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TECHNOLOGY MARATHON

Protecting IP Rights at the ITC
and US Customs

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Presenters



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What is the International Trade Commission?

- **Independent, nonpartisan, quasi-judicial federal agency:**
 - Provides trade expertise to both the legislative and executive branches of government
 - Determines the impact of imports on U.S. industries
 - Directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement—“ITC Investigation”

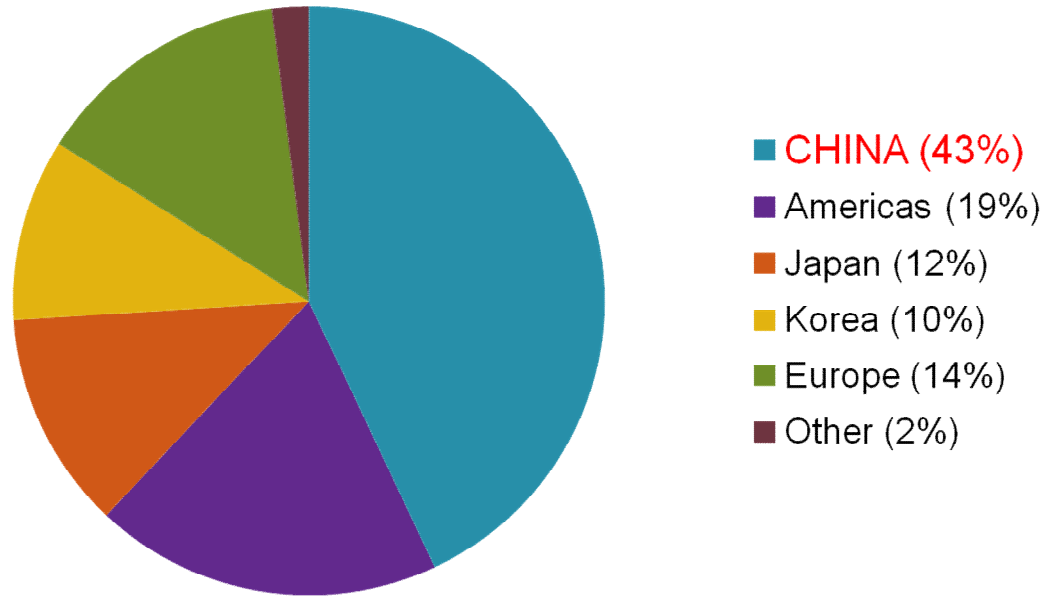


Section 337 of the Tariff Act (19 U.S.C. § 1337)

- **Purpose of Statute:** To stop the importation into the U.S., the sale for importation, or the sale in the U.S. after importation of articles that infringe a valid and enforceable U.S. patent or infringe other intellectual property rights.
- **Remedy:** Prospective relief only, no monetary damages:
 - Exclusion Orders enforced at the borders by U.S. Customs and Border Protection.
 - Cease & Desist Orders enforced in the U.S. by the ITC for illegal U.S. sales activity.

Breakdown of ITC by Countries

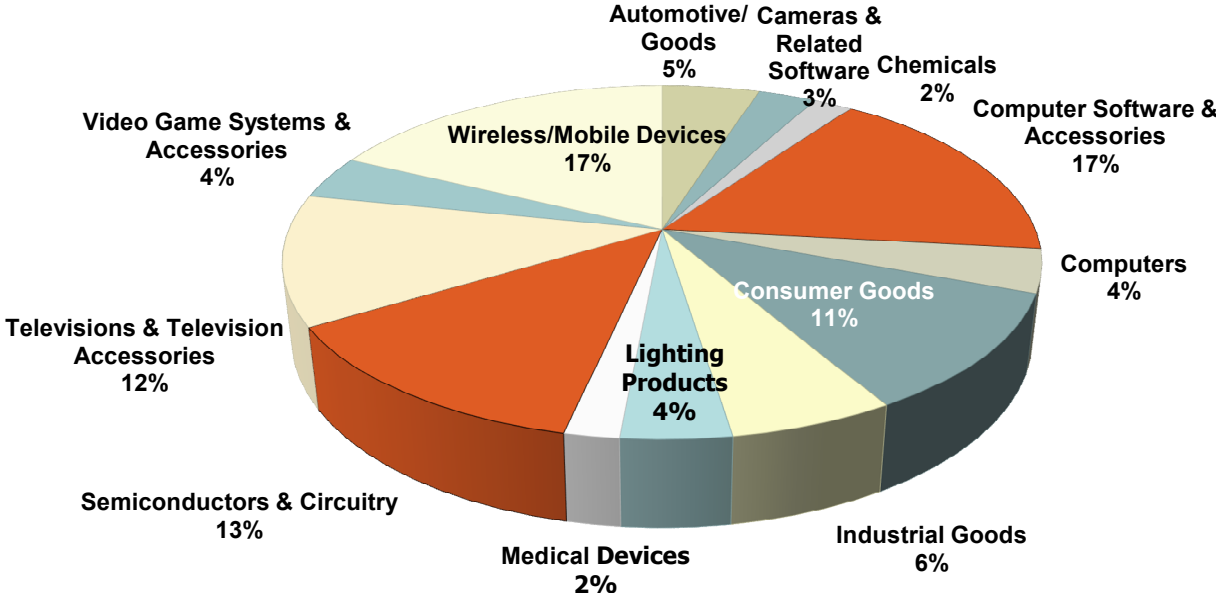
ITC Cases by Country 2000-Present



Types of Products at Issue

Product Classifications for Instituted 337 Investigations

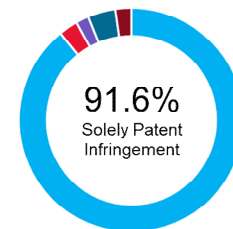
(2009 - Present)



The ITC Is Not Just for Patents

- Section 337 of the Tariff Act of 1930 (19 U.S.C § 1337(a)(1)) authorizes the ITC to investigate and remedy importation, sale for importation, or sale after importation of articles that:
 - Infringe a valid and enforceable US **patent**;
 - Are made, produced, processed, or mined using a **patented process**;
 - Infringe a valid, enforceable, and registered US **copyright** or **trademark**;
 - Infringe a **registered mask work** (17 U.S.C. § 901 et seq.); or
 - Infringe a **registered boat hull design**.
- **Other prohibited unfair acts** include activities such as trade secret misappropriation, trade dress misappropriation, or false advertising in the importation and sale of articles that destroy or injure the domestic industry, prevent establishment of such industry, or restrain or monopolize trade.

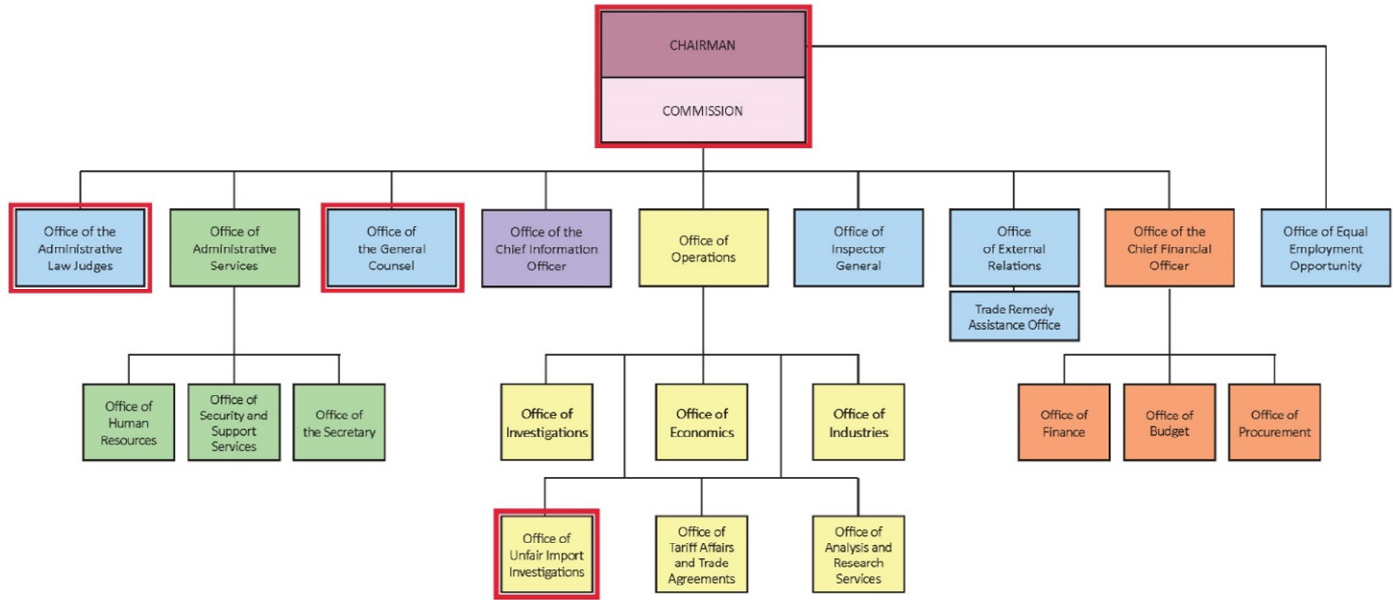
Claims in All 337 Investigations



- Solely Patent Infringement
- Solely Trademark Infringement
- Solely Trade Secret Misappropriation
- Patent, Trademark or Copyright Infringement, Trade Secret Misappropriation, and/or Other Unfair Acts
- Copyright Infringement, Trade Secret Misappropriation, Unfair Competition, False Advertising, and/or Other Unfair Acts

The Regulatory Framework of the ITC

UNITED STATES INTERNATIONAL TRADE COMMISSION
Office-Level Organizational Chart



The Parties

Who can sue?

Owner/exclusive licensee of IP

U.S. presence not required but IP rights must be used in U.S.

Patent licensing can be sufficient

Who can be sued?

Manufacturers of products sold for importation into U.S.

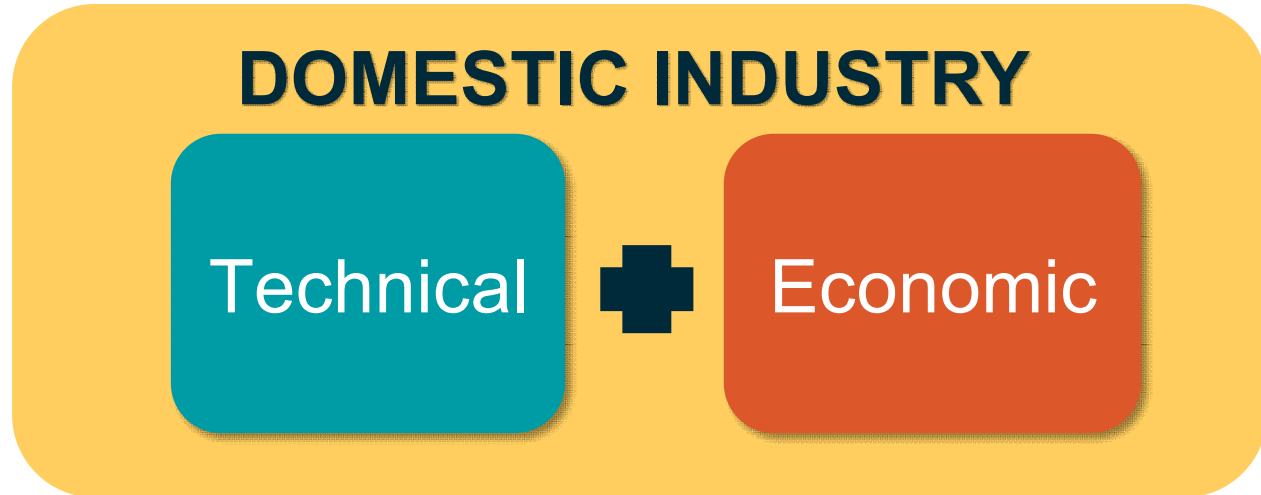
Manufacturers need not know of importation

Importers of products into U.S.

Anyone in chain of manufacture or importation

Unique Aspects of the ITC: Domestic Industry

- Must exist or be in the process of being established (and must show tangible steps), when complaint is filed
- Test for patent-based domestic industry set out in statute: consists of “Technical Prong” and “Economic Prong”



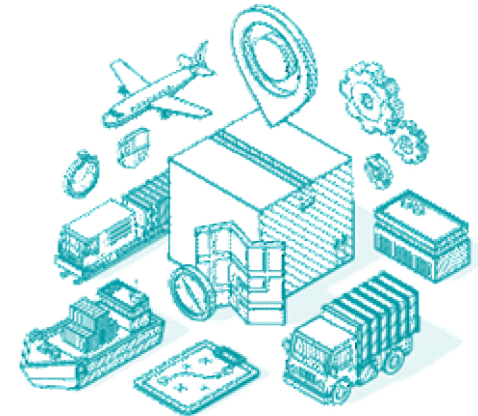
Unique Aspects of the ITC: Domestic Industry

- Technical Prong:
 - Practice at least one valid, enforceable claim per patent (“**DI Product**”).
 - Different patents in investigation can have different domestic industries.
 - Note: Must exploit the IP right in patent/copyright/registered TM cases (statutory cases); no technical prong requirement for trade dress/trade secret cases (non-statutory cases).
 - Economic Prong:
 - “Significant” investment in plant and equipment.
 - “Significant” employment or capital.
 - “Substantial” investment in R&D or licensing.
- Must be related to “DI Product”**
- Must also be related to Asserted Patent (i.e., narrower)**
-

DI IS NOT LIMITED TO US COMPANIES

Unique Aspects of the ITC: Importation

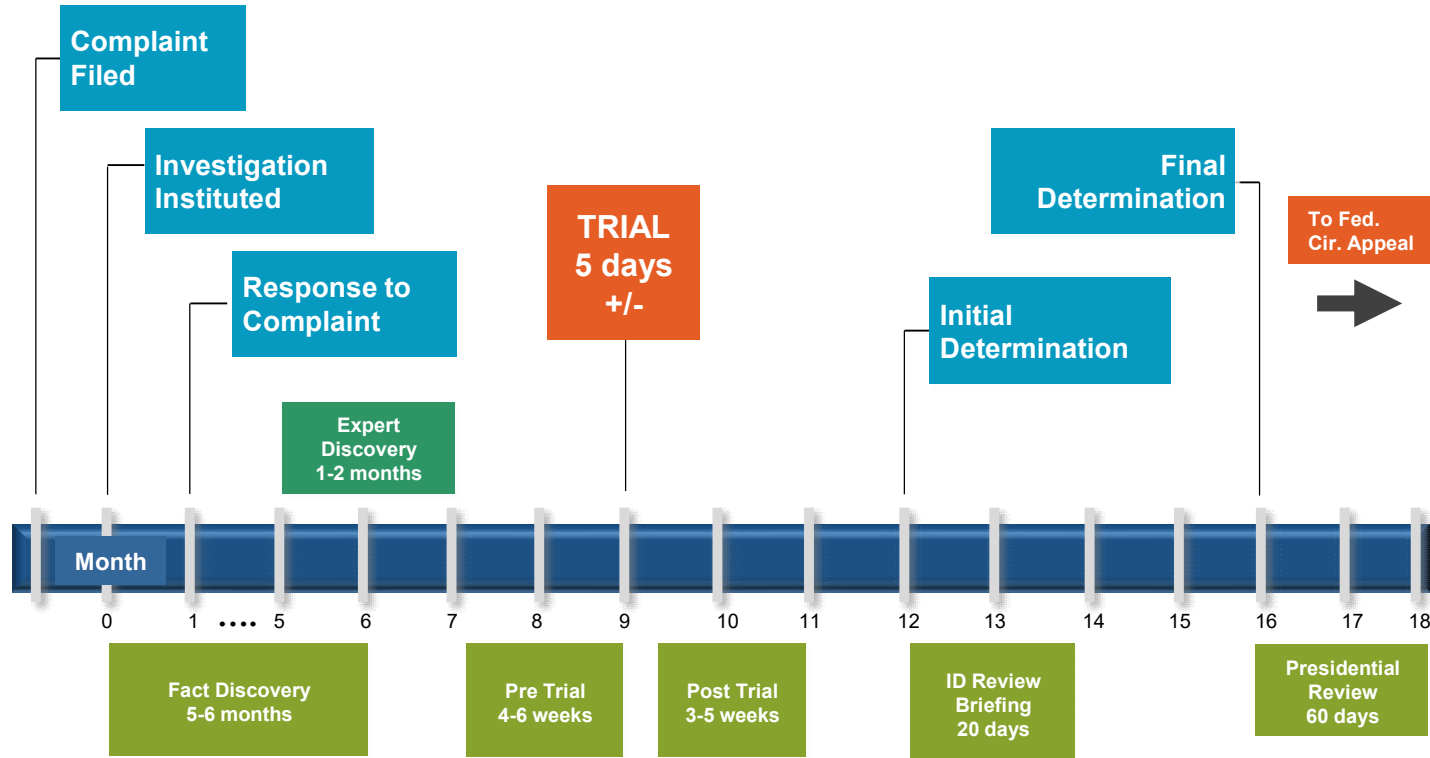
- Subject matter jurisdiction in the ITC is established by alleging, *e.g.*, “an unfair act in the importation of articles . . . into the U.S.”
- “Unfair act” is, *e.g.*, infringing a patent, TM or copyright
- Importation:
 - Articles must be imported into the United States (not enough for article to be imported then incorporated)
 - ITC has jurisdiction over those goods (*in rem* jurisdiction) that are imported, sold for importation, or sold after importation
 - *In personam* jurisdiction is unnecessary for remedy



Unique Aspects of the ITC: Speed

- Speed to trial:
 - U.S. District Court: nearly 3 years
 - ITC: 6-8 months (average case completed in 16 months)
- Statute requires cases to conclude at “earliest practicable time”
- True Rocket Docket
 - Cases go to trial in 8-9 months from Institution
 - Includes fact discovery, expert discovery, pre-trial phase
 - 10 day response time for discovery and motions

Typical 16-month Investigation



Unique Aspects of the ITC: Remedies

- **Exclusion Orders** against infringing imports:
 - Enforced by Customs
 - Temporary, General or Limited EOs
 - **General EO against an entire industry, e.g., counterfeits**
- **Cease and Desist Orders** against respondents:
 - Enforced by the Commission
 - Prohibits respondents' sales activity with respect to already-imported infringing products.
 - Penalties of \$100,000/day
- **Consent Orders:**
 - Violation carries same penalties as a cease and desist order
- **Duration of orders – usually for life of IP right**
- **No monetary remedy, costs, or fees:**
 - Only sanctions for abuse of process (similar to FRCP 11), abuse of discovery, failure to make or cooperate in discovery, or violation of a protective order



Unique Aspects of the ITC

- Highly experienced judges (5 of 6 have technical degrees)
- Protective Orders
- Scope of Discovery
- Nationwide subpoena power
- Rules of Practice and Procedure
- ALJ's Ground Rules
- No counterclaims
- Availability of *Markman* depends on judge
- Evidentiary standards at trial

Unique Aspects of the ITC: Public Interest

- ITC seeks comments on public interest issues in complaint
 - How the accused products are used
 - Public health, safety, or welfare concerns
 - Existence and capacity of similar replacement products
 - Impact on consumers
- *Certain Electronic Devices*, ITC Inv. No. 337-TA-794
 - ITC issued exclusion order after Apple found to infringe standard essential patents owned by Samsung
 - USTR vetoed exclusion order on policy grounds

Unique Aspects of the ITC: Role of the Office of Unfair Import Investigations (OUII)

- OUII investigates the allegations in the complaint and represents the public interest
- Begins prior to formal institution of investigation
 - Reviews draft complaints before they are filed
 - Provides confidential assistance to complainants to satisfy Commission rules
 - Advises the Commission on whether to institute an investigation
- Full party (sometimes); takes positions on (some or all) merits and procedure
 - Including petitioning for review and responding to petitions for review of ALJ's decision
- Often accorded deference by ALJ
- Convincing staff attorney of private party's position is valuable

ITC vs. District Court

ITC

- **Jurisdictional advantages:**
 - (1) name multiple respondents from U.S. and abroad;
 - (2) *in rem* jurisdiction
- **Expedited proceedings** – usually 14-16 months; short deadlines
- Counterclaims by respondents are immediately removed to district court
- **Discovery:** (1) nationwide subpoena power; (2) discovery against foreign respondents; (3) sanctions available against foreign respondents who fail to comply with discovery; (4) broad discovery
- **ALJ expertise;** ALJ handles both discovery disputes and hearing
- Only remedy is injunctive. EO enforced by U.S. Customs and Border Protection/CDO enforced by ITC

District Court

- No domestic industry requirement (both (1) technical and (2) economic)
- No importation requirement
- Complaint need not lay out fundamental initial infringement contentions; essentially notice pleading v. fact pleading at ITC
- Jury
- Monetary Damages
- Injunctive relief (?)

Customs Enforcement



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Enforcement of Exclusion Orders

U.S. Customs and Border Protection, (“Customs” or “CBP”) is the agency tasked with enforcing ITC exclusion orders at U.S. ports of entry.

- Administered by the Exclusion Order Enforcement Branch of the Office of Regulations and Rulings
- Once issued, an EO is sent to the President for review. Becomes final after 60 days
- Seizure and Forfeiture Orders issue if an importer attempts to import goods after being denied entry under an exclusion order



Redesigns

Importers seeking to import a redesigned product have several options:

- Enforcement at Ports of Entry Under 19 CFR §174
- Ruling Request under 19 CFR §177
- Return to the ITC
 - Modification Proceeding under 19 CFR §210.76
 - Advisory Opinion under 19 CFR §210.79

Key Takeaways

- ITC is the “go-to” forum for high-stakes IP infringement disputes
- Shortened time period
- *In rem* jurisdiction makes it effective against non-U.S. respondents
- Experienced jurists
- Parallel litigation



Questions?

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Eric chairs the firm's practice before the ITC, and he is the leader of the Washington, DC IP group. Eric has litigated over 100 ITC cases, including more than two dozen that have gone through trial. He has logged hundreds of hours of in-court time before all of the sitting ALJs and Commissioners. He was named one of the IP Litigators of the Year for 2023 by *Managing Intellectual Property*. *Global Intellectual Property* magazine has noted that Eric has "an absolute command of the relevant technology" and "the ability to explain complicated science in a straightforward, simplified manner." *Legal 500* describes Eric as "a superstar IP lawyer and well respected by the staff at the ITC." He is currently president of the ITC Trial Lawyers Association.

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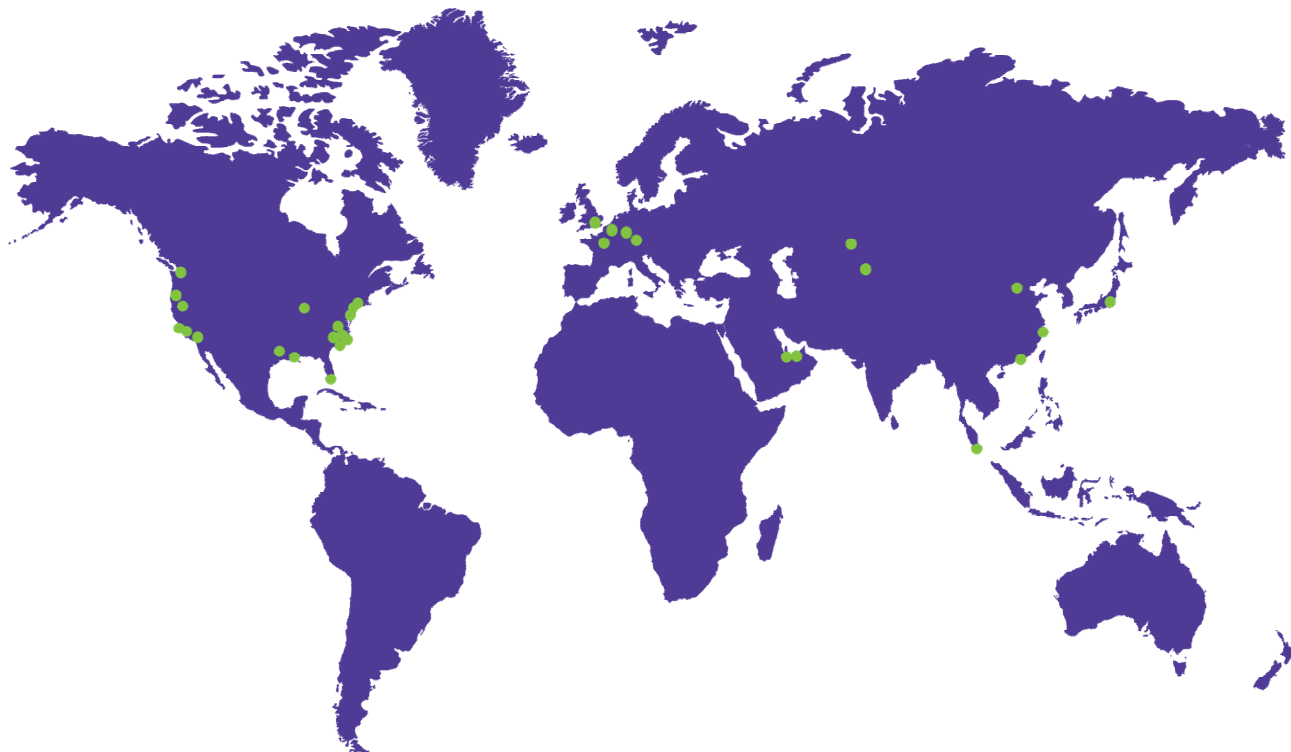
Kandis' practice focuses on IP litigation with an emphasis on Section 337 investigations before the ITC. She has represented complainants, respondents, and third parties in numerous ITC investigations involving a wide array of technologies and various claims, including patent infringement, trade secret misappropriation, trademark infringement, and unfair competition. Kandis also routinely represents clients in district court litigation involving a range of claims, including patent infringement, trademark infringement, copyright infringement, and trade secret misappropriation.

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