



# ITC Section 337 Investigations: Patent Infringement Claims

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A Practice Note describing Section 337 investigations involving intellectual property infringement before the International Trade Commission (ITC), focusing on patent infringement claims. It 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.

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The 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 complaints regarding unfair trade practices both on its own initiative and through filings made by affected companies and individuals.

For example, a complainant may seek to initiate an investigation against one or more 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 the majority of Section 337 cases involve patent infringement allegations.

Section 337 investigations are heard by an Administrative Law Judge (ALJ) under the Administrative Procedures Act (see also *19 U.S.C. § 1337*). 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 *Remedies*). 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.

## BENEFITS OF A SECTION 337 INVESTIGATION

Although the numbers vary, over 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 the ITC's *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 (2006)). In contrast, the ITC does not need to apply this test to issue exclusion or cease and desist orders (see *Spansion v. Int'l Trade Comm'n*, 629 F.3d 1331 (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 nine to 12 months after filing. An FD typically issues within 15 to 16 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 a very aggressive approach. The speed, extensive discovery and threat of an exclusion order can put a real strain on the 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**

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

**DIFFERENCES FROM DISTRICT COURT PATENT LITIGATION**

While the ITC applies the same substantive 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	SECTION 337 ITC INVESTIGATION	DISTRICT COURT PATENT LITIGATION (USING NDCA AS AN EXAMPLE)
Parties	Complainant(s), Respondents(s) and the OUII.	Plaintiff(s) and Defendant(s).
Judge	One of six ALJs who are assigned to the ITC and have familiarity with Section 337 investigations.	Article III judge or, with consent of parties, magistrate judge. The judge's familiarity with patent cases varies by district.
Jurisdiction and Importation	<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 and ALJ's Ground Rules.	Federal Rules of Civil Procedure, Local Rules (for example, NDCA Local Rules and NDCA Patent Local Rules) and judge's Standing Orders.
Counterclaims	Available, but must immediately transfer 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 not held. Claim construction occurs in ID after evidentiary hearing.	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.
Possible Remedies	Exclusion order and cease and desist order.	Damages and, if <i>eBay Inc.</i> factors are met, injunction.
Trial Decision	ID by ALJ, which can be accepted or modified by the Commission's FD.	Jury verdict or written decision and findings of fact by judge.
Appellate Review	Federal Circuit.	Federal Circuit.

## 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 OUII.

The OUII represents the ITC and the public interest. Although this process is currently changing, the OUII typically assigns a staff attorney, formally called the commission investigative attorney (the Staff), to each case. 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 quite 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 actually 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.

## Domestic Industry Requirement

The ITC is a trade agency that exists to protect US interests from imported, "knock-off" goods that infringe valid US IP rights. The domestic industry requirement ensures that the protections offered by the ITC actually 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. Such activities and investments may include:

- Production or manufacture of products that practice the asserted patent or patents.
- Research and development directed to such products.
- Licensing of the asserted patent or patents.

Despite this 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.

## Access by Non-practicing Entities

Recently, the domestic industry requirement has been relaxed allowing 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 the asserted patent.

For example, the Commission recently determined that litigation activities may satisfy the domestic industry requirement if a complainant can both:

- Prove that these litigation activities are related to licensing and pertain to the patent at issue.
- Document the costs associated with the litigation.

The Commission further explained that it would also consider licensing activities for which the sole purpose is to derive revenue from existing production (*In re Certain Coaxial Cable Connectors & Components Thereof & Prods. Containing Same, Inv. No. 337-TA-650, Comm'n Op., at 44 & 50 (Apr. 14, 2010)*). However, more recent decisions outline additional considerations, particularly for licensing activities related to patent portfolios, that can affect the extent to which certain licensing activities will support a domestic industry finding (see *In re Certain Multimedia Display and Navigation Devices and Systems, Components Thereof & Prods. Containing Same, Inv. No. 337-TA-694, Comm'n Op. (Jul. 22, 2011)*).

## Claim Construction

ALJs typically do not permit a separate claim construction briefing or hold *Markman* hearings in Section 337 investigations, although some recent trends toward the contrary exist. Rather, claim construction issues generally are resolved along with the merits after the evidentiary hearing in the ALJ's ID.

Because claim construction briefing and *Markman* hearings typically are not held in a Section 337 investigation, all expert reports, summary determination motions and evidence offered at trial must account for all possible claim constructions. It also means that a traditional litigation event that causes parties to take stock, evaluate the merits of the case and consider settlement options is

not a standard part of the process. This, combined with the speed of the investigation, means that parties may not seriously discuss settlement until very 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.

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. 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.

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 overall to collect, review and produce all documents. 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.

### Evidentiary Hearings and Post-hearing 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 very short time. In light of this, enormous pressure exists to limit the issues taken to trial.

Some ALJs also permit or 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.

#### Post-hearing Briefing

Under typical case schedules, the parties file opening post-hearing briefs and proposed findings of fact two weeks after the conclusion of the hearing. Responsive post-hearing briefs and findings of fact 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 (*19 C.F.R. § 210.42(a)(1)(i)*). 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 (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 that strategy beginning 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 have the opportunity to 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 Customs exclusion orders:

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

An LEO is limited to the products of the specific named respondents. Previously, an LEO could also provide a complainant with downstream relief against non-named respondents. 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. Now, an LEO can no longer provide downstream relief against non-named respondents. In *Kyocera Wireless Corp. v. Int'l Trade Comm'n*, the US Court of Appeals for the Federal Circuit determined that the Commission only had statutory authority to issue an LEO against named respondents (see *545 F.3d 1340, 1358 (Fed. Cir. 2008)*).

As a result, excluding downstream products is much 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. This 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 an LEO. To obtain one, 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 investigations are no longer limited to US companies that produce products in the US against only one or two competitors. Instead, NPEs are filing investigations against many respondents, resulting in a new ITC dynamic of joint defense groups.

#### 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 and Appeal

The Commission has the authority, but not the requirement, to review every ID. A party may file a petition seeking Commission review of the ID within ten days of its issuance (*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)*).

#### 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 FD.
- Decide to review one or more substantive or procedural issues decided in the ID. If the Commission elects to review, they 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 who does not prevail on an issue before the Commission may appeal that issue to the Federal Circuit.

### Respondents' Defenses

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. Of course, defenses that are directed toward remedies unavailable in the ITC will not be used by Section 337 respondents (for example, a laches defense seeking to limit damages for past infringement).

In contrast, a defense that a patentee has agreed through standards-setting bodies not to seek a remedy other than reasonable, non-discriminatory royalties, 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.

A key difference between a Section 337 investigation and a district court proceeding is that in a Section 337 investigation, a respondent has much less time to conduct a prior art search or to develop a factually detailed inequitable conduct defense. Therefore, a respondent must begin preparing its substantive defenses from the moment the case begins.

#### Timing

Section 337 investigations are statutorily required to be completed as early as practicable (*19 U.S.C. § 1337(b)(1)*). Every investigation includes a Target Date set by the ALJ by which the investigation must be concluded. 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)*).

## 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 *Remedies*). 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.

### 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 institution of an investigation is printed in the *Federal Register* describing the:

- Allegations.
- Parties.
- Assigned ALJ.

(19 C.F.R. § 210.3.)

The Commission’s rules set out specific requirements for the contents of a Section 337 complaint (see 19 C.F.R. §§ 210.4, 210.8 and 210.12). These requirements are both procedural and substantive.

#### Procedural Requirements

The ITC complaint and the pre-filing investigation are procedurally quite 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.

The complaint must be accompanied by specific background materials relating to the asserted rights (see 19 C.F.R. § 210.12(c)–(g)). 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.

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.

### Meeting with the Staff

The pre-filing investigation may (and 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*).
- Domestic industry requirement (see *Domestic Industry Requirement*).
- Proposed remedies (see *Remedies*).

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 notice of investigation 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 Notice of Investigation in the Federal Register in an ordinary temporary relief investigation.
- 120 days following publication of the Notice of Investigation 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

### Determine 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 Notice of Investigation, which is issued and published in the *Federal Register* if and when the ITC decides to institute an investigation. The Notice of Investigation may describe the products or services more broadly than the complaint.

It is important to read the Notice of Investigation 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 Notice of Investigation, though foreign companies are permitted ten additional days (19 C.F.R. § 210.13(a)). 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.

## 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.

## Litigation Stays

As noted above (see *Timing*), a respondent has the statutory right to stay co-pending district court litigation on the same patent. 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 do happen. For example, an ITC respondent may seek to stay the ITC investigation if an asserted patent is involved in reexamination proceedings in the US Patent and Trademark Office (USPTO). 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.

## Counterclaims and Responsive Actions

An ITC respondent may file counterclaims, but the counterclaims cannot be litigated in the same investigation. Instead, they must be immediately removed to district court (19 C.F.R. § 210.14(e)).

For that reason, ITC respondents who have their own patent portfolios frequently consider reciprocal litigation to give them some 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.

**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.	Upon filing and serving the complaint.
Answer Due	20 days after institution for a domestic respondent. Ten extra days for a foreign respondent. Very short extensions are common.	21 days after service. Extensions are common.
Initial Scheduling Conference	Four to six weeks after institution.	About 120 days after service.
Initial Exchange of Documents	One to two months after institution.	About 120 days after service.
Claim Construction Hearing	Generally occurs as part of the final evidentiary hearing.	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.
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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