that claims of a patent are unpatentable as obvious or anticipated over prior art patents or printed publications. An IPR must be filed within one year of service of a complaint alleging patent infringement. See 35 U.S.C. § 315(b). In a CBM review, a petitioner asserts that the patent claims are unpatentable as anticipated or obvious as lacking enablement or written description under 35 U.S.C. § 112 or for failing to claim patentable subject matter under 35 U.S.C. § 101. A CBM review may be filed at any time provided jurisdictional requirements are satisfied.

<sup>33</sup> See *Kyocera Wireless Corp. v. U.S. Int'l Trade Comm'n*, 545 F.3d 1340 (Fed. Cir. 2008).

<sup>34</sup> See 19 C.F.R. § 210.12, setting forth each requirement for a complaint to initiate an ITC investigation.

<sup>35</sup> Note that portions of a complaint (such as confidential license agreements) can be filed under seal.

<sup>36</sup> See 19 C.F.R. § 210.14(a).

<sup>37</sup> See 19 C.F.R. § 210.8(c).

<sup>38</sup> The Discovery Committee Conference consists of the lead counsel for each party and shall convene once every two weeks during the discovery period. Ten days after the end of each calendar month, the Discovery Committee shall report in writing to the ALJ all disputes resolved that month and all disputes where there was an impasse that month.

<sup>39</sup> CBI is broadly defined as "information which concerns or relates to the trade secrets, processes, operations, style of works, or apparatus, or to the production, sales, shipments, purchases, transfers, identification of customers, inventories, or amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or other organization, or other information of commercial value, the disclosure of which is likely to have the effect of either impairing the Commission's ability to obtain such information as is necessary to perform its statutory functions, or causing substantial harm to the competitive position of the person, firm, partnership, corporation, or other organization from which the information was obtained, unless the Commission is required by law to disclose such information." See 19 C.F.R. § 201.6(a).

<sup>40</sup> Respondents should conduct exhaustive prior art searches early on because many ALJs severely limit a respondent's ability to amend the notice of prior art subsequent to the disclosure deadline, but respondents need to be careful to distill their prior art to only those references they intend to rely on as some ALJs will strike a listing deemed too voluminous.

<sup>41</sup> In ITC proceedings, it is quite typical that witnesses do not speak English; therefore, translators are needed and additional time must be factored in for such depositions.

<sup>42</sup> Respondent has appealed the Commission's decision to the Federal Circuit (Case Nos. 15-1833, 15-1774).

<sup>43</sup> *Certain Opaque Polymers*, Inv. No. 337-TA-883, Comm'n Opp. at 14-15 (April 30, 2015).

<sup>44</sup> *Certain Flash Memory Chips*, Inv. No. 337-TA-893, Order No. 76 (Jan. 13, 2015).

<sup>45</sup> See, e.g., *Certain Display Devices*, Inv. No. 337-TA-713, Order No. 8 at 2 (June 10, 2010) (noting "there is no evidence that the Commission is, in fact, a 'tribunal' as defined by the Inter-American Convention on Letters Rogatory").

<sup>46</sup> Some ALJs require that both a pre-hearing statement and a pre-hearing brief be filed. These pre-hearing submissions are collectively referred to here as a "pre-hearing brief."

<sup>47</sup> Some ALJs do not allocate time for respondent's rebuttal.

<sup>48</sup> See 19 C.F.R. § 210.66.

<sup>49</sup> Letter to Brinkman, HQ H226615 (Aug. 25, 2013) at 6, available at <http://rulings.cbp.gov/hq/2013/h226615.doc>. The "HQ" in the number identifying the letter stands for "Headquarters Ruling."

<sup>50</sup> *Id.* at 9.

<sup>51</sup> See 28 U.S.C. § 2631(j)(1)(A) ("Any person who would be adversely affected or aggrieved by a decision in a civil action pending in the Court of International Trade may, by leave of court, intervene in such action, except that—(A) no person may intervene in a civil action under section 515 or 516 of the Tariff Act of 1930."); *Corning Gilbert Inc. v. United States*, 837 F. Supp. 2d 1303 (Ct. Int'l Trade 2012) ("In section 1581(a) actions challenging a denied protest, Congress limited the number of interested parties to two: the importer (or someone standing in the shoes of the importer under 19 U.S.C. § 1514) and the Government. The statute forecloses intervention by any other interested party. . . . When, as, and if the court determines that PPC's views on a particular legal issue may be \*1307 helpful (and not a hindrance), the court will invite PPC to file an amicus curiae brief. Until then, PPC may offer whatever informal assistance Defendant is willing to accept.")

<sup>52</sup> 896 F. Supp. 2d 1281 (Ct. Int'l Trade 2013).

<sup>53</sup> See Letter to Port Director, HQ H194336 (Dec. 9 2011) at 1, available at <http://rulings.cbp.gov/hq/2011/h194336.doc>.

<sup>54</sup> *Id.* at 21.

<sup>55</sup> See *Id.* at 1283-84

<sup>56</sup> *Corning Gilbert Inc. v. United States*, 837 F. Supp. 2d 1303, 1304 (Ct. Int'l Trade 2012) (citing 28 U.S.C. § 2631(j)(1)(A)).

<sup>57</sup> *Id.* at 1294-96.

<sup>58</sup> *Surveying Devices, Advisory Opinion*, Inv. No. 337-TA-68.

<sup>59</sup> See *Advisory Opinion, Certain Sleep-Disordered Breathing Treatment Systems and Components Thereof*, Inv. No. 337-TA- 879 (Aug. 11, 2014), at 5-11.

<sup>60</sup> *Id.* at 1294-96.

<sup>61</sup> 19 C.F.R. § 210.71(a).

<sup>62</sup> 19 C.F.R. § 210.78.

<sup>63</sup> 19 C.F.R. § 210.75(b)(1).

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> 19 C.F.R. § 210.75(b)(3).

## FOR MORE INFORMATION

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To learn more about Goodwin's ITC Practice, please go to [www.goodwinlaw.com/itc337proceedings](http://www.goodwinlaw.com/itc337proceedings)

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## ATTACHMENT A: ALJ BIOGRAPHIES

### CHARLES E. BULLOCK, CHIEF ADMINISTRATIVE LAW JUDGE

Charles E. Bullock was named Chief Administrative Law Judge at the U.S. International Trade Commission in October 2011, after serving as Acting Chief Administrative Law Judge for two months. He was appointed as an Administrative Law Judge (ALJ) at the USITC in May 2002. Prior to his USITC appointment, he served as an ALJ with the U.S. Environmental Protection Agency (EPA). Before he joined the EPA, Judge Bullock served for 24 years with the Federal Energy Regulatory Commission (FERC). For the last 12 of those years, he was an ALJ; prior to assuming his judgeship, he was a trial attorney and then an Assistant General Counsel with that agency. He holds a bachelor of arts degree in political science from Bucknell University and earned his juris doctor degree from George Washington University Law School. He is a member of the Bar of the District of Columbia.

### DAVID P. SHAW, ADMINISTRATIVE LAW JUDGE

David P. Shaw was appointed as an Administrative Law Judge at the U.S. International Trade Commission in October 2011. Prior to his USITC appointment, Judge Shaw served as an ALJ at the Social Security Administration's Office of Disability Adjudication and Review (National Hearing Center) in Baltimore, MD. Previously, he was an ALJ with the Social Security Administration's Office of Disability Adjudication and Review in Fayetteville, NC. From 1987 to 2010, he served as an Attorney-Advisor in the USITC's Office of the Administrative Law Judges. He holds a bachelor's degree from George Mason University and earned his juris doctor degree from the Washington College of Law at The American University. He is a member of the Bar of the District of Columbia.

### SANDRA (DEE) LORD, ADMINISTRATIVE LAW JUDGE

Sandra (Dee) Lord was appointed as an Administrative Law Judge at the U.S. International Trade Commission in September 2013. Prior to her appointment, she served as an ALJ with the Social Security Administration's Office of Disability Adjudication and Review (National Hearing Center) in Falls Church, VA. Previously, she was an ALJ in the Social Security Administration's Raleigh Hearing Office in Raleigh, NC; a Special Master in the U.S. Court of Federal Claims' Office of Special Masters; a trial attorney in the Commercial Litigation Branch/Frauds section in the Department of Justice's Civil Division; Of Counsel at the Washington, DC, law firm of Ross, Dixon & Masback (now Troutman Sanders, LLC); an Associate General Counsel at the Howard Hughes Medical Institute in Bethesda, MD; and an Assistant Counsel for Appellate Litigation in the U.S. Department of Labor's Office of the Solicitor. She holds a bachelor of arts degree, summa cum laude, from Yale University and earned her juris doctor degree from Georgetown University Law Center. She is a member of the bars of the District of Columbia and the State of Maryland.

### MARYJOAN McNAMARA, ADMINISTRATIVE LAW JUDGE

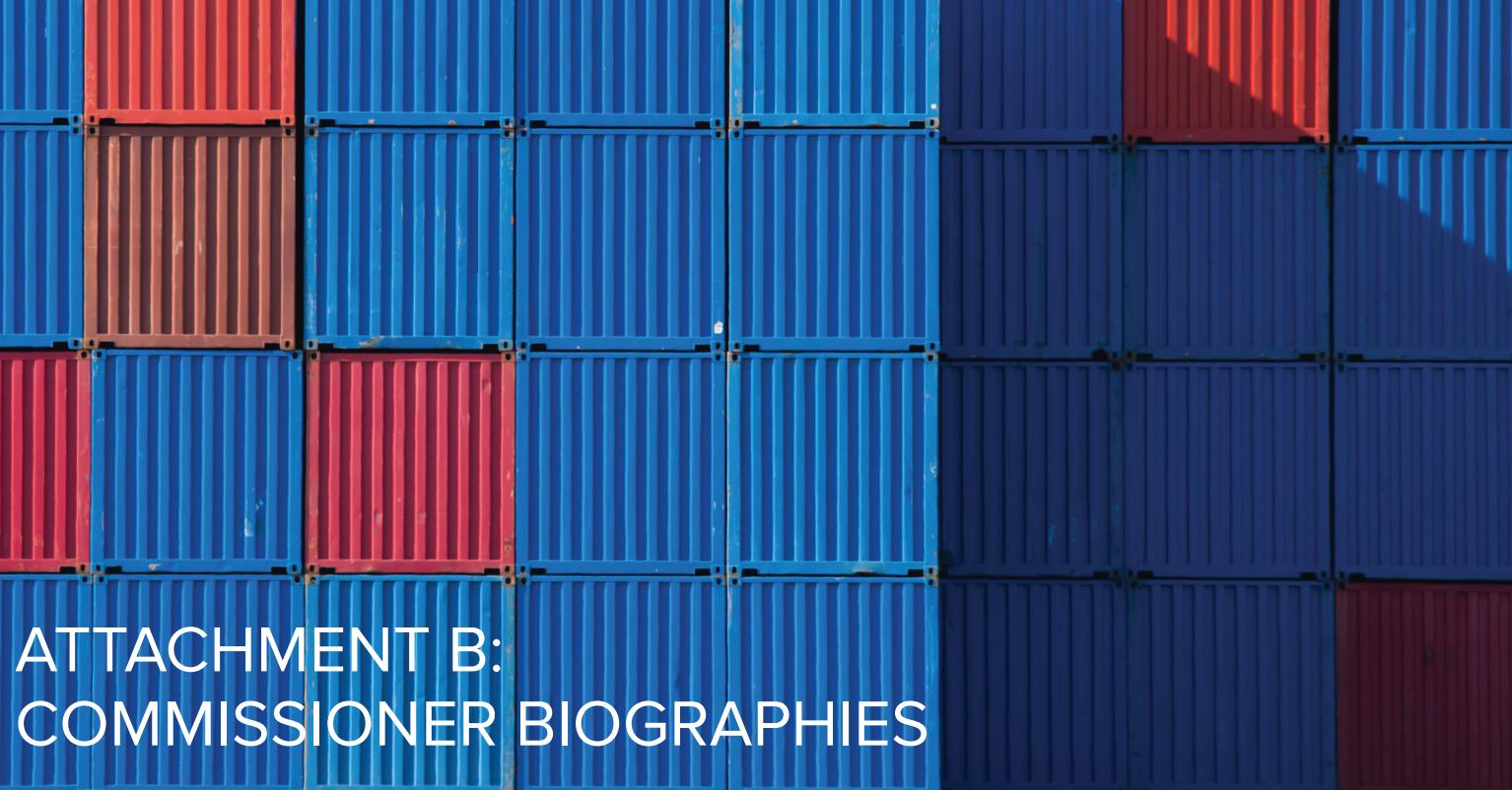
MaryJoan McNamara was appointed as an Administrative Law Judge at the U.S. International Trade Commission in August 2015. Prior to her USITC appointment, Judge McNamara served as an ALJ in the Social Security Administration's Office of Disability Adjudication and Review from 2009-2015 (Albuquerque, NM, and the National Hearing Center, Baltimore, MD). Before her ALJ appointments, Judge McNamara was a trial and appellate lawyer in private practice, with special appointments. Ms. McNamara served as a Consultant to the U.S. Department of State, Bureau of Consular Affairs (Hague Convention). She served as a Special Assistant Attorney General for the Commonwealth of Massachusetts, and as a Court Conciliator. She holds a bachelor's degree from Cornell University, with studies in Vienna, Austria. She earned a master's degree in Public Policy from the University of Chicago and her juris doctor from Northeastern University. She is currently a member of the Maryland and District of Columbia bars.

### CLARK S. CHENEY, ADMINISTRATIVE LAW JUDGE

Clark S. Cheney was appointed as an Administrative Law Judge at the U.S. International Trade Commission in March 2018. Prior to his USITC appointment, Judge Cheney served as an ALJ with the Federal Energy Regulatory Commission and the Social Security Administration. He worked in the USITC's Office of the General Counsel for several years prior to becoming an ALJ. In that role, he regularly argued appeals to the U.S. Court of Appeals for the Federal Circuit on behalf of the Commission. He also served as an attorney advisor in the USITC's Office of Administrative Law Judges and was detailed to the Office of the U.S. Trade Representative. He began his career as a patent examiner and served as a law clerk to Judge William Bryson at the Federal Circuit. During several years of private practice, he represented domestic and international clients in intellectual property litigation. He holds a juris doctor degree, cum laude, from the Georgetown University Law Center and a bachelor of science degree in electrical engineering from the University of Utah.

### CAMERON ELLIOT, ADMINISTRATIVE LAW JUDGE

Cameron Elliot was appointed as an Administrative Law Judge at the U.S. International Trade Commission in April 2019. Prior to joining the USITC, Judge Elliot served as an ALJ with the U.S. Securities and Exchange Commission in Washington, DC, and the Social Security Administration in New York, NY, and Newark, NJ. He was an attorney at Darby & Darby, a New York intellectual property specialty firm, prior to his judicial appointments. Earlier in his career, he served as an assistant U.S. Attorney for the Eastern District of New York in Brooklyn, NY, and the Southern District of Florida in Miami. He was a trial attorney on the Intellectual Property Staff in the Commercial Litigation Branch of the U.S. Department of Justice's Civil Division. He began his legal career as a judicial law clerk for U.S. District Judge Edward Reed in Reno, NV. After graduating from college, Judge Elliot served in the U.S. Navy as an engineering officer on two submarines. He holds a juris doctor degree from Harvard Law School and a bachelor's degree in physics and applied physics from Yale College.



## ATTACHMENT B: COMMISSIONER BIOGRAPHIES

### DAVID S. JOHANSON, CHAIRMAN

David S. Johanson, a Republican of Texas, is serving as the Chairman of the U.S. International Trade Commission.

Chairman Johanson was nominated to the U.S. International Trade Commission (USITC) by President Barack Obama on April 8, 2011, and confirmed by the U.S. Senate on October 31, 2011. He was sworn in as a member of the Commission on December 8, 2011, for a Commission term expiring on December 16, 2018. He became Chairman of the USITC by operation of law on June 17, 2018. He previously served as Vice Chairman of the USITC from August 11, 2016.

Chairman Johanson served as International Trade Counsel on the Republican staff of the Committee on Finance of the U.S. Senate from 2003 until his appointment. While on the staff of the Committee on Finance, he was responsible for legislative and policy matters involving negotiations of the World Trade Organization, the Free Trade Area of the Americas, the Trans Pacific Partnership, and numerous free trade agreements. He assisted in the passage of implementing legislation for free trade agreements between the United States and Australia, Bahrain, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Morocco, Nicaragua, Oman, Panama, Peru, Singapore, and South Korea. He also worked on legislative matters concerning trade preference programs (the Generalized System of Preferences, the African Growth and Opportunity Act, the Caribbean Basin Initiative, and the Andean Trade Preference Act), Miscellaneous Tariff Bills, Trade Adjustment Assistance, and the trade related provisions of the 2008 Farm Bill.

Prior to his employment at the Committee on Finance, he practiced international trade law for six years at the law firm of Stewart and Stewart in Washington, D.C. Earlier in his career, he worked for Senator Phil Gramm (R TX), Representative Wally Herger (R CA), and Representative George Radanovich (R CA).

Chairman Johanson holds a Bachelor of Arts degree from Stanford University, a Master of Philosophy degree from Cambridge University, and a Juris Doctor degree from the University of Texas School of Law. Chairman Johanson is an Eagle Scout. He is originally from Austin, Texas.

### IRVING A. WILLIAMSON, COMMISSIONER

Irving A. Williamson, a Democrat of New York, was nominated to the USITC by President George W. Bush on September 7, 2006; renominated on January 9, 2007; and confirmed by the U.S. Senate on February 1, 2007. He was sworn in as a member of the Commission on February 7, 2007, for a term expiring on June 16, 2014. He served as Chairman of the USITC for the term June 17, 2012, to June 16, 2014 and as Chairman by operation of law from June 17, 2016, through January 13, 2017. He served as Vice Chairman of the USITC for the term June 17, 2010, to June 16, 2012.

Commissioner Williamson has had 50 years of experience in the international affairs and trade policy fields. Prior to his USITC appointment, he was for seven years President of Williamson International Trade Strategies, Inc., a New York-based consulting firm that advised clients on legal, policy, and regulatory issues affecting international trade and business. As a consultant, he worked with over 20 U.S. Agency for International Development (USAID) and other donor-funded projects, advising countries on World Trade Organization (WTO) accession, compliance, and participation; he has also conducted WTO and other trade-related training programs all over the world. Much of his work focused on trade with Africa and the Middle East.

From 1993 to 1998, Commissioner Williamson was Deputy General Counsel in the Office of the U.S. Trade Representative (USTR), where he helped manage a 14-attorney office that was engaged in more than 30 dispute settlement proceedings. The office was named best government international law office in May 1997. As Deputy General Counsel, he worked on implementing legislation for the WTO and the North American Free Trade Agreement and also served as chairman of the interagency Section 301 Committee, which investigated foreign trade barriers. He served as acting general counsel for seven months. Commissioner Williamson played a role in developing President Bill Clinton's Partnership for Economic Growth and Opportunity in Africa initiative and represented USTR in negotiations with the Congress on the African Growth and Opportunity Act legislation.

Following his USTR service, Commissioner Williamson was Vice President for Trade, Investment, and Economic Development Programs at the Africa-America Institute in New York. From 1985 to 1993, he was the manager of trade policy for the Port Authority of New York and New Jersey. Prior to his Port Authority service, Commissioner Williamson served for 18 years as a Foreign Service Officer with the U.S. Department of State.

Commissioner Williamson holds a Bachelor of Arts degree in history from Brown University, a Master of Arts degree in international relations with an emphasis on African studies and international economics from the Johns Hopkins School of Advanced International Studies, and a Juris Doctor degree from the George Washington University Law School. He is married to Cheryl A. Parham, has two children, Patrick and Elizabeth, and resides in New York City.

### MEREDITH M. BROADBENT, COMMISSIONER

Meredith M. Broadbent, a Republican of Virginia, was nominated to the USITC by President Barack Obama on November 8, 2011, and confirmed by the U.S. Senate on August 2, 2012. She was sworn in as a member of the Commission on September 10, 2012, for a term expiring on June 16, 2017. She served as Chairman of the Commission from June 17, 2014, through June 16, 2016.

Commissioner Broadbent held the William M. Scholl Chair in International Business at the Center for Strategic and International Studies from October 2010 until her USITC appointment.

From 2003 to 2008, she served as Assistant U.S. Trade Representative for Industry, Market Access, and Telecommunications. In that position, she was responsible for developing U.S. policy that affected trade in industrial goods, telecommunications, and e-commerce. She led the U.S. negotiating team for the Doha Round negotiations to reduce tariff and nontariff barriers on industrial goods and successfully concluded an innovative plurilateral trade agreement with the European Union, Japan, Korea, and Taiwan. She also directed an administration initiative to reform the Generalized System of Preferences program for developing countries.

From 2009 to 2010, she was a Trade Advisor at the Global Business Dialogue, a multinational business association focused on international trade and investment issues.

Earlier in her career, Commissioner Broadbent served as a senior professional staff member on the Republican staff of the Committee on Ways and Means of the U.S. House of Representatives. In that position, she drafted and managed major portions of the Trade and Development Act of 2000, legislation to authorize normal trade relations with China, and the Trade Act of 2002, which included trade promotion authority and the Andean Trade Promotion and Drug Eradication Act.

Prior to that, she served as professional staff for the House Ways and Means Trade Subcommittee, where she was instrumental in the development and House passage of the implementing bills for the North American Free Trade Agreement and Uruguay Round Agreements.

Commissioner Broadbent holds a Bachelor of Arts degree in history from Middlebury College and a Master of Business Administration degree from the George Washington University School of Business and Public Management.

Commissioner Broadbent is originally from Cleveland, Ohio. She has two sons, Charles and William Riedel, and resides in McLean, Virginia.

## RHONDA K. SCHMIDLEIN, COMMISSIONER

Rhonda K. (Schnare) Schmidlein, a Democrat of Missouri, was nominated to the U.S. International Trade Commission (USITC) by President Barack Obama on July 15, 2013; renominated on January 6, 2014; and confirmed by the U.S. Senate on March 6, 2014. She was sworn in as a member of the Commission on April 28, 2014, for the term expiring on December 16, 2021. She served as Chairman of the USITC from January 13, 2017, through June 16, 2018.

Commissioner Schmidlein served as an expert consultant to the World Bank for the two years immediately prior to her appointment. In that role, she provided expertise on projects that sought to strengthen audit and accounting regulation and oversight in countries with emerging markets.

From 2005-2011, Commissioner Schmidlein served as the founding Director of the office created to implement the international obligations of the Public Company Accounting Oversight Board (PCAOB). The PCAOB is a regulatory agency created by Congress in 2002 to protect the interests of investors in U.S. capital markets and further the public interest in independent audit reports of U.S. public companies. Before becoming the Director of the PCAOB's Office of International Affairs, she served as Special Counsel to the Chairman of the PCAOB.

Commissioner Schmidlein served in the General Counsel's office at the Office of the U.S. Trade Representative from 1998 to 2003. In that role, she represented the United States as Head of Delegation and lead counsel in disputes before the World Trade Organization and provided legal counsel in connection with the negotiation of numerous international trade agreements.

Earlier in her career, Commissioner Schmidlein was an Honors Program trial attorney in the Civil Division at the U.S. Department of Justice. She also was an adjunct professor for legal research and writing at the George Washington University's National Law Center. She began her career as a judicial law clerk for the Honorable Howard F. Sachs, Chief Judge of the U.S. District Court, Western District of Missouri.

Commissioner Schmidlein holds a Bachelor of Science in Accountancy degree from the University of Missouri-Columbia and a juris doctor degree from the University of North Carolina School of Law. Originally from Carrollton, Missouri, she resides in Washington D.C. with her husband, John, and two children.

## JASON E. KEARNS, COMMISSIONER

Jason E. Kearns, a Democrat of Colorado, was nominated to the USITC by President Barack Obama on January 17, 2017; nominated by President Donald Trump on June 29, 2017; and confirmed by the U.S. Senate on March 1, 2018. He was sworn in as a member of the Commission on April 2, 2018, for a term expiring on December 16, 2024.

Commissioner Kearns served as trade counsel for 11 years on the Democratic staff of the Committee on Ways and Means of the U.S. House of Representatives, including for the last five years as Chief International Trade Counsel. Prior to his employment at the Committee on Ways and Means, he was the Assistant General Counsel of the Office of the U.S. Trade Representative from 2003-2006. He also served as an adjunct professor teaching international trade law at the Washington College of Law at American University in Washington, DC, in 2004.

Earlier in his career, Commissioner Kearns practiced international trade law at the law firm of Wilmer, Cutler & Pickering (now WilmerHale) from 2000-2003 and worked at the law firm of Mayer, Brown & Platt from 1995-1998.

Commissioner Kearns holds a Bachelor of Arts degree from the University of Denver, a Juris Doctor degree from the University of Pennsylvania School of Law, and a Master of Public Policy degree from Harvard University. Originally from Keenesburg, Colorado, he resides in Washington, DC, with his wife, Lindy, and three children.



## ATTACHMENT C: 100-DAY PROCEEDINGS

INV. NO.	TITLE	DATE INSTITUTED	RESULT OF 100-DAY
337-TA-1189	<i>Certain Dissolving Microneedle Patch Technology for Cosmetic and Pharmaceutical Use</i>	1/10/20	Hearing cancelled due to coronavirus, to be rescheduled at a later date
337-TA-1146	<i>Certain Taurine (2-Aminoethanesulfonic Acid), Methods of Production and Processes for Making the Same, and Products Containing the Same</i>	2/28/19	Investigation terminated before hearing due to withdrawal of complaint
337-TA-1132	<i>Certain Motorized Vehicles and Components Thereof</i>	9/13/18	ALJ determined complainant was not contractually barred from asserting the underlying IP. Petition for Review pending.
337-TA-1109	<i>Certain Clidinium Bromide and Products Containing Same</i>	4/23/18	Complaint withdrawn before ALJ decision.
337-TA-1097	<i>Certain Solid State Storage Drives, Stacked Electronics Components, and Products Containing Same</i>	1/26/18	ALJ and Commission determined that the economic prong was satisfied for three of four asserted patents.
337-TA-1094	<i>Certain IoT Devices and Components Thereof (IoT, the Internet of Things) — Web Applications Displayed on a Web Browser</i>	1/22/18	Investigation terminated before hearing because patent expired before any remedy would have been possible.
337-TA-1025	<i>Certain Silicon-on-Insulator Wafers</i>	10/25/16	ALJ and Commission found that complainant satisfied the economic prong contingent upon satisfying the technical prong during full schedule.
337-TA-1009	<i>Certain Inflatable Products With Tensioning Structures and Processes for Making the Same</i>	6/24/16	Case terminated based on consent order prior to any 100-day hearing.
337-TA-994	<i>Certain Portable Electronic Devices and Components Thereof</i>	5/11/16	Commission Determination Not To Review the 100-Day Initial Determination Finding the Asserted Claims of U.S. Patent No. 6,928,433 Invalid Under 35 U.S.C. 101; Termination of Investigation
337-TA-949	<i>Certain Audio Processing Hardware and Software and Products Containing Same</i>	3/18/15	ALJ found complainant had standing to sue on all asserted patents.
337-TA-874	<i>Certain Products Having Laminated Packaging, Laminated Packaging, and Components Thereof</i>	3/28/13	Commission determined that the complainant could not satisfy the economic prong of the domestic industry.



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