

## ITC Section 337 Patent Investigations: Overview

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A Practice Note describing Section 337 investigations involving intellectual property infringement before the US International Trade Commission (ITC), focusing on patent infringement claims. This Note outlines the basic steps of an ITC Section 337 investigation and the substantive and procedural ways it differs from typical district court patent infringement litigation, including key differences in timing. It also provides an overview of the general steps from pre-filing analysis through post-hearing briefing.

The US International Trade Commission (ITC or Commission) has become an increasingly popular forum to litigate intellectual property (IP) disputes, for both US companies and foreign companies with a US presence. Among other benefits, a Section 337 investigation can lead to swift resolution of disputes and the granting of broad exclusion orders. Since there are critical differences between a Section 337 investigation and district court litigation, companies and their counsel must understand the steps involved in a Section 337 investigation, as well as the applicable substantive and procedural rules.

This Note focuses on Section 337 investigations involving patent infringement claims. It explains:

- The purpose of a Section 337 investigation.
- The benefits of a Section 337 investigation for resolving IP disputes, and patent disputes in particular.
- The key substantive and procedural differences between a Section 337 investigation involving patent claims and a district court patent litigation.
- How to initiate a Section 337 investigation.
- The practical steps for companies or counsel to take if named as a respondent in a Section 337 investigation.

### What is a Section 337 Investigation?

The ITC is a federal agency with the authority, among other trade related matters, to adjudicate cases involving companies that domestically exploit US IP rights and those who import allegedly infringing products under Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337). The ITC conducts Section 337 investigations into unfair trade

practices on its own initiative and, more frequently, based on complaints filed by affected companies and individuals.

For example, a plaintiff (complainant) may seek to initiate an investigation against one or more defendants (respondents) for infringement of a US:

- Patent.
- Trademark registered under the Lanham Act.
- Copyright registered under the Copyright Act.

(19 U.S.C. § 1337(a)(1)(B), (C).)

A complainant may also seek to initiate a Section 337 investigation for other types of unfair competition, but most Section 337 cases involve patent infringement allegations.

Section 337 investigations are heard by an Administrative Law Judge (ALJ) under the Administrative Procedure Act (19 U.S.C. § 1337(c); 19 C.F.R. § 210.36). The ALJ presides over all aspects of the case, from when the ITC institutes the investigation through the evidentiary hearing and post-hearing briefing. The ALJ then prepares a written decision called an Initial Determination (ID). The ID is subject to review by the full Commission, which then issues a final decision on the investigation called a Final Determination (FD).

The primary remedy available through a Section 337 investigation is an exclusion order issued by the Commission that directs US Customs and Border Protection (Customs) to stop infringing imports at the border (see Timing). The Commission may also issue cease and desist orders against named importers and other persons engaged in acts that violate Section 337 to prevent them from selling products

already in the US. The Commission may also enter and enforce a consent order against a respondent who stipulates to the required provisions.

### Benefits of a Section 337 Investigation

Although the numbers vary, approximately 50 new Section 337 cases are filed annually, and this volume has been increasing rapidly over the past decade (for statistics on the number of cases filed each year, see [Section 337 Statistics](#) on the ITC website). There are several reasons why complainants, particularly patent holders, are taking advantage of Section 337 investigations.

#### Potentially Stronger Injunction Equivalent

Although the ITC cannot award money damages, it can issue:

- Exclusion orders preventing infringing products from entering the US.
- Cease and desist orders stopping the sale of infringing products already in the US.

In district court patent cases, the court must apply a traditional four-factor test to determine whether injunctive relief for patent infringement is appropriate (see *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006)). In contrast, the ITC does not need to apply this test to issue exclusion or cease and desist orders (see *Spanion v. Int'l Trade Comm'n*, 629 F.3d 1331, 1358-59 (Fed. Cir. 2010)).

#### Extremely Expedited Proceedings

Section 337 investigations are extremely expedited. Unlike district court cases, which can drag on for years, a trial-like evidentiary hearing typically is held within 8 to 10 months after filing. An FD typically issues within 15 to 18 months (see Box, Typical Timelines: Section 337 Investigation Versus District Court Litigation). This schedule is mandated by statute to be prompt, so the

indefinite extensions that defendants are used to in many district courts are simply not possible.

#### Immediate and Significant Threat

Litigating in the ITC is an aggressive approach. The speed, extensive discovery, and threat of an exclusion order can put a real strain on respondents' businesses. Therefore, ITC investigations are generally a more immediate and significant threat than district court litigation, though they are frequently combined with a district court case seeking monetary relief.

#### Not Limited to US Companies or Manufacturing Entities

Proceedings before the ITC are not limited to US companies or to manufacturing entities. Recent developments have extended this forum to companies whose operations are not primarily based in the US and to entities whose revenue is not driven by manufacturing or selling products, but instead primarily by patent licensing (see Domestic Industry Requirement).

For more information on the benefits and risks of a Section 337 investigation, see [Practice Note, ITC Section 337 Investigations: Pre-Suit Considerations: Potential Benefits and Risks of an ITC Investigation](#).

#### Differences from District Court Patent Litigation

While the ITC applies the same substantive patent law as district courts, several differences exist between a patent infringement litigation in district court and an ITC investigation.

#### Summary Chart of Key Differences

A brief summary of these differences is provided in the chart below. For comparison purposes, the chart uses the US District Court for the Northern District of California (NDCA), which is a popular venue for patent infringement actions.

Litigation Element	ITC Section 337 Patent Investigation	District Court Patent Litigation (using NDCA as an example)
Parties	Complainant(s), Respondent(s), and, in some cases, the Office of Unfair Import Investigations (OUII).	Plaintiff(s) and Defendant(s).
Judge	One of a small group of ALJs who are assigned to the ITC and who only handle Section 337 investigations.	Article III judge or, with consent of parties, magistrate judge. The judge's familiarity with patent cases varies by district.

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Litigation Element	ITC Section 337 Patent Investigation	District Court Patent Litigation (using NDCA as an example)
Jurisdiction	<i>In rem</i> jurisdiction over products imported into the US that are accused of infringing US IP rights.	Court must have personal jurisdiction over the defendant(s) and subject matter jurisdiction over the action.
Domestic Industry	All complainants must demonstrate domestic exploitation of the asserted patent or patents.	Not required.
Applicable Procedural Rules	Commission Rules of Practice and Procedure (19 C.F.R., pts. 201 and 210) and ALJ's Ground Rules.  Fact pleading for complaints.	Federal Rules of Civil Procedure, Local Rules (for example, NDCA Local Rules and NDCA Patent Local Rules) and judge's Standing Orders.  Notice pleading for complaints.
Counterclaims	Available, but must immediately remove to district court.	Available.
Typical Time to Respond to Discovery	Ten days.	30 days.
Typical Time to Respond to Motions	Ten days.	Varies by assigned hearing date, but is typically two to four weeks.
Claim Construction ( <i>Markman</i> ) Hearing	Varies, but often is held by presiding ALJ before the close of fact discovery.	Varies, but often is held by presiding judge, typically before expert discovery, summary judgment, and trial.
Evidentiary Trial or Hearing	Held before an ALJ.	Held before a judge and a jury (if requested by any party).
Typical Time Frame to Resolution	15 to 18 months.	Two to three years.
Stays	Available, but rarely granted.	Frequently granted for <i>inter partes</i> review (IPR) proceedings.
Possible Remedies	Exclusion, cease and desist orders, and consent orders. <i>eBay</i> factors do not apply.	Damages and, if <i>eBay</i> factors are met, injunction.
Trial Decision	ID by ALJ, which can be accepted or modified by the Commission.	Jury verdict or written decision and findings of fact by judge.
Effect of Decision	Not preclusive in other litigation.	Final judgments have preclusive effect.
Appellate Review	Federal Circuit.	Federal Circuit.
Enforcement	Customs enforces exclusion orders. ITC enforces cease and desist and consent orders and collects penalties in district court.	Injunctions enforced by contempt proceedings.

### Parties and the Office of Unfair Import Investigations (OUII)

Parties to a Section 337 investigation include:

- The complainant (patent holder).
- The respondents (accused infringers).
- The Office of Unfair Import Investigations (OUII).

(19 C.F.R. § 210.3.)

The OUII represents the ITC and the public interest. In some investigations, the OUII assigns a staff attorney, formally called the commission investigative attorney (the Staff), to the case. The Staff typically participates in investigations involving significant issues peculiar to Section 337 or investigations with only limited respondent participation (see [USITC: Supplement to the Strategic Human Capital Plan: 2009-2013 at 3 \(Jan. 2011\)](#)). In cases in which it participates, the Staff is an actual party to the investigation with full party rights in all aspects of the investigation.

It is important to develop a good working relationship with the Staff and to attempt to convince them of your positions. Depending on the ALJ, the Staff can have a tremendous influence on procedural issues. More importantly, it can be advantageous to have the Staff arguing in favor of your position on the merits. This is because the Staff can often advance policy or public interest arguments that a complainant or respondent might not credibly be able to make.

The typical plaintiff-defendant dynamic is different when a neutral third party is also participating in the litigation. The Staff's participation can be to a party's benefit or detriment, depending on the circumstances, and underestimating the Staff's importance and role is a typical and sometimes costly mistake for new ITC litigants.

### Jurisdiction and Importation Requirement

The ITC asserts *in rem* jurisdiction over the accused products, not personal jurisdiction over the defendants. The investigation therefore concerns the accused product, not the accused party. An element of the ITC's jurisdiction is that the accused products must be imported into the US. If not, the ITC does not have jurisdiction.

It is important for the complainant to determine who is importing the accused products and to name those importers as respondents in the complaint. In addition to analyzing these issues as thoroughly as possible before filing a complaint, a complainant should be thinking about and obtaining discovery on:

- How the accused products are imported into the US and who is importing them.
- Whether the actual accused product is imported as part of a larger product.
- What the supply channel for the accused products looks like.
- Whether a respondent has substantial inventory of accused products in the US.
- Whether the imported goods are used to directly infringe at the inducement of the goods' seller. The US Court of Appeals for the Federal Circuit (Federal Circuit or CAFC) has held that the ITC's authority over "articles that infringe" extends to goods that an importer uses to directly infringe at the inducement of the goods' seller (*Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338, 1352 (Fed. Cir. 2015) and that inducement can occur after importation (*Comcast Corp. v. Int'l Trade Comm'n*, 951 F.3d 1301, 1308 (Fed. Cir. Mar. 2, 2020)).

The Federal Circuit has held that the ITC lacks jurisdiction over alleged unfair acts arising from the electronic transmission of digital data into the US, reasoning that the term "articles" in Section 337 is limited to material things (*ClearCorrect Operating, LLC v. Int'l Trade Comm'n*, 810 F.3d 1283, 1286 (Fed. Cir. 2015), *reh'g en banc denied*, 819 F.3d 1334 (Fed. Cir. 2016)).

For more information on the importation requirement, see [Practice Note, ITC Section 337 Investigations: Pre-Suit Considerations: Importation](#).

### Domestic Industry Requirement

The ITC is a trade agency that exists to protect US interests from unlawful imports, including goods that infringe valid US IP rights. The domestic industry requirement ensures that the protections offered by the ITC benefit companies with significant investments in exploiting the relevant IP in the US.

#### Significant Activity Based in US

To satisfy the domestic industry requirement in a patent case, a complainant must demonstrate significant activity based in the US that is related to at least one claim of each asserted patent (19 U.S.C. § 1337(a)(3)). There are two elements of the domestic industry requirement:

- **The economic prong.** The economic prong requires significant US activities related to products that practice the asserted patent or patents (19 U.S.C. § 1337(a)(3)). Such activities may include:
  - production or manufacture of products that practice the asserted patent or patents;

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- research and development directed to such products; or
- licensing of the asserted patent or patents.

The statute requires a quantitative analysis to determine whether the relevant activities are significant or substantial enough to satisfy the economic prong of the domestic industry requirement (see *Lelo Inc. v. Int'l Trade Comm'n*, 786 F.3d 879, 884 (Fed. Cir. 2015)).

- **The technical prong.** The technical prong requires that the complainant's economic activities be related to the asserted patent (19 U.S.C. § 1337(a)(2)). To satisfy the technical prong, a complainant must show that the patented article practices at least one claim in the asserted patent, using the same inquiry as an infringement analysis (see *Alloc, Inc. v. Int'l Trade Comm'n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003)).

Despite the domestic industry requirement, the ITC is still available to potential foreign complainants with connections to the US. For example, a foreign company may have research or manufacturing facilities in the US that produce products that practice the patents.

For more information on the domestic industry requirement, see [Practice Note, ITC Section 337 Investigations: Pre-Suit Considerations: Domestic Industry](#).

### Access by Non-Practicing Entities

The domestic industry's licensing requirement allows companies that exploit their IP, and in particular their patents, solely through licensing (also known as non-practicing entities (NPEs)) to file suit in the ITC if they can demonstrate that the licensing relates to each asserted patent. For example, to show domestic industry based on licensing, it is not necessary that any domestic entity make a product that practices the patent (see *InterDigital Commc'ns, LLC v. Int'l Trade Comm'n*, 707 F.3d 1295, 1303-04 (Fed. Cir. 2013)). However, the patent owner must show the existence of protected articles that practice the patent to establish a domestic industry based on licensing or any other Section 337(a)(3)(C) activity (see *Microsoft Corp. v. Int'l Trade Comm'n*, 731 F.3d 1354, 1362 (Fed. Cir. 2013); *In re Certain Computers and Computer Peripheral Devices*, Inv. No. 337-TA-841, Comm'n Op., 2014 WL 5380098 (Jan. 9, 2014)).

Moreover, litigation activities related to licensing may satisfy the domestic industry requirement if a complainant can both:

- Prove that the litigation activities are substantial and relate to a licensing program that encourages the development of products that use the patent.
- Document the costs associated with the litigation.

(See *Motiva, LLC v. Int'l Trade Comm'n*, 716 F.3d 596, 600-601 (Fed. Cir. 2013); *InterDigital Commc'ns*, 707 F.3d at 1299; *In re Certain Coaxial Cable Connectors*, Inv. No. 337-TA-650, Comm'n Op., 2010 WL 9943673, at \*26-27 (Apr. 14, 2010), *rev'd on other grounds, sub nom. John Mezzalingua Assocs., Inc. v. Int'l Trade Comm'n*, 437 F. App'x 886 (Fed. Cir. 2010)).

While the Commission is required to consider all licensing activities, even those whose sole purpose is to derive revenue from existing production (*Coaxial Cable*, 2010 WL 9943673, at \*29), revenue-driven licensing activities are given less weight in determining whether the domestic industry requirement is met (*In re Certain Multimedia Display and Navigation Devices and Sys.*, Inv. No. 337-TA-694, Comm'n Op., 2011 WL 3813121, at \*12 (July 22, 2011)). If the licensing activities involve a large patent portfolio, the patent owner must show a sufficient nexus between such activities and the asserted patents (see *Multimedia Display*, 2011 WL 3813121, at \*9-12).

### Early Disposition

The ITC may direct the presiding ALJ to issue an ID on a potentially dispositive issue within 100 days after the investigation's institution (19 C.F.R. § 210.10(b)(2), (3)). Any Petition for Review is due five calendar days after the ID is served (19 C.F.R. § 210.43(a)(1)). The Commission will review the ID within 30 days after issuance (19 C.F.R. § 210.42(h)(7)). The ITC has used this expedited program in several investigations to resolve domestic industry issues early in the investigation.

Other issues that may be suitable for the early disposition program include:

- Standing.
- Importation.
- Patent exhaustion.
- 35 U.S.C. § 101.

For more information on early disposition proceedings, see [Practice Note, ITC Section 337 Investigations: Early Disposition \(100-Day\) Proceedings](#).

### Claim Construction

Most ALJs will consider a separate claim construction briefing or hold *Markman* hearings in Section 337 investigations, although they will not do so in every investigation. Counsel should review the assigned ALJ's ground rules and recent procedural schedules in other investigations to determine the judge's preferences.

If claim construction issues are resolved along with the merits after the evidentiary hearing in the ALJ's ID, all expert reports, summary determination motions, and evidence offered at trial must account for all possible claim constructions. Another consequence is that traditional litigation events (for example, the *Markman* hearing and ruling) that cause parties to take stock, evaluate the merits of the case, and consider settlement options are not always a standard part of the process. This, combined with the speed of the investigation, means that parties may not seriously discuss settlement until close to the evidentiary hearing.

### Discovery

Parties to a Section 337 investigation can engage in extensive discovery. All standard district court discovery tools are available, including:

- Interrogatories.
- Document requests.
- Depositions.
- Requests for admissions.

(19 C.F.R. § 210.27(a).)

The following discovery limits apply:

- Each party may serve a maximum of 175 interrogatories.
- Complainants, as a group, may take no more than 20 fact depositions or five fact depositions per respondent, whichever is greater.
- Respondents, as a group, may take no more than 20 fact depositions.

(19 C.F.R. §§ 210.28(a) and 210.29(a).)

In complex cases, these discovery limits may prevent the parties from adequately developing their claims and defenses. As a result, the parties may seek to exceed these limits by agreement or by court order on a showing of good cause (19 C.F.R. §§ 210.28(a) and 210.29(a)).

Additional discovery limits and procedures, include:

- Limits on the frequency or scope of discovery if, in response to a party's motion, the ALJ determines that:
  - the information sought is duplicative or can be obtained from less burdensome or expensive sources;
  - the requesting party had ample opportunity to obtain the information during discovery;
  - the responding party waived the legal position requiring the discovery or stipulated to the facts sought; or

– the burden or expense of the discovery outweighs its likely benefit.

- Limits on the discovery of electronically stored information (ESI). If a responding party shows that ESI is not reasonably accessible because of undue burden or cost, the requesting party must show good cause for the requested discovery.
- Rules for claiming privilege or work product protection, including steps a party must take when another party inadvertently produces privileged material.

(19 C.F.R. § 210.27(c) to (e).)

In addition, the parties can take broad third-party discovery. However, third-party discovery may be limited as a practical matter. This is because while the ITC has nationwide subpoena power, it does not have its own enforcement authority. If a third party objects to a subpoena, the party seeking the discovery must move for a request for judicial enforcement and provide notice to the other parties. The lengthy procedures required for judicial enforcement of a subpoena for third-party discovery may not be practicable given the speed of a Section 337 proceeding. Moreover, the ITC does not have authority to issue a subpoena to a foreign person, but foreign parties must participate in the discovery process. (19 C.F.R. § 210.32.)

Most significantly, discovery is substantially expedited. For example, responses to discovery requests are due within ten days of service of a request, and a party may only have two or three months to collect, review, and produce all documents (see, for example, 19 C.F.R. §§ 210.29(b)(2), 210.30(b)(2), and 210.31(b)). Further, the shortened discovery period requires parties to collect and produce all relevant documents early to avoid the need for duplicative depositions, particularly if many of the depositions will be taken outside of the US. ALJs typically have little patience for parties who withhold documents or play games. In these circumstances, ALJs are more likely to issue preclusion sanctions than federal district court judges (19 C.F.R. § 210.33).

### Evidentiary Hearings and Briefing

#### Evidentiary Hearings

An ITC evidentiary hearing is similar to a district court trial, except that:

- There is no jury.
- The Federal Rules of Evidence are more liberally applied. For example, hearsay may be allowed.

- Timing is more extreme. For example, some ALJs' hearings may run ten hours or more per day and on the weekend. Hearings are often limited to only one or two weeks, regardless of the number of patents, products, parties, and exhibits. In addition, despite the short time frame for the hearing itself, it is not unusual for hundreds of documents to come into evidence, either through live witness testimony or otherwise.

For each issue tried, a significant amount of detail must be presented in a short time. As a result, enormous pressure exists to limit the issues taken to trial.

Most ALJs require that direct witness testimony be offered through previously-written witness statements. This can speed the actual trial and permit the cross-examining party more time to prepare, but it requires a tremendous amount of pretrial work and can lead to extremely lengthy witness statements that offer a huge volume of exhibits. It also presents some unusual dynamics at the hearing itself. Without live direct testimony, the first substantive live testimony provided by the witness is on cross-examination by opposing counsel. Any live direct testimony from friendly counsel must wait until re-direct.

### Pre-Hearing Briefing

Under typical case schedules, the parties file pre-hearing briefs several weeks before the hearing that often take several weeks to prepare (19 C.F.R. § 210.40). Pre-hearing briefs must include all evidence and arguments regarding key issues in the case because ALJs will find waiver of any argument not included in the pre-hearing brief.

### Post-Hearing Briefing

Under typical case schedules, the parties file opening post-hearing briefs two weeks after the conclusion of the hearing. Responsive post-hearing briefs are filed two weeks after the opening briefs are filed. Compared with a district court proceeding, the ITC briefing is significantly more voluminous and time-intensive, and therefore more expensive, than its district court counterpart.

### Initial Determination

An ALJ must make detailed findings of law and fact in the ID covering all contested issues and elements of a Section 337 violation. These decisions are typically detailed and run over a hundred pages. Despite this level of detail, an ALJ must file the ID no later than four months before the Target Date established at the start of the investigation (19 C.F.R. § 210.42(a)(1)(i); see also, 19 U.S.C. § 1337(b)(1) and Timing). Under typical case schedules, this means that the ID is due only six to eight weeks after the parties have filed their briefs.

### Remedies

The ITC has no authority to award monetary damages. Instead, it offers exclusion orders and cease and desist orders (19 U.S.C. § 1337(d) to (g); see Exclusion Orders and Cease and Desist Orders).

It is important that a complainant:

- Carefully craft its strategy for seeking and obtaining available remedies before filing the complaint.
- Execute its strategy at the earliest stages of the investigation.

Waiting until the close of discovery to address remedy issues is a common and sometimes costly mistake for companies who are not used to litigating in the ITC. No complainant wants to be in the position of demonstrating that a respondent has infringed one or more valid, enforceable claims only to find itself without a proper exclusion order that actually stops the infringing product at the border. While parties can make written submissions on their proposed form of remedy (including the terms of the exclusion order and any cease and desist order) at the close of the case, it is then generally too late to fix any factual gaps.

### Exclusion Orders

There are two types of exclusion orders:

- A limited exclusion order (LEO).
- A general exclusion order (GEO).

(19 U.S.C. § 1337(d).)

A LEO is limited to products made or imported by or on behalf of the specific named respondents found to have violated the statute (*Kyocera Wireless Corp. v. Int'l Trade Comm'n*, 545 F.3d 1340, 1358 (Fed. Cir. 2008); see also, *Comcast*, 951 F.3d at 1308). However, LEOs are not limited to specific model numbers but cover all the named respondents' infringing products falling within the product type identified in the Notice of Investigation (NOI) (*In re Certain Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Comm'n Op., 1998 WL 307240, at \*9 (March 1998); see also *In re Koki Holdings Am. Ltd.*, 2020 WL 6948477 (Fed. Cir. Nov. 25, 2020) (no precedent holds that an exclusion order cannot cover unadjudicated products)).

Historically, a LEO could also provide a complainant with downstream relief against non-named respondents whose products contained the accused products. For example, if a respondent made a semiconductor chip that was part of a larger product, a complainant may wish to exclude

from importation both the semiconductor chip itself and any products containing the chip. However, since *Kyocera*, a LEO can no longer provide downstream relief against non-named respondents.

As a result, excluding downstream products is more difficult, but it is not impossible. A complainant wishing to prohibit importation of products of a company not named as a respondent must obtain a GEO. A GEO applies to all infringing products, whether they are imported, offered for sale, or sold by respondents or other companies. The standard for obtaining a GEO is much higher than the standard for obtaining a LEO. To obtain a GEO, the complainant must show a widespread pattern of unauthorized imports from many sources (19 U.S.C. § 1337(d)(2)).

In light of these changes, ITC Section 337 investigations often involve many respondents, resulting in a new dynamic of joint defense groups and new case management challenges for the ALJs and the parties.

### Cease and Desist Orders

In addition to, or instead of, an exclusion order, the ITC may issue a cease and desist order that targets domestic respondents with an existing US inventory of infringing products (19 U.S.C. § 1337(f)). The purpose is to prohibit the further marketing, sale, or distribution of infringing products already inside the US.

### Commission Review of Initial Determination

The Commission has the authority, but not the requirement, to review every ID (19 C.F.R. § 210.42(h)). A party may file a petition seeking Commission review of the ID. If the ID addresses whether there is a Section 337 violation, the petition for Commission review must be filed 12 days after the ID's service. (19 C.F.R. § 210.43(a).)

### Petition for Review

A party may base its petition for review on one or more of three grounds:

- A finding or conclusion of material fact is clearly erroneous.
- A legal conclusion is erroneous, without governing precedent, rule, or law, or it constitutes an abuse of discretion.
- The determination is one affecting Commission policy. (19 C.F.R. § 210.43(b).)

Any issue not raised in the petition for review that was decided adversely to a party is deemed abandoned, both before the Commission and on any subsequent appeal (19 C.F.R. § 210.43(b)(2)). In Federal Circuit appeals, the ITC often argues that a party waived an issue because it failed to raise the issue in the petition for review.

### Actions the Commission Can Take

Through a formal vote of the Commissioners, the Commission may:

- Decline to review the ID in its entirety. In this case, the ID becomes the Final Determination (FD).
- Decide to review one or more substantive or procedural issues decided in the ID. If the Commission elects to review, it reviews the issues de novo, and may either adopt, in whole or in part, or reverse all or part of the ID.

(19 C.F.R. § 210.43(d).)

The Commission also may review an ID on its own initiative, though this is uncommon (19 C.F.R. § 210.44).

A party adversely affected by the Commission's FD may appeal to the Federal Circuit (19 U.S.C. § 1337(c)).

### Timing

Section 337 investigations are statutorily required to be completed as early as practicable. Every investigation includes a Target Date set by the ALJ by which the investigation must be concluded. (19 U.S.C. § 1337(b)(1).) The Target Date must initially be set within 16 months from the date the investigation commences. Anything longer requires approval by the Commission (19 C.F.R. § 210.51(a)). For a general timeline, see Box, Typical Timelines: Section 337 Investigation Versus District Court Litigation.

Complainants also commonly file concurrent district court litigation seeking monetary damages on the same patents asserted in the ITC investigation. However, respondents almost always seek to stay district court litigation pending the resolution of the ITC investigation. A respondent has the statutory right to stay co-pending district court litigation on the same patent until the Commission's determination becomes final (28 U.S.C. § 1659(a)).

### Enforcement

All ITC exclusion orders are enforced by Customs (19 U.S.C. § 1337(d), (e)). If Customs determines that imported goods are covered by an ITC exclusion order, it denies entry and notifies the ITC of its action. After receiving notice from

Customs of a second violation, the ITC may issue an order to Customs authorizing seizure and forfeiture of the goods (19 U.S.C. § 1337(i)(1)).

The ITC enforces its cease and desist orders through monetary penalties levied against any violators of the orders. The penalties can amount to \$100,000 per day or twice the value of the goods, whichever is greater (19 U.S.C. § 1337(f)(2)). If necessary, the ITC will file suit in district court to collect the penalties. The ITC's authority to impose civil penalties has been upheld on appeal (*Ninestar Tech. Co. Ltd. v. Int'l Trade Comm'n*, 667 F.3d 1373 (Fed. Cir. 2012) (upholding \$11 million penalty against respondent group)).

The ITC can police compliance with its remedial and other orders in post-violation modification and enforcement proceedings (19 C.F.R. §§ 210.75, 210.76). These proceedings may be initiated by an ITC complainant and, in the case of enforcement proceedings, by the ITC on its own initiative.

The Commission is also authorized to issue an advisory opinion as to whether a person's proposed conduct would violate an existing exclusion, consent, or cease and desist order. A party may use this procedure, for example, to obtain the Commission's view as to whether a modification to the accused product avoids infringement and therefore the modified product will not be affected by the exclusion, consent, or cease and desist order. (19 C.F.R. § 210.79(a).)

## How to Initiate an Investigation

### Pre-Suit Investigation and Compilation of Information

Because of the stringent requirements for ITC complaints and the short time frame for ITC investigations, complainants have a significant burden to perform a detailed pre-suit investigation and compile voluminous materials regarding the patents and accused products. This investigation takes significant time, likely many weeks, if not months, and goes well beyond the typical investigation and analysis performed in district court cases under Rule 11 of the Federal Rules of Civil Procedure.

A detailed investigation is necessary because the ITC is a fact pleading venue and requires detailed factual allegations, including detailed claim charts for all patent claims asserted. This investigation must include an analysis of importation and potential remedy issues (see *Jurisdiction and Importation Requirement and Timing*). A potential complainant must understand that it simply

cannot accomplish filing an ITC complaint (or at least one that the ITC will decide to institute) in a few short days by drafting a basic notice pleading.

For more information on pre-suit considerations for a Section 337 investigation, see [Practice Note, ITC Section 337 Investigations: Pre-Suit Considerations](#).

### Filing a Complaint and Instituting an Investigation

To begin an investigation, a complainant must prepare and file a detailed complaint, which the ITC must in turn accept through a process known as "instituting an investigation." The ITC's notice instituting an investigation (NOI) is printed in the Federal Register describing the:

- Allegations.
- Parties.
- Assigned ALJ.

(19 C.F.R. § 210.10.)

The ITC's Rules of Practice and Procedure (ITC Rules) (19 C.F.R., pts. 201 and 210) set out specific requirements for the contents of a Section 337 complaint (see 19 C.F.R. §§ 201.16, 210.4, 210.8, and 210.12). These requirements are both procedural and substantive.

For more information on preparing a complaint for a Section 337 investigation, see [Standard Document, ITC Section 337 Investigations: Complaint](#) and [ITC Section 337 Investigations: Filing a Complaint Checklist](#).

### Procedural Requirements

The ITC complaint and the pre-filing investigation are procedurally different from the typical notice pleading permitted in district court. For example, the complaint must contain:

- Detailed infringement claim charts and contentions.
- A description, with evidence, of the complainant's domestic industry.
- Detailed information regarding the proposed remedy.

(19 C.F.R. § 210.12(a).)

The complaint must be accompanied by specific background materials relating to the asserted rights (19 C.F.R. § 210.12(c)), including a separate statement addressing how the requested relief could affect the public interest (19 C.F.R. § 210.8(b)). It is typical for portions of ITC complaints to be filed under seal and for them to run dozens of pages, if not more, with substantial supporting documents.

### Substantive Requirements

The ITC asserts *in rem* jurisdiction over the accused products, not personal jurisdiction over the defendants. Because the investigation relates to the accused product and not the accused party, a complainant must demonstrate that the accused products are imported into the US. It is important to determine who is actually importing the accused products and to name those importers as respondents in the complaint. (19 C.F.R. § 210.12(a)(3), (4).)

In addition, a complainant must demonstrate that it has a domestic industry in the US. As in district court litigation, there must also be an underlying unfair practice, such as infringement of a valid US patent. (19 C.F.R. § 210.12(a).)

### Meeting with the Staff

The pre-filing investigation should include a meeting with the Staff, who can help vet the case and provide feedback on the sufficiency of the allegations contained in a draft complaint. This is a good opportunity for the complainant's attorneys to ensure they have thought through the ITC-specific issues such as:

- The importation requirement (see Jurisdiction and Importation Requirement).
- The domestic industry requirement (see Domestic Industry Requirement).
- Proposed remedies (see Timing).

This meeting can also act as a check on the overall strength of the proposed investigation.

### Service Issues

Unlike in district court proceedings, a complainant does not have to serve the complaint on the respondents unless the complaint requests temporary relief (see Seeking Temporary Relief). If the Commission institutes an investigation, it serves the complaint and NOI on respondents, as well as the embassy of each foreign respondent (19 C.F.R. § 210.11).

### Early Case Management

The accelerated time frame requires that a complainant be ready almost immediately after filing to:

- Produce documents.
- Take depositions.
- Retain and work with experts.

Unlike in a district court case, a complainant should not anticipate a lull period of two or more months while

respondents answer and the court sets a case management conference. Once instituted by the ITC, the pace of the Section 337 investigation moves rapidly.

### Seeking Temporary Relief

The ITC allows a complainant to request a motion for temporary relief either:

- At the same time as filing the complaint.
- Before the investigation commences.

(19 C.F.R. § 210.52.)

Substantively, the test for temporary relief mirrors in many ways the test for a preliminary injunction in district court (19 C.F.R. § 210.52(a)). But procedurally, the timeline for a temporary relief proceeding is even more aggressive than a typical ITC investigation. ITC rules require that an ID on temporary relief be filed no later than:

- 70 days following publication of the NOI in the Federal Register in an ordinary temporary relief investigation.
- 120 days following publication of the NOI in the Federal Register for a temporary relief investigation that has been designated by the ALJ as more complicated.

(19 C.F.R. § 210.66(a).)

That means that this expedited time frame must include all:

- Discovery.
- Expert testimony.
- Hearings.
- Post-hearing briefing.

## First Steps for Respondents

### Determining the Scope of Complainant's Accusations

Even though ITC complaints are more detailed than district court notice pleadings, a complainant is not required to identify every single accused product or service in the complaint. The actual scope of the accused products is set out by the ITC's NOI, which is issued and published in the Federal Register when the ITC decides to institute an investigation. The NOI will use plain language to make explicit what products or category of products are the subject of the investigation (19 C.F.R. § 210.10(b)(1)).

It is important to read the NOI carefully to understand the scope of the investigation. Similarly, it is essential to perform an investigation to determine the products and services that are potentially at issue. This means identifying which products are imported into the US and may arguably fall within the scope of each asserted patent claim.

### Responding to the Complaint

Each respondent must file its response to the complaint within 20 days of service of the NOI, though foreign companies are permitted ten additional days (19 C.F.R. §§ 210.13(a), 201.16). The Commission's rules set out specific requirements for the response (see, for example, 19 C.F.R. § 210.13(b)). A proper response requires compiling detailed client information and information on applicable defenses on an accelerated timeline.

The same substantive defenses generally available to a defendant in district court litigation are available to a respondent in a Section 337 investigation. For example, respondents typically attempt to demonstrate that there is no infringement or that the asserted claims are invalid or unenforceable. However, a respondent has much less time to conduct activities necessary to prepare certain defenses, such as performing a prior art search or developing a factually detailed inequitable conduct defense. Therefore, a respondent must begin preparing its substantive defenses from the moment the case begins.

Defenses that are directed toward remedies unavailable in the ITC should not be used by Section 337 respondents. In contrast, a defense that a patentee has agreed not to seek injunctive-type relief might turn out to be a complete defense in the ITC, rather than serve as only a partial defense as in a district court litigation.

For more information on responding to the complaint, see [Standard Document, ITC Section 337 Investigations: Response to Complaint](#) and [ITC Section 337 Investigations: Response to Complaint Checklist](#).

### Case Management and Strategy

Many companies and their counsel are used to the discovery process lasting a year or more in a patent infringement case. In an ITC investigation, because the same amount of activity must occur in a dramatically reduced time frame, it is important to immediately identify one or more point persons at the client site who can be almost exclusively devoted, at least for some portion of time, to the ITC investigation. This person will assist in:

- Overseeing case strategy.
- Managing the collection of documents and information to respond to discovery requests.
- Ensuring that appropriate client-side witnesses are identified and produced for testimony on an accelerated timetable.

Given the short timeline, it is also important to immediately begin searching for experts and prior art. For more information on identifying experts in a patent case, see [Patent Litigation: Finding and Selecting an Expert Checklist](#).

### Litigation Stays

As noted above, a respondent has the statutory right to stay co-pending district court litigation on the same patent (see Timing). A respondent does not, however, have the statutory right to stay the ITC investigation in favor of a co-pending district court case.

Stays of the ITC investigation are relatively uncommon, but they can happen. For example, an ITC respondent may seek to stay the ITC investigation if an asserted patent is involved in post-prosecution proceedings in the US Patent and Trademark Office (USPTO). However, the ITC has seldom stayed a Section 337 investigation for any USPTO proceeding, and it has never done so because of a pending *inter partes* review (IPR) proceeding.

To determine whether to grant a stay, the ITC will apply a multi-factor balancing test that looks at issues such as:

- The state of discovery and the hearing date.
- Whether a stay will simplify the issues and hearing of the case.
- The undue prejudice or clear tactical disadvantage to any party.
- The stage of the USPTO proceedings.
- The efficient use of ITC resources.
- The alternative remedies available in federal court.

Because the factors include the state of discovery and the hearing date, it is critical that any stay motion be filed as soon as practicable.

For more information on USPTO post-prosecution proceedings, see [PTAB Proceedings Toolkit](#).

### Counterclaims and Responsive Actions

An ITC respondent may file counterclaims, but the counterclaims cannot be litigated in the same

## ITC Section 337 Patent Investigations: Overview

investigation. Instead, they must be immediately removed to district court. (19 C.F.R. § 210.14(e).)

Because of this, ITC respondents who have their own patent portfolios frequently consider reciprocal litigation to give them leverage by filing either:

- Their own separate Section 337 investigation against the complainant.

- Another district court case against the complainant, preferably in a faster venue.

For more information on strategic considerations for an ITC respondent, see [Practice Note, ITC Section 337 Investigations: Initial Strategic Considerations \(Respondent\)](#).

### Typical Timelines: Section 337 Investigation Versus District Court Litigation

The table below shows the different typical timelines for a Section 337 investigation compared with a district court patent litigation. As an example, it uses the NDCA.

Action	ITC Investigation Timeline	District Court Timeline (using NDCA as an example)
Litigation Commences	Within 30 days after filing the complaint, if the ITC decides to institute an investigation.	On filing and serving the complaint.
Answer Due	20 days after institution for a domestic respondent. Ten extra days for a foreign respondent. Short extensions are common.	21 days after service. Extensions are common.
Initial Scheduling Conference	Four to six weeks after institution.	About 90 days after service.
Initial Exchange of Documents	One to two months after institution.	About 90 days after service.
Claim Construction Hearing	Generally occurs before the close of fact discovery.	About ten months after service.
Completion of Written Discovery and Fact Depositions	Three to four months after institution.	12 to 18 months after service.
Expert Reports and Depositions	Four to six months after institution.	18 to 24 months after service.
Summary Judgment	Four to six months after institution.	No later than 30 days after close of all discovery.
Pretrial Conference and Filings	Seven to eight months after institution.	24 to 36 months after service.
Trial	Eight to nine months after institution.	24 to 36 months after service.

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Action	ITC Investigation Timeline	District Court Timeline (using NDCA as an example)
Post-Trial Briefing	Immediately after hearing.	Immediately after trial.
Judge or ALJ Decision	11 to 12 months after institution for ID.	24 to 36 months after service.
Target Date for Conclusion of Investigation	16 months or less after institution. A longer period requires Commission review.	None.

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