

Recent Guidance on IP Enforcement at the ITC

Presented by:

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Introductions

Agenda

- ITC enforcement trends in view of COVID-19
- Recent Guidance on ITC Enforcement
 - *Swagway*
 - *Comcast*
 - *Mayborn*
- Open Q&A

Audience Poll Question # 1

I have been involved with a Section 337 investigation at the ITC.

Yes

No

Overview of Section 337 Investigations

- Administrative agency based in Washington D.C.
- Structure:
 - Six Commissioners
 - Administrative Law Judges
 - Office of Unfair Import Investigations
- Responsible for administration of Section 337 of the Tariff Act to prevent unlawful importation into the United States of infringing articles
 - Available remedies:
 1. **Exclusion order** to prevent the importation of articles into the United States
 2. **Cease-and-desist order** directed to U.S. companies to prevent sales of articles that have already entered
 - Typical procedure for ITC investigation
 - Filing of Complaint
 - Institution of Investigation
 - Evidentiary hearing before ALJ
 - Issuance of Initial Determination by ALJ
 - Review of Initial Determination by Commission to issue Final Determination
 - Presidential Review

ITC Enforcement Trends

ITC Procedures during COVID-19

- All in-person hearings have been suspended since March 2020
- Discovery deadlines not suspended
- Filing of new cases moved online
- Three Phase reopening plan:
 - Likely moving in step with federal and regional (Maryland, Virginia, and D.C.) governments whose reopening plans are generally based on the executive branch's criteria.
<https://www.whitehouse.gov/openingamerica/>
 - D.C. and Maryland are in Phase 2, Virginia is in Phase 3.
- **RECENT DEVELOPMENT** – ITC Announced on July 20, 2020 it has identified a **secure** tele-conference system for evidentiary hearings
 - New hearing dates are now being scheduled on a case by case basis.
 - Rescheduling is delayed, not immediate.
 - For example, hearing set for late-March 2020 is now set for December 2020.

Impacts of COVID on Pending Section 337 Investigations

- Where COVID closures have impeded ability to have a hearing, ALJs have suspended hearing and determination schedules.
- Discovery and other proceedings have continued as scheduled
 - ALJs have accommodated requested extensions
- Now that hearings have resumed ALJ's are adjusting schedules accordingly:
 - Evidentiary hearings rescheduled
 - Initial determination target dates pushed back
 - Final determination target dates pushed back

Audience Poll Question # 2

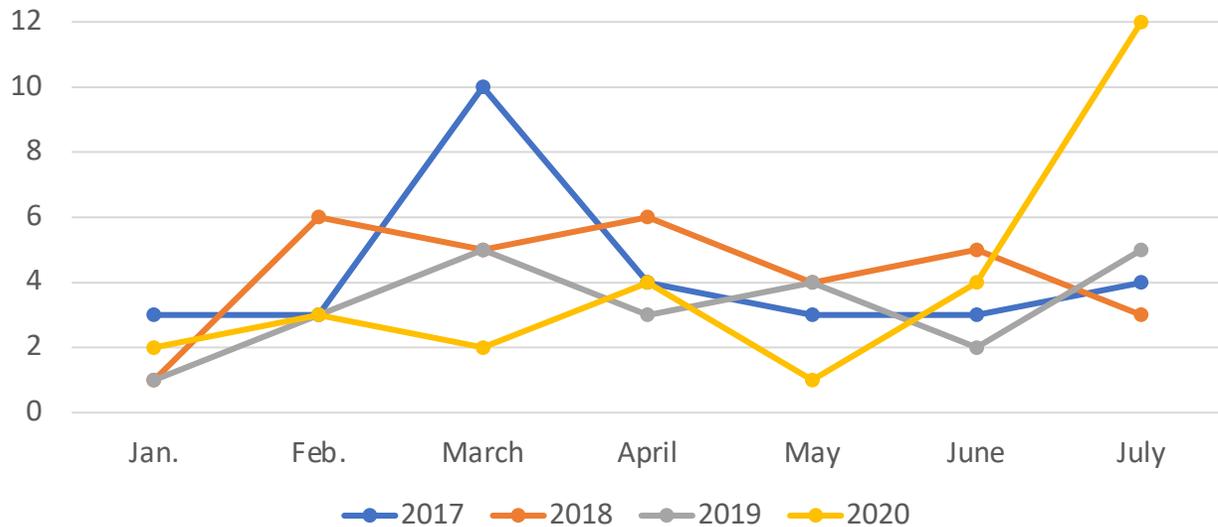
How do new Section 337 filings at the ITC in 2020 compare to prior years?

- New filings have **stayed the same**
- New filings have **increased**
- New filings have **decreased**

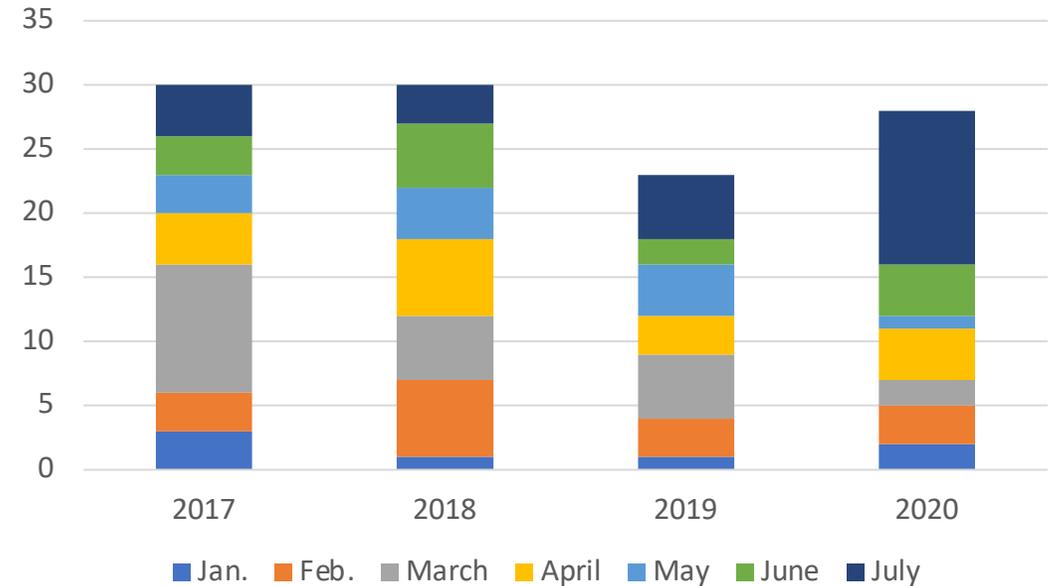
Initiation of New Section 337 Complaints

- New filings have remained fairly consistent: below average for early 2020, with a surge of new filings in July 2020.

ITC New Section 337 Filings 2017-2020
(Jan. – July)



ITC New Section 337 Filing Totals
2017-2020 (Jan. – July)



Recent Guidance

Swagway v. ITC

- Investigation regarding infringement of “SEGWAY” trademarks and patent
- Federal Circuit issued a first opinion determining it did not need to reach one of Swagway’s arguments regarding a consent motion, because there was no preclusive effect.
 - Federal Circuit had previously held no preclusive effect on ITC decisions involving patent issues. *Tex. Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996); see *Tandon Corp. v. ITC*, 831 F.2d 1017, 1019 (Fed. Cir. 1987).
 - Federal Circuit determined there was “no reason to differentiate between the effect of the Commission’s patent-based decisions and the Commission’s decisions regarding trademarks.”
- Segway petitioned for rehearing
 - Argued that lack of preclusive effect for trademark issues conflicted with other circuit courts and the Supreme Court’s precedent.
 - Federal Circuit reissued opinion addressing consent motion, and deleting the section on the trademark ruling not have any preclusive effect.

Takeaways from *Swagway*

- Federal Circuit indicated that ITC's trademark rulings will have preclusive effect in other actions.
- If there are pending district court cases between the parties, issues litigated before the ITC will likely be given preclusive effect.
- Unclear whether this will apply to other non-patent cases before the ITC
 - Unfair Competition
 - Copyright
 - Trade Secret Misappropriation
- Supreme Court's guidance:
 - The court should "take it as a given that Congress has legislated with the expectation that the principle of issue preclusion will apply, except when a statutory purpose to the contrary is evident." *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138 (2015)

Comcast Corp. v. ITC

- Overview of case
 - TV set-top boxes used for remote access to TV programs
 - Used in an infringing manner **after** importation
 - ITC found direct infringement by Comcast's customers and inducement by Comcast
 - ITC blocked importation of the set-top boxes by Comcast and by third parties who manufactured and imported the set-top boxes on Comcast's behalf
- Issues on appeal
 - Can ITC issue an exclusion order against products that were not infringing at the time of importation?
 - Exclusion order was limited to importations for an entity who intended use was to induce infringement
 - Does exclusion order apply to an entity who does not import the products, and whose acts of inducement occur entirely after importation?
 - Entity was sufficiently involved in design, manufacture, and importation to be considered an importer under Section 337

Takeaways from *Comcast*

- ITC's authority can extend to products that do not infringe at the time of importation
 - Facts here showed inducement of the patented use
- ITC's remedies can extend to entities other than the legal importer of record
 - Evidence of sufficient involvement by the non-importing party

Mayborn v. ITC

- Appeal of decision denying Mayborn’s petition for rescission of a general exclusion order (“GEO”)
 - Unlike a more common limited exclusion order (“LEO”), a GEO applies to all importers.
 - GEO issued in prior case because it was “difficult to gain information about the entities selling infringing” products and it was “nearly impossible to identify the sources” of the products.
- Mayborn not involved in prior case, but knew about the investigation and took no action during the proceedings. Filed petition after patent owner notified Mayborn and its retail partners that Mayborn’s products infringed the patent and were subject to the GEO.
- Mayborn argued patent was invalid and the ITC should rescind the GEO.
- ITC denied petition holding that the discovery of invalidating prior art after the issuance of a GEO is not a “changed condition” allowing the rescission of a GEO under the statute.
- Federal Circuit affirmed
 - Mayborn’s petition did not raise invalidity in an investigation or enforcement proceeding.

Audience Poll Question # 3

Once a General Exclusion order has issued, it cannot be rescinded.

- True
- False

Takeaways from *Mayborn*

- Important to monitor GEO's for potential applicability
- Consider taking action during the underlying investigation to present defenses
- Consider timing and other avenues for challenging patent validity

Live Q&A

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Thank you!

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