

Protecting Intellectual Property Rights with the ITC

ALTHOUGH YOU MAY NOT HAVE LEARNED ABOUT the U.S. International Trade Commission in law school, chances are good that if your practice involves intellectual property you will soon find yourself litigating there. In recent years, the ITC has become perhaps the hottest new battleground for patent infringement disputes. This is primarily because, in comparison to federal district courts, the ITC offers faster proceedings and easier access to injunctive relief.

The ITC is a federal agency charged with preventing unfair trade practices related to the importation and sale of goods into the United States, including the infringement of a valid U.S. patent.¹ As part of this mission, the ITC is empowered to conduct investigations to determine whether goods infringe a valid U.S. patent. In the ITC, unlike in federal court, there is no right to a jury trial, and all issues are tried before an administrative law judge.

There are three sides to an ITC investigation and trial. The patent holder is called the complainant. The accused infringers, who often include manufacturers and importers of allegedly infringing goods, are called respondents. A group within the ITC, called the Office of Unfair Import Investigations (known informally as the staff), is a party to every investigation and is involved at every stage. Like the complainant and respondent, it can initiate discovery, conduct motion practice, and examine witnesses at trial.

Speedy Procedures

The ITC has its own procedural rules.² Unlike in federal court, the filing of a complaint does not automatically start a lawsuit. Instead, the complaint goes to the six commissioners of the ITC (the commission), who then decide whether to initiate an investigation. From the commission's perspective, the investigation is not merely a private intellectual property dispute but a public investigation involving U.S. international trade.³

A unique feature of ITC investigations is their speed. By statute, an ITC investigation must be resolved "at the earliest practicable time."⁴ A typical ITC action is completed in 12 to 16 months—a significantly shorter time than the two- to three-year life span of many district court patent cases.

If the investigation proceeds through trial, the ALJ is authorized to issue a ruling on the merits of the case but not to order remedies. Only the commission may issue a permanent remedy. The ALJ will deliver an initial determination on the merits (similar to a district court judgment on the merits) and a recommended determination on a remedy that has no binding force but offers guidance for the commission.⁵ The parties may then petition for commission review. The commission may grant review of some or all issues or may decline to review the initial determination, in which case it becomes final. Because only the commission may issue a remedy, if infringement is found, it will necessarily rule on the remedy whether or not it reviews the finding of infringement.

The ITC's most significant difference from district court is its remedial relief. The ITC is not statutorily authorized to award dam-

ages. The ITC provides only prospective relief, primarily via exclusion orders, which are somewhat like injunctions.

An ITC exclusion order prevents a product from being imported into the United States. A limited exclusion order prevents the parties named in the investigation from importing the infringing product.⁶ A general exclusion order prevents the infringing product from being imported regardless of who manufactures or imports it. This means that a general exclusion order can prohibit all importation of infringing goods, even if the importing or manufacturing entity did not participate in the proceedings, and regardless of whether the ITC could have exercised personal jurisdiction over that entity.

Injunctive Relief

The ITC's authority to issue permanent injunctive relief contrasts greatly with that of federal courts. In *eBay Inc. v. MercExchange, LLC*,⁷ the Supreme Court cautioned district courts against granting injunctions to patent holders unless the plaintiff demonstrates the traditional equitable factors. Since *eBay*, it has become relatively difficult for patent holders to obtain injunctive relief in federal court. The ITC, in contrast, is statutorily *required* to issue an exclusion order once the patent holder proves infringement unless the "public health and welfare" or certain economic conditions weigh against it.⁸ To date, the commission has determined not to issue an exclusion order in light of these conditions on only three occasions.⁹ An ITC exclusion order is thus significantly easier to obtain than a federal court injunction.

A party dissatisfied with an ITC determination can seek judicial review only by appealing directly to the U.S. Court of Appeals for the Federal Circuit. The Federal Rules of Appellate Procedure govern on appeal. The appellant is the party that lost before the ITC. The ITC, which during the investigation acted as a neutral fact finder, becomes the appellee defending its determination before the Federal Circuit. The party that won before the ITC must intervene in order to participate in the defense of the ITC's determination on appeal.

In sum, the ITC offers fast, effective relief against the importation of products that infringe intellectual property rights. Intellectual property lawyers should become familiar with the ITC's procedures and consider the commission for future disputes. ■

¹ 19 U.S.C. §1337.

² 19 C.F.R. §201.16 and pt. 210.

³ See United States Int'l Trade Comm'n v. Jaffe, 433 B.R. 538, 543-44 (E.D. Va. 2010).

⁴ 19 U.S.C. §1337(b)(1).

⁵ 19 C.F.R. §210.42.

⁶ *Kyocera Wireless Corp. v. ITC*, 545 F. 3d 1340, 1358 (Fed. Cir. 2008).

⁷ *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

⁸ *Spanion v. ITC*, 629 F. 3d 1331, 1358-60 (Fed. Cir. 2010); 19 U.S.C. §1337(d).

⁹ TOM M. SCHAUMBERG, A LAWYER'S GUIDE TO SECTION 337 INVESTIGATIONS BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION 183 (2010).

Mark A. Kressel, an associate at the law firm of Horvitz & Levy, LLP, is vice president of the Barristers Section.