



PROGRAM MATERIALS
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**From Faux Louis Vuitton Purses to
Fake Chucks to Counterfeit Printer
Cartridges: How to Leverage the U.S.
International Trade Commission to
Stop Knock-Offs**

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**From Faux Louis Vuitton Purses to Fake Chucks to Counterfeit Printer Cartridges:
How to Leverage the U.S. International Trade Commission to Stop Knock-Offs**

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Who we are



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Agenda

- Brief Overview of the ITC
- ITC Litigation
- Timeline of an ITC Investigation for Knock-Offs
- Cases and Examples
- Advantages of Using the ITC for Adjudication
- Procedural Considerations when Using the ITC
- Practice Tips

ITC Overview

The United States International Trade Commission (USITC or ITC) Overview



- Independent, quasi-judicial administrative agency located in Washington D.C.
- Responsibilities include:
 - Investigations relating to dumping and subsidized imports
 - Gathers trade data and does studies relating to trade policy
 - Administers tariffs
- **Intellectual property/unfair trade practice investigations**

ITC Overview

- **Six Commissioners**

- Appointed by the President and confirmed by the Senate
- Serve overlapping terms of nine years each
- New term every 18 months

- **Six Administrative Law Judges (ALJ)**

- Chief ALJ Charles E. Bullock
- ALJ David P. Shaw
- ALJ Dee Lord
- ALJ MaryJoan McNamara
- ALJ Clark S. Cheney
- ALJ Cameron Elliot

ITC Overview: Types of IP Investigations

Subsection A of Section 337 declares the following “unlawful”

Unfair methods of competition and **unfair acts** in the importation of articles ... into the United States, or in the sale of such articles by the owner, importer, or consignee, the threat or effect of which is —

- i. To destroy or substantially injure an industry in the United States;
- ii. To prevent the establishment of such an industry; or
- iii. To restrain or monopolize trade and commerce in the United States.

19 U.S.C. § 1337(a)(1)(A)

“Unfair acts” may include:

- Trade secret misappropriation
- Antitrust violations
- Violation of FDA regulations
- False advertising
- Breach of contract
- Grey market
- Lanham Act violations
- And other allegations – jurisdiction is broad

ITC Overview: Types of IP Investigations

Subsection B: Copyright and Patent

- Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337):
 - “(a)(1)(B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that
 - (i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under Title 17; or
 - (ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent [is declared unlawful]”
 - “(a)(2) Subparagraphs (B) ... apply only if an industry in the United States, relating to the articles protected by the patent ... exists or is in the process of being established.”

ITC Overview: Types of IP Investigations

Subsection C: Trademark and Trade Dress

- Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337):
 - (C) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946

ITC Overview: Types of IP Investigations

- Investigations can include patent, copyright or trademark infringement or misappropriation of trade secrets:
 - **“Unfair methods of competition and unfair acts”**
 - 19 U.S.C. § 1337(a)(1)(A)
 - **Copyright and Patent infringement**
 - 19 U.S.C. § 1337(a)(1)(B)
 - **Trademark and Trade Dress infringement**
 - 19 U.S.C. § 1337(a)(1)(C)
 - **Mask work and protected design infringement**
 - 19 U.S.C. § 1337(a)(1)(D),(E)

ITC Popularity

Number of New, Completed, and Active Investigations by Fiscal Year (Updated Quarterly)

Fiscal year	New Complaints and Investigations and Ancillary		Active Investigations
	Ancillary Proceedings	Proceedings Completed	
2006	40	30	70
2007	33 ^a	35	73
2008	50	38	89
2009	37	43	89
2010	58	52	103
2011	78	58	129
2012	56	57	129
2013	52	72	124
2014	49 ^b	59	100
2015	47	50	88
2016	79	64	117
2017	64	61	117
2018	74	61	130
2019 Q3	42	41	111

Last Updated: 7/15/2019

Source: https://usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm

IP Litigation at the ITC vs. District Court

	ITC	District Court
Length	≤18 months	Average of 3 years
IP Owner	Complainant must have a domestic industry	Anyone who owns IP can seek relief
Jurisdiction	<i>In Rem</i> (articles)	<i>In Personam</i> (people/parties)
Discovery	Similar to Federal Rules of Civil Procedure but broader	Federal Rules of Civil Procedure apply
Judges	Six ALJs with predominantly patent caseload	663 Article III District Court Judges with diverse caseload
Participation by Third Party	Office of Unfair Import Investigations	
Confidentiality	Automatic administrative protective order	Public by default
Remedy	General exclusion orders; limited exclusion orders; cease & desist orders. No monetary damages	Monetary damages only, unless <i>eBay</i> factors also allow injunction

IP Litigation at the ITC vs. District Court (Cont'd)

	ITC	District Court
→ IPR Stays	No	Very Likely
→ Forum Shopping	No	Impacted by <i>TC Heartland</i> and progeny
→ IP Rights Enforced by	U.S. Customs	IP Owner
→ Procedure for Issuing Descisions	ALJ makes an Initial Determination (ID) Commission reviews ID, which becomes the Final Decision	Jury Verdict or Final Judgement entered by the court
→ Jury	No	Yes

ITC Litigation

IP Litigation at the ITC

- **Procedures similar to Federal Civil Procedure and District Court practice**
 - Procedural rules similar to Fed. Rules (19 C.F.R. Chapter II, Part 210)
 - Judges' Ground Rules provide key guidance
 - Discovery includes interrogatories, depositions, document requests, subpoenas etc.
- **Trials similar to District Court bench trials except:**
 - ITC Judges follow, but not bound to, Federal Rules of Evidence
 - ITC Judges more likely to admit hearsay
 - ITC evidentiary record typically voluminous
- **ITC Judges render “Initial Determinations” that are subject to full Commission review and render an opinion on all issues**

ITC Investigations: Procedure for Issuing Orders

- Two Phases for an Investigation:
 - First, the ALJ renders its decision as an Initial Determination.
 - Second, the Commission reviews the ALJ’s decision, and either issues its own Opinion or renders the ALJ’s ID as a final decision.
- Three parties involved in every investigation:
 - Complainant (IP Owner)
 - Respondents (Accused Infringers)
 - The ITC’s Office of Unfair Import Investigations (“OUII”) (Public Interest, in most investigations)

Remedies

ITC Remedies

- General Exclusion Order (Section 337(d)(2)): applies to all infringing goods
- Limited Exclusion Order (Section 337(d)(1)): applies only to infringing goods from named Respondent
- Cease and desist order (Section 337(f)): bars sales of goods that are already in U.S.

eBay, Inc. v. MercExchange, LLC,
126 S.Ct. 1837 (2006) does not
apply

No money damages

District Court Remedies

- Money Damages
 - Reasonable Royalty
 - Lost Profits
 - Interest & Enhancement Damages
- Injunctive relief only if *eBay* factors are satisfied

Certain Handbags, Luggage, Accessories, and Packaging Thereof, 337-TA-754 (Louis Vuitton)

- Knock-offs were sold throughout the United States and available through many mediums, including:
 - Kiosks
 - Stores, flea markets, trade shows
 - Internet retailers = iOffer.com, eBay.com, and Overstock.com
- Respondents could manufacture up to 200,000 units, per style, per month for sale over the internet.
- The cost to manufacture and export is between \$1.25 and \$4.00 per item.
- It was very easy for handbag manufacturers to evade injunctive relief tied to the companies' names, because companies easily changed their names and formed different companies. The problem was further exacerbated by internet retailers.



Certain Handbags, Luggage, Accessories, and Packaging Thereof, 337-TA-754 (Louis Vuitton)

- Institution Date: January 5, 2011
- ID on MSD: March 13, 2012
 - September 8, 2011: ALJ denied LV's MSD because it was filed late
 - Nov. 2, 2011: Commission reversed and remanded
 - March 13, 2012: ALJ issued ID on MSD

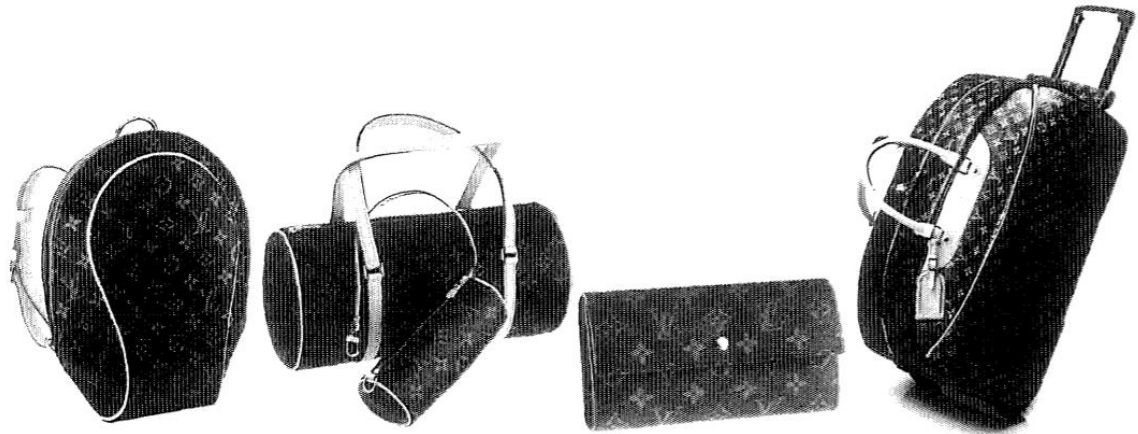
(It should be noted that LV missed the filing deadline for its MSD. The ALJ denied LV's motion to file it out of time. As a result, there was an atypical delay and consequently an atypically long time for relief.)



Total time: 17 months

Certain Handbags, Luggage, Accessories, and Packaging Thereof, 337-TA-754 (Louis Vuitton)

- 8 Registered Marks



ITC Remedies: General Exclusion Orders

Certain Handbags, Luggage, Accessories, and Packaging Thereof, 337-TA-754 (Louis Vuitton)

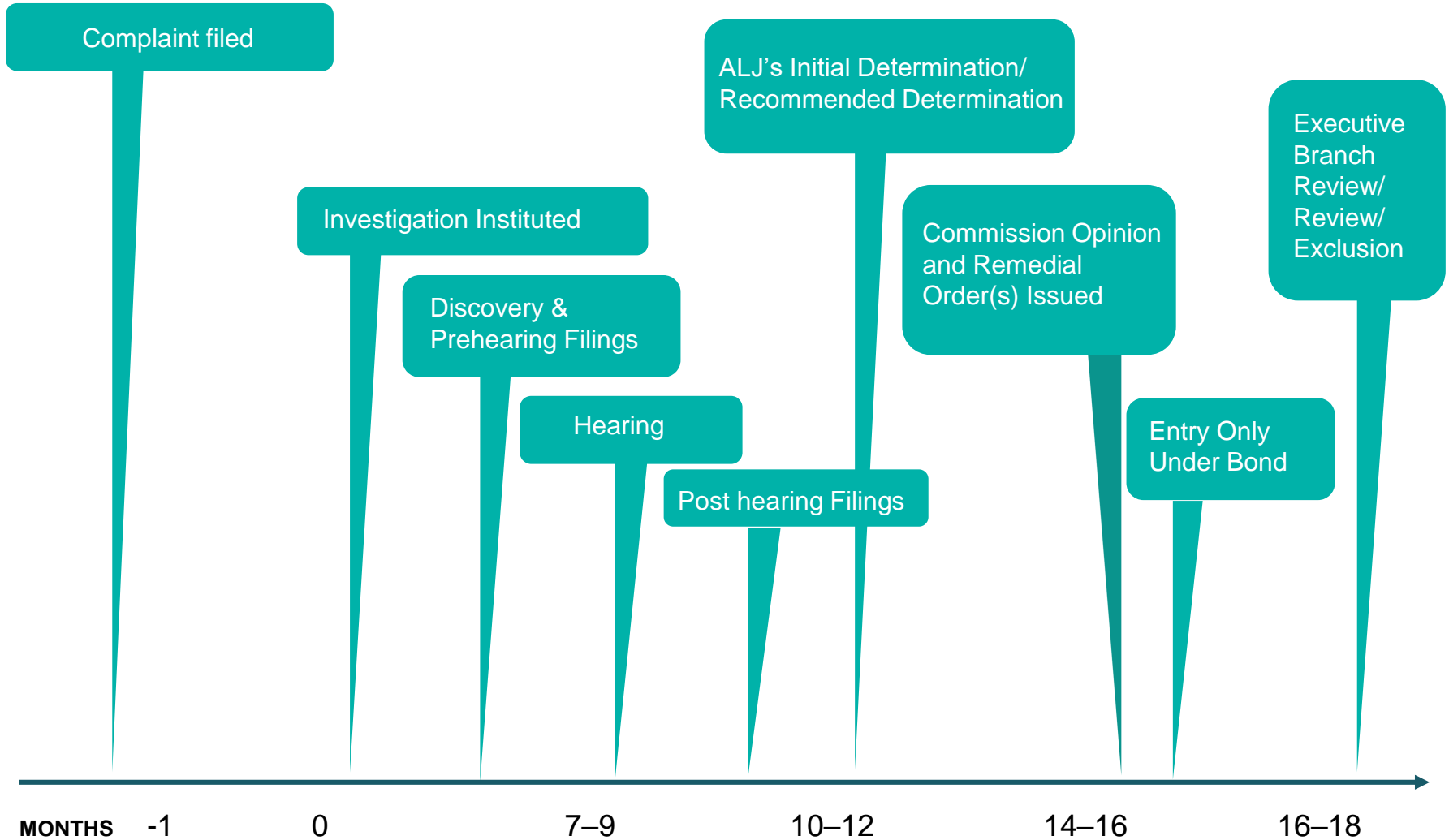
- 16 Respondents: Mostly Chinese handbag manufacturers and small United States handbag sellers and importers
 - 9 Defaulted
 - 7 Settlements or Consent Orders

Remedy:

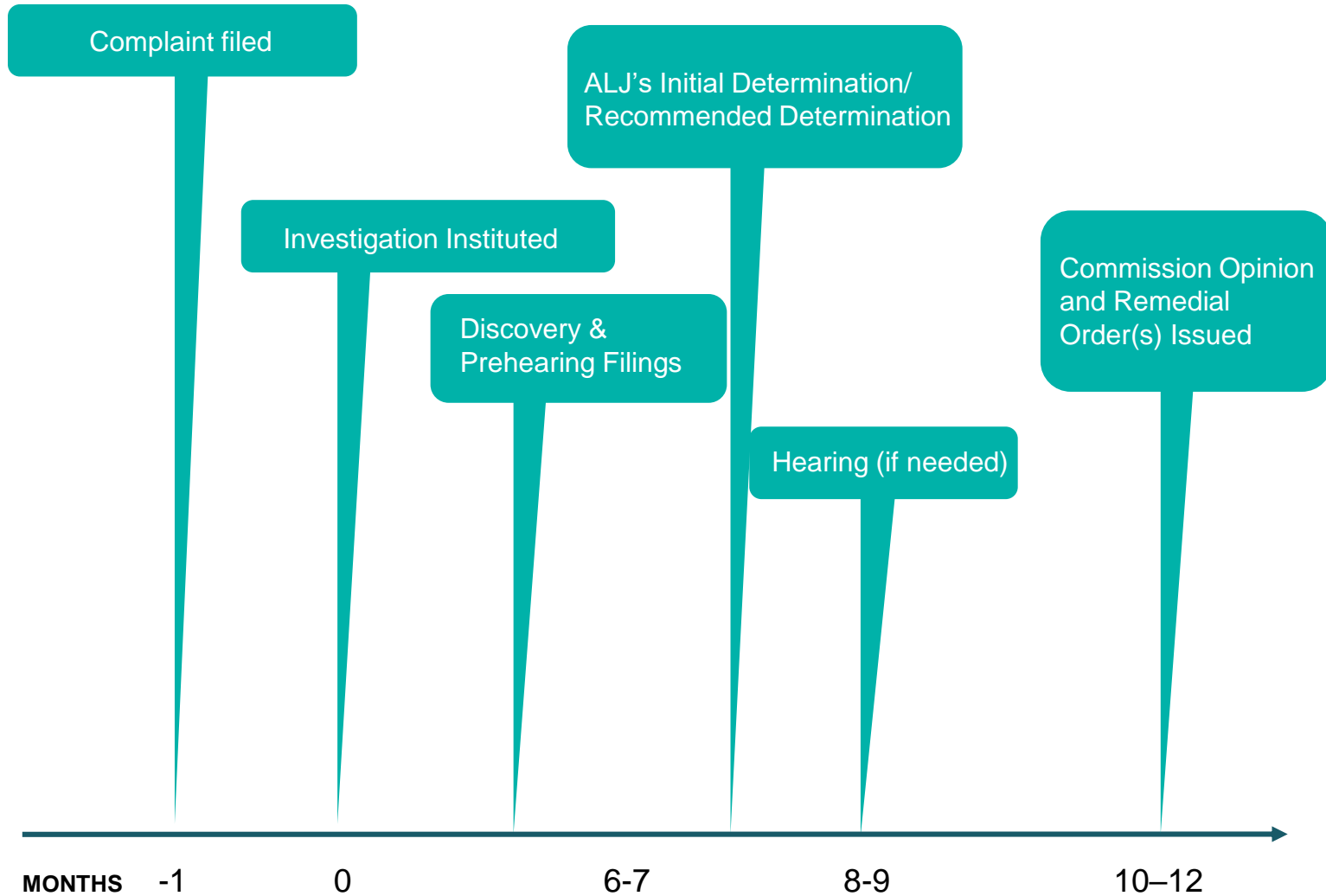
- General Exclusion Order on 6 marks.
 - LV decided not to renew two of its 8 asserted marks. Thus, LV no longer sought GEO on them.

Timeline of an ITC Case

Chronology of a Typical ITC Case



Chronology of a Typical ITC GEO Case



Complaint

- Substantive Requirements:
 - Allegations patent, copyright, trademark, or trade dress infringement; or the “Unfair Act”
 - Pictures of infringing products
 - Proof of Importation of infringing products
 - Domestic Industry evidence
 - Public Interest Statement

Discovery

- Hearing occurs ~ 9 months after Institution (if needed)
 - Fact Discovery = 4-5 months
 - Many Respondents default, settle, or enter into consent orders. As a result, a discovery is often very limited.
- During discovery or after,
 - Complainant may move for a motion for summary determination; if granted
 - ALJ may terminate the investigation and issue an ID
 - Time to ID
 - = 6-8 months if a Respondent does not contest
 - = 12 months if a hearing is required

Motion for Summary Determination (MSD)

- Issues for Motion:
 - Infringement
 - Importation
 - Domestic Industry
 - Harm to the Public Interest (only in certain cases)
- ALJ may grant or deny the motion. The Commission may review or affirm the ALJ's decision

**Hearing
(If necessary)**



Presenter to read NY Code

This code is required for all attorneys wishing to receive CLE credit in the state of NY and taking the program 'on-demand' at Celesq AttorneysEd Center either online or via CD

Please notate it carefully

The presenter will only be able to read the code twice and will not be able to repeat it or email it to you.

Thank you!

Remedies at the ITC

ITC Remedies: Exclusion Orders

- Directs U.S. Customs to stop infringing goods from entering U.S. until IP expires*:
 - Limited Exclusion Order (Section 337(d)(1)): applies only to infringing goods from named Respondent (usually manufacturers and importers)
 - More commonly issued
 - General Exclusion Order (Section 337(d)(2)): applies to all infringing goods, regardless of origin
 - Must demonstrate a Section 337 violation and:
 - (A) a general exclusion from entry of articles is necessary **to prevent circumvention of an exclusion order** limited to products of named persons; or
 - (B) there is a **pattern of violation** of this section and it is **difficult to identify the source of infringing products**.

*Note—if it is for a trade secret or a different “unfair act,” it usually exists for a set period of years

Remedies: General Exclusion Order Evidence

- **(1) Evidence of ease of evading an exclusion order**
 - Respondents can easily circumvent a LEO by selling infringing goods online
- **(2) Evidence of widespread infringement or “unfair act”:**
 - Importation by numerous manufacturers, including online retailers and unidentified foreign manufacturers
 - History of unauthorized manufacturing or importation, e.g. prior ITC investigations
 - Existence of numerous online retailers that sell products into the U.S. after importation
- **(3) Evidence of difficulty identifying source of infringing products:**
 - Changes to labeling and boxing to obfuscate the identify of the distributor, manufacturer, and/or importer
 - Companies that can easily change their names and distribution network
 - Fake addresses and names of companies

Certain Inkjet, Ink Supplies, and Components Thereof, 337-TA-691 (HP)

- HP filed its complaint at the ITC against inkjet manufacturers and importers that create unlicensed and infringing HP-compatible ink cartridges.
- HP also filed parallel District Court action in C.D. Cal. (09-cv-06929) and then brought a second ITC action (337-TA-730) to enforce similar patents against many of the same Respondents.
 - HP ended up settling the district court matter and sought a GEO from the ITC.

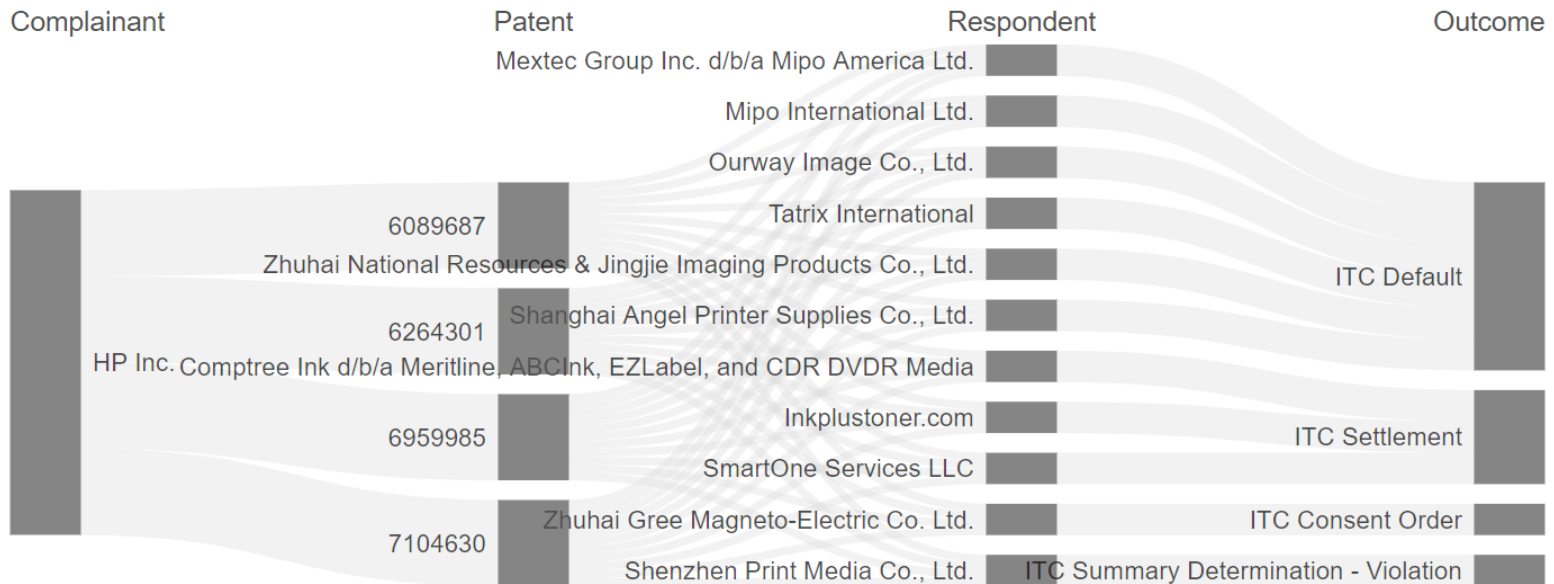


Certain Inkjet, Ink Supplies, and Components Thereof, 337-TA-691 (HP)

- ALJ Essex recommended a GEO and the Commission affirmed.
- The high demand, low cost to manufacture, and extensive distribution network lead to a high profitability to make and import the counterfeits. The market therefore incentivized foreign manufacturers to continue to create counterfeits.
- Internet retailers can continue to sell counterfeits because they could re-establish operations quickly. Additionally, the labelling makes it difficult to determine the source.
- A LEO would not have been as effective since many retailers were selling goods online and easily changed their names or labeling to obfuscate the identity of parties involved in making, selling, and/or importing the counterfeits.
- HP identified twenty more unidentified manufacturers, which demonstrated how widespread the problem was.
- During discovery, HP identified at least nine unidentified manufacturers but then realized the manufacturers may have been the Respondents. The companies simply changed the entities' names to continue production of the counterfeits to evade detection.

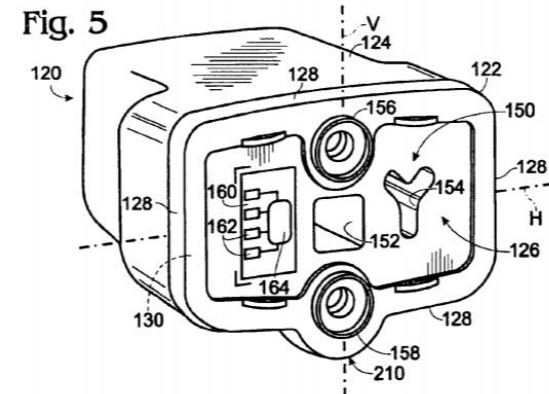
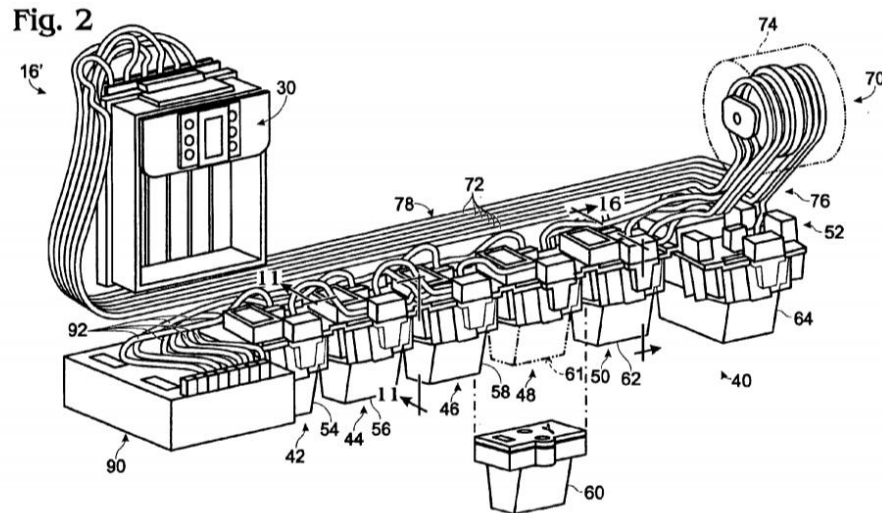
Certain Inkjet, Ink Supplies, and Components Thereof, 337-TA-691 (HP)

- 44 Respondents: Mostly Chinese and Hong Kong based manufacturers and a few small United States companies that import the counterfeit cartridges
 - 24 Defaulted
 - 16 Settlements or Consent Orders
 - 4 Respondents Violated Section 337



Certain Inkjet, Ink Supplies, and Components Thereof, 337-TA-691 (HP)

- 4 Utility Patents



Certain Inkjet, Ink Supplies, and Components Thereof, 337-TA-691 (HP)

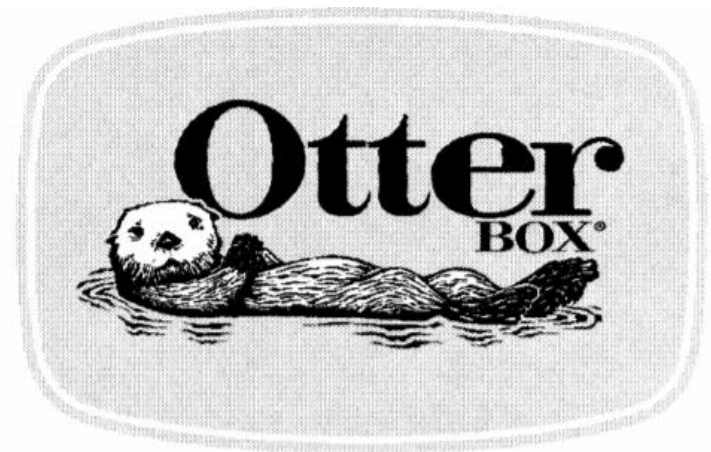
- Instituted: October 23, 2009
- ID on MSD: August 30, 2010
- Terminated: October 7, 2010
- Time to Resolution: 12 months
- General Exclusion Order issued on 2 Utility patents
 - HP dropped the other 2 patents



Total time: ~12 months

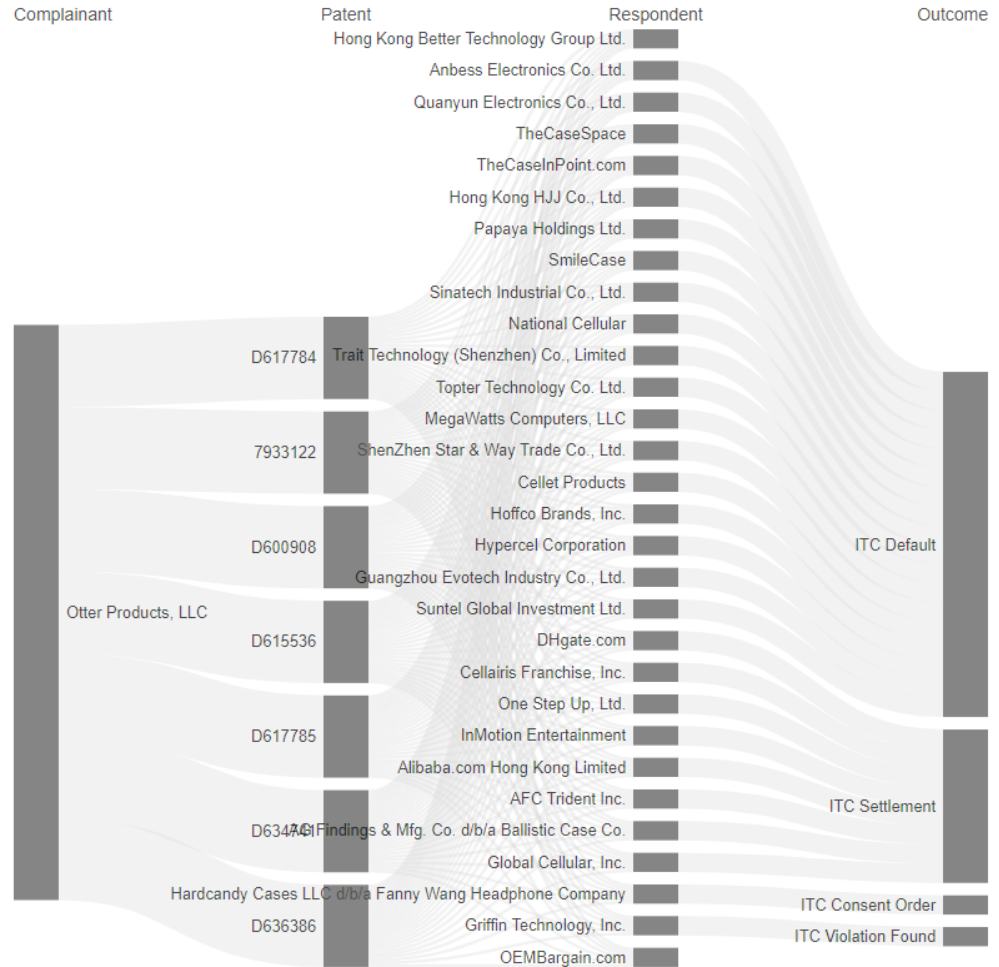
Certain Protective Cases and Components Thereof, 337-TA-780 (Otterbox)

- Otterbox filed its complaint against manufacturers, distributors, and retail companies that sell counterfeit cellphone cases.
- Otterbox also filed 7 District Court cases between 2009-2011 to enforce its IP rights.



Certain Protective Cases and Components Thereof, 337-TA-780 (Otterbox)

- 210 Respondents
 - 126 Defaulted
 - 63 Settlements or Consent Orders
 - 7 Respondents were found to Violate Section 337



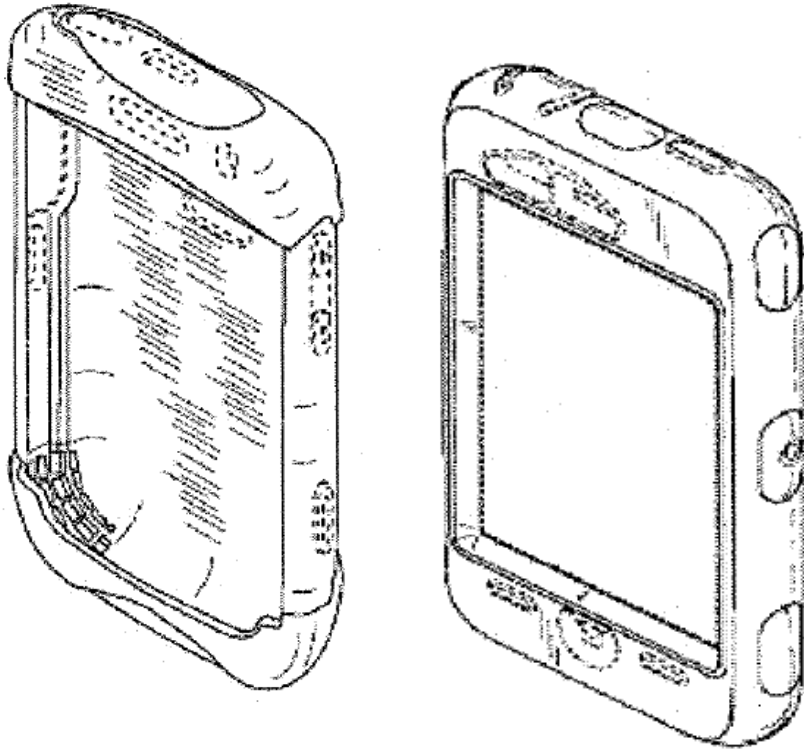
Certain Protective Cases and Components Thereof, 337-TA-780 (Otterbox)

- Instituted: June 24, 2011
- ID on Section 337 Violation: July 10, 2012
- Commission Issued Notice of Review ID: August 30, 2012
- Terminated: October 30, 2012
- Went to 2-day trial with 1 Respondent, Griffin Technology, Inc.
- General Exclusion Order

Total time: ~13 months

Certain Protective Cases and Components Thereof, 337-TA-780 (Otterbox)

- 6 Design Patents + 1 Patent + 4 Registered Marks



OTTERBOX

DEFENDER SERIES

IMPACT SERIES

Certain Protective Cases and Components Thereof, 337-TA-780 (Otterbox)

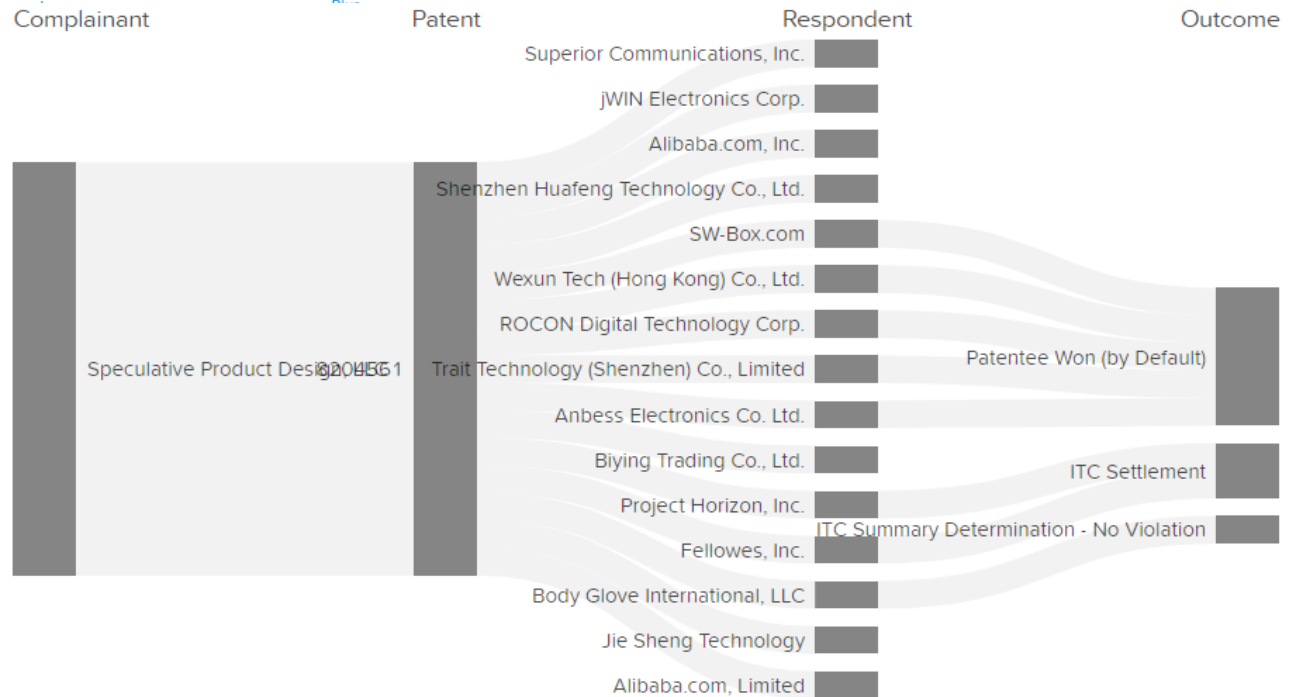
- The ALJ recommended issuance of a GEO and the Commission affirmed
- Specifically, Otterbox demonstrated that:
 - Otterbox demonstrated a difficulty in identifying the source of the infringement because of lack of information on labelling, the rise of online retailers, many companies that claim they manufacture the cases are just brokers and the true manufacturer can only be determined by visiting the factory in China, and certain retailers use multiple suppliers that sometimes change with every order.
 - Several Respondents engaged in behavior making it difficult to identify the true source of the online sale and/or distribution of infringing activities, including creating multiple websites and corporate identities.
 - Several of the Respondents changed product boxing and/or importation product in order to evade detection.
 - Otterbox demonstrated that several retailers have many suppliers to turn to and can easily find more suppliers to manufacture the counterfeit cellphone cases.

See also Certain Cases for Portable Electronic Devices, 337-TA-861/867 (Speck)

- The Commission affirmed the ALJ's recommendation for a GEO
- The Commission found:
 - Respondents can easily evade an LEO by selling goods online. In fact, In July 2013 alone, there were 4,500 internet auctions of counterfeit Speck cellphone cases.
 - Widespread problem and hard to determine the identity of the infringers. Speck determined that there were over 150 imitations of its product and identified 90 companies in Hong Kong and China that it believes are producing counterfeits. Further, manufacturers sell the goods online, under false names to avoid detection. Of the 90 companies identified by Speck, 44 percent were found to list addresses that were not real locations.

Certain Cases for Portable Electronic Devices, 337-TA-861/867 (Speck)

- 15 Consolidated Respondents
 - 5 Defaulted
 - 2 Withdrawals
 - 6 Settlements or consent orders
 - 1 Violation



Certain Cases for Portable Electronic Devices, 337-TA-861/867 (Speck)

- Instituted: January 31, 2013, and consolidated with Investigation 337-TA-861
- ID on MSD: September 10, 2013 (DI) & February 21, 2014 (infringement)
- Terminated: June 19, 2014
- General Exclusion Order

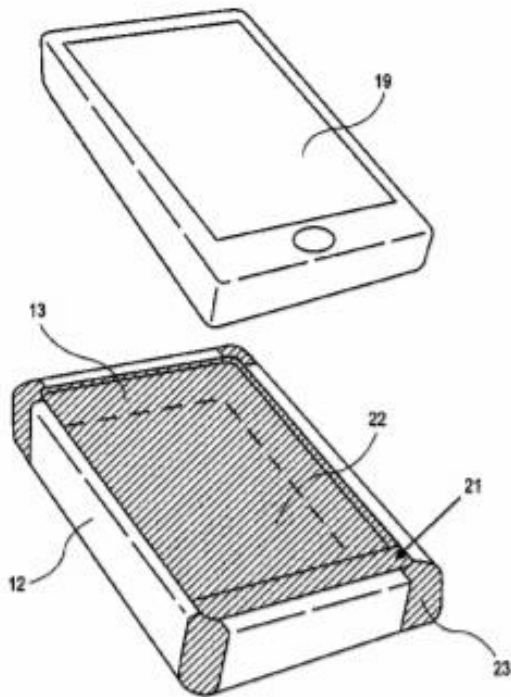
Here, one of the terminated Respondents requested a carve-out to the GEO. As a result, the review process took a bit longer than usual.



Total time: ~17 months

See also Certain Cases for Portable Electronic Devices, 337-TA-861/867 (Speck)

- 1 Patent



Advantages of the ITC

Advantages of the ITC

**A Fast Venue
Backed with
Relief Enforced
by the Federal
Government**

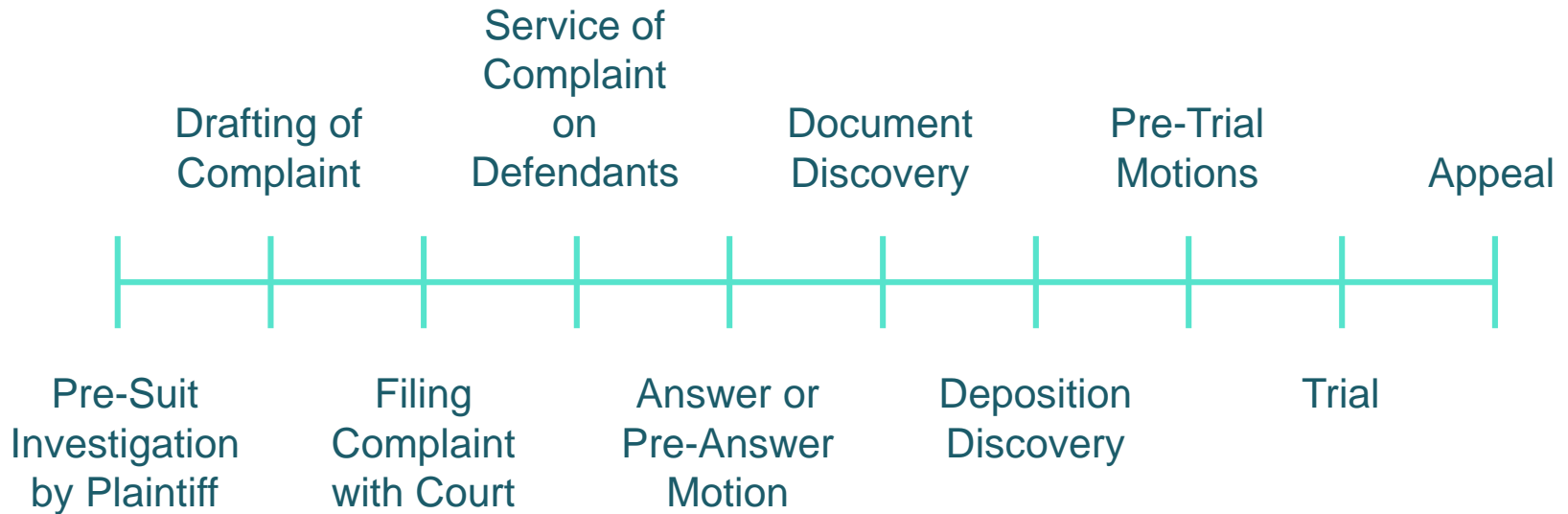
- **Speed**
- **IP Expertise**
- **Broad Injunctive Relief**

Typical Time to Trial: 9 Months from Institution

- Statutory responsibility to resolve cases quickly, within 16 months
- Investigations begin within 30 days after the complaint is filed
- ITC serves the complaint and Notice of Investigation
- Protective Order issues immediately upon institution
- Discovery commences immediately
- Judge conducts initial discovery conference
- Discovery/motions proceed on short deadlines
- Judges available to resolve discovery disputes

ITC Is Faster

Chronology of a District Court Case



- Cases last 2-5 years or longer in district court
- Cases can be settled at any point in the litigation

ITC Can Be a Better Forum for Adjudication

- No Jury
- Experienced ALJs
- Remedy: highly likely to receive injunctive relief

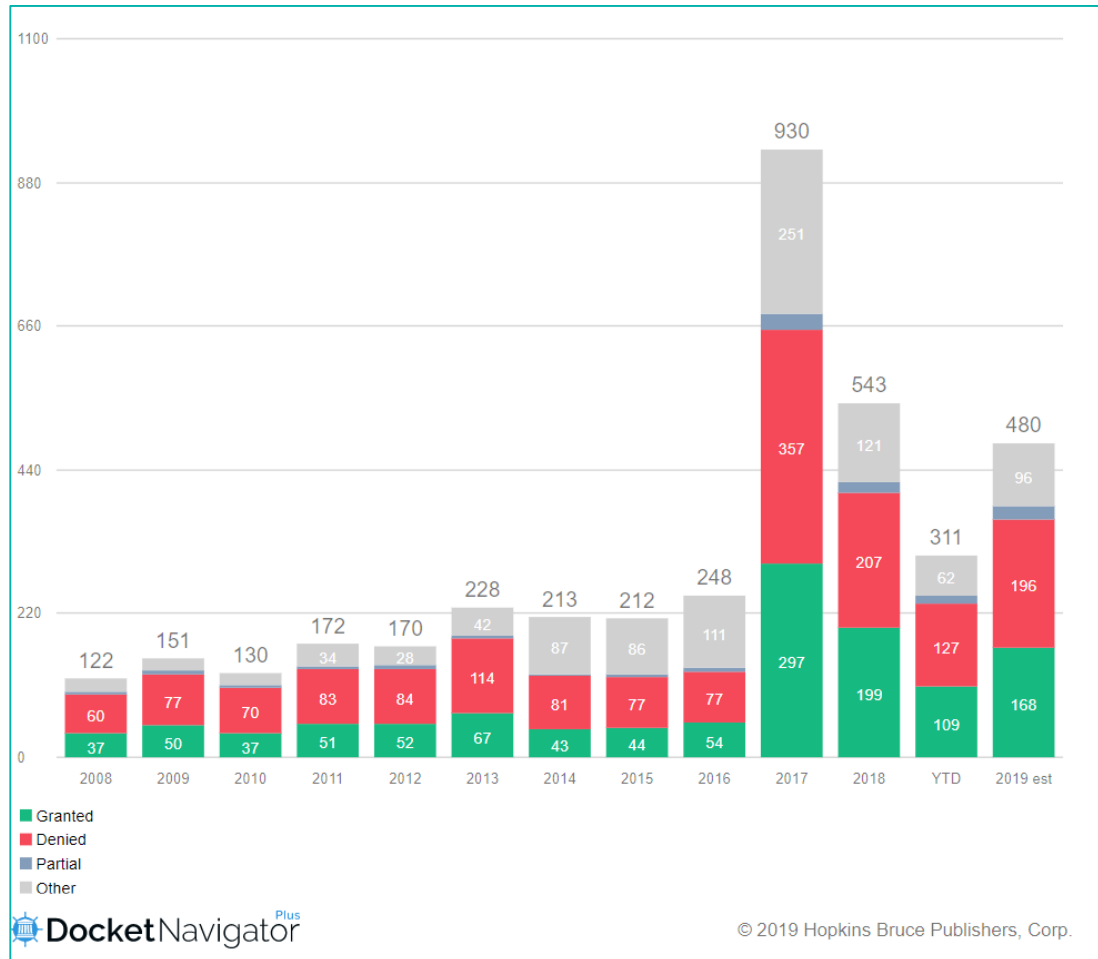
	2011	2012	2013	2014	2015	2016	2017	2018
Number of Violations	6	10	11	8	7	11	14	13
GEO	4	7	5	1	2	3	4	4
LEO	5	4	5	6	5	9	11	9
% Issued a GEO upon finding of 337 Violation	67%	70%	45%	13%	29%	27%	29%	31%
% Issued a LEO upon finding of 337 Violation	83%	40%	45%	75%	71%	82%	79%	69%

No Costly Venue/Transfer Motion Practice

- *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017) and progeny do not apply
 - After *TC Heartland* and its progeny, patent owners have to file suits in multiple districts in order to survive a jurisdictional challenge to venue under §1400(b).
 - Even if venue is proper under § 1400(b), defendants are likely to move to transfer the case under § 1404 forum non conveniens.

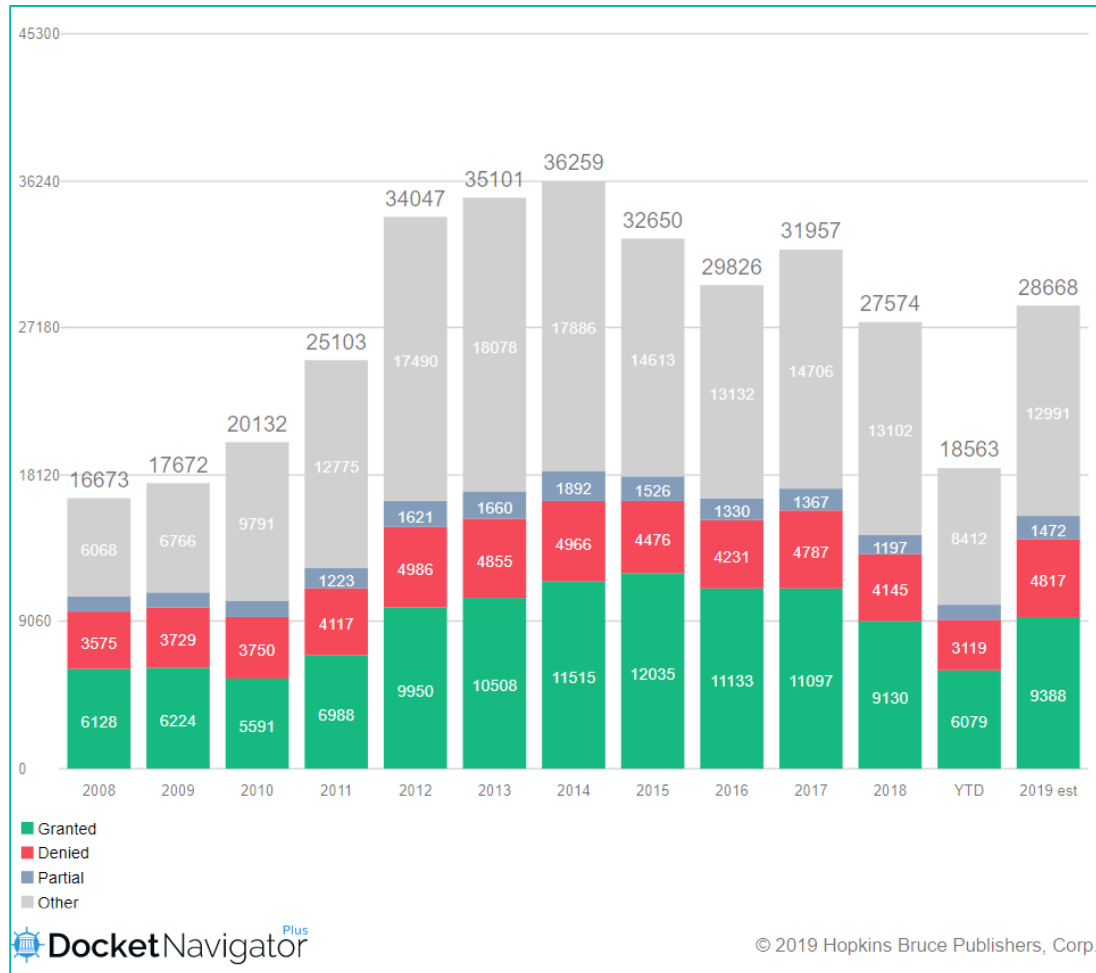
No Costly Venue/Transfer Motion Practice

Motion to Dismiss Based on Improper Venue



No Costly Venue/Transfer Motion Practice

Motion to Transfer

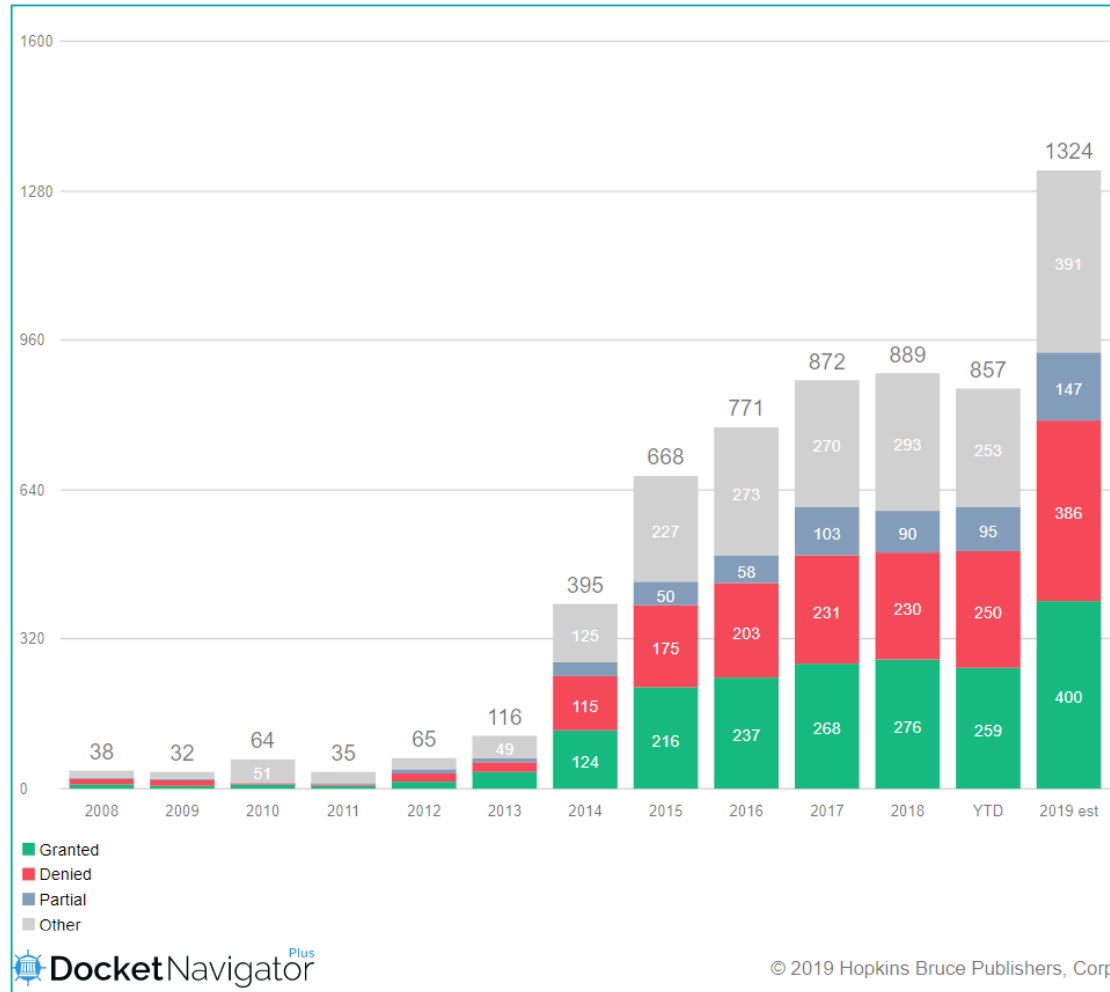


No Stays for IPR Proceedings

- Very rare for an ALJ to grant a motion to stay an ITC proceeding because of an IPR proceeding – has only occurred once, at patentee's request
- Timing of an ITC Investigation v. IPR Proceeding:
 - IPR proceeding: 18 months
 - ITC Investigation: 15-16 months
- However, the ALJ may take notice of a Final Written Decision from the PTAB regarding the validity of the asserted patents.

No Stays for IPR Proceedings

Motion to Stay Based on IPR Proceedings in District Court



Broad Injunctive Relief

- Exclusion Orders
- Directs U.S. Customs Service to stop entry of infringing articles at all U.S. ports
- Framework for Customs Service seizure and forfeiture
- *In rem* Jurisdiction – Functions without regard to personal jurisdiction
- ITC procedures available to Complainant to broaden Customs enforcement (advisory opinion procedures, enforcement procedures, modification procedures)

Broad Injunctive Relief (cont'd)

- Limited Exclusion Orders (LEO):
 - Bars importation of the named Respondents' product
 - More commonly issued by ITC
- General Exclusion Orders (GEO)
 - Bars infringing products from **all sources**, (even sources that were not parties to the investigation). *See, e.g., Certain LED Photographic Lighting Devices*, Inv. No. 337-TA-804 (January 17, 2013)
 - Higher statutory standard for a GEO:
 - Ease of evading an LEO;
 - Proof of widespread infringement; and/or
 - Difficulty identifying the source.

Solves Issues Related to Internet Retailers

- As illustrated by the cases discussed earlier, many foreign manufacturers can manufacture goods at a very low cost and import them easily, and sell them in the United States via internet retailers.
- Many of these internet can be formed and dissolved very easily, hard to locate and identify, or are judgment-proof sellers.

General Exclusion Order

ITC vs. Customs Enforcement for Registered Marks

- Trademark owners can register marks with Customs.
- Once registered, Customs will only stop marks that are **identical** to registered mark.
 - Customs will not make determinations on whether a mark is “deceptively similar” or whether there is a likelihood of confusion. For example, Customs will not stop a “LU” or “Gucci” purse.
- The ITC will make a determination about the “non-identical marks,” and will attach pictures of the products found to infringe.
 - Can institute an action for registered and common law trademarks, and trade dress.

Certain Hair Irons and Packaging Thereof, Inv. No. 337-TA-637 (CHI)

- Filed: March 14, 2008
- Terminated: June 29, 2010, 15 months after complaint was filed
- Registered trademark
- 5 Respondents
- General Exclusion Order
- Most defaulted, a few settled.



Certain Hair Irons and Packaging Thereof, Inv. **No. 337-TA-637 (CHI)**

- The product concerned an expensive and popular hair straightening iron.
- CHI filed 21 district court suits and won many of them.
- CHI then filed an ITC action against 5 Respondents. Most of the Respondents either defaulted or settled.
- Case never went to trial. It ended on a motion for summary determination.
 - Small amount of discovery:
 - 1 deposition
 - 2 lawyers for complainant
 - 8 active months

Procedural Considerations



Procedural Considerations

- No money damages
- The ITC is unfamiliar to many, even many IP lawyers
- Many rules that can be tricky for novices to comply with
- Cannot be used to stop infringers whose products are 100% made in the U.S.
- There can be standing issues:
 - Importation
 - Domestic Industry

Procedural Considerations: Standing Requirements of Section 337 Domestic Industry Test

- U.S. *and* foreign entities may file at ITC if “Domestic Industry Test” is satisfied
- Same rules apply regardless of whether the complainant is American or foreign
- Domestic Industry requirement:
 - Under 337(a)(3) a U.S. domestic industry shall be considered to exist if there is, *with respect to patent, copyright, trademark, mask work, or design*:
 - Significant investment in plant and equipment
 - Significant employment of labor or capital; or
 - *Substantial investment in exploitation, including engineering, R&D or licensing*
 - 337 violation found under 337(a)(1)(A), then need to demonstrate a ““threat or effect” of any asserted unfair method of competition or unfair act be “to destroy or substantially injure an industry in the United States.” *In the Matter of Certain Hand Dryers and Housing for Hand Dryers*, Inv. No. 337-TA-1015, Comm’n Op. at 3-4 (Oct. 30, 2017).
 - Applies in cases involving an Unregistered Trademark, Trade Dress & other unfair acts, e.g. trade secret

Procedural Considerations: Standing Requirements of Section 337 Domestic Industry Test (cont'd)

- Ways of establishing a domestic industry:
 - Complainant itself can establish a domestic industry through investment in labor and capital (337(a)(3)(A)), plant and equipment (337(a)(3)(B)), or engineering, research and development, or licensing (337(a)(3)(C))
 - E.g., complainant employs 100 people to develop technology related to products it sells, complainant built a factory and utilizes a significant amount of equipment to run the factory, complainant has invested \$50 million in research related to developing patented technology
 - Complainant can also show that it has *attempted* to establish a domestic industry (rare)
 - Complainant can rely on the activities of its licensees
 - 19 U.S.C. § 1337 does not limit the domestic industry to only the complainant – limited to protected articles which can be made by licensee
 - Actions of subsidiaries or licensees may be sufficient, but must show existence of articles covered by the patents-at-issue. *In re Computers and Computer Peripheral Devices* (337 TA 841 – Jan. 9, 2014)

Practice Tips

Practice Tips

- Need to do your homework. Many companies like Louis Vuitton have investigators that track down who made the products, how they came in, how they are distributed. Do this. It helps Customs enforce, and parties can seek CDOs against named Respondents and people.
- If there is a trade dress violation, obtain as many examples of infringing variations as possible. This will enable Customs to stop products from entering into the United States as opposed to involving the ITC to make a determination. Additionally, the Complainant does not have to expend more money to enforce the exclusion order.
- If you receive discovery from the Respondents, make sure to gather information for enforcement phase.
- Do not forget about Cease and Desist Orders. CDOs issued on domestic inventory and penalties can be substantial.
 - For example, *Ink Cartridges 337-TA-565*, \$30 million. \$100,000/day or twice value of imported products. Useful against those who sell in the US

Thank You



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19 U.S.C. § 1337 – Unfair practices in import trade

(a) Unfair methods of competition declared unlawful.

(1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:

(A) Unfair methods of competition and unfair acts in the importation of articles (other than articles provided for in subparagraphs (B), (C), (D), and (E)) into the United States, or in the sale of such articles by the owner, importer, or consignee, the threat or effect of which is—

(i) to destroy or substantially injure an industry in the United States;

(ii) to prevent the establishment of such an industry; or

(iii) to restrain or monopolize trade and commerce in the United States.

(B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that—

(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17, United States Code; or

(ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.

(C) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.

(D) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of a semiconductor chip product in a manner that constitutes infringement of a mask work registered under chapter 9 of title 17, United States Code [\[17 USCS §§ 901 et seq.\]](#).

(E) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consigner, of an article that constitutes infringement of the exclusive rights in a design protected under chapter 13 of title 17, United States Code [\[17 USCS §§ 1301 et seq.\]](#).

(2) Subparagraphs (B), (C), (D), and (E) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, mask work, or design concerned, exists or is in the process of being established.

(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, 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.

(4) For the purposes of this section, the phrase “owner, importer, or consignee” includes any agent of the owner, importer, or consignee.

(b) Investigation of violations by Commission.

(1) The Commission shall investigate any alleged violation of this section on complaint under oath or upon its initiative. Upon commencing any such investigation, the Commission shall publish notice thereof in the Federal Register. The Commission shall conclude any such investigation and make its determination under this section at the earliest practicable time after the date of publication of notice of such investigation. To promote expeditious adjudication, the Commission shall, within 45 days after an investigation is initiated, establish a target date for its final determination.

(2) During the course of each investigation under this section, the Commission shall consult with, and seek advice and information from, the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and such other departments and agencies as it considers appropriate.

(3) Whenever, in the course of an investigation under this section, the Commission has reason to believe, based on information before it, that a matter, in whole or in part, may come within the purview of subtitle B of title VII of this Act [[19 USCS §§ 1673](#) et seq.], it shall promptly notify the Secretary of Commerce so that such action may be taken as is otherwise authorized by such subtitle. If the Commission has reason to believe that the matter before it (A) is based solely on alleged acts and effects which are within the purview of section 701 or 731 [[19 USCS § 1671](#) or [1673](#)], or (B) relates to an alleged copyright infringement with respect to which action is prohibited by [section 1008 of title 17, United States Code](#), the Commission shall terminate, or not institute, any investigation into the matter. If the Commission has reason to believe the matter before it is based in part on alleged acts and effects which are within the purview of section 701 or 731 of this Act [[19 USCS § 1671](#) or [1673](#)], and in part on alleged acts and effects which may, independently from or in conjunction with those within the purview of such section, establish a basis for relief under this section, then it may institute or continue an investigation into the matter. If the Commission notifies the Secretary or the administering authority (as defined in section 771(1) of this Act [[19 USCS § 1677\(1\)](#)]) with respect to a matter under this paragraph, the Commission may suspend its investigation during the time the matter is before the Secretary or administering authority for final decision. Any final decision by the administering authority under section 701 or 731 of this Act [[19 USCS § 1671](#) or [1673](#)] with respect to the matter within such section 701 or 731 of which the Commission has notified the Secretary or administering authority shall be conclusive upon the Commission with respect to the issue of less-than-fair-value sales or subsidization and the matters necessary for such decision.

(c) Determinations; review. The Commission shall determine, with respect to each investigation conducted by it under this section, whether or not there is a violation of this section, except that the Commission may, by issuing a consent order or on the basis of an agreement between the private parties to the investigation, including an agreement to present the matter for arbitration, terminate any such investigation, in whole or in part, without making such a determination. Each determination under subsection (d) or (e) shall be made on the record after notice and opportunity for a hearing in conformity with the provisions of subchapter II of chapter 5 of title 5, United States Code [[5 USCS §§ 551](#) et seq.]. All legal and equitable defenses may be presented in all

cases. A respondent may raise any counterclaim in a manner prescribed by the Commission. Immediately after a counterclaim is received by the Commission, the respondent raising such counterclaim shall file a notice of removal with a United States district court in which venue for any of the counterclaims raised by the party would exist under [section 1391 of title 28, United States Code](#). Any counterclaim raised pursuant to this section shall relate back to the date of the original complaint in the proceeding before the Commission. Action on such counterclaim shall not delay or affect the proceeding under this section, including the legal and equitable defenses that may be raised under this subsection. Any person adversely affected by a final determination of the Commission under subsection (d), (e), (f), or (g) may appeal such determination, within 60 days after the determination becomes final, to the United States Court of Appeals for the Federal Circuit for review in accordance with chapter 7 of title 5, United States Code [\[5 USCS §§ 701 et seq.\]](#). Notwithstanding the foregoing provisions of this subsection, Commission determinations under subsections (d), (e), (f), and (g) with respect to its findings on 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, the amount and nature of bond, or the appropriate remedy shall be reviewable in accordance with [section 706 of title 5, United States Code](#). Determinations by the Commission under subsections (e), (f), and (j) with respect to forfeiture of bonds and under subsection (h) with respect to the imposition of sanctions for abuse of discovery or abuse of process shall also be reviewable in accordance with [section 706 of title 5, United States Code](#).

(d) Exclusion of articles from entry.

(1) If the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, 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. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry.

(2) The authority of the Commission to order an exclusion from entry of articles shall be limited to persons determined by the Commission to be violating this section unless the Commission determines that—

(A) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named persons; or

(B) there is a pattern of violation of this section and it is difficult to identify the source of infringing products.

(e) Exclusion of articles from entry during investigation except under bond; procedures applicable; preliminary relief.

(1) If, during the course of an investigation under this section, the Commission determines that there is reason to believe that there is a violation of this section, it may direct that the articles concerned, imported by any person with respect to whom there is reason to believe that such person is violating this section, be excluded from entry into the United States, 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. The Commission shall notify

the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry, except that such articles shall be entitled to entry under bond prescribed by the Secretary in an amount determined by the Commission to be sufficient to protect the complainant from any injury. If the Commission later determines that the respondent has violated the provisions of this section, the bond may be forfeited to the complainant.

(2)A complainant may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the 90th day after the date on which the Commission's notice of investigation is published in the Federal Register. The Commission may extend the 90-day period for an additional 60 days in a case it designates as a more complicated case. The Commission shall publish in the Federal Register its reasons why it designated the case as being more complicated. The Commission may require the complainant to post a bond as a prerequisite to the issuance of an order under this subsection. If the Commission later determines that the respondent has not violated the provisions of this section, the bond may be forfeited to the respondent.

(3)The Commission may grant preliminary relief under this subsection or subsection (f) to the same extent as preliminary injunctions and temporary restraining orders may be granted under the Federal Rules of Civil Procedure.

(4)The Commission shall prescribe the terms and conditions under which bonds may be forfeited under paragraphs (1) and (2).

(f) Cease and desist orders; civil penalty for violation of orders.

(1)In addition to, or in lieu of, taking action under subsection (d) or (e), the Commission may issue and cause to be served on any person violating this section, or believed to be violating this section, as the case may be, an order directing such person to cease and desist from engaging in the unfair methods or acts involved, unless after considering the effect of such order 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 order should not be issued. The Commission may at any time, upon such notice and in such manner as it deems proper, modify or revoke any such order, and, in the case of a revocation, may take action under subsection (d) or (e), as the case may be. If a temporary cease and desist order is issued in addition to, or in lieu of, an exclusion order under subsection (e), the Commission may require the complainant to post a bond, in an amount determined by the Commission to be sufficient to protect the respondent from any injury, as a prerequisite to the issuance of an order under this subsection. If the Commission later determines that the respondent has not violated the provisions of this section, the bond may be forfeited to the respondent. The Commission shall prescribe the terms and conditions under which the bonds may be forfeited under this paragraph.

(2)Any person who violates an order issued by the Commission under paragraph (1) after it has become final shall forfeit and pay to the United States a civil penalty for each day on which an importation of articles, or their sale, occurs in violation of the order of not more than the greater of \$100,000 or twice the domestic value of the articles entered or sold on such day in violation of the order. Such penalty shall accrue to the United States and may be recovered for the United States in a civil action brought by the Commission in the Federal District Court for the District of

Columbia or for the district in which the violation occurs. In such actions, the United States district courts may issue mandatory injunctions incorporating the relief sought by the Commission as they deem appropriate in the enforcement of such final orders of the Commission.

(g) Exclusion from entry or cease and desist order; conditions and procedures applicable.

(1) If—

- (A)** a complaint is filed against a person under this section;
- (B)** the complaint and a notice of investigation are served on the person;
- (C)** the person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice;
- (D)** the person fails to show good cause why the person should not be found in default; and
- (E)** the complainant seeks relief limited solely to that person;

the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both, limited to that person unless, after considering the effect of such exclusion or order 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, the Commission finds that such exclusion or order should not be issued.

(2) In addition to the authority of the Commission to issue a general exclusion from entry of articles when a respondent appears to contest an investigation concerning a violation of the provisions of this section, a general exclusion from entry of articles, regardless of the source or importer of the articles, may be issued if—

- (A)** no person appears to contest an investigation concerning a violation of the provisions of this section,
- (B)** such a violation is established by substantial, reliable, and probative evidence, and
- (C)** the requirements of subsection (d)(2) are met.

(h) Sanctions for abuse of discovery and abuse of process. The Commission may by rule prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Rule 11 and [Rule 37 of the Federal Rules of Civil Procedure](#).