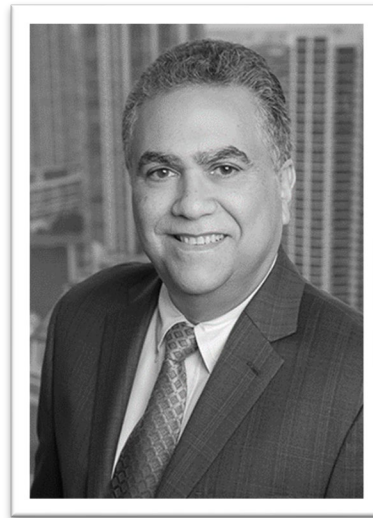


# Practice Before the International Trade Commission: Procedural and Strategic Considerations



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# Jurisdiction, Adjudication, & Remedies

District Court	ITC
Federal Claims	Investigations under § 337 of the Tariff Act of 1930
Article III Judges	Administrative Law Judges
Personal Jurisdiction	<i>In rem</i> Jurisdiction
Federal Rules of Civil Procedure	ITC rules (19 C.F.R. 210) & ALJ-specific ground rules
Monetary Damages, Injunctive Relief	General Exclusion Orders, Limited Exclusion Orders, Cease and Desist Orders
Rulings are precedential and binding	Rulings are not binding

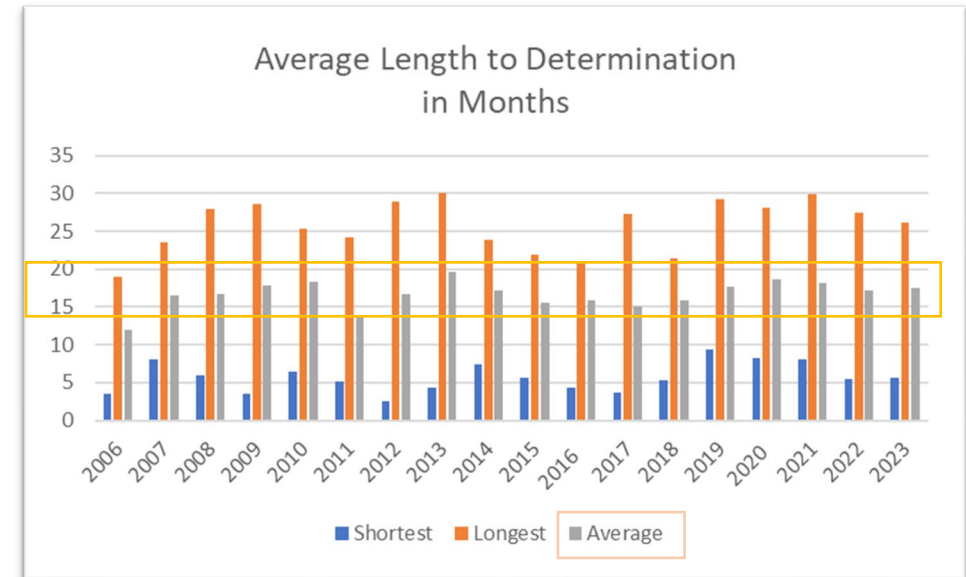
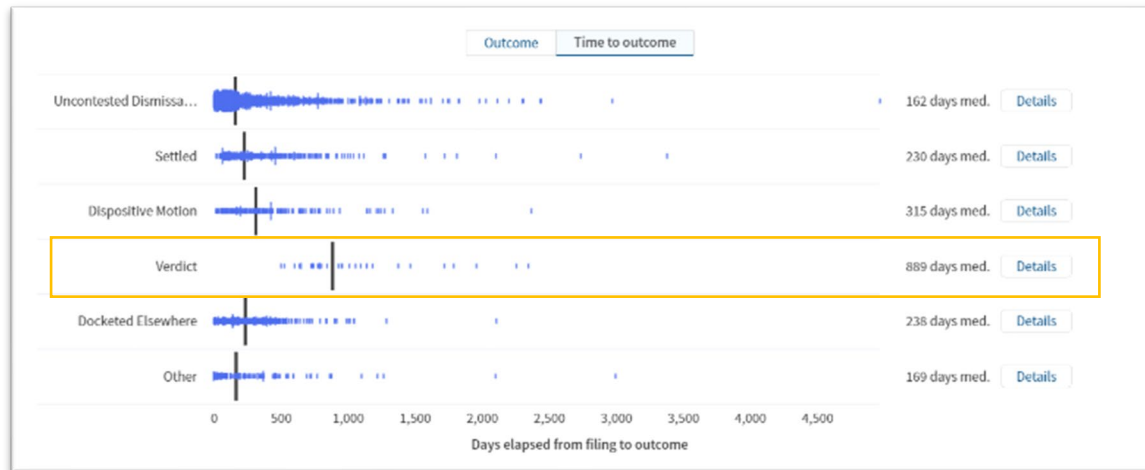
# Time to Outcome

## District Court

Time to verdict in W.D. Tex. median is: 29 months.

## ITC

Time to determination: 15 – 20 months.



# *Unique Facets of ITC Proceedings*

## **Administrative Law Judges**

- Chief ALJ assigns investigation to ALJ who will conduct the trial phase of the investigation.
- ALJs knowledgeable of IP litigation; often exercise discretion to question witnesses (which may affect your allocated trial time)
- ALJs make initial determination as to Section 337 violation, findings of fact, and recommendations.

# *Unique Facets of ITC Proceedings, cont'd.*

## **Staff Attorneys**

- Office of Unfair Import Investigations (OUII) can participate as a full party (which again, can affect your trial time)
- Staff submits briefs on the merits and presents evidence.
- ALJs may have some deference to OUII's positions as an "objective" party.

# *Unique Facets of ITC Proceedings, cont'd.*

## **Substantive Requirements**

- Complainant must show their own **domestic industry**.
  - Significant developments in labor & capital or plant and equipment regarding the article practicing the patent asserted.
- May be able to establish domestic industry through substantial investment in engineering, R&D, or licensing of the article practicing the patent asserted.

# *Unique Facets of ITC Proceedings, cont'd.*

## **Full Commission Review**

- Final Initial Determination (“ID”) issued by the ALJ
- Commission reviews Final ID *de novo*.
  - Commission is comprised of political appointees, who are not to be more than three of the same political party.



# *Proceedings to Initiate In Parallel With ITC Investigation*

## **For Complainant**

- Amazon Patent Evaluation Express Program (“APEX”)

## **For Respondent**

- *Inter Partes* Review

# Patent Trial and Appeals Board and the ITC

- Respondents at the ITC may often consider filing *inter partes* review of asserted patent(s) with the PTAB as part of their defense strategy
- Main problem: ITC will often issue its Final Determination sooner than the PTAB will issue its Final Written Decision
  - Even if Respondent invalidates any of the asserted patent(s), it is unlikely that any remedial order issued by the ITC can be rescinded – will likely stay in effect until all appeals of the IPR have been exhausted
    - Appeal to CAFC: 14-18 months
    - If CAFC affirms PTAB's invalidity findings, ITC will rescind/suspend previously issued remedial orders, but this means that the remedial order may stay in place for >1 year after PTAB's final written decision

# PTAB and the ITC (cont'd...)

- If, however, the PTAB issues its Final Written Decision invalidating asserted patent(s) *before* the ITC issues the Final Determination, then Commission is more likely to stay remedial orders
  - *Certain Unmanned Aerial Vehicles*, Inv. No. 337-TA-1133: Commission affirmed finding of violation, but stayed enforcement of the remedial order because the PTAB’s “final written decision [was] issued prior to the Commissioner’s determination.” Comm’n Op. at 35, 37-38
  - *Certain Wearable Electronic Devices*, Inv. No. 337-TA-1266: where PTAB found all asserted claims unpatentable 6 days before the Commission’s Final Determination was due, Respondent filed an emergency motion in the ITC to suspend any remedial orders or alternatively extend the target date. The Commission extended the target date twice, and suspended the remedial orders pending appeal of the IPRs. Comm’n Det. to Extend Target Date (Dec. 9, 2022); *id.*, Comm’n Det. to Extend Target Date (Dec. 20, 2022); *id.*, Comm’n Op. (Jan. 20, 2022)

# PTAB and the ITC: Takeaways

ITC will most likely not stay proceedings pending IPR

Average IPR: 12-18 months v. Average ITC Investigation: 16-18 months

## ITC Complainants

- Expect any asserted patent will be subject to an IPR Proceeding
  - May benefit to assert more patents at the ITC to decrease chance of all being invalidated; this in turn would decrease change ITC would suspend any resulting remedial orders. *Certain Memory Modules*, Inv. No. 337-TA-1089: refusing to grant stay where PTAB invalidated only 1 of 2 patents at issue
- Strategically beneficial to ask ALJ to set as early a target date as possible

## ITC Respondents

- File IPR as quickly as possible to maximize changes of PTAB issuing Final Written Decision before the ITC's Final Determination
- File IPRs for each asserted patent
- If PTAB issues a finding of invalidity, immediately file a motion to stay or suspend remedial orders, as in *Certain Wearable Electronic Devices*

# Amazon Patent Evaluation Express Program ("APEX")

- Another avenue for Complainants to target and take down infringing Respondent products sold on their Amazon.com storefront
- Can be initiated independent of an ITC Investigation
- Successful rights holder (i.e. patent holder/Complainant) can take down infringing products within 14-16 weeks of initiating the Program
  - If initiated during ITC Investigation and successful, allows Complainant to bar infringing Amazon.com sales during the pendency of the typical 16-18 month Investigation
- Products that have been de-listed by Amazon may be reinstated pending outcome of a court proceeding (i.e. declaratory judgment) on the same patent/infringement claim

# APEX: how it works (cont'd...)

- *Ex parte* proceeding
- Standard: “likely to prove” infringement
- IP attorney (outside of Amazon) is the “neutral evaluator” that renders opinion based on briefing:
  - Opening brief by rights holder (20 pages between opening/reply brief)
  - Response brief by accused infringer (15 pages)
  - Reply brief by rights holder (20 pages between opening/reply brief)
- Invalidity cannot be used as a defense, unless defending party has a District Court, ITC, or USPTO document finding the asserted patent invalid
- If neutral evaluator finds rights holder “likely to prove” infringement, accused infringer’s products promptly removed from Amazon
  - Rights holder able to take down additional infringing products based on form submission, subject to internal check by Amazon

# *Post-ITC Proceedings*

- Conclusion of ITC Investigation: Commission Final Determination
- If Complainant prevails, the Commission issues an Exclusion Order
  
- ITC has exclusive jurisdiction over issuing, rescinding, or modifying Exclusion Orders. BUT:
  - Adjudication of Exclusion Orders – open to other agencies/courts
    - Enhance, reverse, narrow, work around Exclusion Orders

# *Post-ITC: Appeal to the Federal Circuit*

Statutory basis for jurisdiction: 28 U.S.C. 1295(a)(6)

## **Exclusion Order issued:**

- Assuming POTUS does not veto the exclusion order, any party may file an appeal to the CAFC within 60 days after the Presidential Review period

## **Exclusion Order NOT issued:**

- Any party adversely affected by the Final Determination may immediately file an appeal to the CAFC



# *Post-ITC: District Court Patent Litigation*

- Final Determinations are not binding on District Courts – until those issues are affirmed by the CAFC
- If the adversely affected Complainant does not file an appeal of the Final Determination to the CAFC, it can file a district court action against the same party, on the same patent
  - Allows complainant to relitigate patent infringement/invalidity

# *Post-ITC Actions for the Aggrieved Respondent*

- Post-ITC: Advisory Opinion (19 C.F.R. 210.79)
- Modification and Revocation Proceedings (19 C.F.R. 210.76)
- Customs Proceedings
  - **Administrative Ruling Request (19 CFR 177)**
  - **Protest Against Exclusion (19 CFR 174)**

# *Post-ITC: Advisory Opinion (19 C.F.R. 210.79)*

- Opinion issued by the ITC addressing whether a respondent's new product would violate an existing Exclusion Order
- Factors considered by the ITC:
  - Whether opinion would “facilitate enforcement of Section 337”?
  - Opinion's effect on the public interest
  - Whether opinion would “benefit consumers and competitive conditions in the United States”

# *Post-ITC: Advisory Opinion (19 C.F.R. 210.79) (cont'd...)*

- Opinion requesting party must:
  - Demonstrate compelling need for the advice sought;
  - Frame the request as fully and accurately as possible; and
  - Not present a hypothetical request
- Advisory opinions are not precedential, and not appealable to the CAFC

# Post-ITC: Modification and Revocation Proceedings (19 C.F.R. 210.76)

- For importers adversely affected by Exclusion Order
  - Must show changes in circumstances based in fact, or law
    - E.g., if redesigned product no longer infringes, importer can request a modification proceeding asking the ITC to determine whether the new/redesigned product is still subject to the Exclusion Order
      - if not, Order may be modified to include a “carve-out” provision for the new/redesigned product
- Modification Proceedings are prospective: occurring *before* importation
  - 2-9 months long
  - Redesign must not have been available during violation phase of the ITC Investigation
- Binding on U.S. Customs and Border Protection (“Customs”)
- Can be appealed to the CAFC

# *Post-ITC: Customs Proceedings*

- Challenge to the Exclusion Order by party interested in importing article subject to the Order
  - Section 177 Administrative Ruling Request; OR
  - Section 174 Protest
- Customs oversees enforcement of Exclusion Orders, but any resulting rulings from Customs Proceedings are not binding on the ITC
- Customs Proceedings may be appealed to the Court of International Trade (“CIT”), and then to the CAFC

# Post-ITC: Customs Proceedings *(cont'd...)*

## Administrative Ruling Request (19 CFR 177)

- Importer submits request to IP Rights Branch (“IPRB”) of Customs, and IPRB conducts the Admin Ruling and issues any subsequent “Ruling Letter” that is binding on Customs
  - Ruling Letter sets out how Customs would apply the Exclusion Order to the new/redesigned goods
- *Prospective* (i.e., request made *before* importation); any rulings would apply to future entries
- Takes 1-3 months (sometimes longer) with no formal briefing
- Usually *ex parte*, but IPRB can convert it into an *inter partes* process
- Importer (usually ITC Respondent) has no duty to notify Complainant of its Admin Ruling request, but is required to identify any interested parties
  - Complainant has no formal procedure to seek administrative/judicial review of an adverse Section 177 Ruling
- Importer can appeal Ruling Letter to CIT (28 USC 1581)

# Post-ITC: Customs Proceedings *(cont'd...)*

## Protest Against Exclusion (19 CFR 174)

- Importer files protest to Customs within 180 days of an article becoming a “deemed exclusion”
  - Customs has 5 days to release contested article; if not release, considered detained. If no admissibility decision made on the article within 30 days of being detained, it is a “deemed exclusion”
- *Retrospective* (i.e., protest filed *after* Customs excludes article believed to be subject to Exclusion Order)
- Customs renders final decision within 30 days of filed protest, with briefing submitted by importer
- Proceeding between the importer and Customs *only*
  - ITC Complainant/patent owner not allowed to intervene
- Importer can appeal to CIT within 180 days of Customs maintaining denial



# *Post-ITC Actions for Successful Complainant*

- ITC has issued a remedial order in favor of Complainant
  - Time to enforce it.
- Enforcement Actions for Remedial Orders
  - Informal (Commission Rule 210.75(a))
  - Formal (Commission Rule 210.75(b))
  - Offending Respondent(s) involved in both
- Meeting with customs
  - Affected respondent(s) may also meet with customs

# *Post-ITC: Enforcement Actions*

- Complainant can assist Customs in enforcing Exclusion Orders
  - Informal Enforcement Action
  - Formal Enforcement Action
- Enforcement Actions may be used to enforce:
  - Exclusion Orders
  - Cease and Desist Orders
  - Consent Orders
- 19 U.S.C. 1337(f): hefty fine for violating Commission Order
  - \$100,000/day for each day articles imported/sold in violation of Order; OR
  - Twice the domestic value of articles imported/sold in violation of Order

# *Post-ITC: Enforcement Actions* (cont'd...)

## **Informal Enforcement Action**

- Conducted through the Office of Unfair Import Investigations (“OUII”) and governed by Commission Rule 210.75(a)
- Handled via correspondence and conference with accused party
- No set timeframe
- Commission will issue an order to ensure compliance with the remedial order
- Any remaining issues subject to formal enforcement action

# Post-ITC: Enforcement Actions *(cont'd...)*

## Formal Enforcement Action

- Commission may institute formal proceeding upon receiving complaint from Complainant/OUII, or *sua sponte*
- Delegated to Administrative Law Judge (“ALJ”) and governed by 210.75(b)
- Generally mirror violation phase of Section 337 Investigation
  - *inter partes* that also includes OUII Staff
- Target date must be no more than 12 months (19 CFR 210.51(a)(2)), unless by Commission extension
- Respondent may assert any defense not barred by claim preclusion, including invalidity

# *Post-ITC: Meeting with Customs*

- Complainant can assist Customs in enforcement by meeting with Customs' IPRB shortly after the Commission issues Exclusion Orders
  - Usually provide presentation to help Customs draft targeted instructions (confidential) to entry ports for identifying shipments of interest
  - Complainant can also provide information on suspected violations of Exclusion Order – identify potential importers, offending goods, ports of entry, packaging, marking/labels
- Any interested party (including those adversely affected) may meet with Customs to present their interpretation of Exclusion Order scope and position on its implementation

# *Post-ITC: Meeting with Customs* (cont'd...)

- Respondents subject to Exclusion Order should expect Complainant to be closely monitoring the marketplace, and speaking with Customs to advocate broadest scope of Order
- Affected respondents/importers can mitigate supply-chain disruption:
  - Provide Customs information regarding shipments of non-infringing products
  - Developing/maintaining contact with IPRB and relevant ports of entry for non-infringing products

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