



Section 337 at the ITC in 2020

October 21, 2020

Section 337 at the ITC in 2020—Outline

- Procedure changes and practice pointers
- ITC legal update
- Developments at CBP
- Look ahead
- Takeaways and Questions

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- **Procedure changes and practice pointers**
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Changes to procedure

- ITC courtrooms and rest of building closed to public
- Regular (paper) filings and Commission service of complaint ended
- In-person hearings postponed
- Discovery and presentation of evidence at hearings

Changes to procedure—ITC building closed to public

- OUII continues to provide pre-filing review of complaint
 - Email Margaret MacDonald, Director of OUII, to arrange
 - Dockets exhibit review
- Teleworking OUII attorneys
 - Phone outages—use email
 - Limited approved applications—check with Staff attorney beforehand
- Chair of Commission determines reopening through 3-phased plan
 - Not lockstep with regional governments, OPM, CDC

Changes to procedure—Filing and service changes

- Filing the complaint
 - Public and confidential versions separately filed electronically
 - Filing date after Dockets review

- Service of complaint and support “on behalf of” Commission
 - Upon Notice of Investigation
 - Commission provides materials to private party

- Later Commission-issued documents
 - Served electronically via EDIS where possible
 - **box** (also for use with OUII Staff)

Changes to procedure—In-person hearings postponed

- Four-month adoption of FedRAMP-certified videoconferencing tool
 - Confidential Business Information
 - Backlog for ALJs
- ALJ responses
 - Additional round of video depositions
 - After witness statements
 - Adverse direct examination
 - Adjudicate issues without live witnesses
 - Settlement
 - Extension of hearing dates
- Remote *Markman* hearings have resumed
- Remote evidentiary hearing procedures specified and beginning

Remote video proceeding research (and anecdotal information)

- Technological problems
- Less engagement
 - Less time with counsel preparing
 - Not availing of all procedures and relief
 - Efficacy of remote attorney-client counseling
- Small but more negative view of remote witnesses
 - Credibility and presentation
- Sensitivity of judges to negative impacts

Remote evidentiary hearings with FedRAMP Webex—Roles

- Host—ALJ or Attorney Advisor
- Participants
 - Witnesses
 - Attorneys
 - Examining
 - Objecting
 - Monitor—Witnesses; report if an Attendee has not signed onto a Protective Order.
- Attendees
 - Non-participating attorneys
 - Document managers
 - IT
 - Clients and corporate representatives
 - Press, other public

Remote evidentiary hearings—FedRAMP Webex logistics

- Participants
 - Standalone application recommended (document annotations)
 - Wired network connection
 - Headphones
- Attendees
 - Dial in via phone
 - Muted
 - Generally not on video
 - Corporate representatives introduced during opening
- “Stability” concerns
 - Attorneys limited
 - Corporate representatives may be asked to log off during Openings
 - May limit number who have access

Remote evidentiary hearings—Confidential Business Information procedures

- Parties announce before sharing CBI in Webex
 - Party requests going confidential
 - ALJ asks those not on Protective Order to exit
 - Parties confirm their affiliates have left Webex
 - ALJ (re)adomishes; known press and others placed in “Lobby”
 - Attorney/advisor (Host) confirms
 - Anyone else not on Protective Order placed in Lobby
- Access to Participants’ computers limited
- Monitoring attorney notifications

Remote evidentiary hearings—Witnesses

- Witness testimony
 - Quiet room, closed door, cannot be disturbed
 - Only attorneys may be located with a witness
- Attorneys provide laptop with documents to witness
 - No access to other materials or platforms
- “Sequestration” similar to in-person hearing

Remote evidentiary hearings—*Markman*

- Some ALJs construing claims on papers
- Procedures like those of evidentiary hearings
- Purely telephonic
- Adapt materials submitted

In-person hearings postponed—Tips and practices

- Trial deposition planning
 - Preparatory discovery timing
 - Witnesses subject to blocking statutes
 - Adverse witnesses
 - Third party and direct witnesses

- Exhibits and other real evidence

- Client and other cooperating witnesses

- Manage case for what is triable

Discovery and presentation of evidence: Blocking statutes' impact

		Witness	
		Travel	No Travel
Counsel	Travel	Witness' location	Witness' location
	No Travel	Remote or Counsel's location	Remote

Blocking statute



		Witness	
		Travel	No Travel
Counsel	Travel	Safe country	Alternative witness Other discovery
	No Travel	Remote from safe country	Alternative witness Other discovery ¹⁵

Changes to procedure—Discovery and presentation of evidence

- Remote depositions
 - Location and feasibility
 - Control
 - Time
- Preparation and defense
 - Physical copies of materials
 - Tests on deposition platform
 - Counsel
 - Deponent
 - Handling documents
 - Location similar to hearing testimony

Remote witness testimony—Defense and preparation

- Credibility and presentation
 - Background and setting
 - Audio and video gear
 - Camera shot
 - Adjust video for witness
 - Non-verbal communication and body-language
 - Demeanor
 - Default standard
- Plan for possible uses at hearing (and elsewhere)
 - Temper overly-defensive perspective
 - Additional preparation to help witness with providing context
 - Long runs of curt of responses

Remote witness testimony—Defense and preparation

- Witness-location team, if possible
 - Defense counsel
 - Inside counsel or corporate representative
 - Check-translator, if using

- Side channel with defending counsel

Discovery and presentation of evidence: Source code and products

- Source code
 - Remote access
 - *Certain Wearable Monitoring Devices, Systems, and Components Thereof*, inv. no. 337-TA-1190 (April 28, 2020)

- Physical products
 - Additional specimens
 - Customs delays
 - Specifying condition and responsibilities, effect

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Interaction with PTAB Final Written Decisions—*Certain Unmanned Aerial Vehicles and Components Thereof*, inv. no. 337-TA-1133

■ Timelines

- ITC institutes Oct. 2, 2018
- IPR petition filed Nov. 16, 2018
- 18-month target date + government shutdown=July 2, 2020

■ ALJ's ID finds infringement of '184 patent

- March 2, 2020
- Redesigned products not ripe for adjudication
- LEO, CDO, bond remedies recommended

■ IPR invalidates '184 patent claims May 21, 2020

■ Commission affirms remedies, suspends enforcement



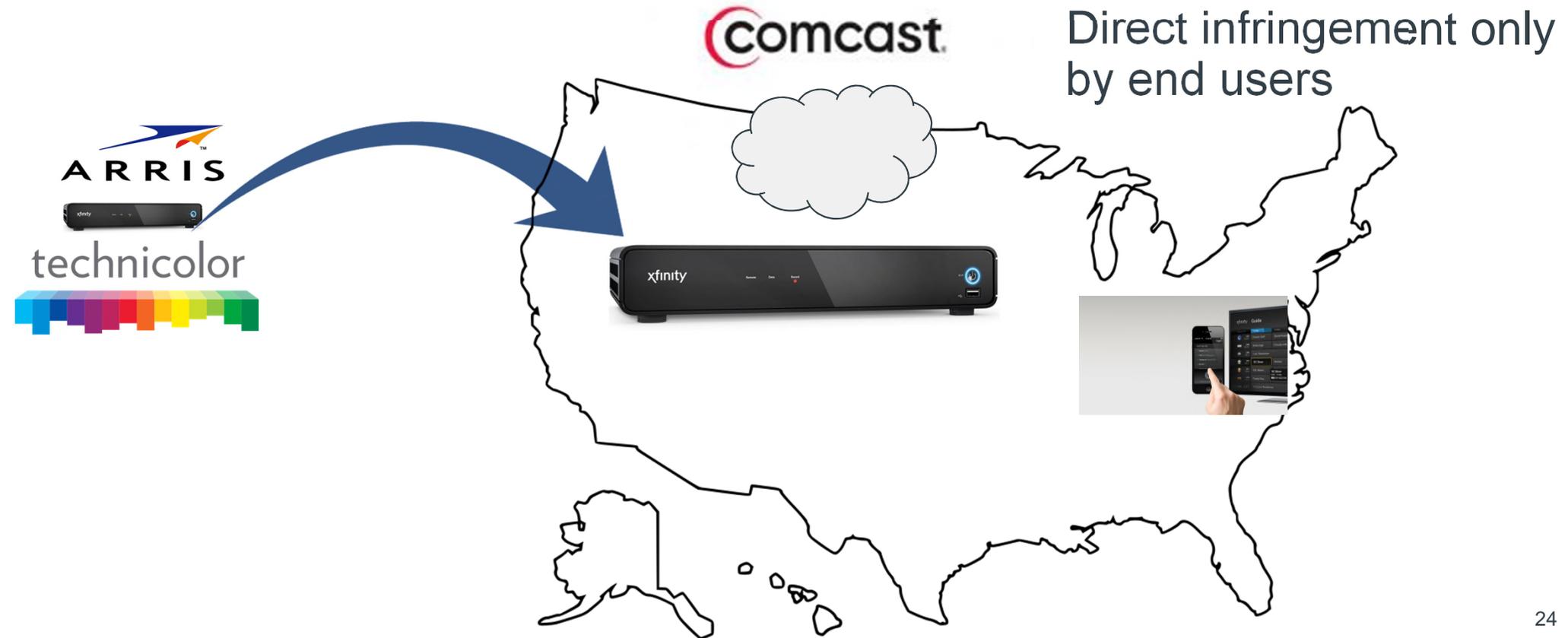
Commission affirms remedies, suspends enforcement

- Prior Commission decisions suspending enforcement, in part
- Distinguished other factual contexts
 - ALJ denied motion to stay when FWD invalidated claims of one patent
 - FWD issued after Commission opinion
- “[B]road discretion in selecting the form, scope and extent of the remedy“
- “[R]ecognizes the PTO's role as the lead agency in assessing the . . . validity[] of . . . claims.”
- Takeaways
 - Rare factual situation
 - Discretion *ex ante* vs. *ex post*
 - No leaning whether to stay of investigations

Validity challenge is not grounds to rescind GEO—*Mayborn Group v. ITC* (Fed. Cir. July 16, 2020)

- Patentee threatens Mayborn with a previously-obtained GEO
 - Mayborn not a party to patentee’s original ITC proceeding, but notified
- Mayborn petitions ITC to rescind GEO based on alleged invalidity
 - ITC may rescind or modify if “the conditions which led to such exclusion from entry or order no longer exist”
 - ITC denies petition because alleged invalidity after GEO is not changed condition
- ISSUE: Is alleged invalidity a changed condition for issuing GEO?
- HELD: No. Commission may only adjudicate invalidity when a respondent raises it as a defense
 - The “patent has not been held to be invalid, which would indeed be a changed condition”
 - No change to the “public interest” conditions that led to GEO

ITC exclusion orders can reach articles that do not directly infringe— *Comcast Corp. v. U.S. ITC*



ITC exclusion orders can reach articles that do not directly infringe— *Comcast Corp. v. Int'l Trade Comm'n* (cert. denied June 22, 2020)

- ALJ and Commission find Comcast violates § 337 via imported X1 STBs used in induced infringing system
- ISSUE: Can ITC only exclude articles that infringe at the time of importation?
- HELD: No. “The Commission correctly held that Section 337 applies to articles that infringe after importation.”
 - *Suprema* applied § 337 to articles used by importer to directly infringe post-importation
 - Comcast’s inducement occurs outside the U.S. before importation, at importation and continues through importation and end-use
 - “X1 set-top boxes imported by and for Comcast for use by Comcast’s customers are ‘articles that infringe’ in terms of Section 337”
- Commission statement that location of inducement not legally relevant unaddressed by CAFC

ITC exclusion orders can reach articles that do not directly infringe— *Comcast Corp. v. Int’l Trade Comm’n* (cert. denied June 22, 2020)

- ARRIS and Technicolor subjected to LEO
 - STBs mfg. and imported found not to (directly) infringe and have substantial non-infringing uses
 - Found not to violate §337
 - § 337 limits exclusion orders to articles “imported by any person violating the provision of this section.”
- ISSUE: Can § 337 LEO reach their importations on behalf of Comcast?
- HELD: Yes
 - Respondents in investigation
 - Statute gives Comm’n discretion in fashioning remedy
 - “On these facts,” “reasonably related to stopping the unlawful infringement”



Customs' § 337 exclusion decisions reviewable in CIT—*Wirtgen*

- Redesigned Wirtgen products not adjudicated by ALJ and ITC issues LEO
 - Adopted prior art design opposing expert distinguished
 - LEO does not specifically identify excluded machines
- CBP inconsistently excludes redesigned parts under LEO
 - Wirtgen met with CBP and explained designs, but no Part 177 proceeding
 - Timely protested exclusions of 6 machines
- CBP challenges Wirtgen suit in CIT on grounds ITC exclusion order decisions can only be litigated there
- ISSUE: Does CIT have jurisdiction to review CBP § 337 exclusions?



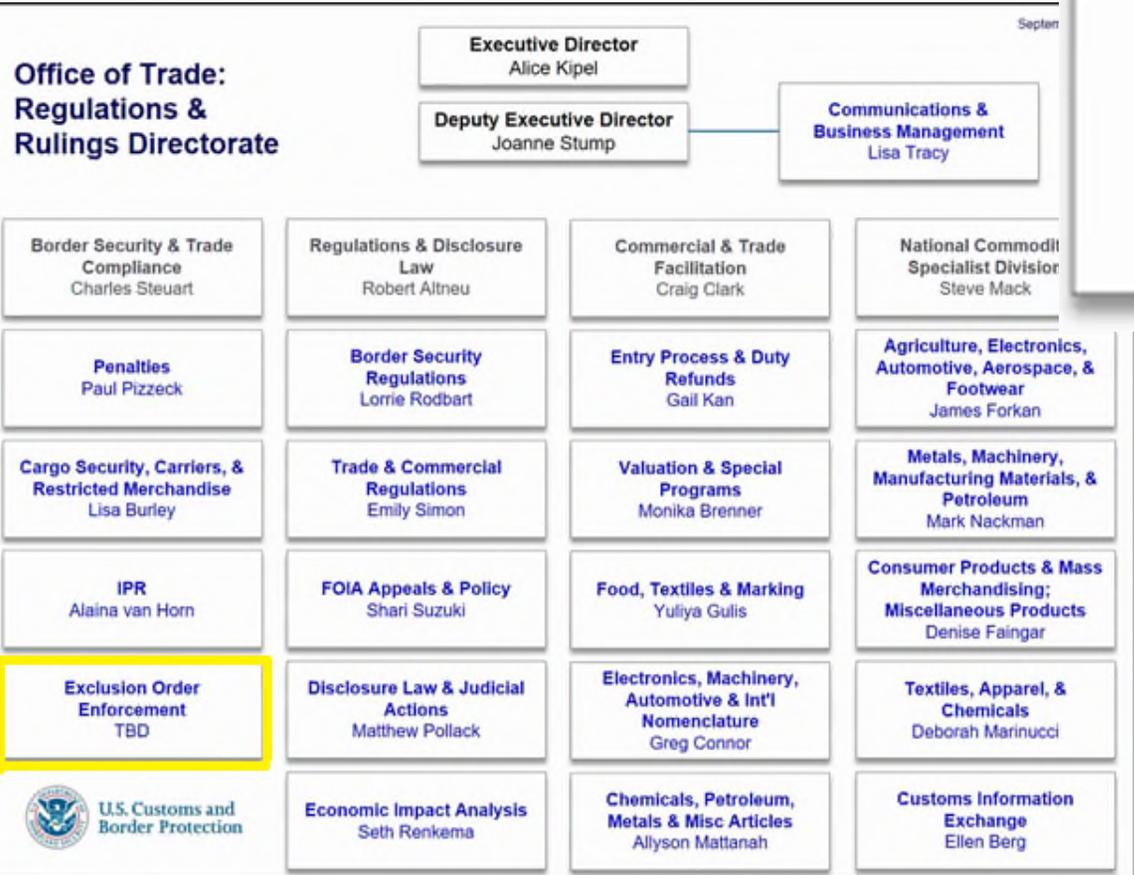
HELD: CIT can review § 337 exclusion decisions made by CBP

- Wirtgen challenges CBP decision to exclude, not LEO's scope
 - LEO does not identify products
 - CBP decided to exclude
 - Regulations to enforce LEOs specify making substantive determinations
- Implications for redesign adjudication
 - Attractiveness of CBP protest litigation
 - Speed
 - Patentee and ITC not parties of right
 - Other options available to pursue in parallel
 - Modification of LEO at ITC
 - Part 177 proceeding
 - Potentially inconsistent results

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Other changes at CBP



Exclusion Order Enforcement
TBD

- New branch in Reg. and Rulings exclusively for §337
- Notice of Proposed Rulemaking “coming”

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Advancing America's Interests Act—H.R.8037

Susan DelBene (D-WA) David Schweikert (R-AZ)



- “Rather than protecting innovative U.S. employers, the ITC has too often become a legal cudgel misused by patent licensing entities to obtain an equivalent of an injunction Since most patent licensing entities do not have a U.S. domestic industry to protect, they serve legal subpoenas on their U.S. licensees and force these companies to participate in litigation against their will, at their expense, and without benefit to the domestic industry.”

Advancing America's Interests Act—H.R.8037

- Currently, Domestic Industry requirement may be shown by licensing
- Section 337(a)(3):

an industry . . . shall be considered to exist if there is . . . with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned—

- (A) significant investment in plant and equipment;
- (B) significant employment of labor or capital; or
- (C) ***substantial investment*** in its exploitation, including engineering, research and development, ***or licensing***.

Advancing America's Interests Act—H.R.8037

- Changes how Domestic Industry requirement may be shown by licensing
 - “Substantial investment in its exploitation, including Engineering and research and development
 - “Substantial ***investment in licensing activities that leads to the adoption and development*** of articles that incorporate the patent, copyright, trademark, mask work, or design
 - “the complainant ***may not rely upon activities by its licensees unless the license leads to the adoption and development*** of articles that incorporate the claimed patent . . . for sale in the United States
 - “***a person may be relied upon*** to qualify as an industry under subsection (a)(2) ***only if the person joins the complaint*** under oath . . . ”

H.R.8037—100-day issues mandatory

- Mandates Commission “***identify***, at the beginning of an investigation, whether the investigation presents ***a dispositive issue appropriate for an expedited fact finding and an abbreviated hearing*** limited to that issue”
- “Shall direct the assigned administrative law judge to ***issue an initial determination on such issue not later than 100 days*** after the investigation is instituted”
- I.D. ***stays investigation*** pending Commission action

H.R.8037—Public interest findings and remedies

- Current §337(d)(1):
- If the Commission determines . . . that there is a violation . . .
 - it ***shall direct that the articles . . . be excluded . . . unless,***
 - after considering the effect of such exclusion
 - upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers,
 - it finds that such articles should not be excluded from entry”

H.R.8037—Public interest findings and remedies

- Revised §337(d)(1):
- If the Commission determines . . . ***that there is both***
- (A) a violation of this section and
- (B) ***exclusion of the articles concerned is in the interest of the public***, after considering
 - the ***nature of the articles concerned*** and
 - the effect of such exclusion upon the public health and welfare, the United States economy (including competitive conditions),
 - the production of like or directly competitive articles in the United States by complainant and its licensees, and United States consumers,
- then the Commission shall direct that the articles concerned that are imported
- ***by any person violating the provisions of this section*** be excluded from entry into the United States

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Takeaways and Questions

- Lasting procedural changes likely
- Remote proceedings
 - Preparation in discovery planning
 - Witness identification and deposition procedures
 - Locate counsel with witnesses where possible
 - Preparation and defense appropriate for proceeding and witness
 - Manage case for what is triable
- Redesign litigation timing and complexity
- Timing and complexity also apply to parallel PTAB challenges
- Monitor important policy developments



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