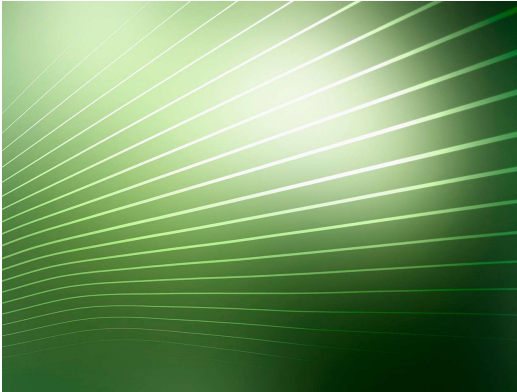




## *A Comparative Analysis of Litigation in the International Trade Commission and District Court*



*Prepared for*  
**AUTM**

*Presented by*  
Thomas Duston  
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Marshall, Gerstein & Borun LLP

Thursday, December 3, 2020

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## *Agenda*

- What is the International Trade Commission (ITC)?
- How does an ITC 337 Investigation compare to District Court litigation?
- Timing, remedies, elements of an ITC 337 Investigation
- Analytical comparison of outcomes in both venues



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## *ITC Authority*

- **The Tariff Act of 1930**

Authorizes the International Trade Commission to investigate and resolve any alleged violation of Section 337

- **Section 337** of the Tariff Act of 1930

Prohibits importation or sale within the U.S. (after importation) of articles that infringe a valid/enforceable U.S. patent, or those connected to other unfair methods of competition



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## *Types of “Unfair Competition”*

- Patent infringement (both utility and design)
- Trademark infringement (both registered and common law)
- Copyright infringement
- Infringement of mask works or boat hull designs
- Misappropriation of trade secrets
- Trade dress infringement
- False advertising
- Antitrust claims
- Importation of unapproved drugs



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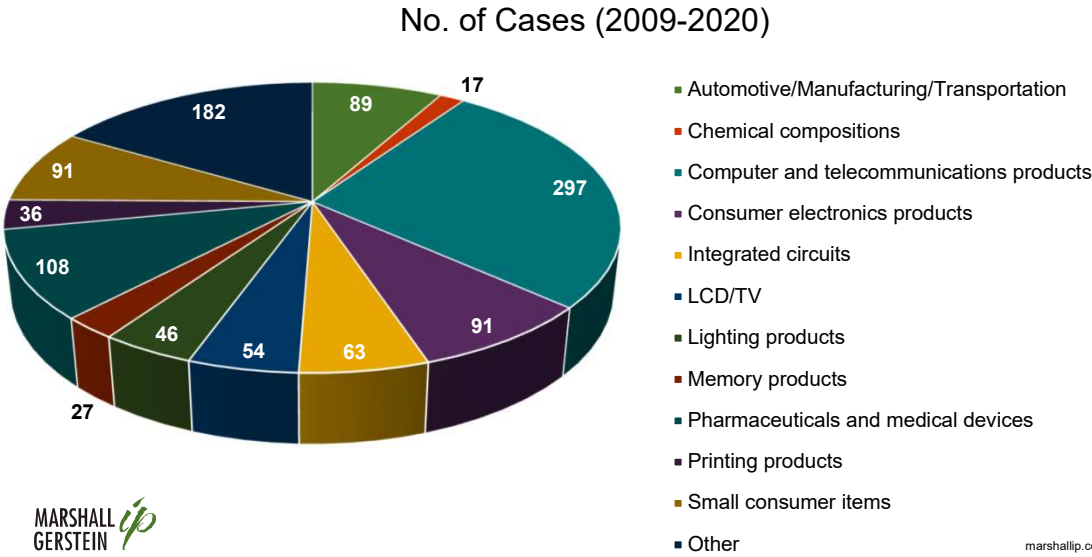
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# ITC Focuses on Narrower Set of Infringing Acts



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# ITC Investigations by Product Type



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## ITC vs. District Court Litigation

	ITC	District Court
Duration	≤ 16 Months	Average 2.5 – 3 Years
Jurisdiction	<i>In rem</i>	<i>In personam</i>
Parties	Complainant, Respondent(s), Public	Plaintiff(s), Defendant(s)
Institution	Detailed Complaint	Notice Pleading
Discovery	Broad (e.g. 175 Interrogatories)	The Federal Rules of Civil Procedure
Trier of Fact	6 Patent-Savvy ALJs, Commissioners	Over 600 Generalist Judges/Jury
Confidentiality	Automatic Protective Order	Presumed Public Unless Ordered
Remedy	Exclusion/C&D Orders Only	Damages and Injunction

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## ITC Stays of Parallel District Court Proceedings

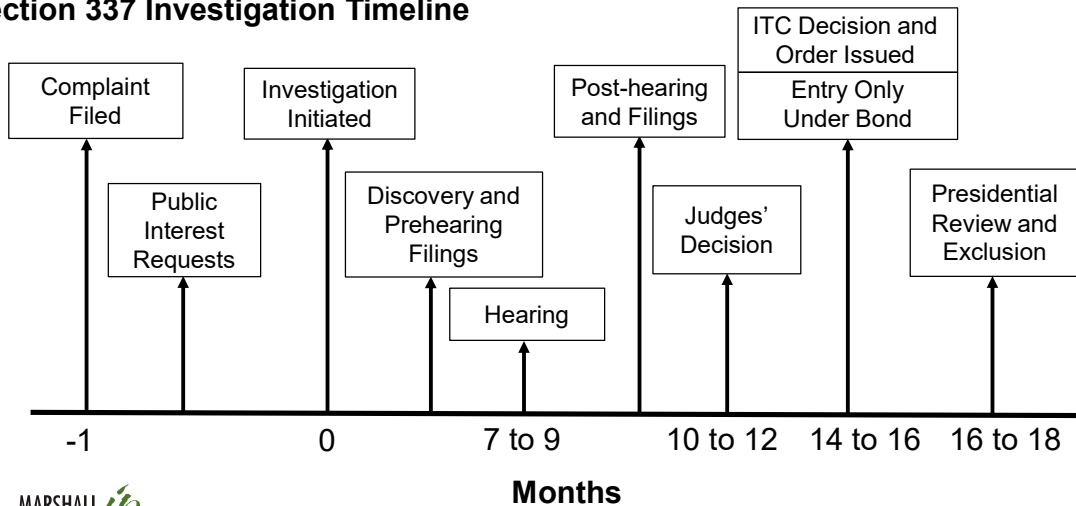
### 28 U.S. Code § 1659:

- (a) Stay.—In a civil action involving parties that are also parties to a proceeding before the United States International Trade Commission under Section 337 of the Tariff Act of 1930, at the request of a party to the civil action that is also a respondent in the proceeding before the Commission, **the district court shall stay**, until the determination of the Commission becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceeding before the Commission, but only if such request is made within—
- (1) 30 days after the party is named as a respondent in the proceeding before the Commission, or
  - (2) 30 days after the district court action is filed,
- whichever is later.

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## ITC Timeline

### Section 337 Investigation Timeline



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## ITC: Elements

- ✓ Importation
- ✓ Infringement
- ✓ Domestic Industry
  - Technical Prong
  - Economic Prong
    - Specifically expanded in 1988 to include universities by encompassing “substantial investment in [the subject IP’s] exploitation, including engineering, research and development, or licensing.” 19 U.S.C. 1337(a)(3)(C).
- ✓ General Exclusion Order
  - Widespread, difficult to identify sources, or
  - Necessary to prevent Limited Exclusion Order abuse

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## ITC Remedies

- **General Exclusion Order (GEO)**
  - excludes all infringing products, regardless of manufacturer
- **Limited Exclusion Order (LEO)**
  - excludes the infringing products of named respondents
- **Cease and Desist Order (C&D)**
  - persons having commercially significant imported inventory
- **Temporary Relief Available**



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## ITC Remedies

Year	LEOs	GEOs
2014	6	1
2015	5	2
2016	9	3
2017	11	4
2018	9	4
2019	20	8
2020	14	4



Source: www.usitc.gov and Docket Navigator

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## ITC Public Interest Statements

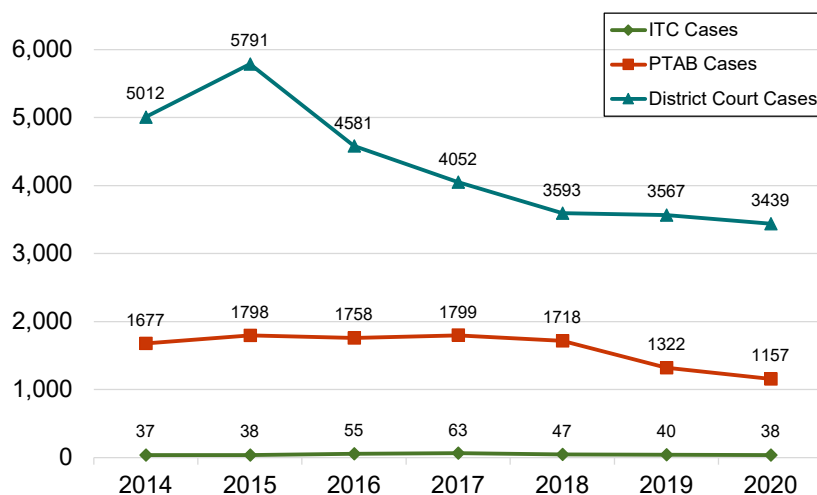
- Mechanism for third-parties to comment on issue impacting public
  - Consideration of the effects of a remedy upon the public interest are required by statute
  - The public interest factors the Commission will consider include the effect that an exclusion order would have on:
    - (1) the public health and welfare,
    - (2) competitive conditions in the U.S. economy,
    - (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and
    - (4) U.S. consumers
- Can impact scope of remedy
  - May receive a specific carve-out for research and other allowed uses
  - In rare cases, no remedy issued despite violation due to strong public interest concerns



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## Comparative Number of Cases

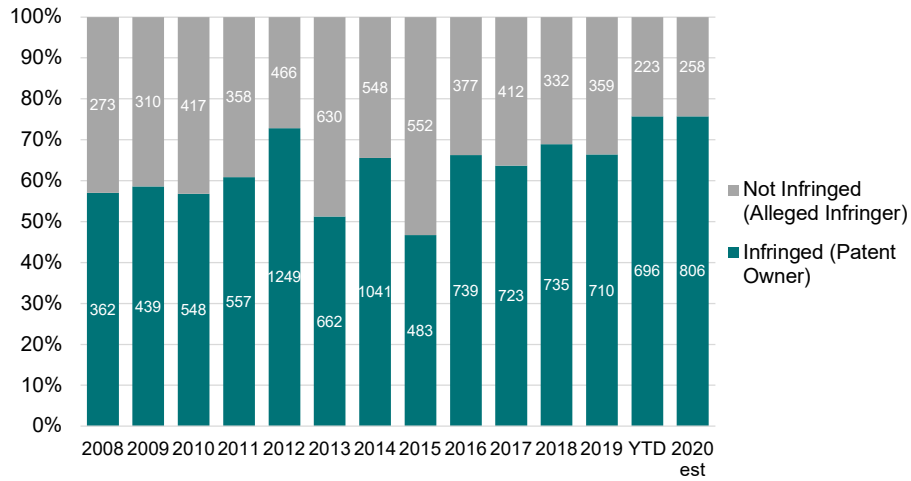


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## District Court Outcomes: Infringement



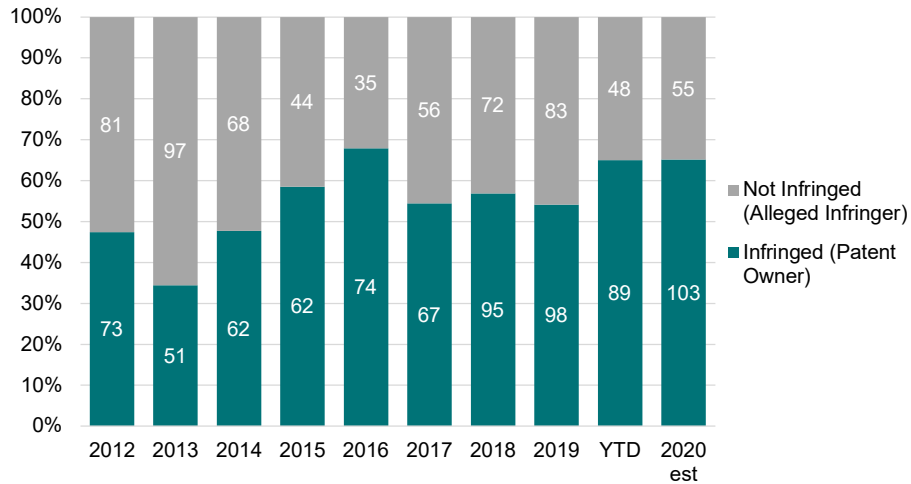
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## ITC Outcomes: Infringement



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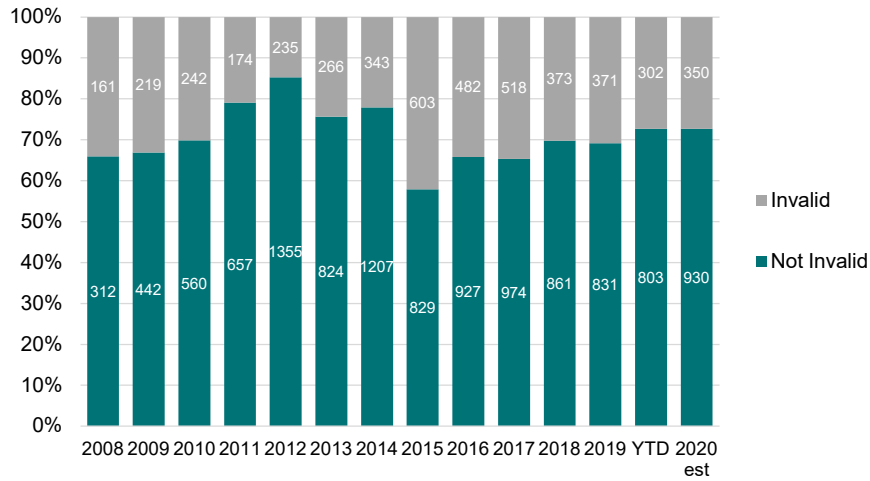
Source: [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_number\\_cases\\_which\\_violation.htm](https://www.usitc.gov/intellectual_property/337_statistics_number_cases_which_violation.htm)

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## District Court Outcomes: Invalidity



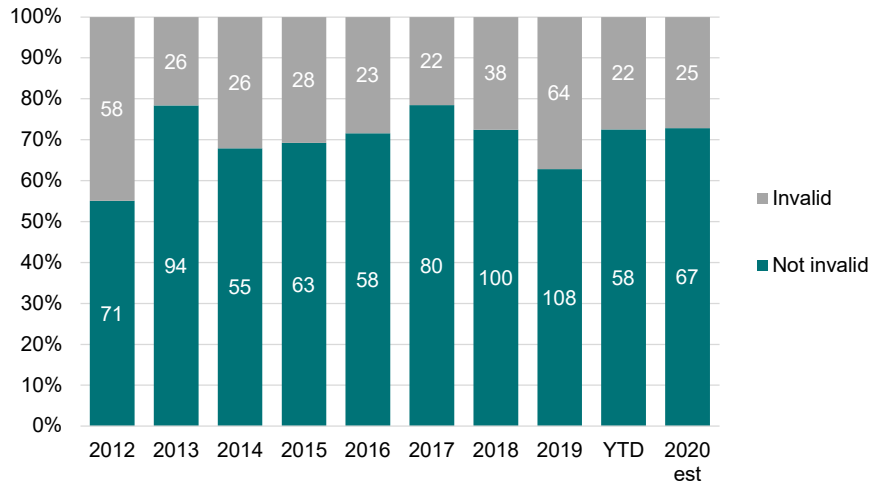
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## ITC: Invalidity



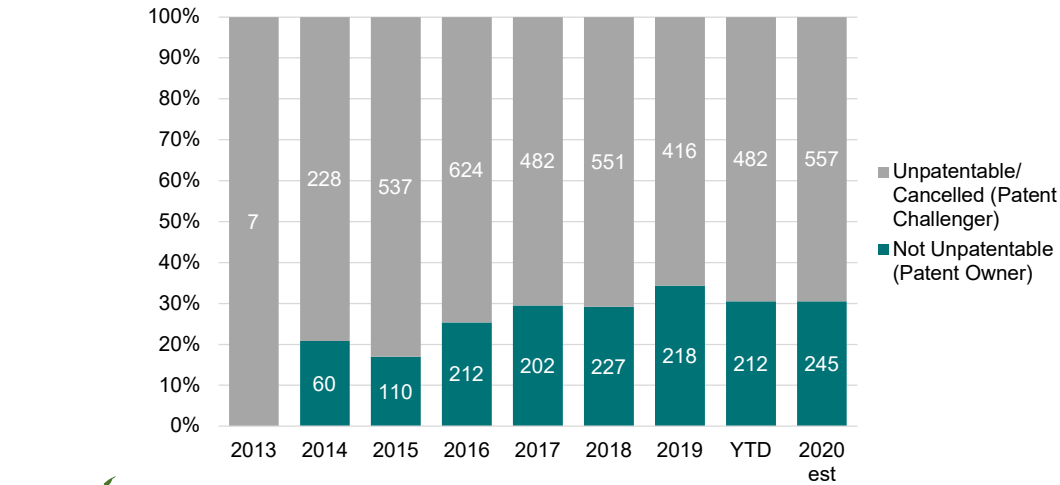
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### PTAB: Invalidity



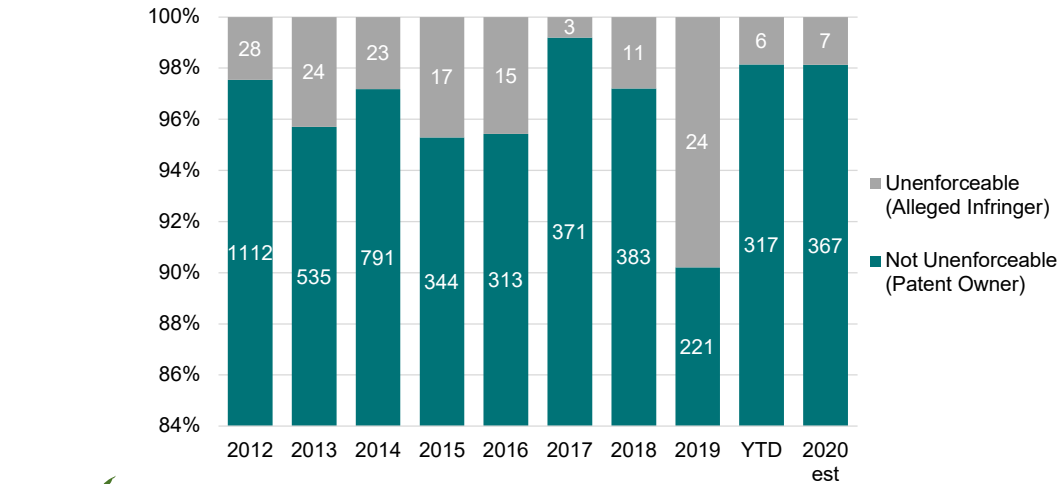
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### District Court Outcomes: Unenforceability



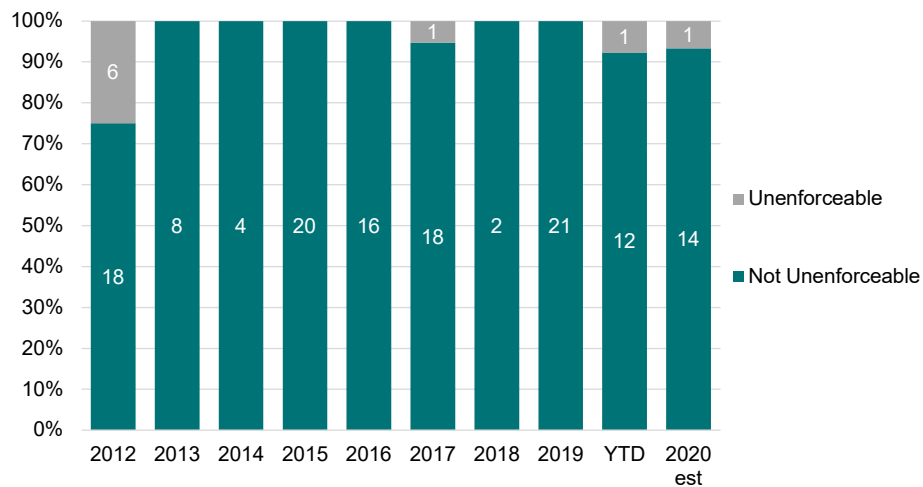
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## ITC Outcomes: Unenforceability



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## Practical Tips For Litigating At The ITC

- Utilize ITC-specific mechanisms
  - OUII will review a draft complaint before filing
  - ITC-specific discovery objections (19 CFR § 210.27)
- Stay on top of the schedule
  - Every deadline is accelerated, plan ahead and anticipate
- Everything must be public
  - ITC offers strong confidentiality protections
  - Public versions must follow, typically within one week

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Thomas Duston is a partner in the IP Litigation group of Marshall, Gerstein & Borun LLP. For more than thirty years, he has been lead counsel for clients in patent infringement litigation, trade secret disputes, enforcement of non-competition agreements, trademark and unfair competition actions, and contract and negligence claims relating to technology failures. He is praised by clients and adversaries alike for both his creativity and tenacity as a trial attorney. His experience includes injunction proceedings, trials, post-grant proceedings, arbitrations, mediations, and appeals, before judges, juries, various appellate courts, and the Patent Trial and Appeal Board. Thomas received his J.D. from the University of California, Hastings College of the Law, and his B.A. from Columbia University.



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## Thank you

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