

# Enforcing IP Rights in the U.S. Section 337 Investigations

August 28, 2018  
USPTO China IP Road Show

[anthony.delmonaco@finnegan.com](mailto:anthony.delmonaco@finnegan.com)



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# Common Terms and Abbreviations

- ALJ – Administrative Law Judge
- APA – Administrative Procedures Act
- Section 337 – 19 U.S.C. §1337
- Staff or OUII – ITC Office of Unfair Import Investigations
- DI – Domestic Industry requirement of Section 337
- PTO – Patent and Trademark Office

# Why Is the ITC Important?

- Faster than a district court—a final decision from the Commission in approximately 16 months
- Expertise in IP law, especially patent law
- Extensive discovery
- Exclusion order similar to an injunction—significant after *Ebay* decision
  - Limited Exclusion Order
  - General Exclusion Order
  - Cease and Desist Order
- No damages

# Similarities to District Court Actions

- Similarities:
  - Patent or other federal law (both appeal to Federal Circuit)
  - Infringement contentions
  - Invalidity defenses
  - Claim construction (sometimes)
  - Depositions
  - Written discovery
  - Expert reports

# Differences from District Court Actions (Part 1)

- Differences from district court cases:
  - Complaint
    - DC – notice pleading
    - ITC – detailed factual pleading
  - Remedies
    - DC – damages/potential injunction
    - ITC – no damages/automatic injunction
  - Win rates
    - DC – patentees win about 1/3
    - ITC – patentees win about 55%

## Differences from District Court Actions (Part 2)

- Differences from district court cases:
  - Likelihood of Trial
    - DC – 3%
    - ITC – 35%-40%
  - Decided by
    - DC – Article III Judge or jury
    - ITC – Administrative Law Judge/Commissioners
  - Jurisdiction:
    - DC – personal jurisdiction
    - ITC – in rem jurisdiction over imported goods

# Differences from District Court Actions (Part 3)

- Differences from district court cases:
  - Discovery
    - DC – 30 days (+) to respond to discovery
    - ITC – 10 days, frequent sanctions for failure to comply
  - Time to trial:
    - DC – 2-3 years from filing (3% in district courts)
    - ITC – 9-10 months from institution (40%)
  - Domestic industry
    - DC – not required
    - ITC – must be demonstrated by complainant
  - Cost
    - DC – varies
    - ITC – more \$ or the same amount of \$ in shorter time period

# Domestic Industry Requirement

- Economic and Technical Prong
- For economic prong, Complainant must show:
  - Significant investment in plant and equipment;
  - Significant employment of labor or capital; or
  - Substantial investment in the patent's exploitation, including engineering, research & development, or licensing

# History and Purpose

- Section 337 was originally enacted in 1930 to protect US industries by making unlawful the importation of goods by unfair methods of competition and unfair acts, including patent infringement, that might prohibit, harm, restrain, or monopolize trade in commerce.
- Examples of Unfair Acts:
  - IP Infringement (patents, trademark, copyright)
  - Lanham Act (trade dress, false advertising)
  - Trade Secret Misappropriation

## Recent History – New Complaints Fiscal Year

- 50 in 2018 (so far)
- 64 in 2017
- 79 in 2016
- 47 in 2015
- 49 in 2014
- 52 in 2013
- 56 in 2012
- 78 in 2011
- 58 in 2010
- 37 in 2009
- 50 in 2008
- 33 in 2007
- 40 in 2006

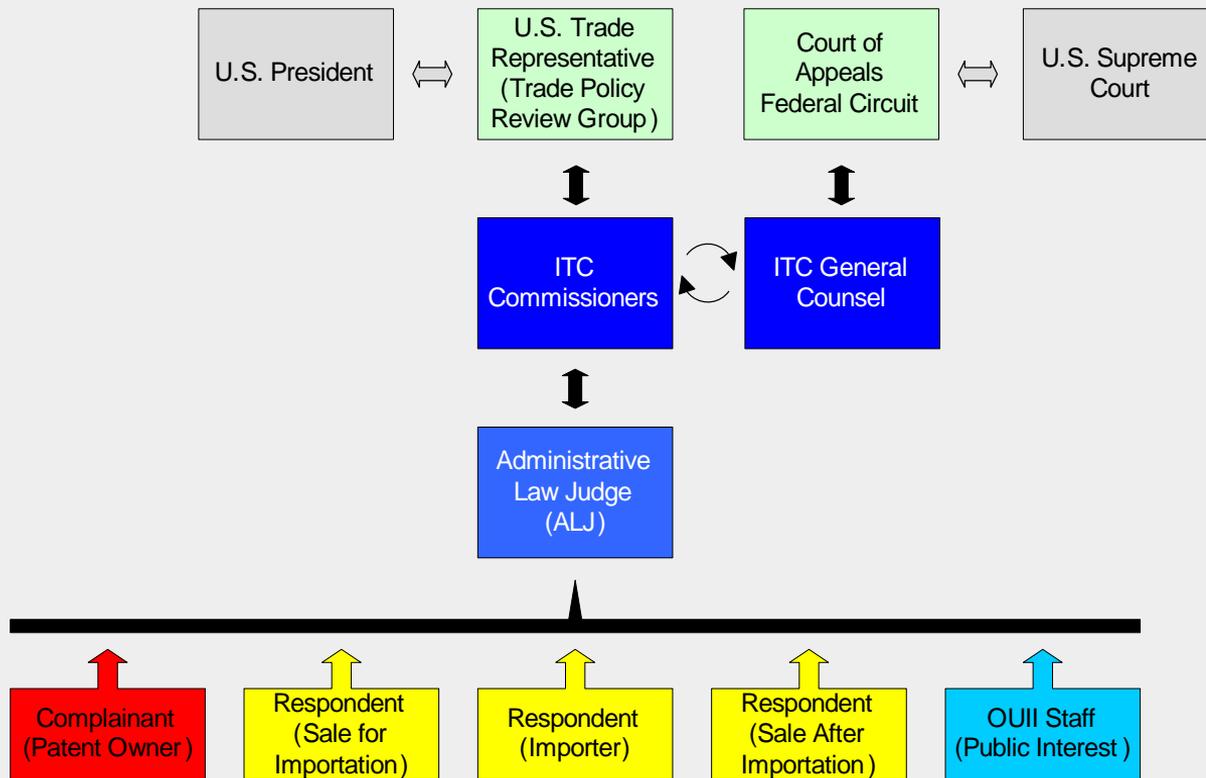
# Structure of the ITC (Part 1)

- 6 Commissioners Appointed by the President and confirmed by the Senate for 9-year terms
- Only 3 Commissioners can be from the same party
- Chairman position alternates every 2 years between the parties based on seniority
- 6 Current ALJs: Chief ALJ Bullock, ALJs McNamara, Lord, Pender, Shaw, and Cheney

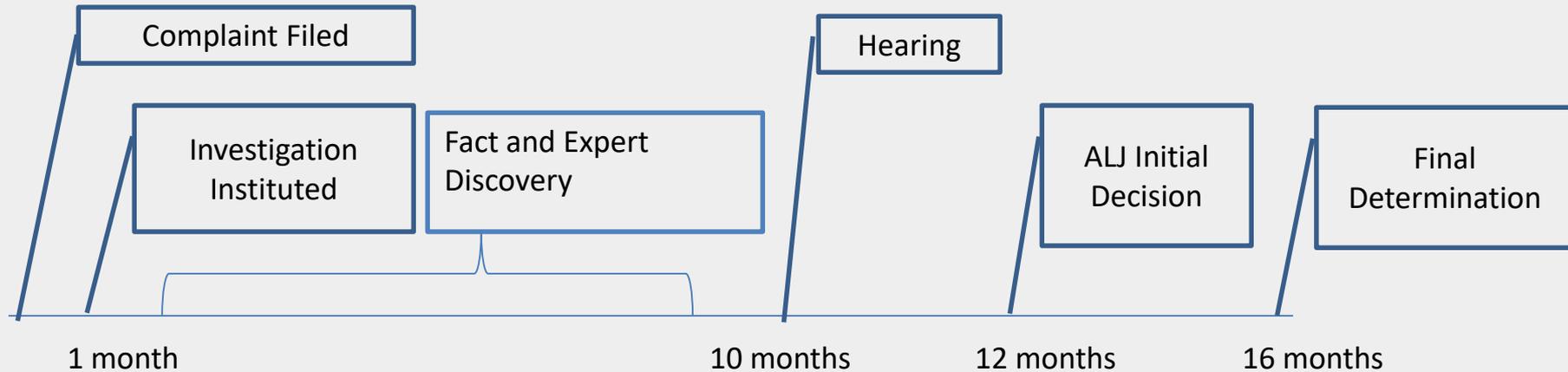
## Structure of the ITC (Part 2)

- Office of General Counsel provides legal counsel to the Commissioners and defends Commission decisions before the Federal Circuit
- Office of Unfair Import Investigations (OUII), also known as “the Staff,” represents the Commission in many investigations. In other words, the Staff acts as a 3rd party during investigations taking positions on all matters at issue (e.g., infringement, invalidity, domestic industry)

# Participants in 337 Cases



# Timeline for Section 337 Investigations



# Your Presenter



## Anthony Del Monaco is a partner in our DC office

Anthony's practice involves all facets of intellectual property law in a wide spectrum of technologies. He focuses his practice on patent litigation, primarily before U.S. district courts, the U.S. International Trade Commission (ITC), and arbitrations. He has had key responsibilities in all aspects of litigations, from the initial pleading stage through discovery, motions, claim construction, and trial. Anthony has also participated in over a dozen ITC investigations and appeared in over half dozen ITC hearings, representing and/or litigating against corporations from all over the world, including Asia. He currently serves as an associate adjunct professor at American University Washington College of Law, where he teaches a course on intellectual property practice at the ITC.

### Leading today's discussion on:

- *Enforcing IP Rights in the U.S. Section 337 Investigations*

### Contact Anthony:

+1 202 408 4023

[anthony.delmonaco@finnegan.com](mailto:anthony.delmonaco@finnegan.com)

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Questions?

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