

Enforcing Your Rights In The U.S. Against Counterfeiting & Piracy:

FITCH EVEN TABIN & FLANNERY
INTELLECTUAL PROPERTY LAW | EST. IN 1859

***Section 337 Infringement
Investigations At The
International Trade Commission***

Philip T. Petti

What Is The International Trade Commission?

- Independent Federal Administrative Agency
- Located In Washington, D.C.
- Enforces U.S. Trade Laws
- Jurisdiction Over Unfair Trade Practices -
“Section 337”

What Is Section 337?

- 19 U.S.C. §1337: Stops Imports Of Products Infringing U.S. Intellectual Property Rights
- Section 337 Only Applies To Products:
 - Sold for importation into U.S.,
 - Actually imported into the U.S., or
 - Sold in U.S. after importation

Who Is Protected By Section 337?

- There Must Be A U.S. “Industry” To Protect:
 - U.S. companies
 - Foreign companies with substantial investments in the U.S. related to the Intellectual Property

Who May Be Affected By Section 337?

- Foreign Importers Into The U.S.:
 - Foreign manufacturers
 - Foreign trading companies
 - Foreign companies with U.S. subsidiaries
 - Foreign companies with U.S. distribution

Who May Be Affected By Section 337?

- U.S. Companies:
 - Importing into the U.S.
 - Manufacturing using imported parts
 - Outsourcing overseas for U.S. Market
 - Distributing imported products
 - Selling imported products

What Acts Are Covered By Section 337?

- Infringements Of:
 - U.S. patents
 - Registered U.S. trademarks
 - Registered U.S. copyrights and designs
 - Registered semiconductor “mask works”
- Products Imported Using “Unfair Methods Of Competition” Or “Unfair Acts”

“Unfair Methods” And “Unfair Acts” Covers A Wide Range

- counterfeits
- trade dress infringement
- trademark dilution
- common law trademark infringement
- false designation of origin
- industrial espionage
- product disparagement
- false advertising
- breach of contract
- collusive bidding
- conspiracy to monopolize
- failure to mark country of origin
- fraud
- improper interference with contracts

Factors In Choosing The ITC?

- Imports And Importers Are Primary Targets
- Systematic Infringement From Foreign Manufacturers
- Multiple Infringers
- Going After Entire Supply Chain

Factors In Choosing The ITC?

- Jurisdiction Over Infringers Difficult
- Enforcement Of Court Orders Difficult
- Circumvention Of Court Orders Likely
- New Infringers Likely In Future
- Damages Not Central Issue

*Examples Of ITC Section 337 Actions
In Re Certain Automotive Measuring Devices*

- By Auto Meter Products, Sycamore IL
- Against 18 Foreign Importers And Manufacturers
- A U.S. Importer

**Examples Of ITC Section 337 Actions
In Re Certain Automotive Measuring Devices**

Trademarks

Auto Meter
U.S. Reg. 1,497,172



Infringing Knock Off



Examples Of ITC Actions In Re Certain Automotive Measuring Devices

Unique Product “Look” and Trade Dress

Authentic Auto Meter

Infringing Knock Off



Examples Of ITC Section 337 Actions In Re Certain Automotive Measuring Devices

- Results:
 - 14 settlements – stopped or changed
 - 2 licenses
 - 5 exclusion orders
 - 1 cease and desist order

Examples Of ITC Section 337 Actions In Re Certain Automotive Measuring Devices

- By Chamberlain Group, Elmhurst IL (Maker Of Craftsman Garage Door Openers)
- Against 2 Foreign Importers
- 5 U.S. Importers
- Manufacturers, And Importers Of Products Or Components

Examples of ITC Section 337 Actions In Re Certain Garage Door Operators

Garage Door Opening Systems And Remote Controls



U.S. Patent Re35,364

*Examples of ITC Section 337 Actions
In Re Certain Garage Door Operators*

- All Settled Before Trial
- Over In Less Than One Year

How Does An ITC Action Work?

- Complaint Filed Identifying Targets
- ITC Reviews Complaint
- Notice Of Investigation Issued
- Then, Similar To Federal Court Case

How Does An ITC Action Work?

- Written Discovery
- Documents Produced
- Examination Of Witnesses
- Confidential Information Exchanged
- Expert Reports And Examination

How Does An ITC Action Work?

- Motions For Summary Determination Without Trial Permitted
- A Formal Trial, If Necessary
- Appeals Permitted To The Federal Circuit

Important Differences From A Federal Court Case

- There Is Always Another Party – The Government
 - Office of Unfair Import Investigations
 - Represents the public interest
 - Independent of the parties

Important Differences From A Federal Court Case

- Rigid Time Limits – Very Short For Complex Intellectual Property Case
- Administrative Law Judge Makes An Initial Determination – No Jury
- Rules Of Evidence May Be Relaxed

Important Differences From A Federal Court Case

- Infringement Finding Must Be Approved By The ITC
- The ITC Determines The Remedy
- President Has 60 Days To Disapprove
- Disapproval Rare And Not Appealable

Important Differences From A Federal Court Case

- Normally Finished In About 18 Months
- A Major Advantage - Prompt Relief
- Can Be As Expensive As A Federal Court Case, Over Shorter Period

What Remedy Can The ITC Order?

- Orders Prohibiting Importation And Sale Of Infringing Goods In U.S.
- Limited Exclusion Order
- Cease-and-Desist Order
- General Exclusion Order
- No Damages

Limited Exclusion Order

- Bars Importation
 - Infringing products
 - By a named respondent

- Enforced By Customs
 - Based on Customs' searches
 - IP owner may assist

Limited Exclusion Order

- Infringing Product Can Be Seized And Forfeited On Second Attempt To Import
- ITC Can Enforce In Federal Court
 - For repeated violations
 - For monetary penalties

Cease-and-Desist Order

- Bars The Sale Of Infringing Imports In The U.S. When Order Is Entered
- Applies Only To Named Domestic Respondents

General Exclusion Order

- An Extraordinarily Powerful And Cost-Effective Remedy
- Requires Proof That:
 - Infringers will end run limited exclusion orders, or
 - Pattern of violations and difficult to identify sources of infringement

General Exclusion Order

- Bars Importation Of Any Infringing Product
- Not Limited To Named Respondents
- Not Limited To Products At Issue In The Investigation
- Can Bar New Or Future Infringing Products

General Exclusion Order

- Order Enforced By Customs
- Infringing Products Seized On First Attempt To Import
- ITC Can Bring Enforcement Action With Monetary Penalties

ITC Actions Can Favor IP Owners

- The IP Owner Can Prepare In Advance
- Action Is Against The Products
- Jurisdiction Over Manufacturers And Importers Not Required
- Identity Of Manufacturers Not Necessary

ITC Actions Can Favor IP Owners

- Pressure Of Expedited Discovery And Short Deadlines
- Can Insist On Discovery Not Often Available From Foreign Companies
- Refusing To Comply With Discovery Is Sanctionable
- May Result In Default Judgment

ITC Actions Can Favor IP Owners

- Litigation Costs Rise Rapidly
- Potential Involvement Of Customs And Loss Of Customers
- IP Owner May Bring Parallel Federal Case

It Is Not All Bad For The Respondents

- It Is Expensive For The IP Owner Too
- All Defenses Apply
- IP Can Be At Risk
- Can Join Forces With Other Respondents

It Is Not All Bad For The Respondents

- Judge Not Jury Decides Violation
- Automatic Stay Of Federal Court Case
- Right Of Appeal To Federal Circuit
- Can Define Non-infringing Designs

ITC Actions Encourage Settlement

- Infringers Often Settle
 - To avoid litigation costs
 - To avoid exclusion orders – particularly a general exclusion order
 - To gain immunity from federal court action for damages
 - To avoid disruption of U.S. business

The ITC Actions Encourage Settlement

- Settlement Agreements Can Include:
 - Voluntary halt to infringement
 - Compensation for past sales
 - A royalty-bearing license agreement
 - Promise to avoid future infringement

Questions?

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