

# **A Newly Energized Section 337**

## **Overview of Section 337 Practice Before the U.S. International Trade Commission**



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Utah State Bar  
2009 IP Summit**

# The USITC

- Administrative Agency in Washington, DC
  - Six Commissioners
    - Serve overlapping terms of nine years each
    - New term beginning every 18 months
    - Not Political – Equal Party Split
- Six Administrative Law Judges
- Office of Unfair Import Investigations
- General Counsel



# Coverage of Section 337

“Unfair methods of competition and unfair acts in the importation of articles . . . into the United States”

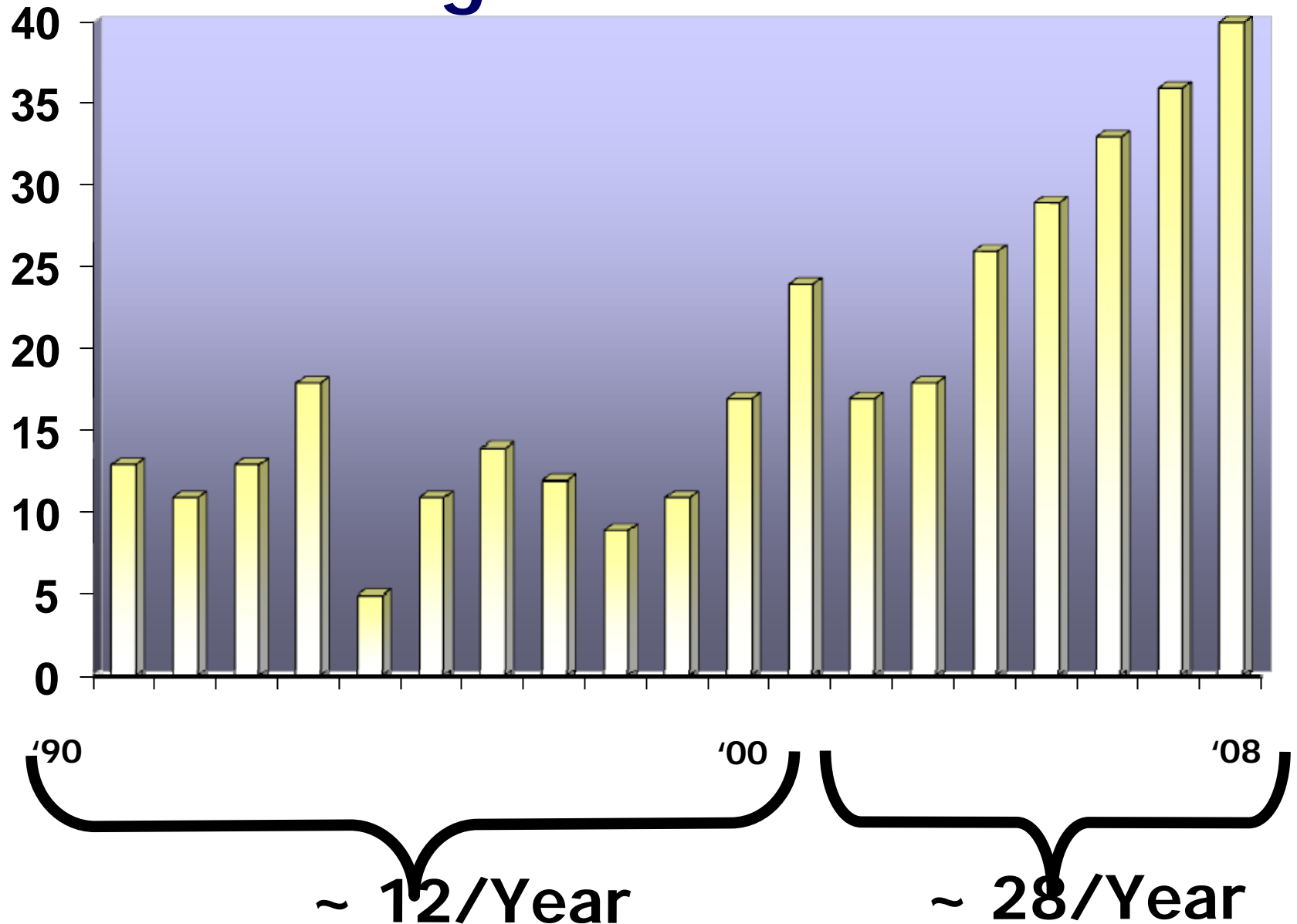
Since 1922

## 1988 AMENDMENT

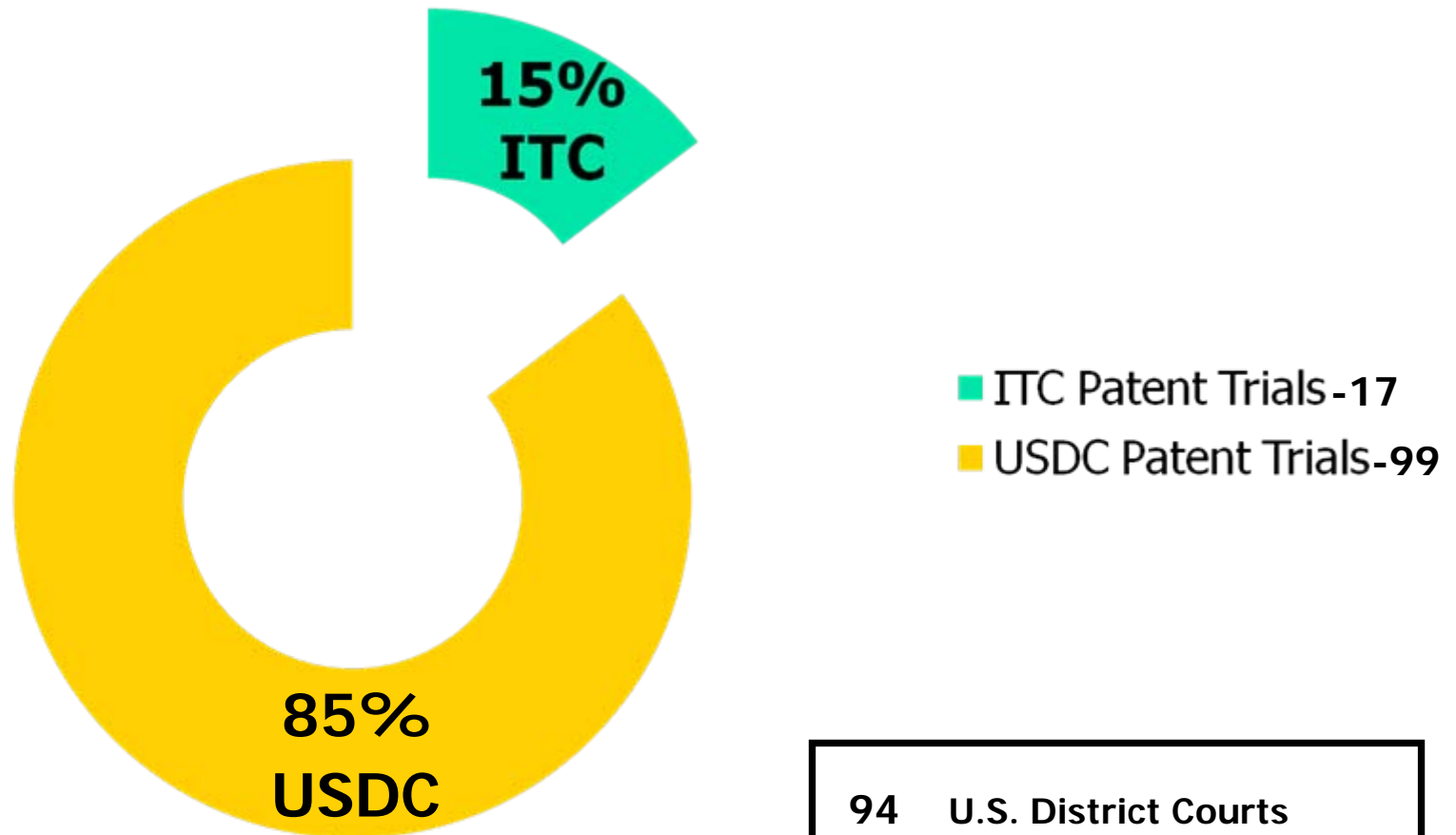
Specified infringement of patents, registered trademarks, copyrights and registered semiconductor mask works

- Expanded domestic industry test
- Eliminated injury test

# Increasing Use of Section 337

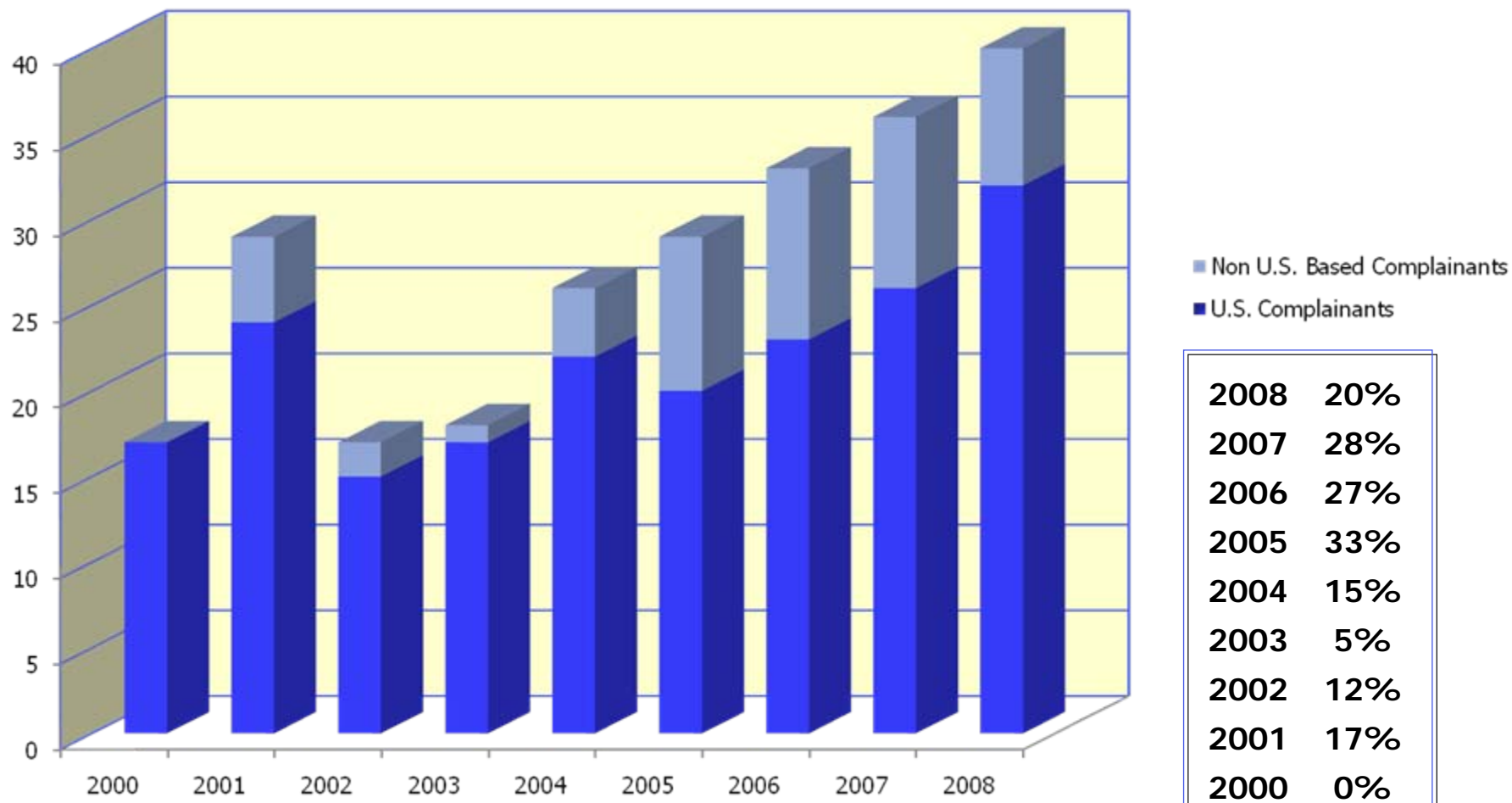


# Trials of Patent Cases -2008



94	U.S. District Courts
1	U.S. International Trade Commission (6 ALJs)

# Usage by Non-U.S. Based Complainants



# Representative Investigations Involving Non-U.S. Based Complainants, By Country

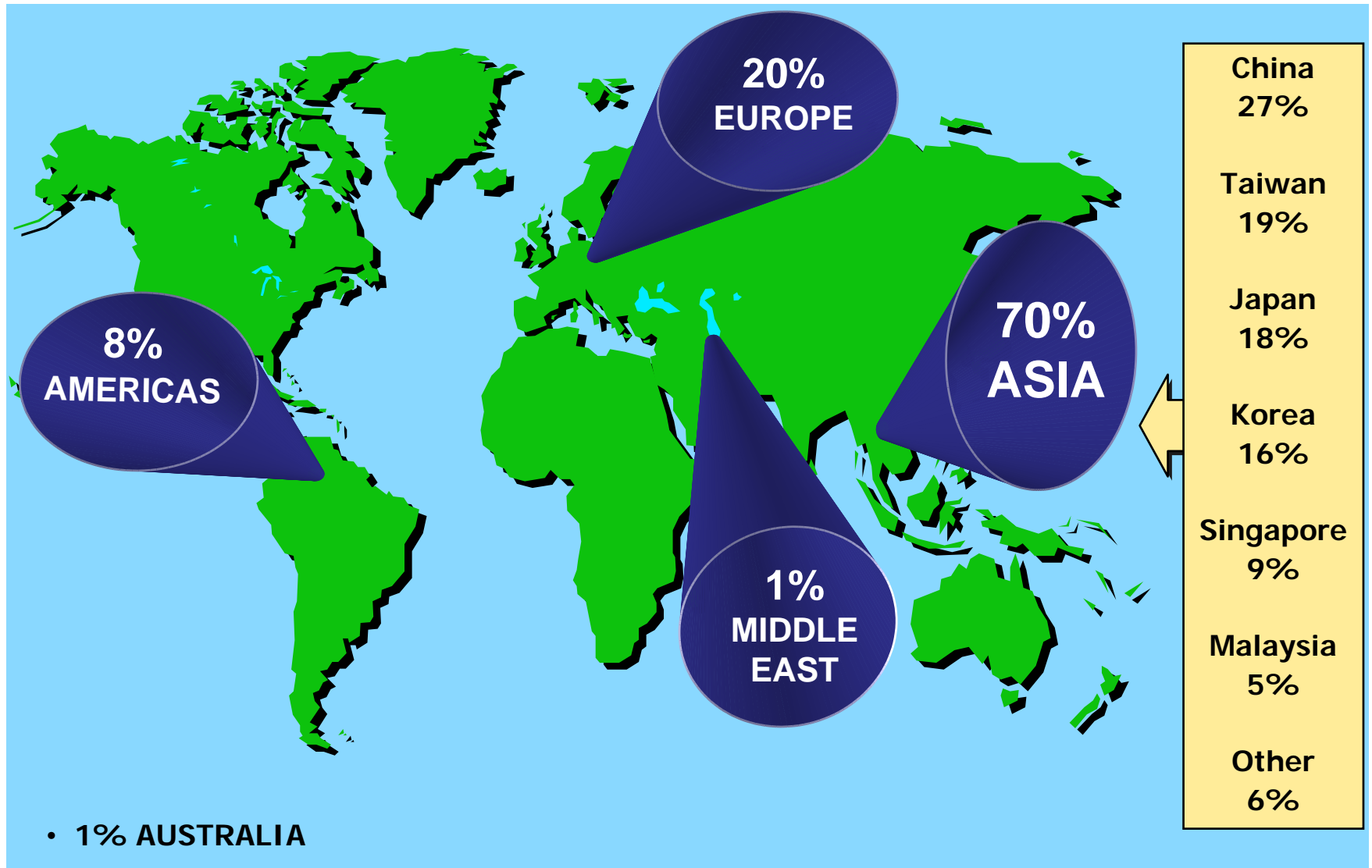
<b>Country</b>	<b>Complainant</b>	<b>ITC Matter</b>
Belgium	Magotteaux International S/A	<i>Composite Wear Components (337-TA-644)</i>
Canada	Sidel Canada Inc.	<i>Buffer Systems (337-TA-609 )</i>
Denmark	Bavarian Nordic A/S	<i>MVA Viruses and Vaccines (337-TA-550)</i>
Finland	Nokia Corporation	<i>Wireless Communication Chips and Chipsets (337-TA-614)</i>
France	SAS PRAXIM	<i>Devices for Organ Positions (337-TA-555)</i>
Germany	Qimonda AG	<i>Semiconductor Integrated Circuits(337-TA-665)</i>
Italy	Fabio Perini S.P.A.	<i>Tissue Converting Machinery (337-TA-548)</i>
Japan	Ajinomoto	<i>L-Lysine Feed Products (337-TA-571)</i>
Japan	Seiko Epson Corporation	<i>Ink Cartridges (337-TA-565)</i>
Japan	Sharp Corp.	<i>Liquid Crystal Display Modules (337-TA-634)</i>
Japan	Toshiba Corporation	<i>Flash Memory Devices (337-TA-552)</i>
Korea	Hynix Semiconductor Inc.	<i>NAND Flash Memory Devices (337-TA-553)</i>
Korea	Samsung Telecommunications	<i>Liquid Crystal Display Devices (337-TA-631)</i>
Netherlands	Unilin Beheer B.V.	<i>Laminated Floor Panels (337-TA-545)</i>
Sweden	Protechna, S.A.	<i>Intermediate Bulk Containers (337-TA-638)</i>
Sweden	Telefonaktiebolaget LM Ericsson	<i>Wireless Communication Devices (337-TA-583)</i>
Switzerland	Masai Marketing & Trading AG	<i>Active Comfort Footwear (337-TA-660)</i>
Taiwan	Media Tek, Inc.	<i>Optical Disk Controller Chip (337-TA-523 )</i>
UK	GlaxoSmithKline PLC	<i>Coamoxiclav Products (337-TA-479 )</i>

# When to Consider ITC

- Is the infringing good imported? If not, go to USDC
- Do you have a Copyright or Trademark? If yes, go to Customs for Recordation.
- Is it difficult to obtain jurisdiction over all infringers in one district court action?
- Is the true infringer overseas?

# Geographic Distribution

## 2000-2008



# Advantages of Section 337

- Resolution “Earliest Practicable Time”
  - Target Date
- *In Rem* Jurisdiction
- Broad Discovery
  - Foreign Party Discovery – No Hague Convention Concerns
  - Nationwide Subpoena Power
- Experienced ALJs
- Automatic Protective Order
- Effective Remedy
- No eBay Considerations
- No 35 U.S.C. 271(g) process patent exception for goods materially changed or a nonessential component

# Elements of a Violation

- IP-Based Investigation
  - Infringement of federally registered IP right
  - Importation
  - Domestic Industry
  
- Non-IP-Based Investigation
  - Unfair Act – false marking, common law TM infringement, trade secret misappropriation, etc.
  - Importation
  - Domestic Industry – More Restrictive
  - Injury

# Domestic Industry Test

## ■ Economic Prong

- Significant Investment in Plant and Equipment
- Significant Employment of Labor or Capital; or
- Substantial Investment in its Exploitation, including Engineering, Research and Development, or Licensing
  - Not available for non-IP based investigations

## ■ Technical Prong

- Infringement Analysis
- Claim of Each Asserted Patent
- No need to establish technical prong with respect to engineering, research and development or licensing
- Only applies where complainant manufacturers and sells a commercial product

# Jurisdiction

- *In Rem* Jurisdiction – Directed At Imported Goods
  - Personal Jurisdiction not required unless seeking a Cease and Desist Order
- Importation, sale for importation and sale after importation
  - Importation of one sample
  - Contract for sale for importation
  - Reimportation of U.S. made products

# Injury

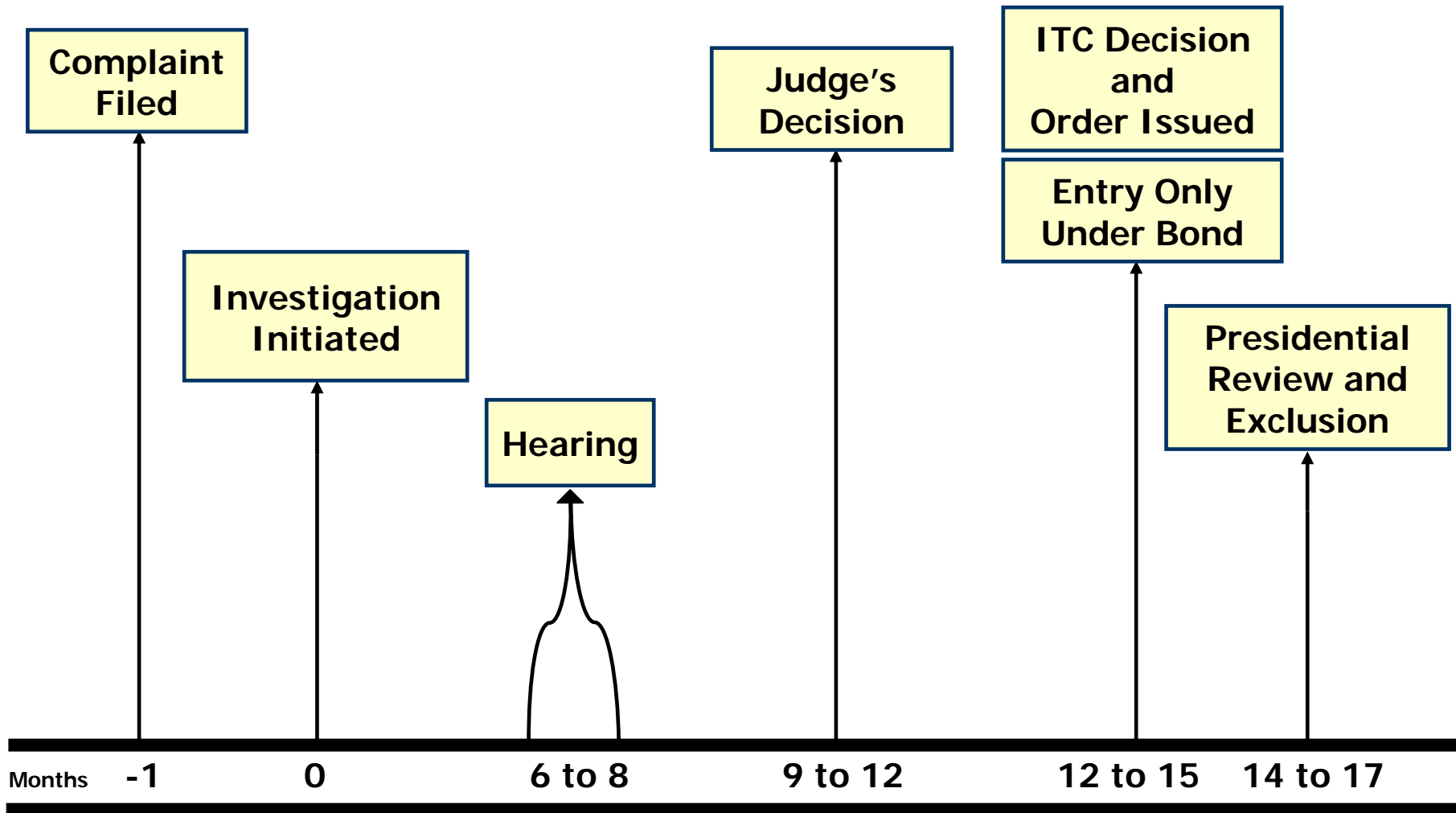
## *Non-Federally Registered Intellectual Property Investigations*

- Common law TM, trade dress infringement
- Trade secret misappropriation
- False marking
- Violations of Digital Millennium Copyright Act (DMCA)
- Antitrust

# Preparation for Filing

- Detailed Pre-Filing Investigation
  - Investigation of Possible Respondents and Importation
  - Domestic Industry
    - Technical and Economic Prong
  - Infringement Analysis – Claim Charts
- Meet with OUII

# Section 337 Timeline



# Preparation for Filing

- Detailed Complaint – Not Notice Pleading
  - Certified Copies of Patents and Prosecution Histories
  - Copies of Licenses
  - Claim Charts – Domestic Product and Accused Product
  - Detailed Information re Domestic Industry
  - Related Litigation

# Section 337 Investigations

- Institution by Commission
  - 30 days after Filing of Complaint
  - Notice of Investigation – Controls Scope of Investigation
- “Temporary Relief” (Preliminary Injunction)
  - Request Filed with Complaint
  - Requirements Same as Preliminary Injunction
  - Time Limits – Statutory
    - 90 Days
    - 150 Days – More Complicated

# Section 337 Investigations

- Response to Complaint and Notice of Investigation
  - Due 20 days after service
  - Must provide information
    - Capacity to produce accused product
    - Statistical data re quantity and value of imports
    - Significance of the U.S. marketplace to operations
    - HTS numbers for imports
  - Affirmative defenses
  - Counterclaims

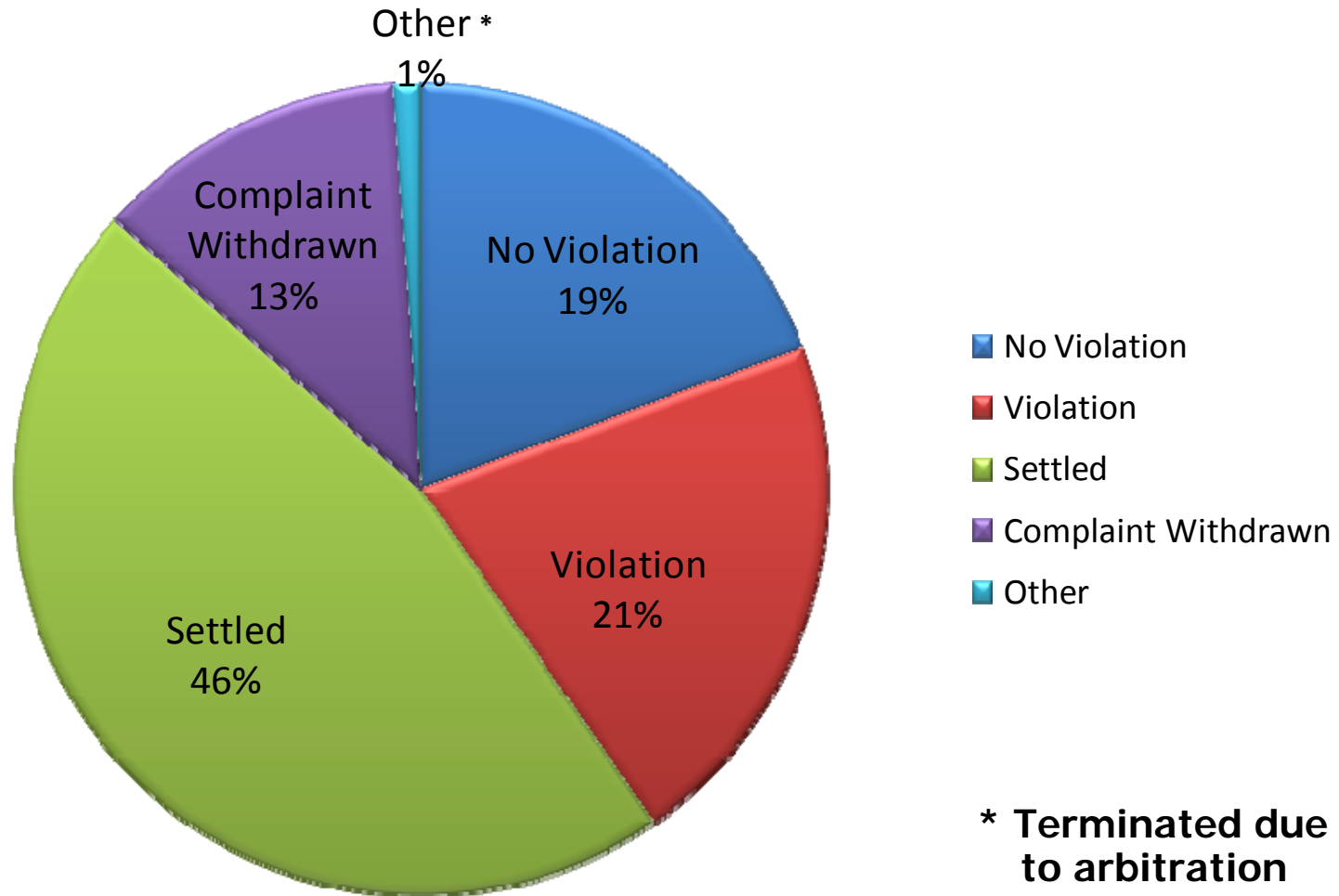
# Section 337 Investigations

- Motions Practice
  - Meet and Confer
  - Summary Determination
- Hearing
  - Length can vary
- Post-Hearing Briefing

# Discovery Process

- Protective Order Compliance
- CBI Safeguard Measures
- Ground Rules and Discovery
- Impact of eDiscovery

# Dispositions 2000 – 2008



Note: Data does not include Pending Investigations

# Section 337 Investigations

- Initial Determination
  - Petition for Review
  - Contingent Petition for Review
- Commission Review
  - Role of General Counsel's Office
  - Only one vote required
- Remedy, Bonding and Public Interest
  - *Automatic Crankpin Grinders* (1979)
  - *Inclined Field Acceleration Tubes* (1980)
  - *Fluidized Supporting Apparatus* (1984)
  - *Broadband Processor Chips* (2007)

# Section 337 Investigations

## ■ Presidential Review

- 60 days – only for finding of violation

- Rejections rare

  - ◇ Stainless Steel Pipe and Tube (1978)

  - ◇ Papermaking Machines (1980) *(Modified)*

  - ◇ Sandwich Panel Inserts (1982) *(Modified)*

  - ◇ Alkaline Batteries (1984)

  - ◇ Dynamic Random Access Memories (1989)  
*(Modified)*

## ■ Appeal to CAFC

- Only by adversely affected party

- Intervention by prevailing party

- Stay of Remedy - Rare

# Post-Investigation

- Advisory Opinions
  - Not Appealable
  - Cannot relitigate original investigation
- Proceedings Before Customs
  - Determine whether product covered by exclusion order
  - Meet with both parties

# Remedies and Enforcement

- **General Exclusion Order** — against all infringing goods, regardless of source
- **Limited Exclusion Order** — against the infringing goods of named respondents
- **Downstream Relief** (EEPROM Factors)
  - *Baseband Chips Decision*
- **Cease and Desist Order** — directed to behavior in U.S., e.g., prohibiting sale of stockpiled inventory, preventing transfer of infringing software
- **Seizure, forfeiture, fines and penalties**
- **Federal Circuit Stays of ITC Exclusion Orders**

# Enforcement of Exclusion Orders

- **U.S. Customs & Border Protection**  
(formerly Customs Service) within  
Department of Homeland Security
- **Office of International Trade**  
— Regulations & Rulings — IPR Branch
- **Educate Customs**
  - Provide samples of infringing goods
  - Provide patent excerpts, technology tutorial
- **Provide industry intelligence to Customs**  
*e.g., preferred ports, likely means  
of importation*

# Contact Information

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