

TUESDAY, APRIL 9, 2024

PERSPECTIVE

Recent threats to an important remedy for U.S. patent owners

By Sheila Swaroop

A typical avenue for enforcement of a U.S. patent is a lawsuit in federal court. But there is another, powerful enforcement option if the infringer is importing products. The U.S. International Trade Commission (ITC), an administrative agency based in Washington D.C., can issue exclusion orders to ban infringing products from entering the country. The ITC's exclusion orders provide an important enforcement tool for U.S. patent owners to protect their innovations from overseas infringement. But infringers are now fighting to change the ITC's rules and to curb the ITC's powers.

The ITC has existed for over 100 years, with a mission to investigate acts of unfair trade. This includes Section 337 investigations, which evaluate infringement of U.S. intellectual property rights and can result in exclusion orders against infringing products. Since 2006, the ITC has issued over 200 exclusion orders, and currently has 144 active exclusion orders in effect. Enforcement occurs through U.S. Customs and Border Protection, the agency that monitors imports at ports of entry across the country.

This fight to curtail the ITC's remedial powers includes legislative efforts that would make it more difficult for U.S. patent owners to bring an ITC action. The Advancing America's Interest Act is a bill that was originally introduced in 2021 and re-introduced in 2023 as a vehicle to "modernize" the ITC. The lobbyists



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endorsing this legislation include the ITC Modernization Alliance, a group of companies that include Samsung, Intel, Dell, Google, Verizon, Apple and Comcast, among others. Since 2021, the ITC Modernization Alliance has reported \$670,000 in lobbying expenses in support of its efforts to change the ITC's rules.

One aspect of the bill would change the requirements for proving a "domestic industry" at the ITC. This domestic industry requirement has existed at the ITC in its current form since 1988. 19 U.S.C. Section 1337(a)-(c). It already requires a U.S. patent owner to show both an economic analysis of U.S. investments and a technical analysis of its patent to support an exclusion order. The

proposed bill would make it more difficult for U.S. patent owners to rely upon licensing of their patents to establish a domestic industry.

A second aspect of the bill would change the requirements for the ITC's public interest analysis. Currently, federal law requires the ITC to consider the effect of an exclusion order on public health and welfare. 19 U.S.C. Section 1337(d)(1). The ITC conducts this analysis by seeking input from the patent owner, accused infringers, federal agencies and the general public. The ITC can also delegate the public interest issue to an Administrative Law Judge to receive evidence and make findings and has done so in over 140 investigations since 2010. The pro-

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posed bill would change the ITC's procedures and require an affirmative determination that exclusion of infringing products is in the public interest.

The ITC has applied its existing domestic industry and public interest framework in hundreds of investigations to protect U.S. patent owners. But supporters of the bill argue that legislative changes are necessary because of misuse of the ITC by patent licensing entities.

This stated concern is inconsistent with the ITC's statistics, which show that patent licensing entities account for less than 20% of the ITC's complaints. This bill, however, would impact ITC investigations for all U.S. patent owners, not just patent licensing entities, and would change the rules for any U.S. patent owner seeking relief at the ITC.

In addition to legislative and lobbying efforts, companies facing exclusion orders have raised judi-

cial challenges to the ITC's procedures. This includes an unsuccessful challenge to the ITC's practices in consulting with federal agencies when issuing exclusion orders. *Philip Morris v. ITC*, 63 F.4th 1328 (Fed. Cir. 2023). Other critics have argued that the ITC is an inappropriate forum for evaluating patent infringement.

While companies facing exclusion orders continue to challenge the ITC through lobbying and judicial

efforts, the ITC remains a powerful enforcement option for U.S. patent owners. Its unique requirements and procedures allow the ITC to protect U.S. patent owners from infringing imports, while still considering the impact on the public health and welfare. The ongoing efforts to change the ITC's rules would diminish the ability of U.S. patent owners to seek an important remedy for protecting their innovations.