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Intellectual Property Litigation Before the International Trade Commission

Advantages & Disadvantages

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Using the ITC as a Strategic Weapon
The Advantages

- It is fast
  - Trial-like hearing before an ALJ held within 6-9 months of filing, and Final Determination issued within 12-18 months
- There are no counterclaims
  - Respondents cannot file counterclaims or countersuits; a separate Investigation would have to be initiated

ITC v. District Court Schedule

Action	ITC	District Court
Active Investigation / Active Litigation	30 days after Complaint is filed Investigation is instituted by ITC	Upon service of Complaint
Answer by Respondent (ITC) / Answer by Defendant and Parties Exchange Initial Documents (DC)	20 days after Institution of Investigation	1-3 months after filing of Complaint
Preliminary Conference	1-2 months after Institution of Investigation	1-3 months after filing of Complaint
Exchange Initial Documents	1-2 months after Institution of Investigation	3-12 months after filing of Complaint
Claim Construction	Initial Determination contains claim construction	Markman Hearing and Markman Ruling 12-14 months after filing of Complaint (extensive Markman briefing)
Formal Discovery, including fact witness depositions	2-5 months after Institution of Investigation	12-18 months after filing of Complaint
Expert Reports and Discovery	4-6 months after Institution of Investigation	14-18 months after filing of Complaint
Pre-Trial	7-8 months after Institution of Investigation	18-22 months after filing of Complaint
Trial	8-9 months after Institution of Investigation (unlikely to slip beyond 9 months)	24-36 months after filing of Complaint depending on Court and Judge
Initial Determination (ITC)	12 months after Institution of Investigation	n/a
Final Determination (ITC) / Final Judgment (DC)	15 months after Institution of Investigation	28-40 months after filing of Complaint depending on whether trial is bench or jury trial and depending on Court and Judge

Using the ITC as a Strategic Weapon
The Advantages

- It offers a powerful remedy
  - Exclusion orders stopping infringing products at the border
  - Cease and desist orders stopping the sale of infringing products already in the U.S.

Exclusion Order

- Customs exclusion order can either be limited to specific named Respondents, or general as to all infringing products
  - Limited exclusion order (LEO) is the typical remedy
  - In order to obtain a general exclusion order (GEO), Complainant must show a widespread pattern of unauthorized imports from many sources

Using the ITC as a Strategic Weapon
The Advantages

- It is an extremely aggressive approach
  - Puts a strain on Respondent businesses
  - Is a more immediate and significant threat than District Court litigation
  - Often combined with District Court litigation seeking monetary relief

Concurrent ITC and District Court Cases

- Effect of ITC Section 337 Investigation on District Court proceedings:
  - Counterclaims filed in ITC may be removed to District Court
  - There is a mandatory stay of District Court litigation if requested by Respondent in an ITC Section 337 Investigation involving the same claim
  - Discovery taken in one proceeding can be used in both

Using the ITC as a Strategic Weapon
The Advantages

- Broad Jurisdictional Reach
  - *In Rem* Action (i.e., action pertains to the accused product not the accused party)
  - Importation (i.e., infringing product or component must be imported into the U.S.)

Using the ITC as a Strategic Weapon
Potential Disadvantages

- Additional burden of proving domestic industry
  - Complainant must show significant activity based in the U.S. that is related to the asserted patent(s)
    - Activities may include production or manufacture, research and development, or licensing industry
    - There must be a significant nexus between the U.S.-based activity and the patented element
    - Activities can be related to any claim of asserted patent(s), not just the claim(s) asserted for infringement

Using the ITC as a Strategic Weapon
Potential Disadvantages

- Limited res judicata or collateral estoppel effect
- Unavailability of § 271(g) defenses
- No monetary damages
- Potentially have to litigate issues twice (but, gives patent holder two bites at the apple)
- Detailed Complaint, rather than notice pleading
- Demanding schedule
- Few discovery limits

Discovery in the ITC

- Parties are allowed extensive discovery of each other
- Broad third party discovery is also permitted
- Discovery is expedited (e.g. 10 days to respond)
- Discovery often runs on multiple simultaneous tracks
- Discovery is affected significantly by ALJ to whom the case is assigned

ITC Hearing

- ITC hearing is similar to a District Court trial, except:
  - There is no jury
  - Federal Rules of Evidence are more liberally applied
  - Time limits are more extreme (e.g. for some judges, it is not unusual for hearings to run more than 10 hours per day and on weekends)
  - There is enormous pressure to limit issues taken to trial, and for each issue tried, much detail must be presented in a very short period of time

Using the ITC as a Strategic Weapon
Other Significant Differences

- Role of the Office of Unfair Import Investigations
- OUII or the "Staff" participate as a full party to the Investigation on behalf of the public interest

Using the ITC as a Strategic Weapon
Other Significant Differences

- Decision-Maker
  - ALJs typically have significant patent litigation experience and make Initial Determinations
  - Full Commission appointed by the President make Final Determinations
  - Appealed to Federal Circuit (as in District Court)

ITC v. District Court Litigation

Litigation Element	ITC	District Court
Remedy	Exclusion Order enforced by US Customs Service and/or Cease and Desist Order enforced by ITC; No monetary damages	Monetary damages and/or injunctive relief
Decision-Maker	Administrative Law Judge with significant patent litigation experience makes Initial Determination; Commissioners appointed by President make Final Determination	Jury and/or District Court Judge appointed by the President
Commencement of Action	Detailed Complaint filed with ITC; Investigation instituted 30 days later by Commission	Complaint filed with Court commences infringement action
Parties	Complainant(s) must have domestic industry; Respondent(s) must import accused products; Staff attorney participates on behalf of the public interest; Pro-Complainant forum	Private Plaintiff(s) and Defendant(s)
Procedure	Discovery (10 days to respond; extensive); Trial-like hearing before ALJ	Discovery (30 days to respond; extensiveness depends on Court); Trial before Judge and possibly jury
Counterclaims	Not available	Available
Decision	15 month maximum (absent exception from statutory deadline granted by Commission)	Depends on Court